

DraftKings Inc Q4FY23 Report Overview

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Goals and Objectives of the Research

Research Objective: To perform a comparative analysis of the Q4FY23 quarterly report and those of previous periods.

Research Tasks:

- Gather comprehensive financial and corporate information pertaining to the company for Q4FY23;
- Analyze the collected information;
- Conduct a comparative assessment of the Q4FY23 report with the reports from previous quarters of the current fiscal year and Q4FY22;
- Formulate conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

The provided public company quarterly reports are unaudited.

Document Markup

- FY - Financial Year;
- Q - Quarter;
- DK - DraftKings Inc;
- QoQ - Quarter-over-Quarter;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- DraftKings Inc Annual report period is from January 1 to December 31, 2023;
 - The specified financial year coincides with the calendar year.

Conclusions

General Information

Parameter	DraftKings Inc
Website	draftkings.com
Country (location)	USA
Country (issuer)	USA
Year of foundation	2011 ¹
Founder	Jason Robins, Paul Liberman, and Matt Kalish
Sector	Consumer Discretionary
Type	Public
Year of IPO	2020
Stock market	NASDAQ
Ticker	DKNG
Previous Annual Report from Data40	-
Previous Quarterly Report from Data40	DraftKings Inc Q3FY23 Report Overview

About Company²

DK is a digital sports entertainment, and gaming company. Headquartered in Boston, it was launched in 2012 by Jason Robins, Matt Kalish and Paul Liberman. DK Sportsbook is live with mobile and retail sports betting operations under regulations in 24 states and Ontario, Canada. The Company operates iGaming under regulations in five states and Ontario, Canada, under its DK brand, and under regulations in three states under its Golden Nugget Online Gaming brand. DKs' daily fantasy sports product is available in 44 states, certain Canadian provinces, and the United Kingdom. DK is both an official daily fantasy and sports betting partner of the NFL, NHL, PGA TOUR, and UFC, an official daily fantasy partner of NASCAR, an official sports betting partner of the NBA and an authorized gaming operator of MLB. DK owns and operates both the DK Network and the Vegas Sports Information Network (VSiN).

¹ [Was organised in 2011 and registered in 2012](#)

² [DK Q4 and FY23 Press Release, p.17](#)

Conference Call Information³

DK hosted a [conference call and audio webcast](#) on **Friday, February 16, 2024, at 8:30 AM ET**, during which management discussed the company's results on business performance. To listen to the audio webcast, please visit DKs' investor relations website at investors.draftkings.com. The audio webcast is available on the company's investor relations website **until 11:59 PM ET on March 31, 2024**.

Public Quarterly Reports Calendar FY23-24^{4 5}

Quarter	Period	Date
FY23		
Q1	Jan 1, 2023 to Mar 31, 2023	May 4, 2023
Q2	Apr 1, 2023 to Jun 30, 2023	Aug 3, 2023
Q3	Jul 1, 2023 to Sep 30, 2023	Nov 3, 2023
Q4 and FY23	Oct 1, 2023 to Dec 31, 2023	Feb 16, 2024
FY24		
Q1	Jan 1, 2024 to Mar 31, 2024	May 1, 2024 (Projected)
Q2	Apr 1, 2024 to Jun 30, 2024	Aug 1, 2024 (Projected)
Q3	Jul 1, 2024 to Sep 30, 2024	Oct 31, 2024 (Projected)
Q4 and FY24	Oct 1, 2024 to Dec 31, 2024	Feb 12, 2025 (Projected)

Follow the announcements of the release of new reports on the website Data40.com in the [Calendars by Financial reports section of DATA40.com](#).

³ [DK Q4 and FY23 Press Release, p.8](#)

⁴ [DK website, Upcoming Events](#)

⁵ [Marketscreener, DraftKings Inc Calendar](#)

Highlights and Metrics

Q4FY23 Highlights^{6 7}

- In Q4FY23, the company generated **revenue of 1,230.857 million USD**, an increase of 43.94% compared to **855.133 million USD** in Q4FY22;
- In Q4FY23 **Adjusted EBITDA** was 151.018 million USD an increase compared (49.927) million USD in Q4FY22;
- **Adjusted Earnings (Loss) Per Share** in Q4FY23 was 0.29 USD an increase compared (0.14) USD in Q4FY22;
- **Loss from operations** in Q4FY23 was (43.809) million USD compared (232.222) million USD in Q4FY22;
- **Customer acquisition, retention and engagement** for Q4FY23 and impacted revenue and Adjusted EBITDA by 93 million USD and 42 million USD, respectively;
- **Structural sportsbook hold percentage** in Q4FY23 was 10.40% This impacted revenue and Adjusted EBITDA by 53 million USD and 38 million USD, respectively;
- **Actual sportsbook hold percentage** in Q4FY23 was 9.2%;
- **Adjusted Gross Margin** increased 200 basis points;
- **Adjusted Sales and Marketing Expense** grew 3%.

Acquisitions and Divestitures⁸

On May 5, 2022, DK consummated the **GNOG Transaction**, and, under the terms of the GNOG Merger Agreement and subject to certain exclusions contained therein, GNOG stockholders received a fixed ratio of 0.365 shares of DK Class A common stock for each share of GNOG that they held on the GNOG Closing Date. DK issued **29.3 million** shares of its Class A common stock in connection with the consummation of the GNOG transaction. Operating results for GNOG following the GNOG Closing Date are included in the Company's consolidated statements of operations for the three and nine twelve ended **December 31, 2023 and 2022**.

⁶ [DK Q4 and FY23 Press Release, p.3-4](#)

⁷ [DK Q4 and FY23 Press Release, p.11](#)

⁸ [DK Consolidated Annual Report 2023, p.93](#)

Business Outlook^{9 10}

“Improved Fiscal Year 2024 Guidance”:

- “Fiscal year 2024 revenue guidance range to \$4.65 billion to \$4.90 billion and our Adjusted EBITDA guidance range to \$410 million to \$510 million”;
- “**Customer acquisition, retention and engagement** continue to exceed expectations due to ongoing product innovation and marketing optimization initiatives. These trends account for \$90 million of the revenue improvement and \$35 million of the Adjusted EBITDA improvement”;
- “We expect improvement in our structural sportsbook hold rate to between 10.0% and 10.5% in fiscal year 2024. This trend accounts for \$35 million of the revenue improvement and \$25 million of the Adjusted EBITDA improvement”;
- “**Adjusted Gross Margin** to be in the range of 45% to 47% for the year, an improvement of between 250 basis points and 450 basis points compared to fiscal year 2023”;
- “**Adjusted Sales and Marketing Expense** to decline modestly in fiscal year 2024”;
- “We expect 2024 **stock-based compensation** expense to be flat to down in dollar terms and to represent approximately 8% of revenue in fiscal year 2024 compared to 11% in fiscal year 2023 and 26% in fiscal year 2022”;
- “We expect to generate between \$310 million and \$410 million in **Free Cash Flow in fiscal year 2024** based on approximately \$120 million of annual capital expenditures and capitalized software development costs as well as a modest source of cash from changes in net working capital and interest income. Therefore, we expect that our year-end **2024 cash and cash equivalents** will be approximately \$1.6 billion before using \$413 million to fund our proposed acquisition of Jackpocket”;
- “From an **intra-year perspective**, we expect first quarter revenue to increase approximately 45% year-over-year and second through fourth quarter revenue to each grow year-over-year in the 20% to 30% range. We expect Adjusted EBITDA to be approximately breakeven in the first quarter, nearly \$150 million in the second quarter, and above \$300 million in the fourth quarter”;
- “Our revenue and Adjusted EBITDA guidance for fiscal year 2024 includes all our existing jurisdictions as well as mobile sports betting launches in Puerto Rico and North Carolina which have authorized mobile sports betting and collectively represent approximately 4% of the U.S. population. DraftKings expects to launch its Sportsbook product in North Carolina on March 11, 2024 pending market access, licensure, regulatory approvals, and contractual approvals where applicable. Our revenue and Adjusted EBITDA guidance for fiscal year 2024 does not include the estimated impact of our proposed acquisition of Jackpocket, which we anticipate will close by the second half of 2024 at which time we will incorporate it into our guidance”.

⁹ [DK Q4 and FY23 Press Release, p.5-6](#)

¹⁰ In this chapter, quotes are used from the [Q4 and FY23 Press Release](#)

Stock Information

About Shares^{11 12}

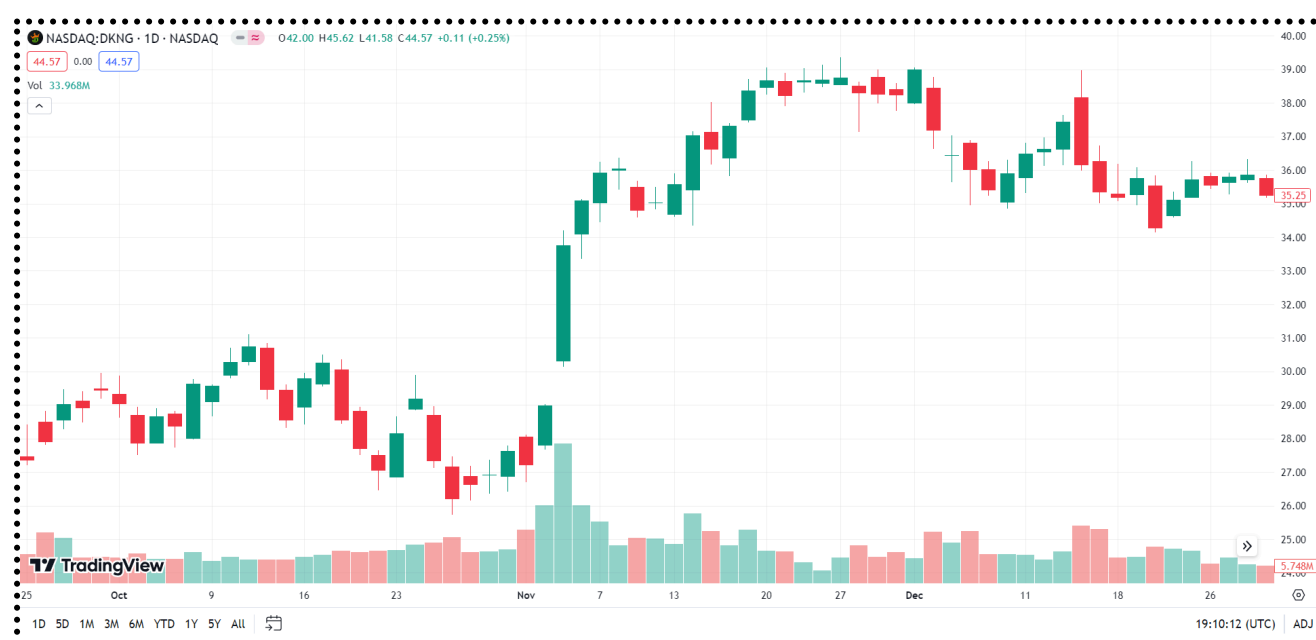
Total Shares Outstanding (Class A) - 472,697,000 (as of December 31, 2023).

Total Shares Outstanding (Class B) - 393,014,000 (as of December 31, 2023).

Total Shares Outstanding (Class A) - 473,619,528 (as of February 14, 2024).

Total Shares Outstanding (Class B) - 393,013,951 (as of February 14, 2024).

TradingView Retrospective Q4FY23¹³



Date	Open Price, USD	Highest Price, USD	Lowest Price, USD	Close Price, USD
Oct 2, 2023	29.33	29.88	28.62	29.04
Dec 29, 2023	35.75	35.87	35.17	35.25

Q4FY23 Price MAX: 39.35 USD (November 27, 2023).

Q4FY23 Price MIN: 25.73 USD (October 26, 2023).

¹¹ [DK Consolidated Annual Report 2023, p.F-4](#)

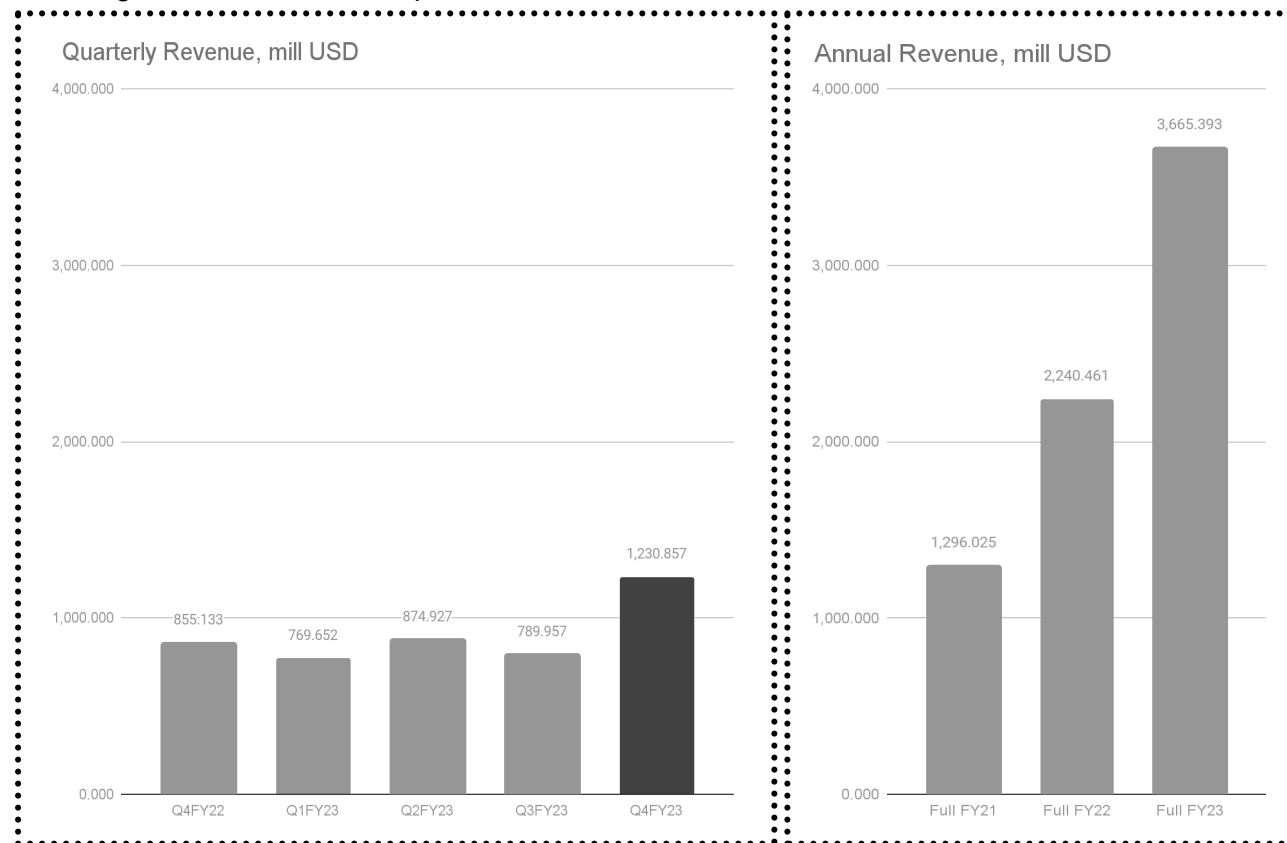
¹² [DK Consolidated Annual Report 2023, p.2](#)

¹³ [Tradingview, DraftKings](#)

Financial Statements

Revenue Retrospective

DraftKings Inc Revenue Retrospective^{14 15 16 17 18}



¹⁴ [DK Consolidated Q3FY23 Report, p.3](#)

¹⁵ [DK Consolidated Q2FY23 Report, p.3](#)

¹⁶ [DK Consolidated Q1FY23 Report, p.3](#)

¹⁷ [DK Q4 and FY23 Press Release, p.11](#)

¹⁸ [DK Consolidated Annual Report 2023, p.F-2](#)

Sales per Business

Revenue Structure^{19 20 21 22}

(In million, except Percentages)

Parameter	Q4FY23, USD	QoQ, %	Q3FY23, USD	QoQ, %	Q2FY23, USD	QoQ, %	Q1FY23, USD	QoQ, %	Q4FY22, USD	YoY, %
Online gaming	1,203.898	56.70	768.265	-9.60	849.839	15.59	735.189	-10.06	817.452	47.27
Gaming software	6.485	2.87	6.304	-26.54	8.581	-0.34	8.610	-3.71	8.942	-27.48
Other	20.474	33.05	15.388	-6.78	16.507	-36.15	25.853	-10.04	28.739	-28.76
Total Consolidated Revenue	1,230.857	55.81	789.957	-9.71	874.927	13.68	769.652	-10.00	855.133	43.94

Net Revenue Structure Percentages

Parameter	Q4FY23, %	Q3FY23, %	Q2FY23, %	Q1FY23, %	Q4FY22, %
Online gaming	97.81	97.25	97.13	95.52	95.59
Gaming software	0.53	0.80	0.98	1.12	1.05
Other	1.66	1.95	1.89	3.36	3.36

¹⁹ [DK Consolidated Q3FY23 Report, p.16](#)

²⁰ [DK Consolidated Q2FY23 Report, p.16](#)

²¹ [DK Consolidated Q1FY23 Report, p.15](#)

²² [DK Consolidated Annual Report 2023, p.F-28](#)

Dividend Information²³

There were no preferred or other dividends declared for the three and twelve months ended December 31, 2023. The company does not pay dividends.

²³ [DK Consolidated Annual Report 2023. p.54](#)

Balance Sheet^{24 25 26 27}

(In million, except Percentages)

Parameter	Q4FY23, USD	QoQ, %	Q3FY23, USD	QoQ, %	Q2FY23, USD	QoQ, %	Q1FY23, USD	QoQ, %	Q4FY22, USD	YoY, %
Assets										
Total Current Assets	2,071.367	5.26	1,967.922	14.48	1,719.021	-4.80	1,805.756	-13.39	2,084.841	-0.65
Total Non-Current Assets	1,873.499	-1.06	1,893.594	0.34	1,887.243	-2.39	1,933.518	-1.11	1,955.311	-4.18
Total Assets	3,944.866	2.16	3,861.516	7.08	3,606.264	-3.56	3,739.274	-7.45	4,040.152	-2.36
Liabilities										
Total Current Liabilities	1,549.620	1.38	1,528.463	41.89	1,077.236	-12.55	1,231.889	-1.17	1,246.457	24.32
Total Non-Current Liabilities	1,554.940	1.52	1,531.631	1.40	1,510.537	1.41	1,489.605	1.26	1,471.002	5.71
Total Liabilities	3,104.560	1.45	3,060.094	18.25	2,587.773	-4.91	2,721.494	0.15	2,717.459	14.24
Total Equity	840.306	4.85	801.422	-21.31	1,018.491	0.07	1,017.780	-23.05	1,322.693	-36.47

²⁴ [DK Consolidated Q3FY23 Report, p.2](#)

²⁵ [DK Consolidated Q2FY23 Report, p.2](#)

²⁶ [DK Consolidated Q1FY23 Report, p.2](#)

²⁷ [DK Consolidated Annual Report 2023, p.F-1](#)

Income Statement^{28 29 30 31}

(In million, except EPS data and Percentages)

Parameter	Q4FY23, USD	QoQ, %	Q3FY23, USD	QoQ, %	Q2FY23, USD	QoQ, %	Q1FY23, USD	QoQ, %	Q4FY22, USD	YoY, %
Revenue	1,230.857	55.81	789.957	-9.71	874.927	13.68	769.652	-13.05	885.133	39.06
Operating Income	(43.809)	-84.71	(286.586)	315.07	(69.045)	-82.29	(389.785)	67.85	(232.222)	-81.13
Net Income	(44.621)	-84.24	(283.103)	266.38	(77.270)	-80.54	(397.148)	63.64	(242.697)	-81.61
EPS Basic	(0.10) USD	-83.61	(0.61) USD	258.82	(0.17) USD	-80.46	(0.87) USD	64.15	(0.53) USD	-81.13
EPS Diluted	(0.10) USD	-83.61	(0.61) USD	258.82	(0.17) USD	-80.46	(0.87) USD	64.15	(0.53) USD	-81.13

²⁸ [DK Consolidated Q3FY23 Report, p.3](#)

²⁹ [DK Consolidated Q2FY23 Report, p.3](#)

³⁰ [DK Consolidated Q1FY23 Report, p.3](#)

³¹ [DK Q4 and FY23 Press Release, p.11](#)

Cashflow Statement^{†32 33 34 35}

(In million, except Percentages)

Parameter	Q4FY23, USD	QoQ, %	Q3FY23, USD	QoQ, %	Q2FY23, USD	QoQ, %	Q1FY23, USD	QoQ, %	Q4FY22, USD	YoY, %
Cash flows from operating activities	72.067	-50.43	145.395	-	(17.721)	-91.21	(201.492)	35.72	(148.458)	-
Cash flows from investing activities	(23.442)	-41.35	(39.966)	-	0.612	-	(27.564)	-25.17	(36.834)	-36.36
Cash flows from financing activities	(12.712)	0.40	(12.661)	-0.17	(12.682)	-49.61	(25.166)	-	0.111	-

³² [DK Consolidated Q3FY23 Report, p.6](#)

³³ [DK Consolidated Q2FY23 Report, p.6](#)

³⁴ [DK Consolidated Q1FY23 Report, p.5](#)

³⁵ [DK Consolidated Annual Report 2023, p.F-6](#)

News³⁶

October 9, 2023 - [Draftkings Announces Jason Robins Participation at Upcoming Event.](#)

October 13, 2023 - [Draftkings to Release Third Quarter 2023 Results on November 2, 2023 and Host Conference Call on November 3, 2023.](#)

October 24, 2023 - [Draftkings to Host Virtual Investor Day.](#)

October 31, 2023 - [Draftkings Announces Plans to Launch Online Sportsbook in Maine Through Deal with Passamaquoddy Tribe.](#)

November 2, 2023 - [DraftKings Reports Third Quarter Revenue of \\$790 Million; Raises 2023 Revenue Guidance Midpoint to \\$3.695 Billion and Improves 2023 Adjusted EBITDA Guidance Midpoint to \(\\$105\) Million.](#)

December 1, 2023 - [Draftkings Announces Jason Robins Participation in Upcoming Event.](#)

December 6, 2023 - [Draftkings Launches “Pick6”—a Peer-To-Peer Fantasy Sports Variant.](#)

³⁶ [DK Web, Press Release](#)

Analyst's Opinion

Summary

DraftKings Inc - a company based in Boston, founded in 2011, offers products in the field of digital sports entertainment and gambling. Since 2020, it has been traded on the American NASDAQ stock exchange under the ticker DKNK.

The range in which the company's shares were traded for Q4FY23 was from 25.73 USD to 39.35 USD. The open price on October 2, 2023, was 29.33 USD. The closing price on December 29, 2023, was 35.25 USD. The company does not pay dividends.

Total Shares Outstanding (Class A) - 472,697,000 (as of December 31, 2023).

Total Shares Outstanding (Class B) - 393,014,000 (as of December 31, 2023).

A retrospective of annual revenue shows positive dynamics over three years. Revenue for FY21 was 1,296.025 million USD, FY22 was 2,240.461 million USD, and FY23 was 3,665.393 million USD.

In Q4FY23, revenue reached 1,230.857 million USD, marking a 43.94% increase from Q4FY22 - 855.133 million USD and a 55.81% increase from Q3FY23 in 789.957 million USD. Revenue Structure in Q4FY23: 97.81% Online gaming - 1,203.898 million USD, 0.53% Gaming software - 6.485 million USD, 1.66% Other - 20.474 million USD.

Total Current Assets in Q4FY23 - 2,071.367 million USD that more Total Current Liabilities in 1,549.620 million USD on 521.747 million USD. Total Equity in Q4FY23 of 840.306 million USD, an increase of 4.85%, compared to 801.422 million USD in Q3FY23, and a decrease of 36.47%, compared to 1,322.693 million USD in Q4FY22.

DK presents "Improved Fiscal Year 2024 Guidance" outlining the company's outlook for FY24.³⁷

Follow the announcements of the release of new reports on the website [Data40.com](https://data40.com) in the [Calendars by Financial reports section DATA40.com](#).

³⁷ [DK Q4 and FY23 Press Release, p.5-6](#)

Sources List

- [SEC](#)
- [DraftKings Web](#)
- [SEC Massachusetts](#)
- [NASDAQ](#)
- [Marketscreener](#)
- [Tradingview](#)
- [DK Consolidated Q1FY23 Report](#)
- [DK Consolidated Q2FY23 Report](#)
- [DK Consolidated Q3FY23 Report](#)
- [DK Consolidated Annual Report 2023](#)
- [DK Q4 and FY23 Press Release](#)
- [Data40](#)

META



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