



# Q2 2022 EARNINGS PRESENTATION

AUG 5, 2022

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## Forward-Looking Statements and Non-GAAP Financial Measures

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In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “going to,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “propose,” “should,” “target,” “will,” or “would” or the negative thereof or comparable terminology, or by discussions of vision, strategy or outlook. We caution you that the foregoing may not include all of the forward-looking statements made in this presentation.

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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.

# Q2 AND CURRENT BUSINESS HIGHLIGHTS

**1** \$466M of revenue in Q2 primarily driven by strong customer engagement and retention

**68%**  
YoY B2C revenue  
growth in Q2

**30% / 30%**  
YoY B2C MUPs / ARPMUP  
growth in Q2

**2** Enhanced OSB product features

**Added**  
MLB live markets (e.g., pitch by  
pitch) and UFC same game parlays

**Introduced**  
New Social  
features

**3** Launched OSB and iGaming in Ontario; strong pipeline of prospective launches<sup>(1)</sup> in states that have legalized OSB

**Live**  
In states representing 36% of  
the U.S. population for OSB,  
11% for iGaming

**Preparing to Launch<sup>(1)</sup>**  
In states representing 8% of the U.S.  
population that have legalized<sup>(2)</sup> OSB, but  
not yet launched operations

**4** Continued to operationalize initiatives to drive already excellent player lifetime values

**Increased**  
OSB parlay bet mix by  
1,700bps YoY in Q2

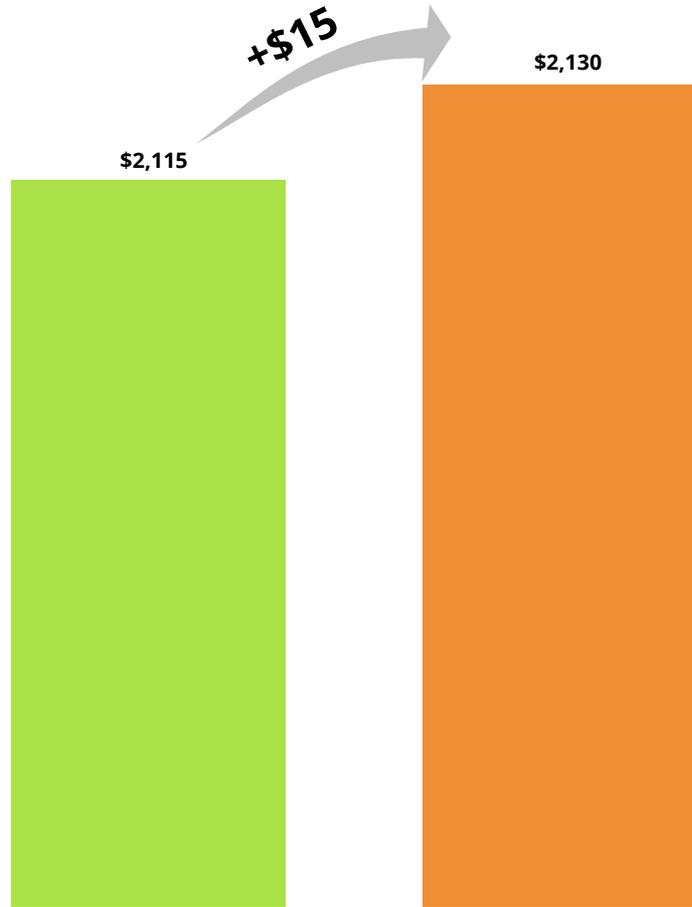
**Launched**  
Reignmakers Football  
gaming experience

(1) Pending regulation, licensure and regulatory approvals.

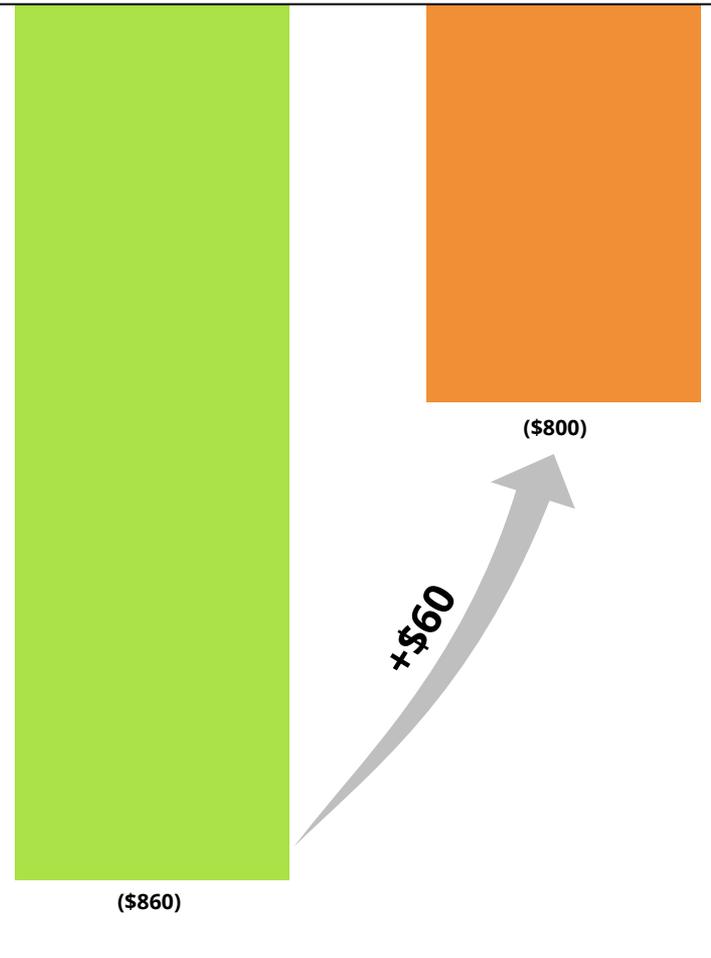
(2) Ohio, Maryland, Puerto Rico, and Kansas have legalized OSB but have not launched operations. Does not include Massachusetts, whose legislature has passed a bill that, pending executive action, would legalize OSB (represents 2% of U.S. population).

# IMPROVING FY 2022 REVENUE AND ADJUSTED EBITDA GUIDANCE

## DRAFTKINGS FY 2022 REVENUE OUTLOOK (\$ MILLIONS)



## DRAFTKINGS FY 2022 ADJ. EBITDA<sup>(1)</sup> OUTLOOK (\$ MILLIONS)



Prior Guidance Midpoint<sup>(2)</sup>

New Guidance Midpoint

Prior Guidance Midpoint<sup>(2)</sup>

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' first quarter earnings conference call on May 6, 2022, which also included contributions from the Company's acquisition of Golden Nugget Online Gaming, Inc. ("GNOG") and the Company's expected launch in Ontario.



# SAME GAME PARLAY ENHANCEMENTS AND THE LAUNCH OF REIGNMAKERS EXPECTED TO DRIVE HIGHER CUSTOMER LIFETIME VALUES

## SAME GAME PARLAY

- Rolled out pre-packaged offerings designed to resonate with the U.S. sports fan across the major sports
- Developed feature that allows customers to void individual legs without voiding the entire bet slip
- Optimized merchandising through home page re-design
- Plan to launch feature that allows multiple same game parlays to be combined into one

## REIGNMAKERS

- Innovative sports gaming experience that allows customers to buy NFTs of athletes and build teams for contests
- Strong partners including the NFL Players Association and UFC expected to support customer adoption
- Scaled minting infrastructure will enable right-sized supply and pricing

## Pre-Packaged Same Game Parlay

**REIGNING RAMS** QUICK SGP

Kupp & co. look to pick up right where they left off after winning SB LVI

- 🏈 LAR to Score First
- 🏈 Matthew Stafford 2+ TD Passes
- 🏈 Cooper Kupp 10+ Receptions

**+600**

## Reignmakers Football Player Card NFTs





THE GAME  
INSIDE  
THE GAME.

# APPENDIX



# RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(\$ in millions)<sup>(1)</sup>

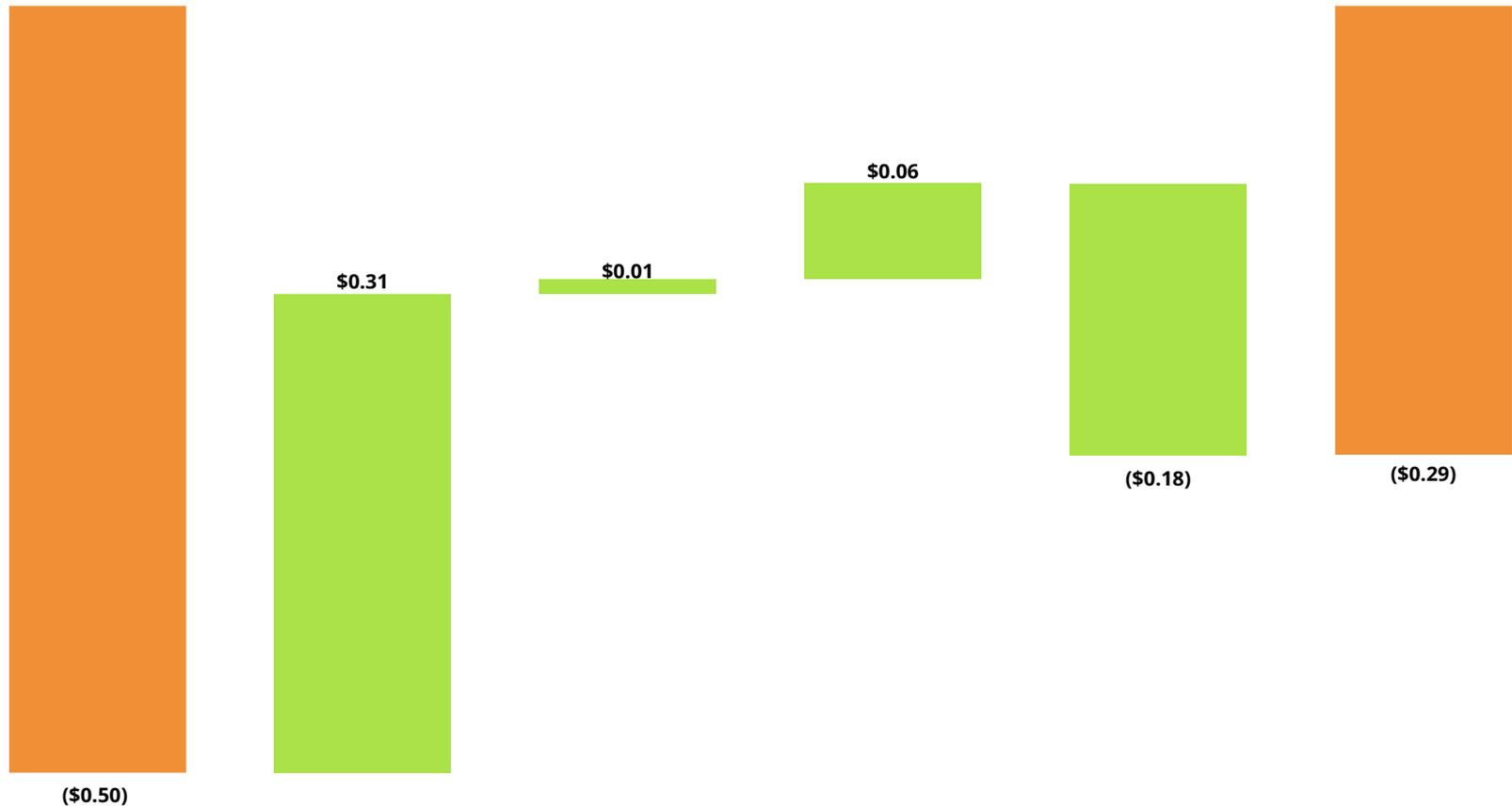
		30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
<b>GAAP Operating Expenses</b>							
Cost of Revenue		\$313	\$313	\$253	\$171	\$187	\$183
Sales and Marketing		\$198	\$321	\$278	\$304	\$171	\$229
General and Administrative		\$188	\$217	\$241	\$220	\$199	\$169
Product and Technology		\$77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

- (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 JUNE 30, 2022 – ADJUSTED EARNINGS PER SHARE BRIDGE



GAAP Reported EPS

Stock Based  
Compensation

Other Non-GAAP Adj.<sup>(1)</sup>

Amort. of Acq. Intangibles

Discrete Tax Benefit  
Attributed to GNOG Acq.

Adjusted EPS

Note: Weighted average number of shares used to calculate Adjusted EPS for Q2 2022 was 437mm.

(1) Other Non-GAAP Adj. primarily includes non-cash impact of re-measurement of certain investments and non-cash changes in warrant liabilities.

# 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 below.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(amounts in thousands)</i>				
Revenue	466,185	297,605	883,390	609,881
Cost of revenue	312,767	187,006	626,146	370,231
Sales and marketing	197,529	170,712	518,981	399,398
Product and technology	77,202	62,635	158,554	118,794
General and administrative	187,609	198,806	404,215	367,803
Loss from operations	(308,922)	(321,554)	(824,506)	(646,345)
Interest income, net	1,929	1,642	2,077	2,627
Gain (loss) on remeasurement of warrant liabilities	14,315	16,984	26,996	(9,996)
Other (expense) income, net	(5,573)	-	32,309	-
Loss before income tax (benefit) provision and loss from equity method investment	(298,251)	(302,928)	(763,124)	(653,714)
Income tax (benefit) provision	(81,226)	2,404	(80,757)	(2,191)
Loss from equity method investment	78	194	2,429	347
<b>Net Loss</b>	<b>(217,103)</b>	<b>(305,526)</b>	<b>(684,796)</b>	<b>(651,870)</b>
<i>Adjusted For</i>				
Depreciation and amortization <sup>(1)</sup>	42,315	30,051	74,540	58,244
Interest income, net	(1,929)	(1,642)	(2,077)	(2,627)
Income tax (benefit) provision	(81,226)	2,404	(80,757)	(2,191)
Stock-based compensation <sup>(2)</sup>	135,521	171,739	322,598	323,582
Transaction-related costs <sup>(3)</sup>	10,505	7,890	14,279	10,913
Litigation, settlement, and related costs <sup>(4)</sup>	2,446	3,599	4,396	4,221
Advocacy and other related legal expenses <sup>(5)</sup>	-	11,035	-	11,035
(Gain) loss on remeasurement of warrant liabilities	(14,315)	(16,984)	(26,996)	9,996
Other non-recurring and non-operating costs (income) <sup>(6)</sup>	5,652	2,132	(28,830)	4,133
<b>Adjusted EBITDA</b>	<b>(118,134)</b>	<b>(95,302)</b>	<b>(407,643)</b>	<b>(234,564)</b>

(1) The amounts include the amortization of acquired intangible assets of \$27.1 million and \$20.6 million for the three months ended June 30, 2022 and 2021, respectively, and \$46.3 million and \$39.7 million for the six months ended June 30, 2022 and 2021, respectively.

(2) Primarily reflects stock-based compensation expenses resulting from the issuance of awards under long-term 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 six months ended June 30, 2021, those costs primarily related to our activities in 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 growth of our MUP base 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 June 30,	
	2022	2021
<b>Average Monthly Unique Payers (“MUPs”) (in millions)</b>	1.5	1.1
<b>Average Revenue per MUP (“ARPMUP”) (in whole dollars)</b>	\$103	\$80

# DRAFTKINGS SHARE COUNT BUILD

(Shares in thousands)

<b>Total Capitalization</b>	
<b>Common Shares Outstanding (30-June-22)</b>	<b>448,022</b>
Vested Stock Options @ TSM <sup>(1)</sup>	17,958
<i>Memo: Vested Stock Options</i>	24,813
<b>Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>465,980</b>
DEAC Private Placement Warrants <sup>(2)</sup>	479
GNOG Private Placement Warrants <sup>(3)</sup>	-
<b>Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>466,459</b>

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 04-August-2022 and strike price of \$4.52 per stock option.

(2) Based on TSM; assumes DraftKings Class A share price as of 04-August-2022 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DraftKings Class A share price as of 04-August-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.