



Q1 2022 EARNINGS PRESENTATION

MAY 6, 2022

LEGAL DISCLAIMER

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.

Q1 AND CURRENT BUSINESS HIGHLIGHTS

1 \$417M of revenue in Q1 driven by strong customer acquisition, increased customer engagement, and healthy customer retention

44%
YoY B2C revenue
growth in Q1

29% / 11%
YoY B2C MUPs / ARPMUP
growth in Q1

2 Industry-leading⁽¹⁾ product made strides

Expanded
Breadth of OSB micro and
same game parlay markets

Launched
Formula 1 and new USFL daily
fantasy sports contests

3 Launched OSB in New York and Louisiana; launched DKNB branded OSB in Oregon

Live
In 36% of the U.S.
Population for OSB

Live
In 11% of the U.S.
Population for iGaming

4 Continued to operationalize initiatives to drive already excellent player retention

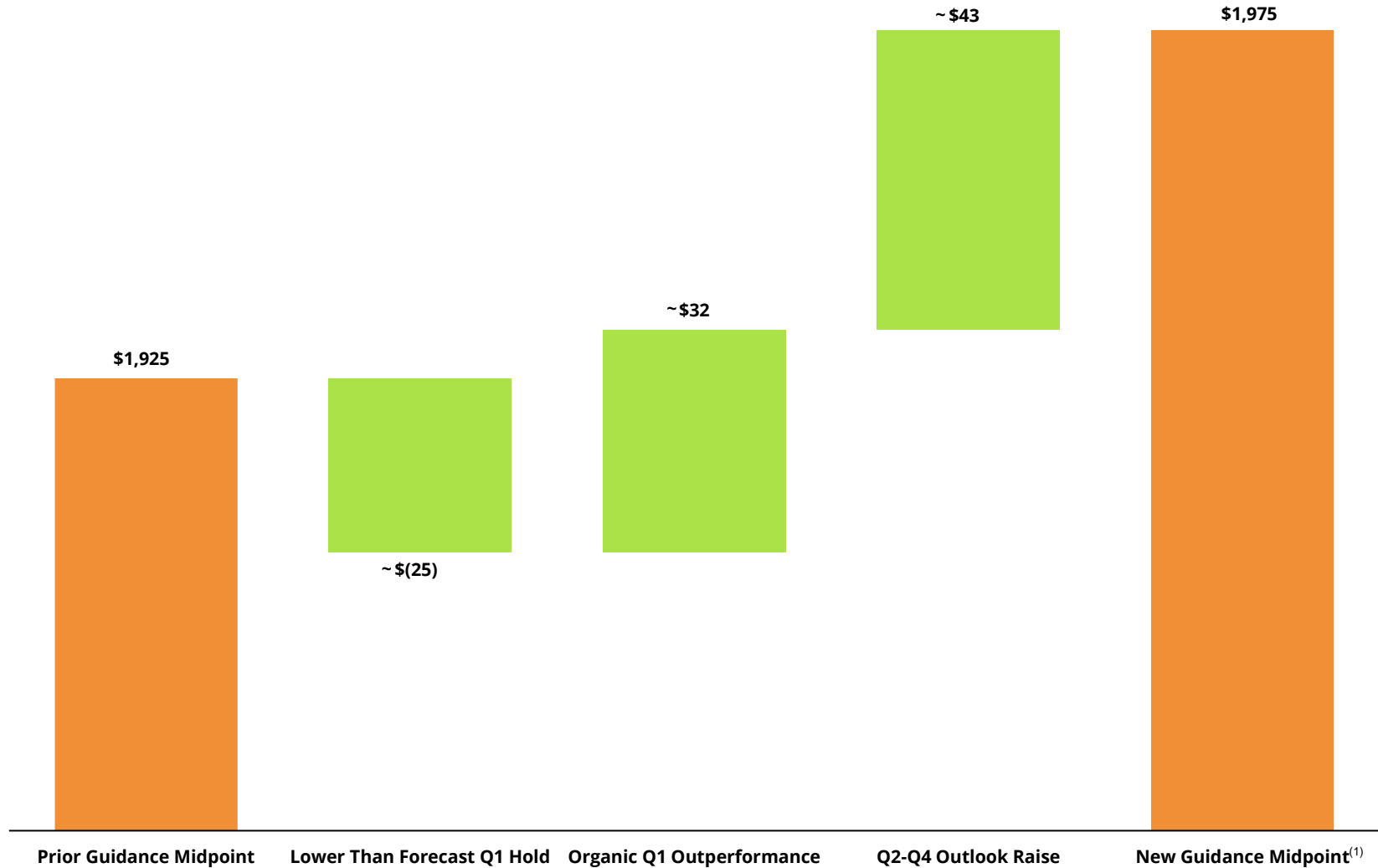
Launched
In-house (end to end)
NFT capabilities

Launched
DraftKings Social
betting groups

(1) In April, Eilers & Krejcik published its Q1 U.S. Sports Betting App ranking report. DraftKings was tied for #1 overall ranking out of 41 sports betting apps.

RAISING FULL YEAR 2022 REVENUE AND ADJUSTED EBITDA GUIDANCE

FULL YEAR 2022 REVENUE GUIDANCE MIDPOINT BRIDGE (\$ IN MILLIONS)



Note: DraftKings expects the acquisition of Golden Nugget Online Gaming, Inc. (which was consummated on May 5, 2022), together with the Company's expected launch in Ontario in the second quarter of 2022, to contribute an additional \$130M to \$150M in revenue and negative \$50 million to negative \$70 million in Adjusted EBITDA in fiscal year 2022.

(1) New guidance is comparable to the guidance provided by DraftKings on February 18, 2022 in that it does not include new jurisdictions or the acquisition of Golden Nugget Online Gaming, Inc.



OUR NEW ESG REPORT FOCUSED ON RESPONSIBLE GAMING, HUMAN CAPITAL MANAGEMENT AND ENVIRONMENTAL STEWARDSHIP

RESPONSIBLE GAMING

- Our top priority is to make sure our customers play **safely and responsibly**
- At DraftKings, **responsibility is our cultural GPS**. We dutifully invest in people, processes, and technology to promote responsible gaming.
- Our Responsible Gaming focus is built on **technology**, a robust set of Responsible Gaming **tools** embedded in our products, staff **training**, consumer **education**, and support of evidence-based **research**

HUMAN CAPITAL MANAGEMENT

- **Well-being and vitality** of our employees and the communities in which they work remained front and center
- DraftKings has initiated efforts in support of the tragic situation currently unfolding in **Ukraine** and continued to take action to protect our employees' health in response to the ongoing **COVID-19** pandemic
- Additionally, we continued to invest in our **Inclusion, Equity, and Belonging** program

ENVIRONMENTAL STEWARDSHIP

- DraftKings is committed to addressing global **sustainable development** challenges, including climate change
- To further our progress in aligning with the UN SDGs, DraftKings' work on environmental sustainability centered on **funding the planting of 1 million trees** in coordination with the Arbor Day Foundation
- The U.S. tree plantings are estimated to contribute more than **667,000 metric tons** of carbon avoided and sequestered, **2,800 tons** of air pollution avoided and removed, and **699 million gallons** of runoff avoided



THE GAME
INSIDE
THE GAME.

APPENDIX



RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(\$ in millions)

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

(a) Stock-based compensation expense

(b) Amortization of acquired intangible assets

(c) Transaction expenses

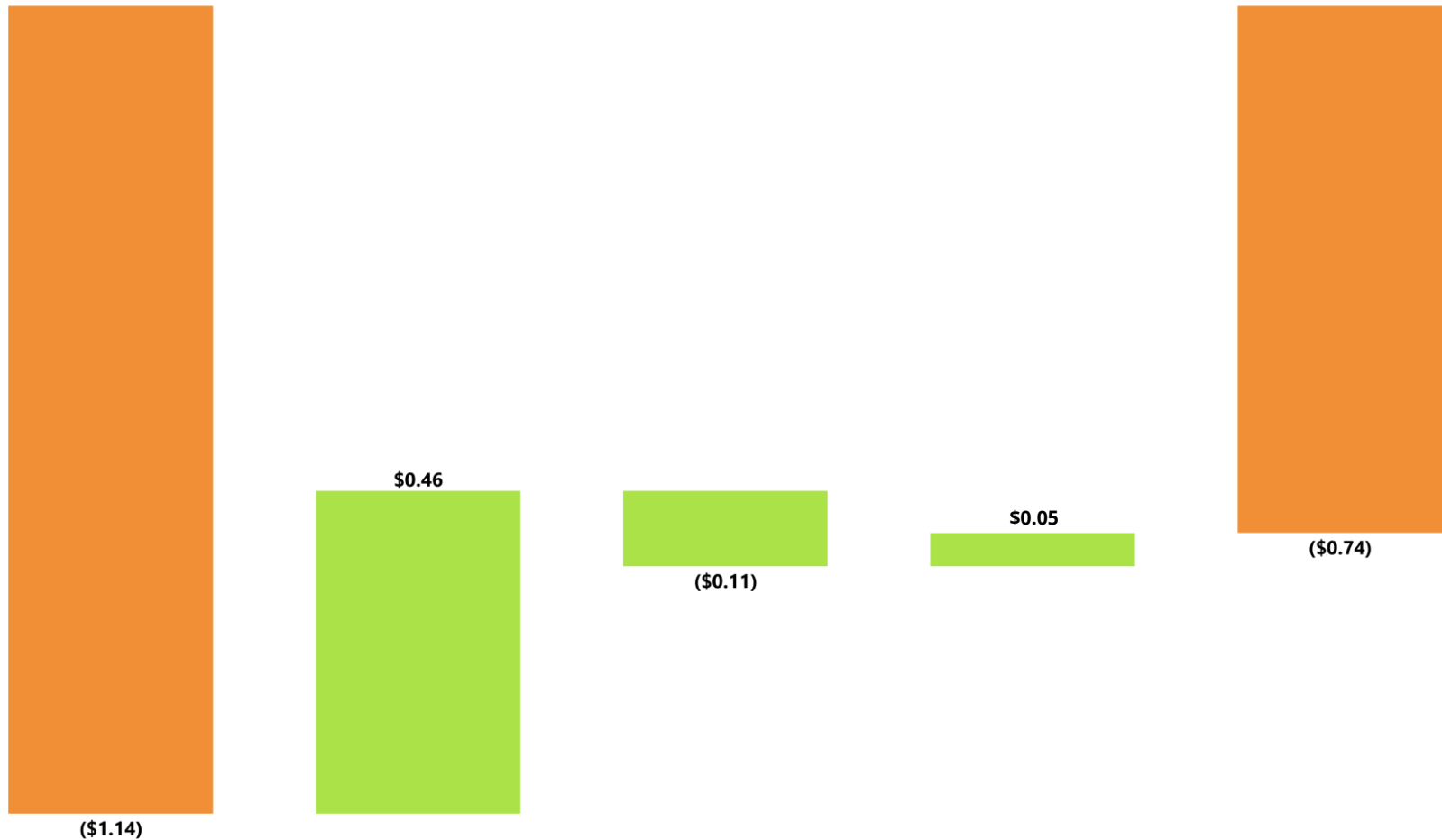
(d) Depreciation & Amortization

(e) Litigation

(f) Other

NON-GAAP ADJUSTED EARNINGS PER SHARE BUILD

THREE MONTHS ENDED MARCH 31, 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 Q1 2022 was 411.1mm

(1) Other non-GAAP adj includes non-cash impact of the change in fair value of certain financial assets and the re-measurement of 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, 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,	
	2022	2021
<i>(amounts in thousands)</i>		
Revenue	417,205	312,276
Cost of revenue	313,379	183,225
Sales and marketing	321,452	228,686
Product and technology	81,352	56,159
General and administrative	216,606	168,997
Loss from operations	(515,584)	(324,791)
Interest income (expense), net	148	985
Gain (loss) on remeasurement of warrant liabilities	12,681	(26,980)
Other income, net	37,882	-
Loss before income tax provision (benefit)	(464,873)	(350,786)
Income tax provision (benefit)	469	(4,595)
Loss from equity method investment	2,351	153
Net Loss	(467,693)	(346,344)
<i>Adjusted For</i>		
Depreciation and amortization ⁽¹⁾	32,225	28,193
Interest income, net	(148)	(985)
Income tax provision (benefit)	469	(4,595)
Stock-based compensation ⁽²⁾	187,077	151,843
Transaction-related costs ⁽³⁾	3,774	3,023
Litigation, settlement, and related costs ⁽⁴⁾	1,950	622
(Gain) loss on remeasurement of warrant liabilities	(12,681)	26,980
Other non-recurring costs and non-operating (income) costs ⁽⁵⁾	(34,482)	2,001
Adjusted EBITDA	(289,509)	(139,262)

(1) The amounts include the amortization of acquired intangible assets of \$19.2 million and \$19.1 million for the three months ended March 31, 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 the Company's core business operations.

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

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,	
	2022	2021
Average Monthly Unique Payers (“MUPs”) (Users in millions)	2.0	1.5
Average Revenue per MUP (“ARPMUP”)	\$67	\$61

DKNG SHARE COUNT BUILD

(Shares in thousands)

Total Capitalization

Common Shares Outstanding (31-March-22)	417,228
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Vested Stock Options @ TSM ⁽¹⁾	17,738
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<i>Memo: Vested Stock Options</i>	<i>25,038</i>
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Diluted Shares Outstanding (With Vested Stock Options @ TSM)	434,966
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DEAC Private Placement Warrants ⁽²⁾	328
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Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	435,295
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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. Also excludes shares that were issued upon closing of the acquisition of Golden Nugget Online Gaming, Inc.

(1) Based on Treasury Stock Method ("TSM"); assumes DKNG share price as of 05-May-2022 and strike price of \$4.21 per share.

(2) Based on TSM; assumes DKNG share price as of 05-May-2022 and strike price of \$11.50 per warrant.