



Q3 2022 EARNINGS PRESENTATION

NOVEMBER 4, 2022

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Forward-Looking Statements and Non-GAAP Financial Measures

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This presentation includes certain non-GAAP financial measures, which we use to supplement our results presented in accordance with U.S. generally accepted accounting principles (“GAAP”). These non-GAAP financial measures, which may not be comparable to other similarly titled measures of performance used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. A reconciliation of non-GAAP financial measures to their most directly comparable financial measures calculated in accordance with GAAP are provided in the appendix of this presentation.

Q3 AND CURRENT BUSINESS HIGHLIGHTS

1 \$502M of Q3 revenue primarily driven by healthy customer engagement and retention, favorable sport outcomes, and reduced promotional intensity

136%
YoY revenue
growth in Q3

22% / 114%
YoY B2C MUPs / ARPMUP
growth in Q3

2 Continued to add content and enhance OSB product functionality

Added
NFL, MLB and golf content including
H2H matchups, multi-player and
player flash props

Introduced
Features for NFL season
including quick parlay, quick
SGP and SGPx

3 Launched OSB in Kansas; strong pipeline of prospective launches⁽¹⁾ in jurisdictions that have legalized OSB

Live
In states representing 37% of
the U.S. population for OSB,
11% for iGaming

Preparing to Launch⁽¹⁾
In jurisdictions representing 8% of the
U.S. population that have legalized⁽²⁾
OSB, but not yet launched operations

4 Well-positioned to achieve projected positive Adjusted EBITDA⁽³⁾ with existing capital resources

Approximately \$1.4B
Cash on balance sheet

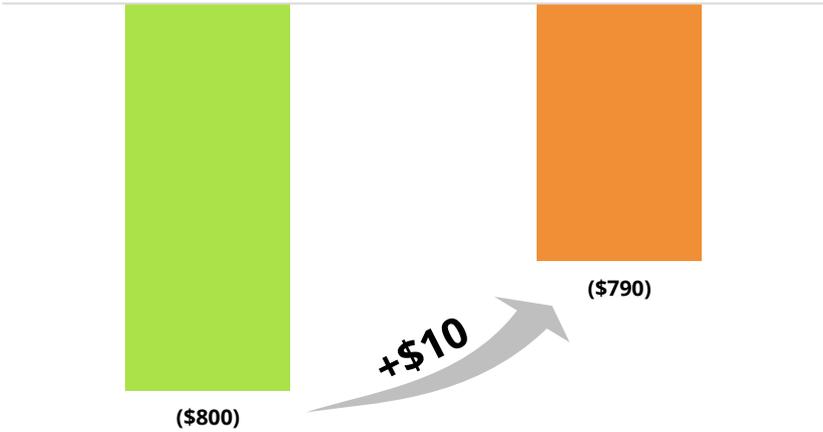
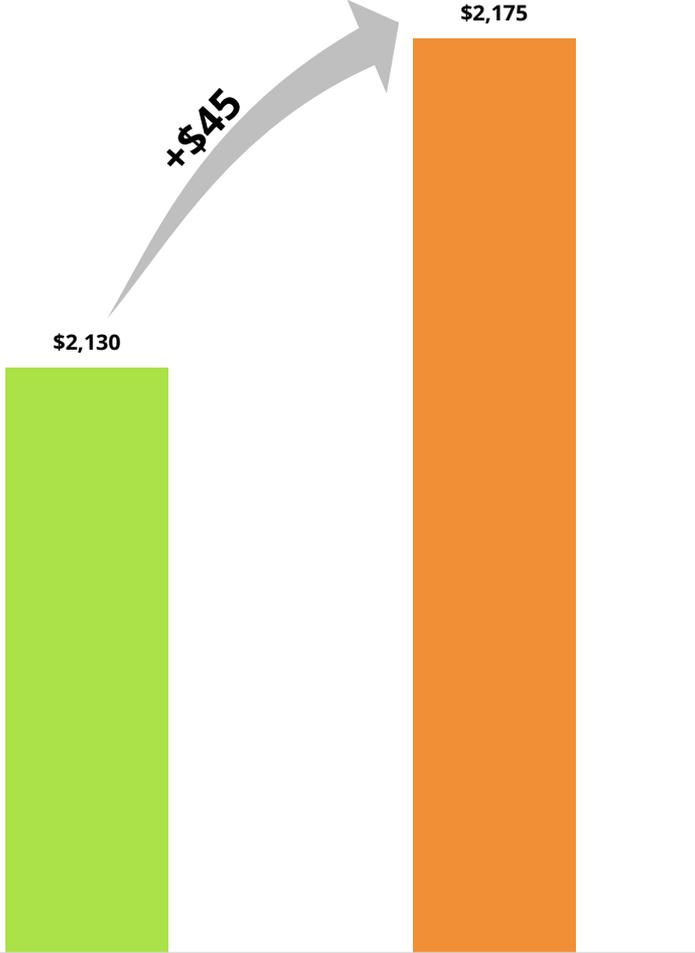
Projecting Positive
Adjusted EBITDA in Q4 2023
assuming state launch timing
consistent with guidance⁽³⁾

(1) Pending regulation, licensure and regulatory approvals.
(2) Ohio, Maryland, Puerto Rico, and Massachusetts have legalized OSB and are pending launch of operations.
(3) DraftKings' 2022 and 2023 revenue and Adjusted EBITDA guidance assume that the Company launches mobile sports betting in Maryland in the fourth quarter of 2022, in Ohio and Massachusetts in the first quarter of 2023, and in Puerto Rico in the third quarter of 2023.

INCREASING FY 2022 REVENUE GUIDANCE AND IMPROVING FY 2022 ADJUSTED EBITDA GUIDANCE

DRAFTKINGS FY 2022 REVENUE OUTLOOK (\$ MILLIONS)

DRAFTKINGS FY 2022 ADJ. EBITDA⁽¹⁾ OUTLOOK (\$ MILLIONS)



Prior Guidance Midpoint⁽²⁾

New Guidance Midpoint

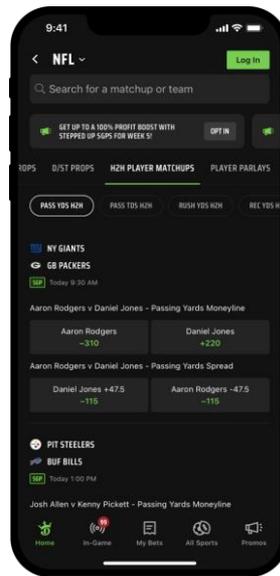
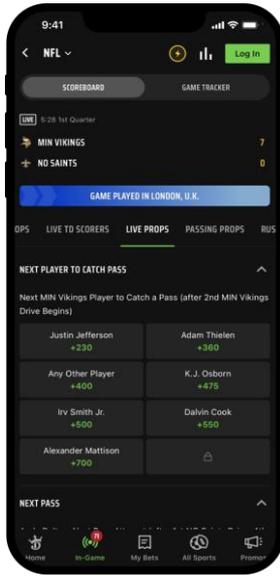
Prior Guidance Midpoint⁽²⁾

New Guidance Midpoint

(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to its most directly comparable financial measure, net income (loss), please refer to the appendix of this presentation.
 (2) Reflects the midpoint of guidance previously announced on DraftKings' second quarter earnings conference call on August 5, 2022.

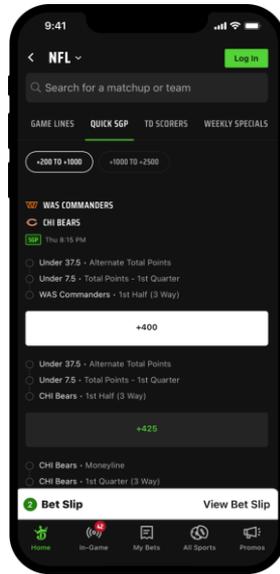
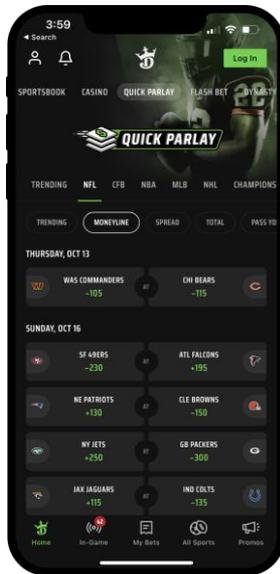
DELIVERED MULTIPLE CONTENT AND FUNCTIONALITY ENHANCEMENTS IN EFFORT TO DRIVE HIGHER CUSTOMER ENGAGEMENT AND LIFETIME VALUES

NEW CONTENT FOR 2022 NFL SEASON



- **H2H Matchups** - Spreads, moneyline and totals on all our player prop subcategories to improve depth of derivative player offering
- **Multi-Player Props** - Same game, highest total from a list (player prop subcategories) to increase variety of player prop bet types
- **Player Flash Props** - Player specific next drive and next play markets to increase depth of player performance offering
- **Full-time & Anytime Squares** - Model-driven squares product extended to every game of the season

NEW FUNCTIONALITY FOR 2022 NFL SEASON

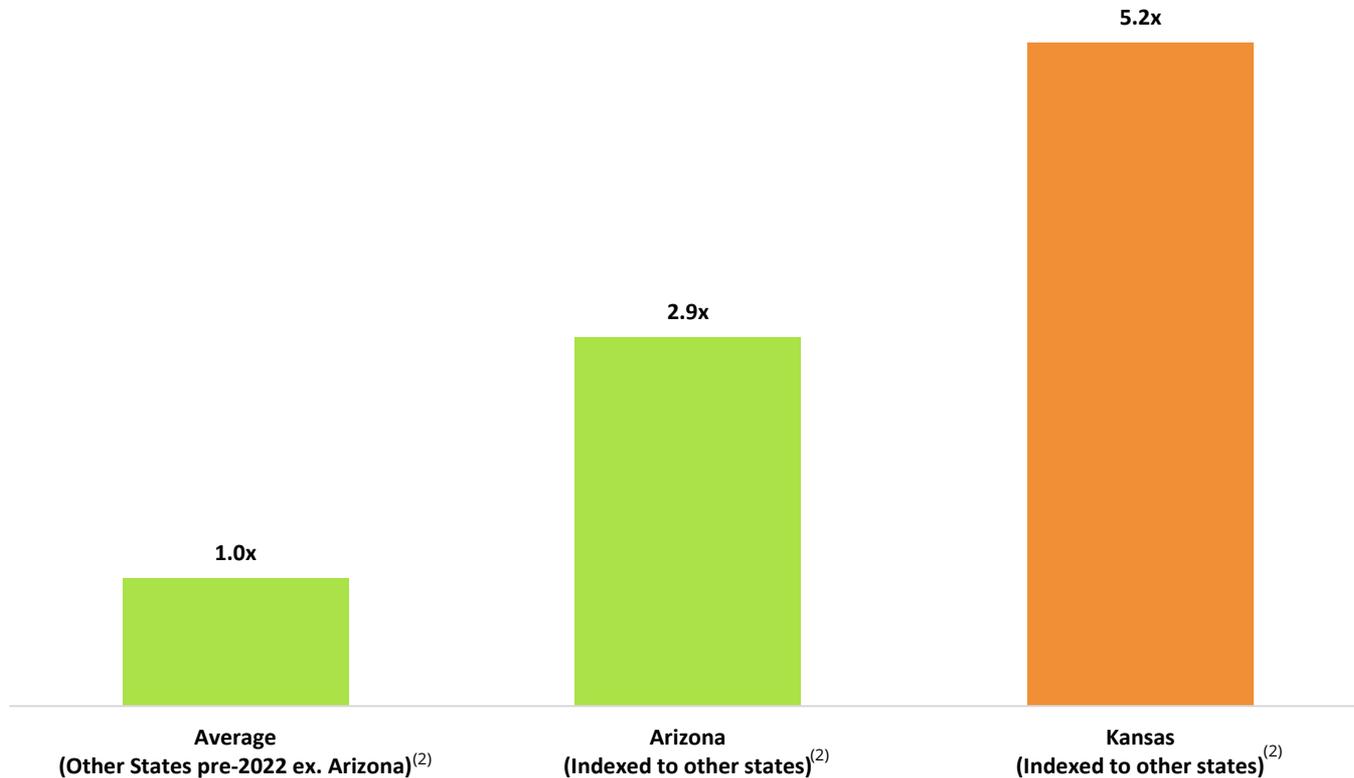


- **Early Payout** - A newly-introduced mechanic to settle moneyline bets once a team reaches a certain point lead
- **Quick Parlay** - A new interface for customers to build larger parlays inc. with more cross-sport play
- **Quick SGP** - Dozens of pre-packaged SGP bets per game for all SGP sports to increase volume of higher margin content
- **SGPx** - Parlay SGP's with other SGP's + Singles from different games (which increases the size and average leg count of parlays)

DRAFTKINGS' SPORTSBOOK LAUNCH IN KANSAS HAD STRONGER CUSTOMER ENGAGEMENT THAN ANY OTHER STATE LAUNCH TO DATE

- In Kansas, we acquired customers at a faster rate per capita than we did for any OSB state launch in our history
- We continue to expect new customer cohorts to pay back on a gross profit basis in 2 to 3 years

ACTIVE CUSTOMERS PER ADULT⁽¹⁾ DURING FIRST 30 DAYS OF AN OSB STATE LAUNCH



(1) Active customers per adult is defined as the number of distinct DraftKings users who played in a respective state during the first 30 days following OSB launch in that state, divided by that state's adult population.

(2) Other states include NJ, WV, IN, PA, NH, IA, CO, IL, TN, MI, VA, WY, and CT.





THE GAME
INSIDE
THE GAME.

APPENDIX



RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(\$ in millions)⁽¹⁾

		30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
GAAP Operating Expenses								
Cost of Revenue		\$373	\$313	\$313	\$253	\$171	\$187	\$183
Sales and Marketing		\$322	\$198	\$321	\$278	\$304	\$171	\$229
General and Administrative		\$186	\$188	\$217	\$241	\$220	\$199	\$169
Product and Technology		\$76	\$77	\$81	\$70	\$65	\$63	\$56
Total GAAP Operating Expenses		\$957	\$775	\$933	\$842	\$759	\$619	\$637
Non-GAAP Operating Expense Adjustments								
Cost of Revenue	(a)	(\$1)	(\$1)	(\$1)	(\$1)	(\$2)	(\$1)	(\$1)
	(b)	(\$30)	(\$27)	(\$19)	(\$20)	(\$20)	(\$21)	(\$19)
	(d)	(\$12)	(\$10)	(\$9)	(\$9)	(\$7)	(\$7)	(\$7)
Sales and Marketing	(a)	(\$10)	(\$12)	(\$14)	(\$15)	(\$14)	(\$14)	(\$9)
	(d)	(\$1)	(\$1)	(\$1)	(\$0)	(\$0)	(\$0)	(\$0)
General and Administrative	(a)	(\$92)	(\$98)	(\$144)	(\$142)	(\$134)	(\$132)	(\$122)
	(c)	(\$1)	(\$11)	(\$4)	(\$10)	(\$4)	(\$8)	(\$3)
	(d)	(\$2)	(\$2)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)
	(e)	(\$1)	(\$2)	(\$2)	(\$1)	(\$5)	(\$4)	(\$1)
	(f)	(\$17)	(\$0)	(\$1)	(\$13)	(\$18)	(\$13)	(\$2)
Product and Technology	(a)	(\$23)	(\$24)	(\$28)	(\$26)	(\$26)	(\$25)	(\$20)
	(d)	(\$1)	(\$3)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)
Total Non-GAAP Operating Expense Adjustments		(\$191)	(\$191)	(\$226)	(\$241)	(\$233)	(\$226)	(\$186)
Adjusted Operating Expenses								
Cost of Revenue		\$330	\$275	\$284	\$223	\$142	\$159	\$157
Sales and Marketing		\$311	\$185	\$307	\$263	\$289	\$157	\$220
General and Administrative		\$74	\$75	\$64	\$74	\$58	\$41	\$41
Product and Technology		\$52	\$50	\$52	\$42	\$38	\$36	\$34
Total Adjusted Operating Expenses		\$766	\$584	\$707	\$601	\$526	\$393	\$452

(a) Stock-based compensation expense

(b) Amortization of acquired intangible assets

(c) Transaction expenses

(d) Depreciation & amortization

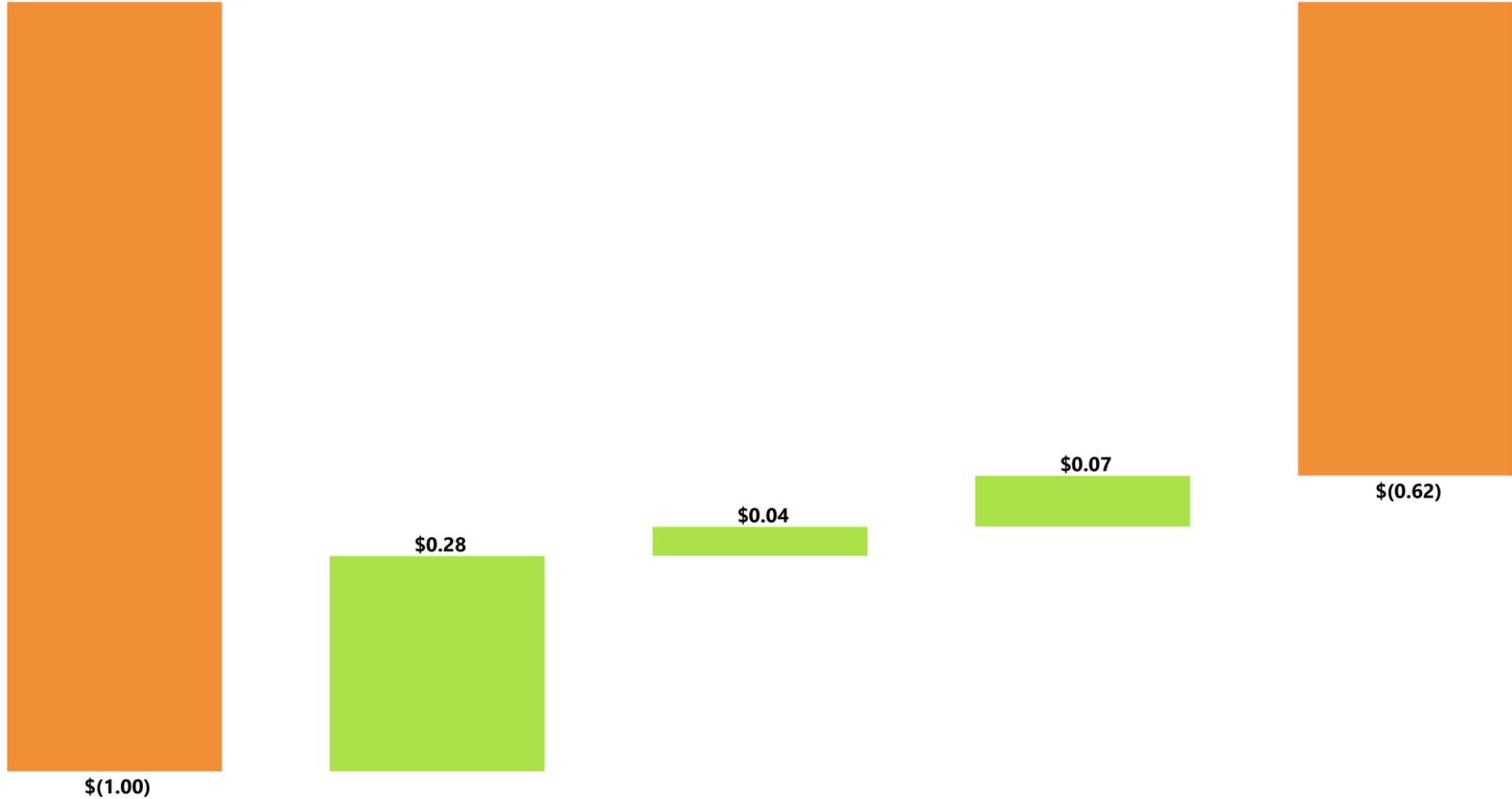
(e) Litigation

(f) Other

(1) Totals may not sum due to rounding.

NON-GAAP ADJUSTED EARNINGS PER SHARE BUILD

THREE MONTHS ENDED SEPTEMBER 30, 2022 – ADJUSTED EARNINGS PER SHARE BRIDGE



GAAP Reported EPS

Stock Based Compensation

Other Non-GAAP Adj⁽¹⁾

Amort. of acq. intangibles

Adjusted EPS

Note: Weighted average number of shares used to calculate Adjusted EPS for Q3 2022 was 448mm; totals may not sum due to rounding.

(1) Other Non-GAAP Adj. primarily includes advocacy and other related legal expenses.

DRAFTKINGS P&L AND ADJUSTED EBITDA RECONCILIATION

■ Adjusted EBITDA

— We define and calculate Adjusted EBITDA as net loss before the impact of interest income or expense (net), income tax provision or benefit, and depreciation and amortization, and further adjusted for the following items: stock-based compensation, transaction-related costs, litigation, settlement and related costs, advocacy and other related legal expenses, gain or loss on remeasurement of warrant liabilities and other non-recurring and non-operating costs or income, as described in the reconciliation.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<i>(amounts in thousands)</i>				
Revenue	501,938	212,819	1,385,328	822,700
Cost of revenue	372,692	170,749	998,838	540,980
Sales and marketing	321,714	303,658	840,695	703,056
Product and technology	76,299	65,222	234,853	184,016
General and administrative	186,261	219,706	590,476	587,509
Loss from operations	(455,028)	(546,516)	(1,279,534)	(1,192,861)
Interest income (expense), net	6,301	(1,556)	8,378	1,071
(Loss) gain on remeasurement of warrant liabilities	(6,797)	7,091	20,199	(2,905)
Other income, net	8,257	-	40,566	-
Loss before income tax provision (benefit)	(447,267)	(540,981)	(1,210,391)	(1,194,695)
Income tax provision (benefit)	3,177	3,845	(77,580)	1,654
Loss from equity method investments	50	202	2,479	549
Net Loss	(450,494)	(545,028)	(1,135,290)	(1,196,898)
<i>Adjusted For</i>				
Depreciation and amortization ⁽¹⁾	46,089	30,356	120,629	88,600
Interest (income) expense, net	(6,301)	1,556	(8,378)	(1,071)
Income tax provision (benefit)	3,177	3,845	(77,580)	1,654
Stock-based compensation ⁽²⁾	126,038	175,664	448,636	499,246
Transaction-related costs ⁽³⁾	751	4,348	15,030	15,261
Litigation, settlement, and related costs ⁽⁴⁾	1,390	4,712	5,786	8,933
Advocacy and other related legal expenses ⁽⁵⁾	16,558	16,667	16,558	27,702
Loss (gain) on remeasurement of warrant liabilities	6,797	(7,091)	(20,199)	2,905
Other non-recurring and non-operating costs (income) ⁽⁶⁾	(8,216)	1,368	(37,046)	5,501
Adjusted EBITDA	(264,211)	(313,603)	(671,854)	(548,167)

(1) The amounts include the amortization of acquired intangible assets of \$29.8 million and \$20.2 million for the three months ended September 30, 2022 and 2021, respectively, and \$76.1 million and \$59.9 million for the nine months ended September 30, 2022 and 2021, respectively.

(2) Reflects stock-based compensation expenses resulting from the issuance of awards under incentive plans.

(3) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with pending or completed transactions and offerings.

(4) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to our core business operations.

(5) Includes certain non-recurring costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain products and are actively seeking licensure, or similar approval, for those products. For the three and nine months ended September 30, 2022, those costs primarily related to our activities in California. For the three and nine months ended September 30, 2021, those costs primarily related to our activities in California and Florida. The amounts presented exclude other costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate.

(6) Primarily includes the change in fair value of certain financial assets, as well as our equity method share of the investee's losses and other costs relating to non-recurring and non-operating items.

DRAFTKINGS KPI COMPARISON OVER TIME

B2C KEY PERFORMANCE INDICATORS

■ Monthly Unique Payers (“MUPs”)

- MUPs is the average number of unique paid users (“unique payers”) that use our B2C products on a monthly basis
- We define MUPs as the number of unique payers per month who had a paid engagement (i.e., participated in a real-money engagement with one of our B2C products such as a DFS contest, sports bet or casino game) across one or more of our products via our technology
- MUPs is a key indicator of the scale of our user base and awareness of our brand
- We believe that year-over-year growth in MUPs is generally indicative of the long-term revenue growth potential of our B2C segment, although MUPs in individual periods may be less indicative of our longer-term expectations

■ Average Revenue per MUP (“ARPMUP”)

- We define and calculate ARPMUP as the average monthly revenue for a reporting period, divided by B2C segment MUPs (i.e., the average number of unique payers) for the same period
- ARPMUP represents our ability to drive usage and monetization of our B2C products
- We use ARPMUP to analyze comparative revenue growth and measure customer monetization and engagement trends

Three months ended September 30,

	2022	2021
Average Monthly Unique Payers (“MUPs”) (in millions)	1.6	1.3
Average Revenue per MUP (“ARPMUP”) (in whole dollars)	\$100	\$47

DRAFTKINGS SHARE COUNT BUILD

(Shares in thousands)

Total Capitalization	
Common Shares Outstanding (30-September-22)	448,664
Vested Stock Options @ TSM ⁽¹⁾	17,478
<i>Memo: Vested Stock Options</i>	25,219
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	466,142
DEAC Private Placement Warrants ⁽²⁾	429
GNOG Private Placement Warrants ⁽³⁾	-
Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	466,571

Note: Table does not include shares of Class B common stock, which have no economic or participating rights. Excludes any potential dilution from performance-based options and RSUs.

(1) Based on Treasury Stock Method ("TSM"); assumes DraftKings Class A share price as of 03-November-2022 and strike price of \$4.81 per stock option.

(2) Based on TSM; assumes DraftKings Class A share price as of 03-November-2022 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DraftKings Class A share price as of 03-November-2022. Strike price of \$31.50 per warrant is above the current share price of DraftKings Class A common stock, so the dilutive effect is 0.