



THE GAME
INSIDE
THE GAME.

Q1 2021 EARNINGS PRESENTATION

MAY 7, 2021



LEGAL DISCLAIMER

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.

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.

Q1 AND CURRENT BUSINESS HIGHLIGHTS

1 \$312M of revenue in Q1 driven by strong customer acquisition and retention as well as new state launches in Michigan and Virginia

175%
YoY pro forma revenue growth in Q1⁽¹⁾

48% / 114%
YoY B2C ARPMUP / MUPs growth in Q1

2 Continued to establish DraftKings as the leading product and content innovator in online gaming

Launched
Sports betting information channels with SLING TV

Launched
First Spanish 21 iGaming offering in the U.S.

3 Completed convertible note offering, bolstering balance sheet with \$1.1BN+ in net proceeds

No Dilution
Until \$135.50 per share

0%
Coupon rate

4 Used robust balance sheet to acquire Vegas Sports Information Network (“VSiN”) and Blue Ribbon Software

Expanded
Media presence and content capabilities

Strengthened
Product and technology depth

(1) Year over year Q1 pro forma revenue includes SBTech in Q1 2020 to improve comparison.

SLING TV AND SPANISH 21 ARE SOME OF OUR LATEST PRODUCT AND CONTENT INNOVATIONS

SLING TV AND DRAFTKINGS COLLABORATION

- SLING TV and DraftKings teamed up to launch exclusive sports betting information channels
- Customers can currently view real-time game scores and betting odds on the DraftKings Basketball channel
- DraftKings Baseball and DraftKings Hockey channels have also launched
- Expands on existing agreement with Dish Network which brought the first-of-its-kind and patent-pending OSB app integration onto the DISH TV Hopper platform

IGAMING INNOVATION

- DraftKings continues to build differentiated iGaming content to increase customer engagement
- In April, we launched Spanish 21, a unique DraftKings-built casino game that no other operator currently offers
- Spanish 21 is a popular blackjack variant where a natural total of 21 on the first two cards always wins and is paid whether or not the dealer has a blackjack
- Currently available in NJ and expanding to MI, PA, and WV with regulatory approval

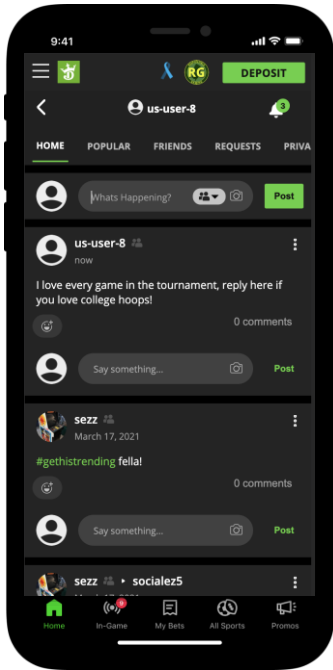
SLING TV DraftKings Sports Betting Information Channels

TEAM	SPREAD	TOTAL PTS	MONEY
ATL	-3.0	O 48.5	-157
BKN	+3.0	U 48.5	+138
CHA	-3.0	O 48.5	-157
MEM	+3.0	U 48.5	+138
HOU	-3.0	O 48.5	-157
MIL	+3.0	U 48.5	+138
OKC	-3.0	O 48.5	-157
DET	+3.0	U 48.5	+138

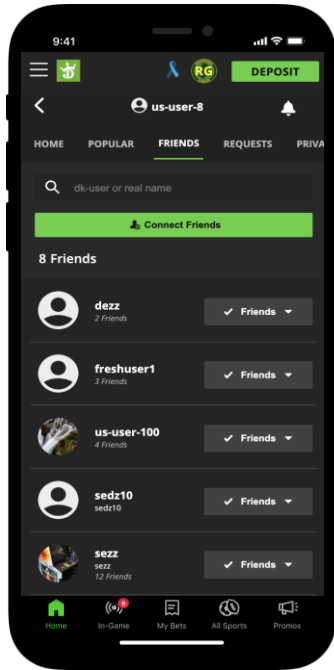
DraftKings Spanish 21

WE WILL LAUNCH FIRST-OF-ITS-KIND SOCIAL FUNCTIONALITY IN THE COMING WEEKS

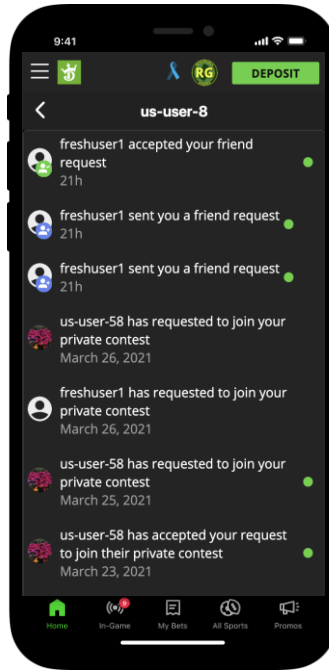
COMMENTING



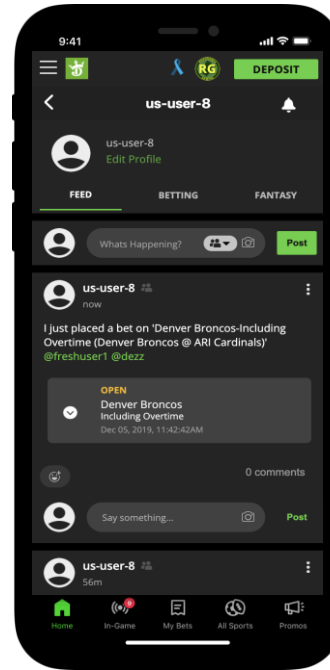
FRIENDS



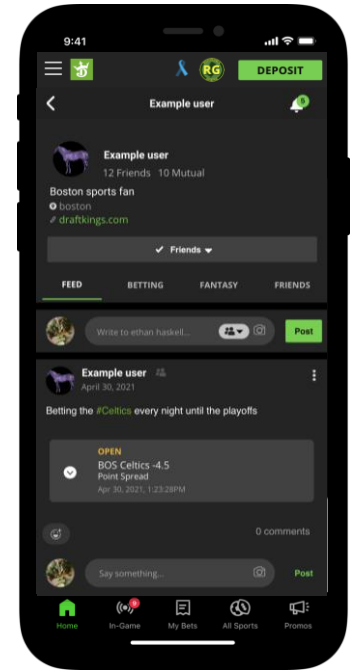
NOTIFICATIONS



BET SHARING



PROFILE



DraftKings Social allows users to chat, join contests, share bets and follow/join on another's action across DFS and OSB products

VSIN AND BLUE RIBBON EXPAND OUR TAM AND POTENTIALLY WILL IMPROVE OUR MARKET SHARE AND UNIT ECONOMICS



Multi-platform media company dedicated to sports betting news, analysis & proprietary data. Creates and distributes content via O&O sites/apps and partner platforms



B2B jackpot promotion and gamification software that sits on top of online gaming platforms & content; highly bespoke jackpot variants can be tied to any gaming content or vertical

TAM



Entry into nascent U.S. sports-betting media industry



Accelerator of already fast-growing iGaming TAM

Market Share



Complements OSB product; ability to offer differentiated / integrated OSB content down the road



Proprietary technology creates unique high reward "Jackpot" experience across all product offerings

Unit Economics



Channel for OSB customer acquisition and engagement



Frequent jackpots proven to create an exciting gaming environment that improves customer retention



THE GAME
INSIDE
THE GAME.

APPENDIX



RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(\$ in millions)

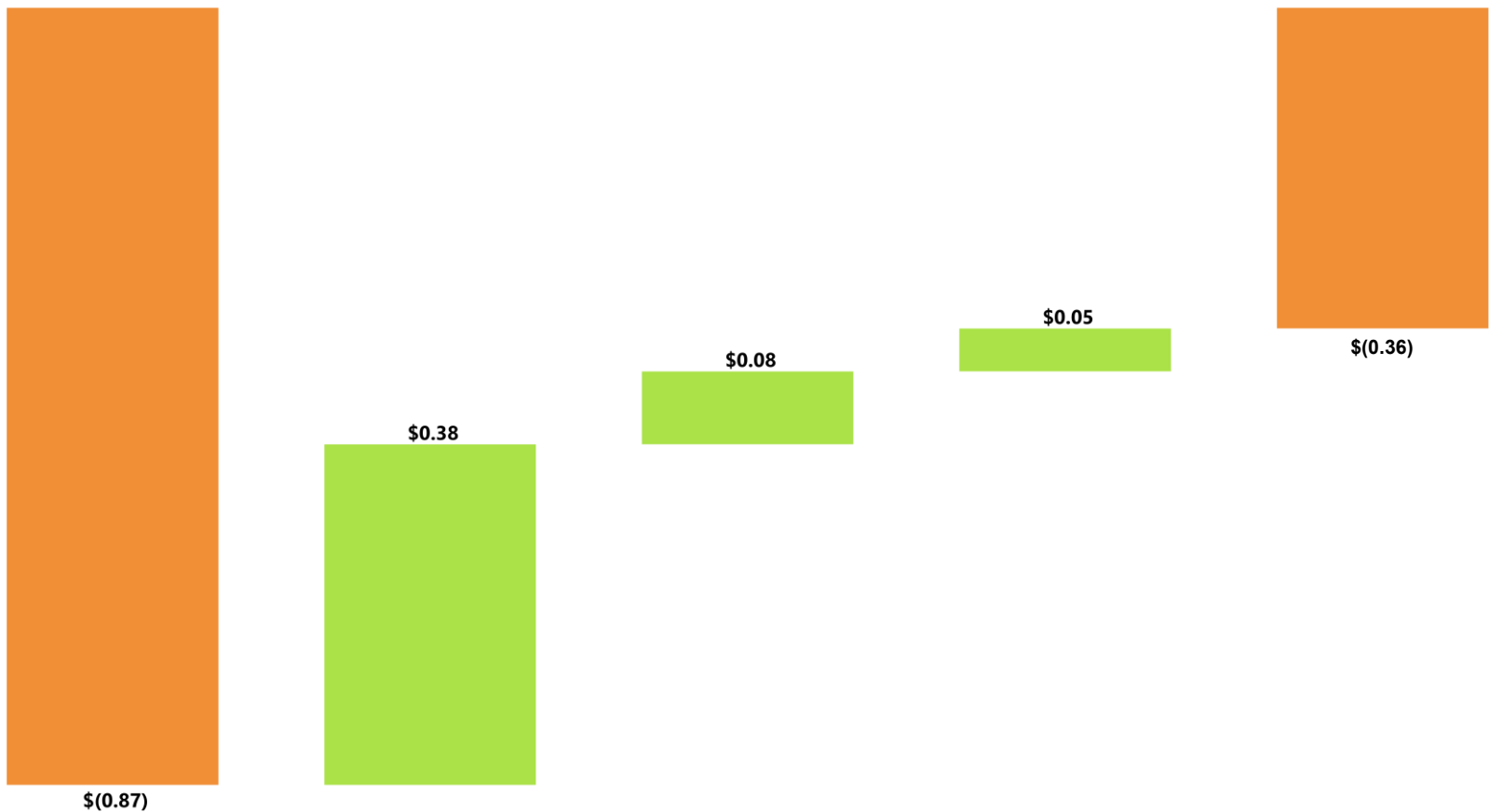
	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
GAAP Operating Expenses					
Cost of Revenue	\$183	\$159	\$97	\$47	\$43
Sales and Marketing	\$229	\$192	\$203	\$46	\$54
General and Administrative	\$169	\$173	\$127	\$107 ⁽¹⁾	\$39 ⁽¹⁾
Product and Technology	\$56	\$66	\$54	\$31	\$18
Total GAAP Operating Expenses	\$637	\$591	\$481	\$231	\$155
Pro-Forma Operating Expense Adjustments					
Cost of Revenue				\$6	\$25
Sales and Marketing				\$1	\$4
General and Administrative				\$9	\$5
Product and Technology				\$6	\$12
Total Pro-Forma Operating Expense Adjustments				\$22	\$46
Non-GAAP Operating Expense Adjustments					
Cost of Revenue	(a) (\$1)	(\$1)	(\$0)	(\$0)	
	(b) (\$19)	(\$18)	(\$19)	(\$18)	(\$18)
	(d) (\$7)	(\$6)	(\$6)	(\$4)	(\$4)
Sales and Marketing	(a) (\$9)	(\$7)	(\$12)	(\$3)	(\$0)
	(d) (\$0)	(\$0)	(\$0)	(\$0)	(\$0)
General and Administrative	(a) (\$122)	(\$116)	(\$83)	(\$54)	(\$4)
	(c) (\$3)	(\$2)	(\$4)	(\$25) ⁽¹⁾	(\$6) ⁽¹⁾
	(d) (\$1)	(\$1)	(\$1)	(\$1)	(\$1)
	(e) (\$1)	(\$1)	(\$2)	(\$2)	(\$1)
	(f) (\$2)	(\$1)	(\$2)	(\$3)	(\$0)
Product and Technology	(a) (\$20)	(\$25)	(\$22)	(\$8)	(\$0)
	(d) (\$1)	(\$2)	(\$1)	(\$1)	(\$1)
Total Non-GAAP Operating Expense Adjustments	(\$186)	(\$180)	(\$151)	(\$119)	(\$35)
Adjusted Pro-Forma Operating Expenses					
Cost of Revenue	\$157	\$134	\$72	\$32	\$47
Sales and Marketing	\$220	\$184	\$191	\$43	\$57
General and Administrative	\$41	\$52	\$36	\$33	\$33
Product and Technology	\$34	\$39	\$31	\$27	\$28
Total Adjusted Operating Expenses	\$452	\$410	\$330	\$135	\$165

- (a) Stock-based compensation expense
- (b) Amortization of acquired intangible assets
- (c) Transaction expenses
- (d) Depreciation & Amortization
- (e) Litigation
- (f) Other

(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 MARCH 31, 2021 – 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 the Q1 2021 period was 397.6mm.

(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 March 31,	
	2021	2020
<i>(in thousands)</i>		
Revenue	312,276	113,445
Cost of revenue	183,225	68,458
Sales and marketing	228,686	57,273
Product and technology	56,159	29,742
General and administrative	168,997	39,140
Loss from operations	(324,791)	(81,168)
Interest income (expense), net	985	(2,798)
Loss on remeasurement of warrant liabilities	(26,980)	-
Loss before income tax benefit	(350,786)	(83,966)
Income tax benefit	(4,595)	(2,088)
Loss from equity method investment	153	203
Net Loss	(346,344)	(82,081)
<i>Adjusted For</i>		
Depreciation and amortization (excluding acquired intangibles)	9,062	5,552
Amortization of acquired intangibles	19,131	17,699
Interest (income) expense, net	(985)	2,798
Income tax benefit	(4,595)	(2,088)
Stock-based compensation ⁽¹⁾	151,843	4,858
Transaction related costs ⁽²⁾	3,023	-
Litigation, settlement, and related costs ⁽³⁾	622	1,330
Loss on remeasurement of warrant liabilities	26,980	-
Other non-recurring costs and special project costs ⁽⁴⁾	1,848	129
Other non-operating costs ⁽⁵⁾	153	203
Adjusted EBITDA	(139,262)	(51,600)

- (1) The amounts for the three months ended March 31, 2021, primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans and, for the three months ended March 31, 2020, primarily reflects stock-based compensation expenses resulting from the issuance of awards under time-based, performance-based and long-term incentive plans.
- (2) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with transactions and offerings. The transaction costs related to the Business Combination described in footnote 12 to the preceding table have been eliminated in calculating our pro forma net income for the three months ended March 31, 2020 pursuant to the principles of Article 11 of Regulation S-X.
- (3) Includes primarily external legal costs related to litigation and litigation settlement costs deemed unrelated to our core business operations.
- (4) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects.
- (5) Includes 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 March 31,	
	2021	2020
<i>(in thousands)</i>		
Revenue	312,276	88,542
Cost of revenue	183,225	43,416
Sales and marketing	228,686	53,706
Product and technology	56,159	18,041
General and administrative	168,997	39,496
Loss from operations	(324,791)	(66,117)
Interest income (expense), net	985	(2,351)
Loss on remeasurement of warrant liabilities	(26,980)	-
Loss before income tax (benefit) provision	(350,786)	(68,468)
Income tax (benefit) provision	(4,595)	9
Loss from equity method investment	153	203
Net Loss	(346,344)	(68,680)
<i>Adjusted For</i>		
Depreciation and amortization (excluding acquired intangibles)	9,062	4,704
Amortization of acquired intangibles	19,131	-
Interest (income) expense, net	(985)	2,351
Income tax (benefit) provision	(4,595)	9
Stock-based compensation ⁽¹⁾	151,843	4,842
Transaction related costs ⁽²⁾	3,023	5,652
Litigation, settlement, and related costs ⁽³⁾	622	1,330
Loss on remeasurement of warrant liabilities	26,980	-
Other non-recurring costs and special project costs ⁽⁴⁾	1,848	129
Other non-operating costs ⁽⁵⁾	153	203
Adjusted EBITDA	(139,262)	(49,460)

- (1) The amounts for the three months ended March 31, 2021 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans and, for the three months ended March 31, 2020, primarily reflects stock-based compensation expenses resulting from the issuance of awards under time-based, performance-based and long-term incentive plans.
- (2) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with transactions and offerings, including those relating to the Business Combination for the three months ended March 31, 2020.
- (3) Includes primarily external legal costs related to litigation and litigation settlement costs deemed unrelated to our core business operations.
- (4) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects.
- (5) Includes 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 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

	Three months ended March 31,	
	2021	2020
Average Monthly Unique Payers (“MUPs”) (Users in 000s)	1,542	720
Average Revenue per MUP (“ARPMUP”)	\$61	\$41

DKNG SHARE COUNT BUILD

(Shares in thousands)

Total Capitalization

Common Shares Outstanding (31-March-21)	399,892
---	---------

Vested Stock Options @ TSM ⁽¹⁾	27,660
---	--------

<i>Memo: Vested Stock Options</i>	29,344
-----------------------------------	--------

Diluted Shares Outstanding (With Vested Stock Options @ TSM)	427,552
---	----------------

DEAC Private Placement Warrants ⁽²⁾	1,441
--	-------

Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	428,993
---	----------------

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 5-May-2021 and strike price of \$3.23 per share.

(2) Based on TSM; assumes DKNG share price as of 5-May-2021 and strike price of \$11.50 per warrant.