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# Q2 2021 EARNINGS PRESENTATION

AUGUST 6, 2021

# LEGAL DISCLAIMER

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

This presentation, and the accompanying oral presentation, contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding guidance, our future results of operations or financial condition, business strategy and plans, user growth and engagement, product initiatives, and objectives of management for future operations, and the impact of the COVID-19 pandemic on our business and the economy as a whole, are forward-looking statements.

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.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation on our current expectations and projections about future events and trends, including the ongoing COVID-19 pandemic, that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks, uncertainties, and other factors, including those described in our filings with the Securities and Exchange Commission (the “SEC”), which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

In addition, the forward-looking statements in this presentation relate only to events as of the date on which the statements are made and are based on information available to us as of the date of this presentation. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, including future developments related to the COVID-19 pandemic, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions or investments.

This presentation includes certain non-GAAP financial measures. These non-GAAP financial measures, which may be different than similarly titled measures 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 U.S. generally accepted accounting principles (“GAAP”). A reconciliation of GAAP to non-GAAP is provided in the appendix of this presentation.

# Q2 AND CURRENT BUSINESS HIGHLIGHTS

1 \$298M of revenue in Q2 driven by strong engagement across our core product offerings

**297%**  
YoY pro forma revenue  
growth in Q2<sup>(1)</sup>

**26% / 281%**  
YoY B2C ARPMUP / MUPs  
growth in Q2

2 Substantially completed the full migration to our in-house bet engine prior to the start of the NFL Season; enables OSB product innovation

**Enables**  
Full control over OSB  
product roadmap

**Launching**  
Same Game Parlay

3 Announced plans to launch DraftKings Marketplace, a digital collectibles ecosystem and exchange

**Exclusive**  
Sports NFT distributor for  
Autograph

**Accretive**  
To LTV / CAC for our core OSB,  
iGaming, and DFS business

4 Took meaningful steps to begin building out our media business

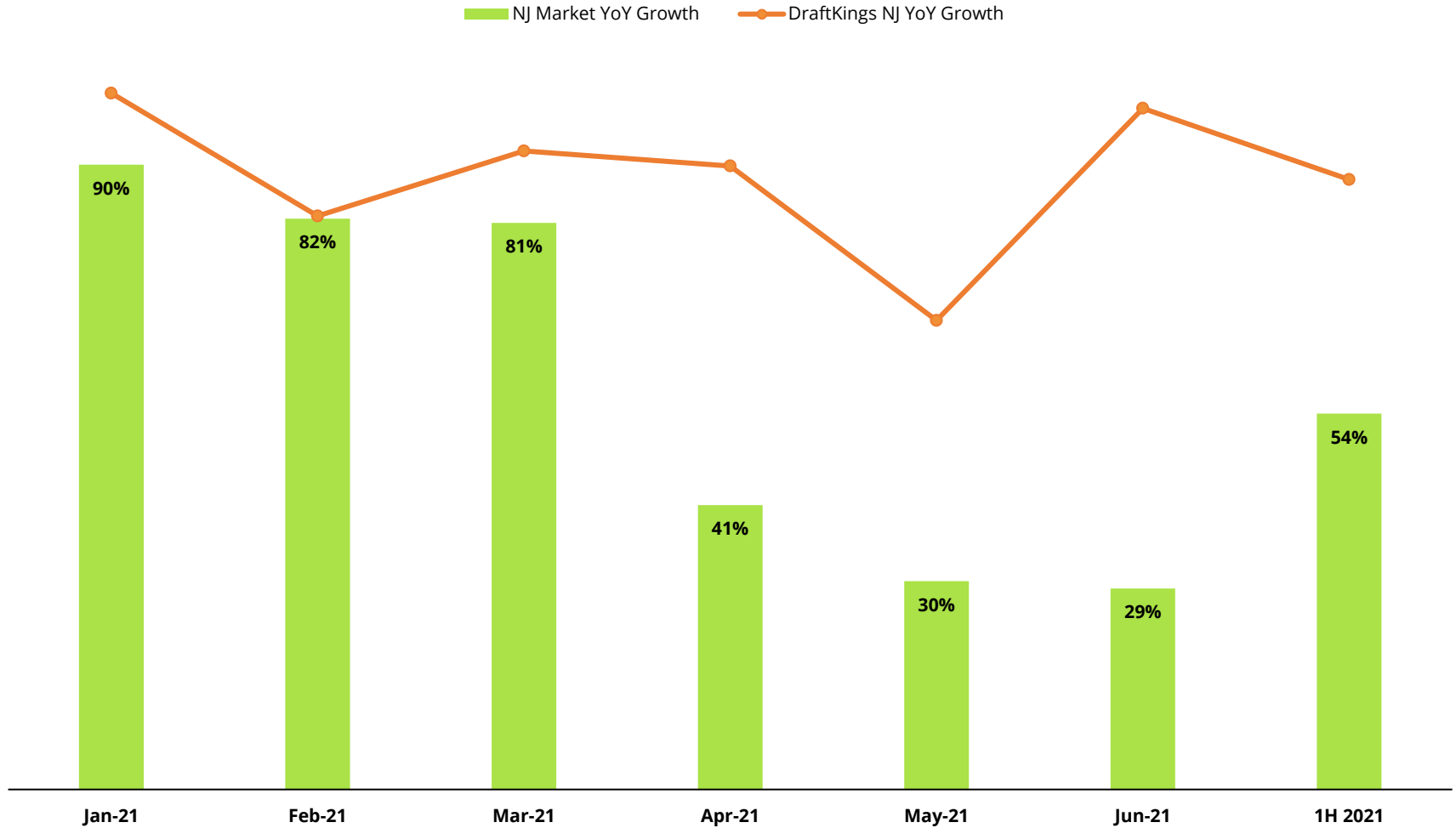
**Creates**  
Flywheel with our core OSB,  
iGaming, and DFS business

**Diversifies**  
Revenue Streams

(1) Year over year Q2 pro forma revenue includes SBTech for all of Q2 2020 to improve comparison.

# NJ iGAMING GROWTH HAS REMAINED STRONG DESPITE CASINOS REOPENING; DKNJ iGAMING GROWTH HAS OUTPACED MARKET GROWTH

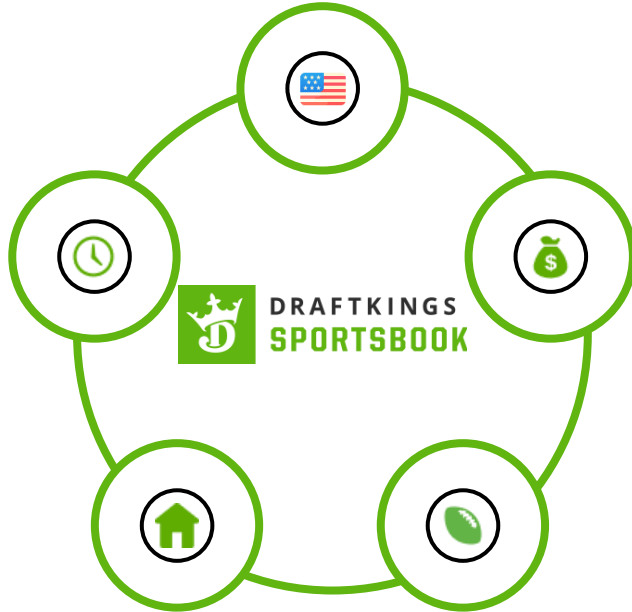
NJ iGAMING YoY Growth (1H 2020 TO 1H 2021), GROSS REVENUE








Source: NJ DGE and Company data  
Note: NJ iGaming market figures exclude poker.

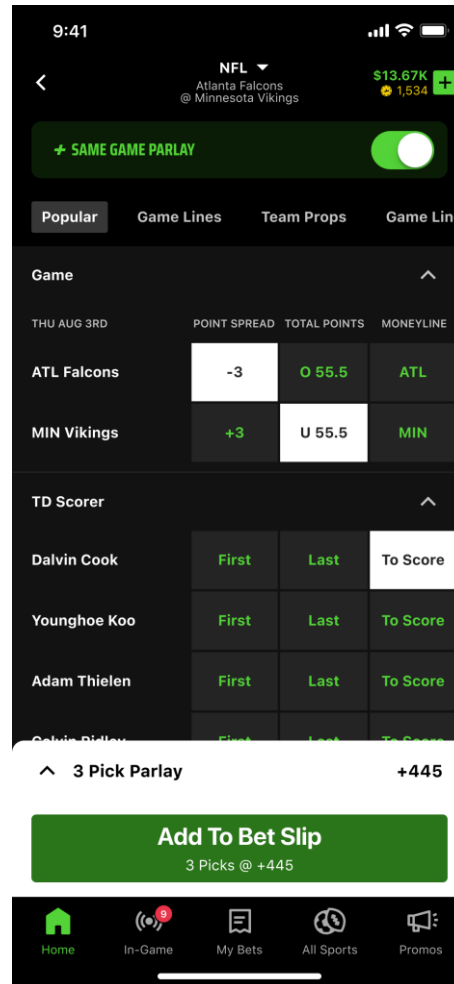
# MIGRATION TO IN-HOUSE BET ENGINE SUBSTANTIALLY COMPLETE; INTRODUCING MULTIPLE NEW PRODUCT FEATURES

## DRAFTKINGS IN-HOUSE BET ENGINE

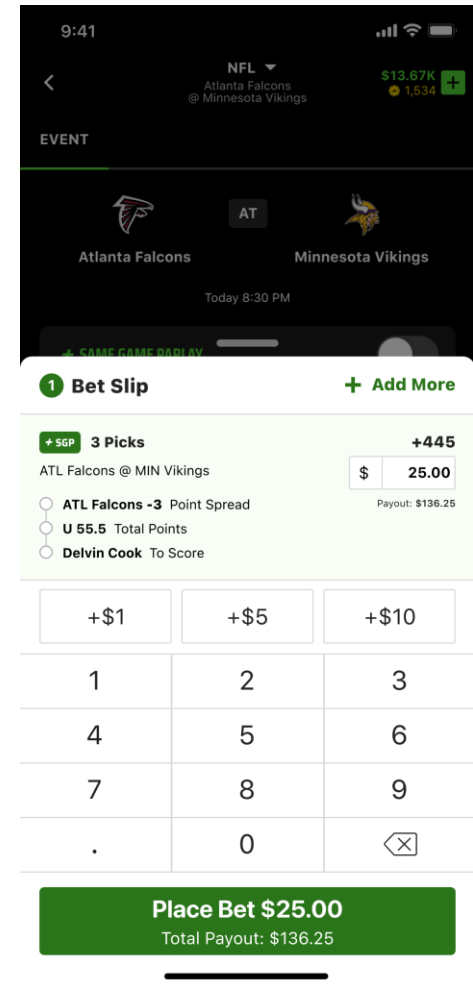


-  **U.S. Sports Focus:** More pre-match lines, live player props, and unique betting markets with a focus on U.S. sports fan
-  **Betting Control:** More refined control at the market and user level for wagering, maximizing UX and revenue
-  **U.S. Based Trading:** Our trading team will be on the ground in the U.S., focused where our users are
-  **One Home:** We are one team, with one home, one vision to execute against; control our own technology destiny
-  **Live Betting:** Improved live betting experience with shorter bet delays / suspensions

## SAME GAME PARLAY



Adding a bet



Placing a bet

# MARKETPLACE IS BOTH ACCRETIVE TO LTV / CAC FOR OUR CORE BUSINESS AND A HIGH MARGIN REVENUE OPPORTUNITY

## DRAFTKINGS MARKETPLACE

- 1 NFTs / digital collectibles are large, growing, and high margin market
  - Top NFT marketplace generated \$382mm in Q2 2021 transaction volume, up from \$3mm in Q2 2020<sup>(1)</sup>
- 2 Sports NFTs are very attractive category within NFT market; sports collectors most active and most loyal participants
  - Top sports NFT player has had \$650mm+ in all time transaction volume, most of any digital collectible set<sup>(2)</sup>
- 3 Autograph poised to be a leading sports NFT player, touting exclusive rights with Tom Brady, Wayne Gretzky, Tony Hawk, Derek Jeter, Naomi Osaka, and Tiger Woods already
  - DraftKings Marketplace will be the exclusive seller of sports NFTs from Autograph
  - DraftKings is aligned with Autograph; option to obtain ownership stake through the exercise of warrants
  - DraftKings will also be adding additional partners and exploring opportunities to mint our own NFTs in the future
- 4 DraftKings Marketplace creates long-term shareholder value in several ways
  - LTV of core business: Customer retention will improve and customer spend will increase as we have an additional product for our customers to engage with
  - CAC of core business: CAC will improve from both cross selling and large social media following of iconic athletes
  - Great standalone high margin revenue opportunity



*DraftKings Marketplace launching soon*

(1) [Duneanalytics.com](https://duneanalytics.com).

(2) [Cryptoslam.io](https://cryptoslam.io).

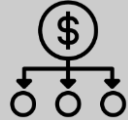
# MEDIA AND CONTENT OPPORTUNITY COMPLEMENTS OUR CORE BUSINESS AND DIVERSIFIES OUR REVENUE STREAMS

## RATIONALE FOR ENTERING MEDIA INDUSTRY



### Brand, Customer Base, and Existing Content Assets Give DKNG Right to Play in Media Space

- Leverage most recognized brand across DFS, OSB, and iGaming to media space
- Trusted platform with attractive customer base
- Strong relationships with ecosystem of media partners and assets
- Customers have given DKNG “brand permission” to create content



### Media is Massive Industry That Delivers New Diversified Revenue Streams

- Introduces large new audience and TAM opportunity to DKNG platform
- Diversifies revenue streams through:
  - Advertising
  - Distribution
  - Subscription
  - Licensing
  - Sponsorship



### Audience Flywheel Across Media and Core Business

- LTV benefits: Better retained, engaged, audience on the DraftKings platform
- CAC benefits: Acquire DFS, OSB, and iGaming customers through media assets
- Cross sell benefits: Deepening share of customers’ wallet across offerings

*DraftKings has the opportunity to be a unique content provider in the sports and entertainment space*



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# APPENDIX





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

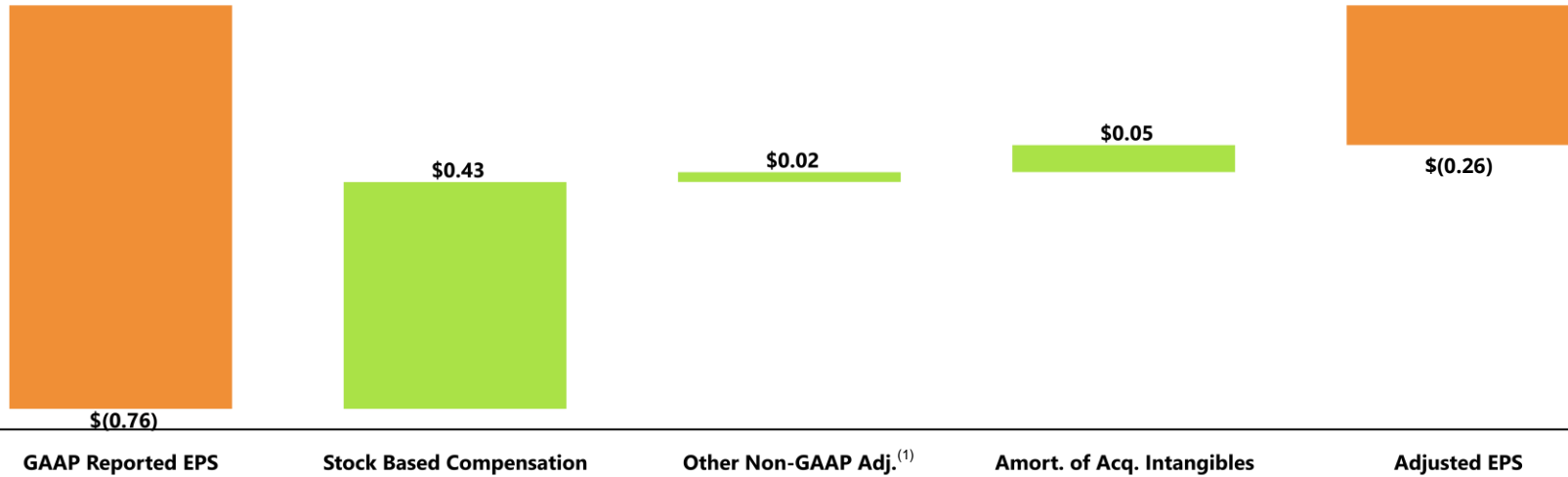
(\$ in millions)

		30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	
<b>GAAP Operating Expenses</b>								
Cost of Revenue		\$187	\$183	\$159	\$97	\$47	\$43	
Sales and Marketing		\$171	\$229	\$192	\$203	\$46	\$54	
General and Administrative		\$199	\$169	\$173	\$127	\$107 <sup>(1)</sup>	\$39 <sup>(1)</sup>	
Product and Technology		\$63	\$56	\$66	\$54	\$31	\$18	
<b>Total GAAP Operating Expenses</b>		<b>\$619</b>	<b>\$637</b>	<b>\$591</b>	<b>\$481</b>	<b>\$231</b>	<b>\$155</b>	
<b>Pro-Forma Operating Expense Adjustments</b>								
Cost of Revenue						\$6	\$25	
Sales and Marketing						\$1	\$4	
General and Administrative						\$9	\$5	
Product and Technology						\$6	\$12	
<b>Total Pro-Forma Operating Expense Adjustments</b>						<b>\$22</b>	<b>\$46</b>	
<b>Non-GAAP Operating Expense Adjustments</b>								
Cost of Revenue	(a)	(\$1)	(\$1)	(\$1)	(\$0)	(\$0)		(a) Stock-based compensation expense
	(b)	(\$21)	(\$19)	(\$18)	(\$19)	(\$18)	(\$18)	
	(d)	(\$7)	(\$7)	(\$6)	(\$6)	(\$4)	(\$4)	
Sales and Marketing	(a)	(\$14)	(\$9)	(\$7)	(\$12)	(\$3)	(\$0)	(b) Amortization of acquired intangible assets
	(d)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	
General and Administrative	(a)	(\$132)	(\$122)	(\$116)	(\$83)	(\$54)	(\$4)	(c) Transaction expenses
	(c)	(\$8)	(\$3)	(\$2)	(\$4)	(\$25) <sup>(1)</sup>	(\$6) <sup>(1)</sup>	
	(d)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	
	(e)	(\$4)	(\$1)	(\$1)	(\$2)	(\$2)	(\$1)	(d) Depreciation & Amortization
	(f)	(\$13)	(\$2)	(\$1)	(\$2)	(\$3)	(\$0)	
Product and Technology	(a)	(\$25)	(\$20)	(\$25)	(\$22)	(\$8)	(\$0)	(e) Litigation
	(d)	(\$1)	(\$1)	(\$2)	(\$1)	(\$1)	(\$1)	
<b>Total Non-GAAP Operating Expense Adjustments</b>		<b>(\$226)</b>	<b>(\$186)</b>	<b>(\$180)</b>	<b>(\$151)</b>	<b>(\$119)</b>	<b>(\$35)</b>	(f) Other
<b>Adjusted Pro-Forma Operating Expenses</b>								
Cost of Revenue		\$159	\$157	\$134	\$72	\$32	\$47	
Sales and Marketing		\$157	\$220	\$184	\$191	\$43	\$57	
General and Administrative		\$41	\$41	\$52	\$36	\$33	\$33	
Product and Technology		\$36	\$34	\$39	\$31	\$27	\$28	
<b>Total Adjusted Operating Expenses</b>		<b>\$393</b>	<b>\$452</b>	<b>\$410</b>	<b>\$330</b>	<b>\$135</b>	<b>\$165</b>	

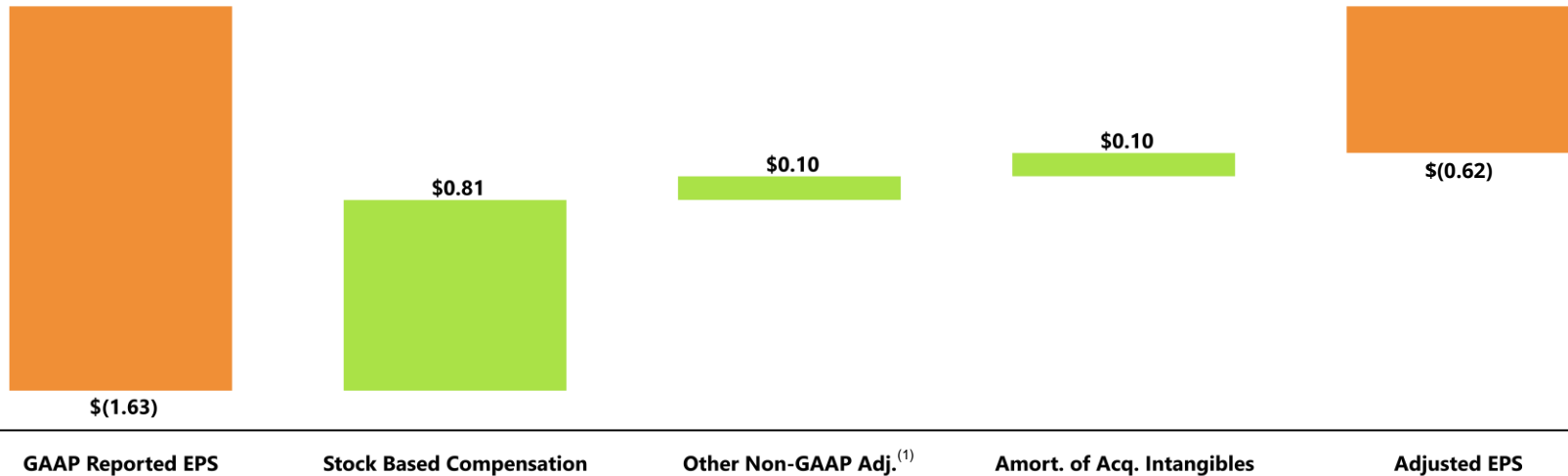
(1) Pursuant to the principles of Article 11 of Regulation S-X, the transaction costs related to the Business Combination have been eliminated in calculating our Pro-Forma Operating Expenses in Proforma Adjusted EBITDA tables in our 10K for the twelve months ended December 31, 2020. These costs were approximately \$31mm for the twelve months ended December 31, 2020 and are included in our GAAP Operating Expenses on this page.

# NON-GAAP ADJUSTED EARNINGS PER SHARE BUILD

## THREE MONTHS ENDED JUNE 30, 2021 – ADJUSTED EARNINGS PER SHARE BRIDGE



## SIX MONTHS ENDED JUNE 30, 2021 – ADJUSTED EARNINGS PER SHARE BRIDGE



Note: Weighted average number of shares used to calculate Adjusted EPS for the Q2 2021 and YTD 2021 periods were 401.4mm and 399.5mm, respectively.

(1) Other non-GAAP adj includes non-cash impact of re-measurement of warrant liabilities.

# PRO FORMA DRAFTKINGS P&L AND ADJUSTED EBITDA RECONCILIATION

## ■ Pro Forma Adjusted EBITDA

- We define and calculate Pro Forma Adjusted EBITDA as pro forma net loss (giving effect to the Business Combination as if it were consummated on January 1, 2019) before the impact of interest income or expense, income tax expense or benefit and depreciation and amortization, and further adjusted for the same items as Adjusted EBITDA.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<i>(amounts in thousands)</i>				
Revenue	297,605	74,998	609,881	188,443
Cost of revenue	187,006	53,172	370,231	121,630
Sales and marketing	170,712	46,967	399,398	104,240
Product and technology	62,635	36,483	118,794	66,225
General and administrative	198,806	91,484	367,803	130,624
Loss from operations	(321,554)	(153,108)	(646,345)	(234,276)
Interest income (expense), net	1,642	(601)	2,627	(3,399)
Gain (Loss) on remeasurement of warrant liabilities	16,984	(363,361)	(9,996)	(363,361)
Loss before income tax provision (benefit)	(302,928)	(517,070)	(653,714)	(601,036)
Income tax provision (benefit)	2,404	3,008	(2,191)	920
Loss from equity method investment	194	83	347	286
<b>Net Loss</b>	<b>(305,526)</b>	<b>(520,161)</b>	<b>(651,870)</b>	<b>(602,242)</b>
<i>Adjusted For</i>				
Depreciation and amortization	30,051	23,406	58,244	46,657
Interest (income) expense, net	(1,642)	601	(2,627)	3,399
Income tax provision(benefit)	2,404	3,008	(2,191)	920
Stock-based compensation <sup>(2)</sup>	171,739	65,346	323,582	70,204
Transaction-related costs <sup>(3)</sup>	7,890	-	10,913	-
Litigation, settlement, and related costs <sup>(4)</sup>	3,599	2,022	4,221	3,352
Advocacy and other related legal expenses <sup>(5)</sup>	11,035	-	11,035	-
(Gain) loss on remeasurement of warrant liabilities	(16,984)	363,361	9,996	363,361
Other non-recurring costs and special project costs <sup>(6)</sup>	2,132	2,600	4,133	2,931
<b>Adjusted EBITDA</b>	<b>(95,302)</b>	<b>(59,817)</b>	<b>(234,564)</b>	<b>(111,418)</b>

- (1) The amounts include the amortization of acquired intangible assets of \$20.6 million and \$17.7 million for the three months ended June 30, 2021 and 2020, respectively, and \$39.7 million and \$35.4 million for the six months ended June 30, 2021 and 2020, respectively.
- (2) The amounts for the three and six months ended June 30, 2021 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans. The amounts for the three and six months ended June 30, 2020, primarily reflect probability-based expenses on stock-based compensation awards resulting from the achievement of share price targets under long-term incentive plans and the issuance of our Class B shares (which have no economic or conversion rights) to our Chief Executive Officer, as well as expense due to the satisfaction of the performance condition, immediately prior to the consummation of the Business Combination, on stock-based compensation awards granted to SBTech employees in prior periods.
- (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. The transaction costs related to the Business Combination described in footnote 1 to the preceding table have been eliminated in calculating our pro forma net income for the three and six months ended June 30, 2020 pursuant to the principles of Article 11 of Regulation S-X.
- (4) Includes primarily 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 current period, those costs primarily relate to Florida. The amount excludes other recurring costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate.
- (6) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects, including the implementation of internal controls over financial reporting, as well as our equity method share of the investee's losses.

# 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, income tax expense and depreciation and amortization, and further adjusted for the following items: stock-based compensation, transaction-related costs, litigation, settlement and related costs and certain other non-recurring, non-cash and non-core items, as described in the footnotes to the reconciliation.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<i>(amounts in thousands)</i>				
Revenue	297,605	70,931	609,881	159,473
Cost of revenue	187,006	47,330	370,231	90,746
Sales and marketing	170,712	46,188	399,398	99,894
Product and technology	62,635	30,549	118,794	48,590
General and administrative	198,806	107,308	367,803	146,804
Loss from operations	(321,554)	(160,444)	(646,345)	(226,561)
Interest income (expense), net	1,642	(588)	2,627	(2,939)
Gain (Loss) on remeasurement of warrant liabilities	16,984	(363,361)	(9,996)	(363,361)
Loss before income tax provision (benefit)	(302,928)	(524,393)	(653,714)	(592,861)
Income tax provision (benefit)	2,404	323	(2,191)	332
Loss from equity method investment	194	82	347	285
<b>Net Loss</b>	<b>(305,526)</b>	<b>(524,798)</b>	<b>(651,870)</b>	<b>(593,478)</b>
<i>Adjusted For</i>				
Depreciation and amortization	30,051	18,668	58,244	23,372
Interest (income) expense, net	(1,642)	588	(2,627)	2,939
Income tax provision(benefit)	2,404	323	(2,191)	332
Stock-based compensation <sup>(2)</sup>	171,739	54,486	323,582	59,328
Transaction-related costs <sup>(3)</sup>	7,890	25,255	10,913	30,907
Litigation, settlement, and related costs <sup>(4)</sup>	3,599	2,022	4,221	3,352
Advocacy and other related legal expenses <sup>(5)</sup>	11,035	-	11,035	-
(Gain) loss on remeasurement of warrant liabilities	(16,984)	363,361	9,996	363,361
Other non-recurring costs and special project costs <sup>(6)</sup>	2,132	2,600	4,133	2,931
<b>Adjusted EBITDA</b>	<b>(95,302)</b>	<b>(57,495)</b>	<b>(234,564)</b>	<b>(106,956)</b>

(1) The amounts include the amortization of acquired intangible assets of \$20.6 million and \$13.2 million for the three months ended June 30, 2021 and 2020, respectively, and \$39.7 million and \$13.2 million for the six months ended June 30, 2021 and 2020, respectively.

(2) The amounts for the three and six months ended June 30, 2021 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans. The amounts for the three and six months ended June 30, 2020, primarily reflect probability-based expenses on stock-based compensation awards resulting from the achievement of share price targets under long-term incentive plans and the issuance of our Class B shares (which have no economic or conversion rights) to our Chief Executive Officer.

(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. These costs include those relating to the Business Combination for the three and six months ended June 30, 2020.

(4) Includes primarily 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 current period, those costs primarily relate to Florida. The amount excludes other recurring costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate.

(6) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects, including the implementation of internal controls over financial reporting, as well as our equity method share of the investee's losses.

# DRAFTKINGS KPI COMPARISON OVER TIME

## B2C KEY PERFORMANCE INDICATORS

### ■ Monthly Unique Payers (“MUPs”)

- We define MUPs as the number of unique paid users per month who had a paid engagement (i.e., participated in a real-money DFS contest, sports bet or casino game) across one or more of our product offerings via our platform
- 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 our long-term revenue growth potential of our B2C segment although MUPs in individual periods may be less indicative of our longer-term expectations

**Average Monthly Unique Payers (“MUPs”)**  
(Users in 000s)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Average Monthly Unique Payers (“MUPs”) (Users in 000s)	1,123	295	1,332	508

### ■ Average Revenue per MUP (“ARPMUP”)

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

<b>Average Revenue per MUP (“ARPMUP”)</b>	\$80	\$63	\$69	\$47
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# DKNG SHARE COUNT BUILD

(Shares in thousands)

<b>Total Capitalization</b>	
<b>Common Shares Outstanding (30-June-21)</b>	<b>402,493</b>
Vested Stock Options @ TSM <sup>(1)</sup>	26,471
<i>Memo: Vested Stock Options</i>	28,334
<b>Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>428,964</b>
DEAC Private Placement Warrants <sup>(2)</sup>	1,351
<b>Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>430,315</b>

Note: Table does not include Class B shares, 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 DKNG share price as of 4-Aug-2021 and strike price of \$3.20 per share.

(2) Based on TSM; assumes DKNG share price as of 4-Aug-2021 and strike price of \$11.50 per warrant.