



Q3 2023 EARNINGS PRESENTATION

November 2, 2023

Legal Disclaimer

Forward-Looking Statements

This presentation contains 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, including statements about DraftKings Inc. (“DraftKings”, the “Company”, “we”, “us” and “our”) and its industry that involve substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this presentation, including statements regarding guidance, our future results of operations or financial condition, strategic plans and focus, user growth and engagement, product initiatives, and the objectives and expectations of management for future operations (including launches in new jurisdictions and the expected timing thereof), are forward-looking statements.

In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “confident,” “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 other similar terms or expressions, 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 primarily on our current expectations and projections about future events and trends, including the current macroeconomic environment, that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important 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.

In addition, the forward-looking statements contained 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, 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 mergers, acquisitions, dispositions or investments.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Flow-Through Percentage and Free Cash Flow, 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. 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. We define and calculate Adjusted EBITDA Flow-Through Percentage as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. We define and calculate Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid. A reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated in accordance with GAAP is provided in the Appendix of this presentation.

Q3 and Current Business Highlights

1

Q3 performance exceeded expectations; revenue of \$790M increased 57% YoY and Adj. EBITDA⁽¹⁾ of (\$153M) improved by \$111M YoY

2

Achieved #1 U.S. OSB and iGaming Gross Gaming Revenue (“GGR”) share⁽²⁾ in the U.S. in Q3 at 33%; share increased over 1,000 basis points over the last five quarters

3

Our FY 2023 revenue and Adj. EBITDA expectations⁽³⁾ are increasing by \$195M and \$100M, respectively, inclusive of our anticipated launch in Maine⁽⁴⁾

4

Introducing FY 2024 revenue guidance of \$4.5B to \$4.8B and FY 2024 Adj. EBITDA guidance of \$350M to \$450M, implying YoY Adjusted EBITDA Flow-Through⁽⁵⁾ of ~53%

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\$1.1B of cash as of 9/30/23 and expect to have more than \$1.2B on 12/31/23 before generating substantial positive Free Cash Flow⁽⁶⁾ in FY 2024

(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to its most directly comparable financial measure calculated in accordance with GAAP, net income (loss), please refer to the appendix of this presentation.

(2) See slide 4 for additional detail regarding share performance.

(3) Reflects the midpoints of FY 2023 revenue and Adjusted EBITDA guidance that DraftKings provided on August 3rd, 2023 compared to the midpoints of FY 2023 revenue and Adjusted EBITDA guidance that DraftKings provided November 2nd, 2023.

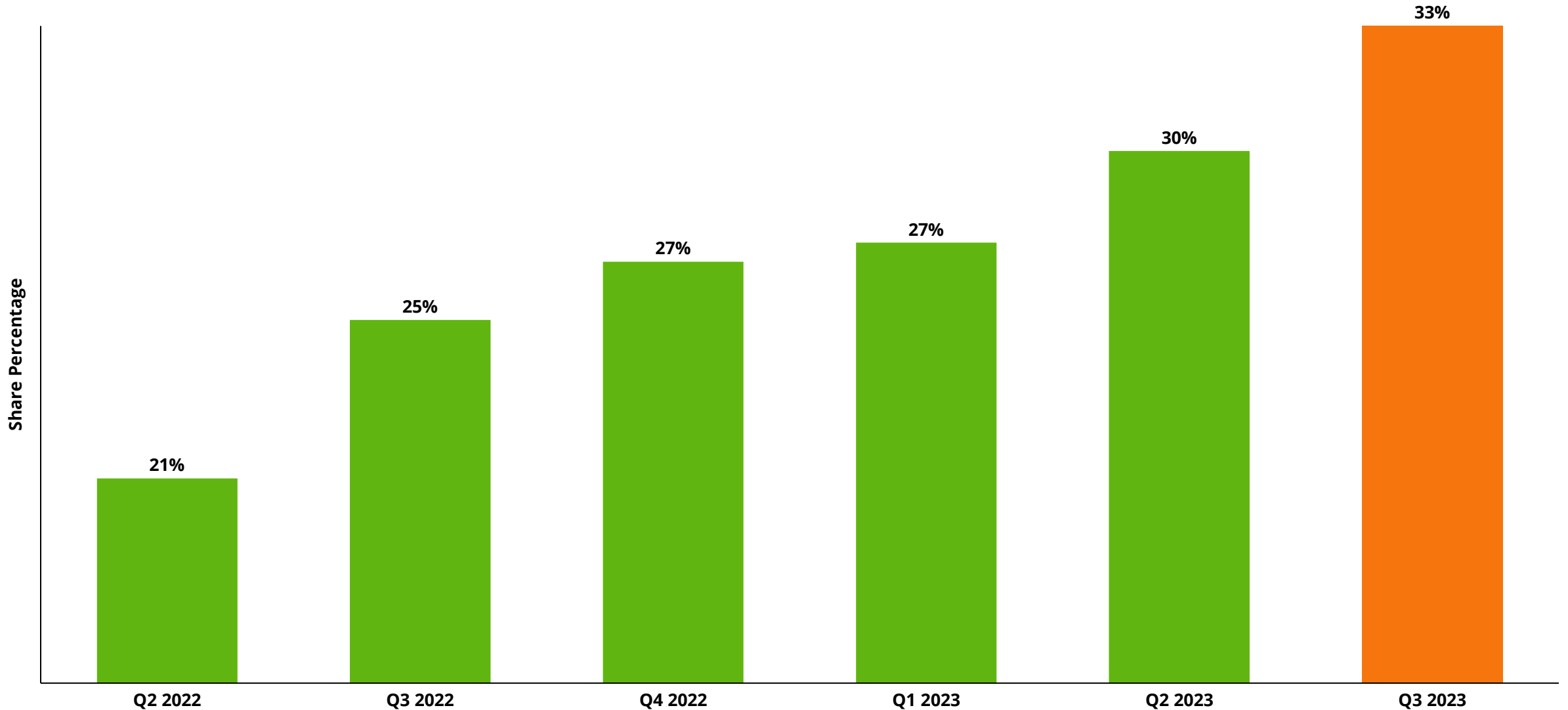
(4) Pending licensure and regulatory approvals.

(5) Adjusted EBITDA Flow-Through Percentage is a non-GAAP financial measure. We define Adjusted EBITDA Flow-Through as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. FY 2024 Adjusted EBITDA Flow-Through percentage is calculated based off the midpoints of revenue and Adjusted EBITDA guidance for FY 2023 and FY 2024.

(6) Free Cash Flow is a non-GAAP financial measure. We define Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid.

Capturing Higher Share of U.S. OSB and iGaming

Combined OSB and iGaming GGR Share⁽¹⁾



Sources: State Gaming Reports and DraftKings internal data

Notes: Gross revenue as calculated pursuant to each state's definition; no adjustments were made to this state data.

(1) Share denominator includes all U.S. states where DraftKings is live with OSB and/or iGaming, as applicable, and data was available as of November 1st, 2023. Contributions from the Golden Nugget Online Gaming brand are included. Poker gross revenue is included in the TAM denominator (DraftKings does not currently offer poker).



Raising FY 2023 Guidance Midpoint by 6% for Revenue and \$100M for Adjusted EBITDA⁽¹⁾

Updated FY 2023 Guidance vs. Prior FY 2023 Guidance \$ Millions

	August 3rd FY 2023 Guidance ⁽²⁾	Stronger Customer Retention & Engagement (Including Promotions)	Higher OSB Hold due to Structural Improvement	Unfavorable Q3 Sport Outcomes	Anticipated Launch of OSB in Maine ⁽³⁾	November 2nd FY 2023 Guidance ⁽⁴⁾
Revenue	\$3,500	\$165	\$70	(\$40)	\$0	\$3,695
Adjusted EBITDA⁽¹⁾	(\$205)	\$90	\$50	(\$30)	(\$10)	(\$105)

(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to its most directly comparable financial measure calculated in accordance with GAAP, net income (loss), please refer to the appendix of this presentation.

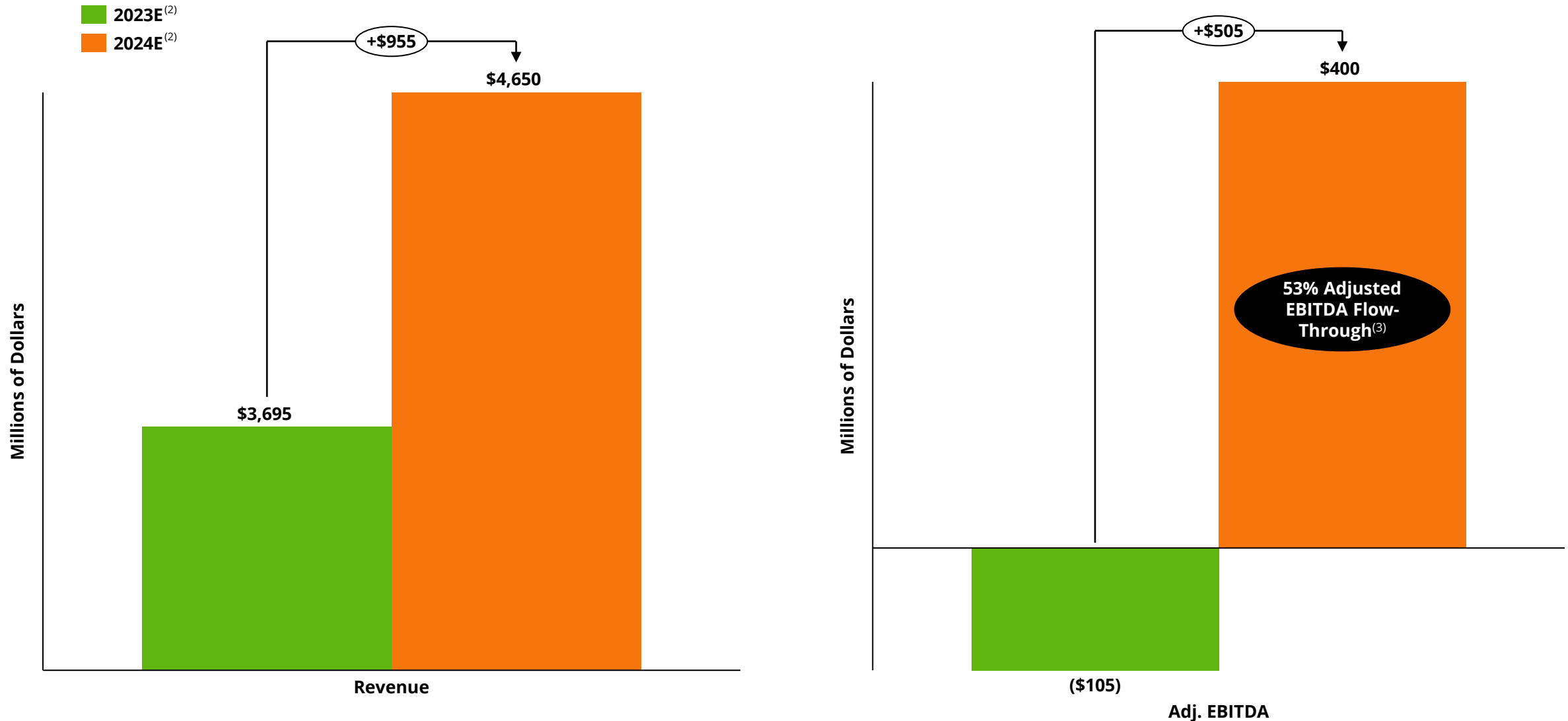
(2) Reflects the midpoints of FY 2023 guidance that DraftKings provided on August 3rd, 2023.

(3) Pending licensure and regulatory approvals.

(4) Reflects the midpoints of FY 2023 guidance that DraftKings provided on November 2nd, 2023.

We expect nearly \$1B of incremental revenue and more than \$500M of incremental Adjusted EBITDA⁽¹⁾ on a YoY basis in 2024

Expected DraftKings Revenue and Adj. EBITDA⁽¹⁾



(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to its most directly comparable financial measure calculated in accordance with GAAP, net income (loss), please refer to the appendix of this presentation.

(2) Figures presented represent the midpoints of our FY 2023 and FY 2024 guidance ranges for revenue and Adjusted EBITDA.

(3) Adjusted EBITDA Flow-Through Percentage is a non-GAAP financial measure. We define Adjusted EBITDA Flow-Through as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. FY 2024 Adjusted EBITDA Flow-Through percentage is calculated based off the midpoints of revenue and Adjusted EBITDA guidance for FY 2023 and FY 2024.



APPENDIX

Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA, Adjusted EBITDA Flow-Through Percentage and Free Cash Flow, which are non-GAAP financial measures that DraftKings uses to supplement its results presented in accordance with GAAP. The Company believes Adjusted EBITDA, Adjusted EBITDA Flow-Through Percentage, and Free Cash Flow are useful in evaluating its operating performance, similar to measures reported by its publicly-listed U.S. competitors, and regularly used by security analysts, institutional investors and other interested parties in analyzing operating performance and prospects. Adjusted EBITDA, Adjusted EBITDA Flow-through Percentage and Free Cash Flow are not intended to be substitutes for any GAAP financial measures, and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

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. We define and calculate Adjusted EBITDA Flow-Through Percentage as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. We define and calculate Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid.

DraftKings includes non-GAAP financial measures because they are used by management to evaluate the Company's core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. Adjusted EBITDA, Adjusted EBITDA Flow-Through Percentage and Free Cash Flow exclude certain expenses that are required in accordance with GAAP because they are non-recurring items (for example, in the case of transaction-related costs and advocacy and other related legal expenses), non-cash expenditures (for example, in the case of amortization of acquired intangible assets, depreciation and amortization, remeasurement of warrant liabilities and stock-based compensation), or non-operating items which are not related to the Company's underlying business performance (for example, in the case of interest income and expense and litigation, settlement and related costs).

Information reconciling forward-looking 2023 and 2024 Adjusted EBITDA guidance to its most directly comparable GAAP financial measure, net income (loss), is unavailable to DraftKings without unreasonable effort due to, among other things, certain items required for such reconciliations being outside of DraftKings' control and/or not being able to be reasonably predicted. Preparation of such reconciliations would require a forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the Company without unreasonable effort. DraftKings provides a range for its Adjusted EBITDA forecasts that it believes will be achieved; however, the Company cannot provide any assurance that it can predict all of the components of the Adjusted EBITDA calculations. DraftKings provides forecasts for Adjusted EBITDA because it believes that Adjusted EBITDA, when viewed with DraftKings' results calculated in accordance with GAAP, provides useful information for the reasons noted above. However, Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered as an alternative to net income (loss) or cash flow from operating activities or as an indicator of operating performance or liquidity.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

GAAP to Non-GAAP Operating Expense Reconciliation

\$ Millions

	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	
GAAP Operating Expenses								
Cost of Revenue	\$543	\$510	\$522	\$485	\$373	\$313	\$313	
Sales and Marketing	\$313	\$207	\$389	\$345	\$322	\$198	\$321	
General and Administrative	\$131	\$136	\$160	\$173	\$186	\$188	\$217	
Product and Technology	\$89	\$90	\$88	\$83	\$76	\$77	\$81	
Total GAAP Operating Expenses	\$1,077	\$944	\$1,159	\$1,087	\$957	\$775	\$933	
Non-GAAP Operating Expense Adjustments								
Cost of Revenue	(a) (\$1)	(\$0)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	
	(b) (\$29)	(\$29)	(\$30)	(\$30)	(\$30)	(\$27)	(\$19)	
	(d) (\$16)	(\$14)	(\$14)	(\$14)	(\$12)	(\$10)	(\$9)	(a) Stock-based compensation expense
Sales and Marketing	(a) (\$8)	(\$8)	(\$11)	(\$17)	(\$10)	(\$12)	(\$14)	
	(d) (\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	
General and Administrative	(a) (\$47)	(\$56)	(\$78)	(\$92)	(\$92)	(\$98)	(\$144)	(b) Amortization of acquired intangible assets
	(c) (\$1)	\$0	\$0	(\$2)	(\$1)	(\$11)	(\$4)	(c) Transaction expenses
	(d) (\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(d) Depreciation & amortization
	(e) (\$4)	(\$4)	(\$3)	(\$1)	(\$1)	(\$2)	(\$2)	(e) Litigation
	(f) \$0	\$0	\$0	\$0	(\$17)	\$0	(\$1)	(f) Other
Product and Technology	(a) (\$23)	(\$25)	(\$28)	(\$20)	(\$23)	(\$24)	(\$28)	
	(d) (\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$3)	(\$2)	
Total Non-GAAP Operating Expense Adjustments	(\$133)	(\$142)	(\$168)	(\$182)	(\$191)	(\$191)	(\$226)	
Adjusted Operating Expenses								
Cost of Revenue	\$498	\$467	\$477	\$440	\$330	\$275	\$284	
Sales and Marketing	\$305	\$199	\$378	\$327	\$311	\$185	\$307	
General and Administrative	\$77	\$74	\$78	\$77	\$74	\$75	\$64	
Product and Technology	\$64	\$63	\$58	\$61	\$52	\$50	\$52	
Total Adjusted Operating Expenses	\$943	\$802	\$991	\$905	\$766	\$584	\$707	

Totals may not sum due to rounding.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Net Income (Loss) to Non-GAAP Adjusted EBITDA Reconciliation

\$ Thousands

■ Adjusted EBITDA

- We define and calculate Adjusted EBITDA as Net Income (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,	
	2023	2022	2023	2022
Revenue	\$ 789,957	\$ 501,938	\$ 2,434,536	\$ 1,385,328
Cost of revenue	543,454	372,692	1,575,517	998,838
Sales and marketing	313,323	321,714	909,943	840,695
Product and technology	89,005	76,299	266,999	234,853
General and administrative	130,761	186,261	427,493	590,476
Loss from operations	(286,586)	(455,028)	(745,416)	(1,279,534)
Other income (expense):				
Interest income	14,420	6,969	39,626	10,360
Interest expense	(670)	(668)	(1,991)	(1,982)
Gain (loss) on remeasurement of warrant liabilities	(7,751)	(6,797)	(44,827)	20,199
Other income, net	(1,217)	8,257	(1,153)	40,566
Loss before income tax provision (benefit) and loss from equity method investment	(281,804)	(447,267)	(753,761)	(1,210,391)
Income tax provision (benefit)	1,291	3,177	3,310	(77,580)
(Gain) loss from equity method investment	8	50	450	2,479
Net loss attributable to common stockholders	\$ (283,103)	\$ (450,494)	\$ (757,521)	\$ (1,135,290)
<i>Adjusted for:</i>				
Depreciation and amortization ⁽¹⁾	50,245	46,089	146,722	120,629
Interest expense (income), net	(13,750)	(6,301)	(37,635)	(8,378)
Income tax provision (benefit)	1,291	3,177	3,310	(77,580)
Stock-based compensation ⁽²⁾	78,353	126,038	284,946	448,636
Transaction-related costs ⁽³⁾	681	751	1,106	15,030
Litigation, settlement and related costs ⁽⁴⁾	3,891	1,390	10,590	5,786
Advocacy and other related legal expenses ⁽⁵⁾	-	16,558	-	16,558
(Gain) loss on remeasurement of warrant liabilities	7,751	6,797	44,827	(20,199)
Other non-recurring and non-operating (income) costs ⁽⁶⁾	1,227	(8,216)	1,602	(37,046)
Adjusted EBITDA	\$ (153,414)	\$ (264,211)	\$ (302,053)	\$ (671,854)

(1) The amounts include the amortization of acquired intangible assets of \$29.2 million and \$29.8 million for the three months ended September 30, 2023 and 2022, respectively, and \$88.0 million and \$76.1 million for the nine months ended September 30, 2023 and 2022, 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 proposed, pending or completed transactions and offerings, including costs relating to DraftKings' acquisition of Golden Nugget Online Gaming, Inc. in 2022.

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

(5) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain product offerings and are actively seeking licensure, or similar approval, for those product offerings. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate that are incurred in the ordinary course of business and (ii) 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

Key Performance Indicators

Millions; Dollars

■ Monthly Unique Payers (“MUPs”)

- We define MUPs as the number of unique paid users per month who had one or more real-money, paid engagements across one or more of our Sportsbook, iGaming, DFS, or other consumer product offerings via our technology. For reported periods longer than one month, we average the MUPs for the months in the reported period.
- MUPs is a key indicator of the scale of our online gaming 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 online gaming product offerings, 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, excluding revenue from gaming software services, for a reporting period, divided by the average number of MUPs 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.

Three months ended September 30,

	2023	2022
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Average Monthly Unique Payers (“MUPs”)
(in millions)

2.3

1.6

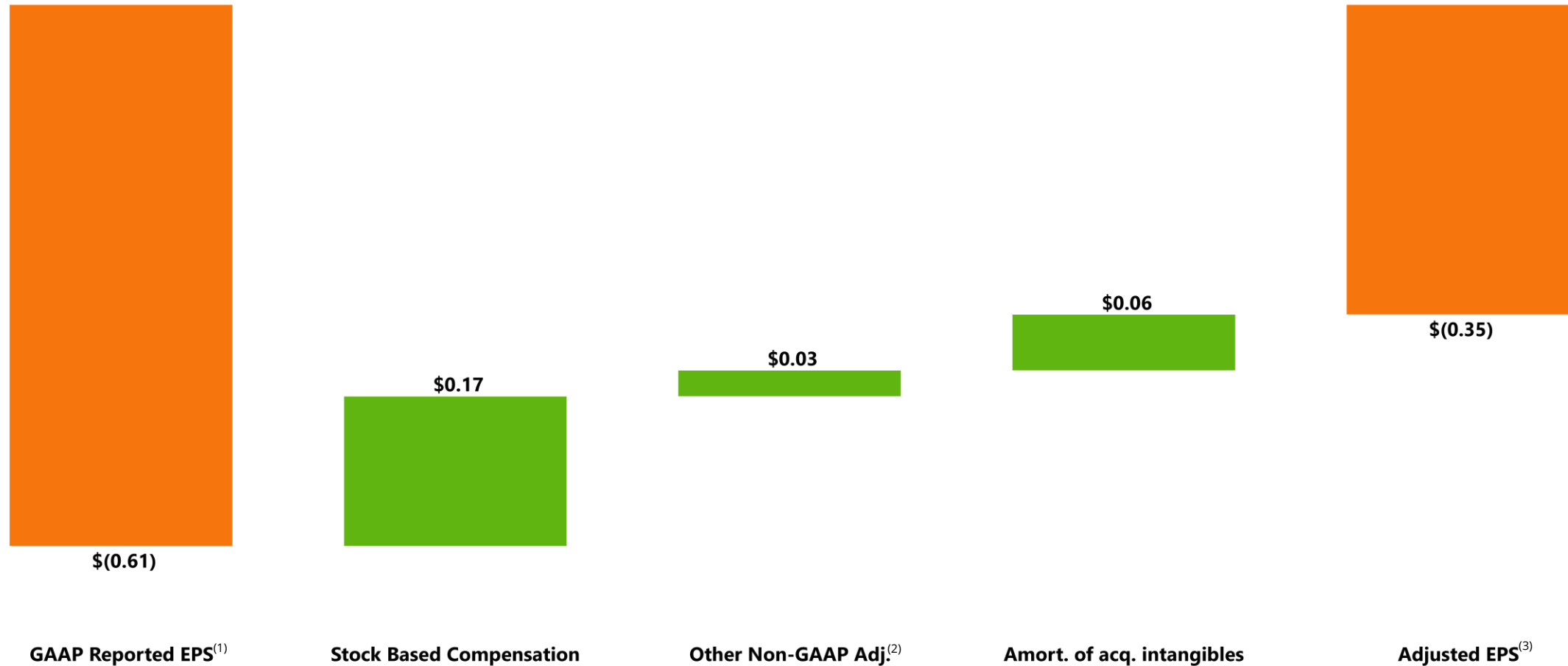
Average Revenue per MUP (“ARPMUP”)
(in whole dollars)

\$114

\$100

Non-GAAP Adjusted Earnings Per Share Reconciliation

Adjusted Earnings Per Share Reconciliation: Three Months Ended September 30, 2023
Dollars



Note: Weighted average number of shares used to calculate Adjusted EPS for Q3 2023 was 465mm; totals may not sum due to rounding.

(1) Refers to DraftKings' loss per share attributable to common stockholders calculated and reported in accordance with GAAP.

(2) Includes adjustments for (i) loss on remeasurement of warrant liabilities and (ii) litigation, settlement and related costs.

(3) Adjusted Earnings Per Share is a non-GAAP financial measure. For a reconciliation to its most directly comparable financial measure calculated in accordance with GAAP, basic loss per share attributable to common stockholders, please refer to the above reconciliation.

DraftKings Share Count Detail

Share Count as of September 30, 2023

Thousands

Common Shares Outstanding (30-September-23)	465,906
Vested Stock Options @ TSM ⁽¹⁾	20,218
<i>Memo: Vested Stock Options</i>	<i>23,156</i>
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	486,124
DEAC Private Placement Warrants ⁽²⁾	856
GNOG Private Placement Warrants ⁽³⁾	-
Fully Diluted Shares Outstanding	486,980

Table is not reflective of GAAP diluted share count given GAAP diluted share count includes unvested restricted stock units and out-of-the-money shares underlying DraftKings' convertible notes.

Table does not include shares of Class B common stock, which have no economic or participating rights.

(1) Based on Treasury Stock Method ("TSM"); assumes DraftKings Class A share price as of 1-November-2023 and strike price of \$3.66 per stock option.

(2) Based on TSM; assumes DraftKings Class A share price as of 1-November-2023 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DraftKings Class A share price as of 1-November-2023. 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.