



Q3 2024 EARNINGS PRESENTATION

November 7, 2024

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,” “poised,” “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.

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In addition, the forward-looking statements contained in this presentation are based on management’s current expectations and beliefs and speak only as of the date hereof. 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 rely on forward-looking statements as predictions of future events. 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 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 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. 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

Achieved strong Q3 2024 results across our core value drivers including CAC⁽¹⁾, engagement, sportsbook hold percentage, and promotional reinvestment

2

Expecting healthy revenue growth for the remainder of this year after we experienced the most customer-friendly stretch of NFL sport outcomes in our history in early Q4

3

Reiterating our expectation of \$900M to \$1.0B of Adj. EBITDA⁽²⁾ in FY 2025

4

Introducing FY 2025 revenue guidance of \$6.2B to \$6.6B, implying YoY growth 27% to 35% compared to our updated FY 2024 revenue guidance midpoint⁽³⁾

5

Expecting to generate Free Cash Flow⁽⁴⁾ of ~\$850M in FY 2025

(1) Customer acquisition cost (CAC) is defined as external marketing spend divided by new customers. We include all external marketing spend allocated to OSB and iGaming, including national spending, team and league deals, and product-agnostic spending, and divide by new OSB and iGaming customers. We do not credit customer acquisition for customers who were previously acquired to DFS.

(2) Adjusted EBITDA is a non-GAAP financial measure. We define and calculate Adjusted EBITDA as net income (loss), the most directly comparable GAAP financial measure, 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.

(3) DraftKings provided updated FY 2024 revenue guidance of \$4.85 billion to \$4.95 billion on November 7, 2024.

(4) 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.

We continue to expect FY 2025 Adj. EBITDA⁽¹⁾ of \$900M to \$1.0B



(1) Adjusted EBITDA is a non-GAAP financial measure. 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.

(2) Reflects customer-friendly sport outcome impacts provided May 2, 2024, August 1, 2024, and November 7, 2024.

Revising FY 2024 revenue guidance and FY 2024 Adj. EBITDA⁽¹⁾ guidance

Updated FY 2024 Guidance vs. Prior FY 2024 Guidance \$ Millions

	FY 2024 Guidance Provided 8/1/2024 ⁽²⁾	Customer-friendly Sport Outcomes in Q4 2024	Promotional Optimization and Expense Efficiency	FY 2024 Guidance Provided 11/7/2024 ⁽³⁾
Revenue	\$5,150	(\$250)	\$0	\$4,900
Adj. EBITDA⁽¹⁾	\$380	(\$175)	\$55	\$260

(1) Adjusted EBITDA is a non-GAAP financial measure. 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.

(2) Reflects the midpoints of FY 2024 revenue and Adjusted EBITDA guidance that DraftKings provided on August 1, 2024.

(3) Reflects the midpoints of FY 2024 revenue and Adjusted EBITDA guidance that DraftKings provided on November 7, 2024.

Upgraded our NBA product offering with the goal of leading across all sports

- **Recognized⁽¹⁾ as #1 U.S. Mobile Sportsbook App**

- Ranked #1 in the report's User Experience, Betting Interface, and Features categories

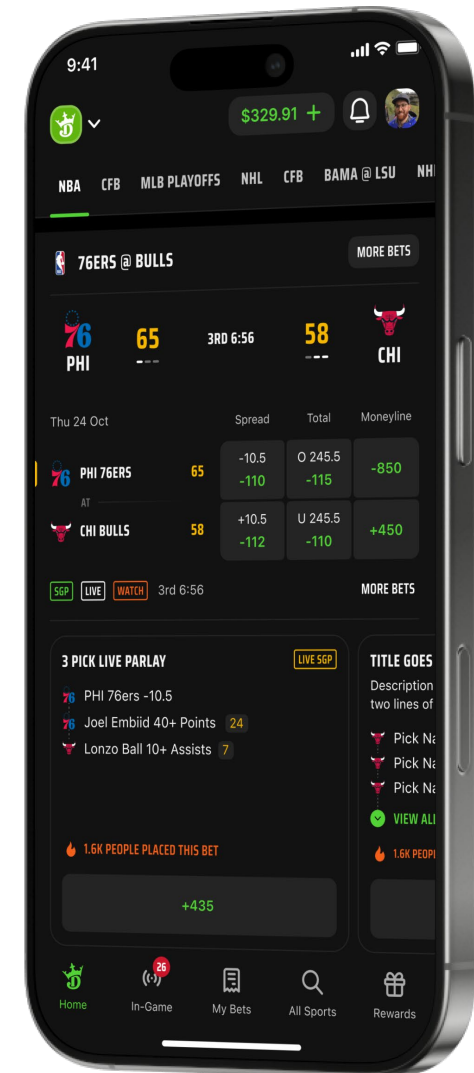
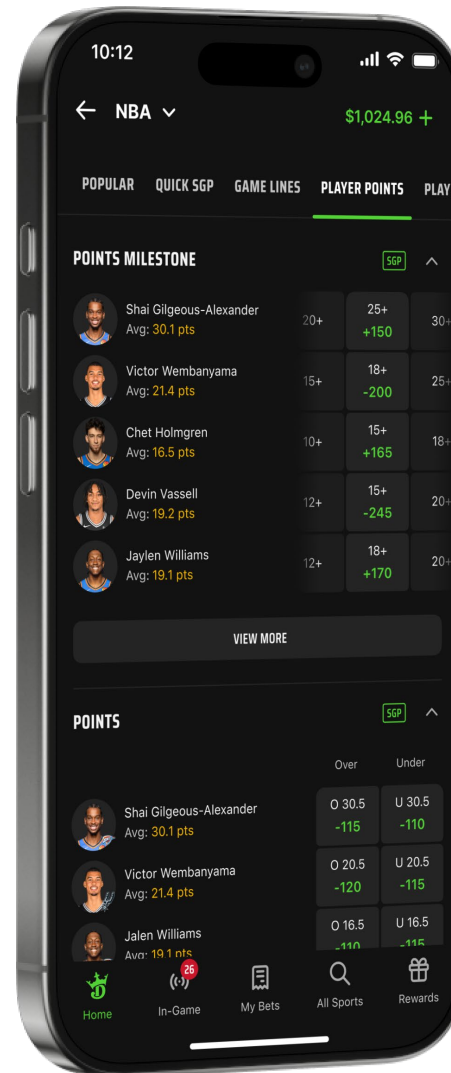
- **Upgraded Our NBA Product Offering**

Powering Our Own Sports Betting Content

- Offering all player prop and derivative markets in-house
- Launching new and exclusive markets specifically designed to help customers bet on the storylines of games
- Extending in-house Same Game Parlay to 50+ new markets

Differentiating Our Live Betting Experience

- Merchandising real-time trending bets to enhance visibility and drive engagement
- Pressing advantage in micro-betting by adding real-time scores, stats, and new live content



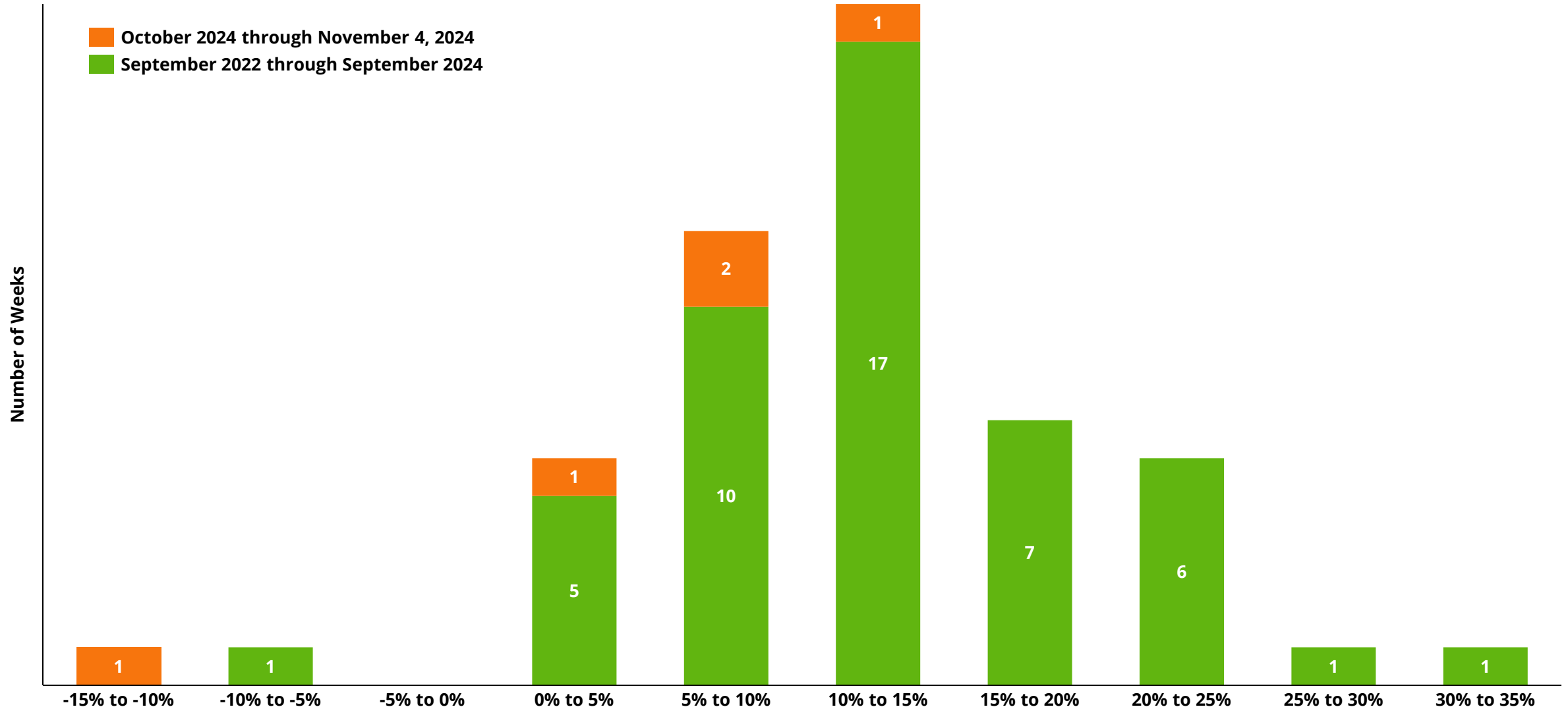
(1) Bowden, A., Neilly, J., Singer, D., Krafcik, C., Krafcik, A., McCarthy, D., Giden, B. (October 2024). 2H24 Product Analysis: Testing, Scoring, And Ranking U.S. Sports Betting Apps. Eilers & Krejcik Gaming, LLC.



APPENDIX

NFL sport outcomes have been customer-friendly in Q4 2024

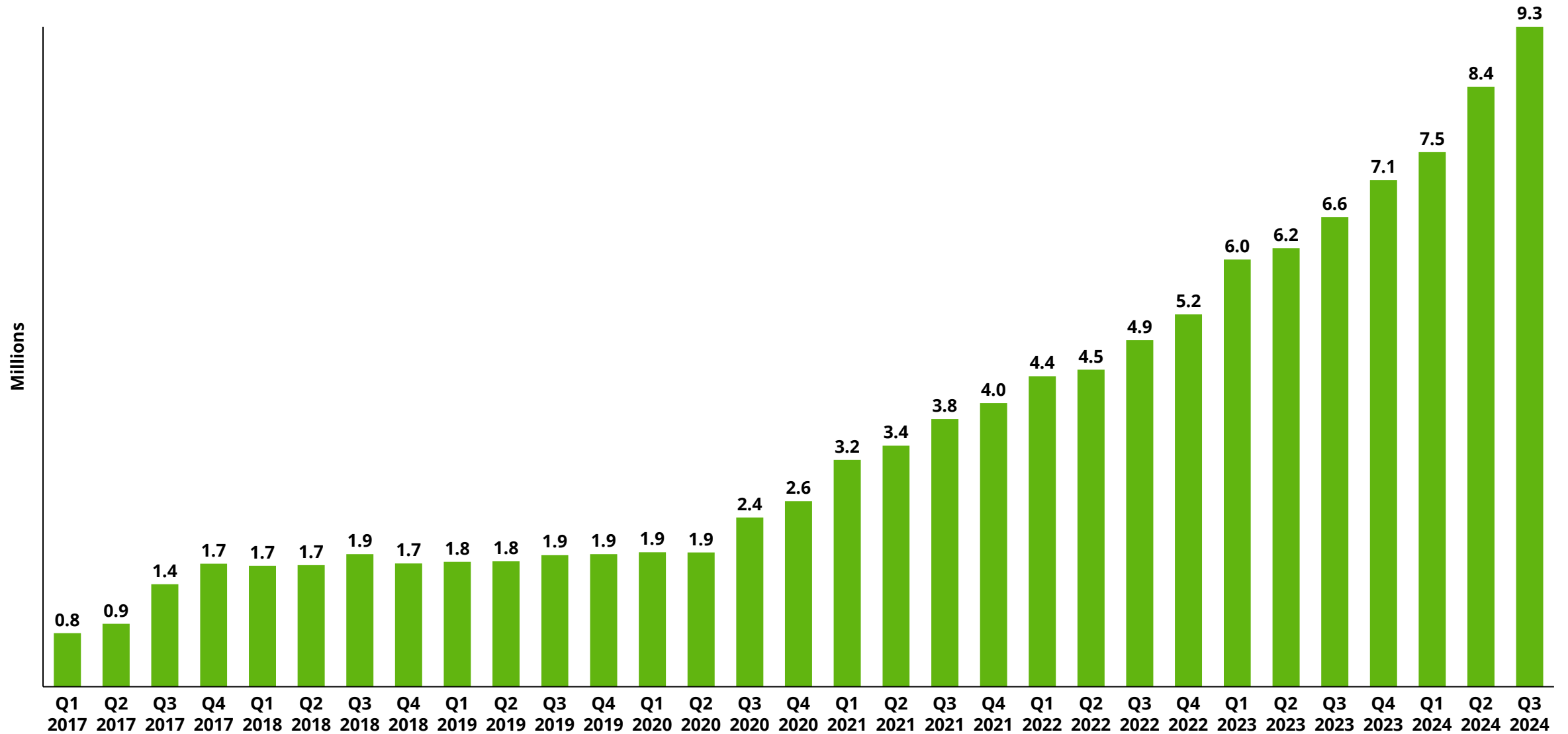
Distribution of Actual NFL Hold Percentage By Week⁽¹⁾



(1) Source is DraftKings internal data. NFL regular season and playoff weeks are included.

The number of unique customers on our platform is rising

Unique Customers in the Prior Twelve Months⁽¹⁾



(1) Includes customers who engaged only with the Jackpocket brand (and not the DraftKings or Golden Nugget Online Gaming brands) after DraftKings closed the acquisition of Jackpocket.

Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA 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 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 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 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. 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 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 Adjusted EBITDA and Free Cash Flow guidance to their most directly comparable GAAP financial measures, as applicable, 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 and Free Cash Flow forecasts that it believes will be achieved; however, the Company cannot provide any assurance that it can predict all of the components of these calculations. DraftKings provides forecasts for Adjusted EBITDA and Free Cash Flow because it believes that these measures, when viewed with DraftKings' results calculated in accordance with GAAP, provides useful information for the reasons noted above. However, these measures are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered alternatives 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-24	30-Jun-24	31-Mar-24	31-Dec-23	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	\$742	\$663	\$710	\$717	\$543	\$510	\$522	\$485	\$373	\$313	\$313
Sales and Marketing	\$340	\$216	\$341	\$291	\$313	\$207	\$389	\$345	\$322	\$198	\$321
Product and Technology	\$104	\$93	\$89	\$88	\$89	\$90	\$88	\$83	\$76	\$77	\$81
General and Administrative	\$208	\$165	\$174	\$179	\$131	\$136	\$160	\$173	\$186	\$188	\$217
Total GAAP Operating Expenses	\$1,394	\$1,137	\$1,314	\$1,275	\$1,077	\$944	\$1,159	\$1,087	\$957	\$775	\$933
Non-GAAP Operating Expense Adjustments											
Cost of Revenue	(a) (\$0)	(b) (\$0)	(c) (\$1)	(d) (\$1)	(e) (\$1)	(f) (\$0)	(g) (\$1)	(h) (\$1)	(i) (\$1)	(j) (\$1)	(k) (\$1)
	(b) (\$56)	(c) (\$36)	(d) (\$29)	(e) (\$29)	(f) (\$29)	(g) (\$29)	(h) (\$30)	(i) (\$30)	(j) (\$30)	(k) (\$27)	(l) (\$19)
	(d) (\$29)	(e) (\$20)	(f) (\$18)	(g) (\$20)	(h) (\$16)	(i) (\$14)	(j) (\$14)	(k) (\$14)	(l) (\$12)	(m) (\$10)	(n) (\$9)
	(f) \$0	(g) \$21	(h) \$0	(i) \$0	(j) \$0	(k) \$0	(l) \$0	(m) \$0	(n) \$0	(o) \$0	(p) \$0
Sales and Marketing	(a) (\$10)	(b) (\$8)	(c) (\$5)	(d) (\$10)	(e) (\$8)	(f) (\$8)	(g) (\$11)	(h) (\$17)	(i) (\$10)	(j) (\$12)	(k) (\$14)
	(d) (\$1)	(e) (\$1)	(f) (\$1)	(g) (\$1)	(h) (\$1)	(i) (\$1)	(j) (\$1)	(k) (\$1)	(l) (\$1)	(m) (\$1)	(n) (\$1)
Product and Technology	(a) (\$23)	(b) (\$24)	(c) (\$18)	(d) (\$31)	(e) (\$23)	(f) (\$25)	(g) (\$28)	(h) (\$20)	(i) (\$23)	(j) (\$24)	(k) (\$28)
	(d) (\$2)	(e) (\$2)	(f) (\$2)	(g) (\$2)	(h) (\$2)	(i) (\$2)	(j) (\$2)	(k) (\$2)	(l) (\$1)	(m) (\$3)	(n) (\$2)
General and Administrative	(a) (\$54)	(b) (\$59)	(c) (\$70)	(d) (\$72)	(e) (\$47)	(f) (\$56)	(g) (\$78)	(h) (\$92)	(i) (\$92)	(j) (\$98)	(k) (\$144)
	(c) (\$1)	(d) (\$19)	(e) (\$5)	(f) (\$2)	(g) (\$1)	(h) (\$0)	(i) \$0	(j) (\$2)	(k) (\$1)	(l) (\$11)	(m) (\$4)
	(d) (\$2)	(e) (\$2)	(f) (\$3)	(g) (\$2)	(h) (\$2)	(i) (\$2)	(j) (\$2)	(k) (\$2)	(l) (\$2)	(m) (\$2)	(n) (\$2)
	(e) (\$20)	(f) (\$11)	(g) (\$9)	(h) (\$24)	(i) (\$4)	(j) (\$4)	(k) (\$3)	(l) (\$1)	(m) (\$1)	(n) (\$2)	(o) (\$2)
	(f) (\$41)	(g) \$0	(h) (\$0)	(i) (\$0)	(j) \$0	(k) \$0	(l) \$0	(m) \$0	(n) (\$17)	(o) \$0	(p) (\$1)
Total Non-GAAP Operating Expense Adjustments	(\$240)	(\$160)	(\$161)	(\$195)	(\$133)	(\$142)	(\$168)	(\$182)	(\$191)	(\$191)	(\$226)
Adjusted Operating Expenses											
Cost of Revenue	\$657	\$628	\$662	\$666	\$498	\$467	\$477	\$440	\$330	\$275	\$284
Sales and Marketing	\$329	\$207	\$335	\$280	\$305	\$199	\$378	\$327	\$311	\$185	\$307
Product and Technology	\$79	\$67	\$69	\$55	\$64	\$63	\$58	\$61	\$52	\$50	\$52
General and Administrative	\$89	\$75	\$87	\$79	\$77	\$74	\$78	\$77	\$74	\$75	\$64
Total Adjusted Operating Expenses	\$1,154	\$976	\$1,153	\$1,080	\$943	\$802	\$991	\$905	\$766	\$584	\$707

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

Reconciliation of Net Income (Loss) to Adjusted EBITDA

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

\$ Thousands

	Three months ended September 30,	
	Q3 2024	Q3 2023
Revenue	\$ 1,095,490	\$ 789,957
Cost of revenue	742,434	543,454
Sales and marketing	339,943	313,323
Product and technology	103,581	89,005
General and administrative	208,126	130,761
Loss from operations	(298,594)	(286,586)
Other income (expense):		
Interest income	9,200	14,420
Interest expense	(872)	(670)
Gain (loss) on remeasurement of warrant liabilities	21	(7,751)
Other (loss) gain, net	(4,620)	(1,217)
Loss before income tax (benefit) provision and loss from equity method investment	(294,865)	(281,804)
Income tax (benefit) provision	(1,287)	1,291
Loss from equity method investment	110	8
Net loss attributable to common stockholders	\$ (293,688)	\$ (281,103)
<i>Adjusted for:</i>		
Depreciation and amortization ⁽¹⁾	89,952	50,245
Interest (income) expense, net	(8,328)	(13,750)
Income tax (benefit) provision	(1,287)	1,291
Stock-based compensation ⁽²⁾	87,552	78,353
Transaction-related costs ⁽³⁾	840	681
Litigation, settlement and related costs ⁽⁴⁾	20,448	3,891
Advocacy and other related legal expenses ⁽⁵⁾	6,018	-
(Gain) loss on remeasurement of warrant liabilities	(21)	7,751
Other non-recurring costs and non-operating (income) costs ⁽⁶⁾	40,010	1,227
Adjusted EBITDA	\$ (58,504)	\$ (153,414)

■ 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.

(1) The amounts include the amortization of acquired intangible assets of \$55.5 million and \$29.2 million for the three months ended September 30, 2024 and 2023, 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 transactions under consideration and pending or completed transactions and offerings, including costs relating to our completed acquisitions of Jackpocket and Sports IQ Analytics Inc..

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

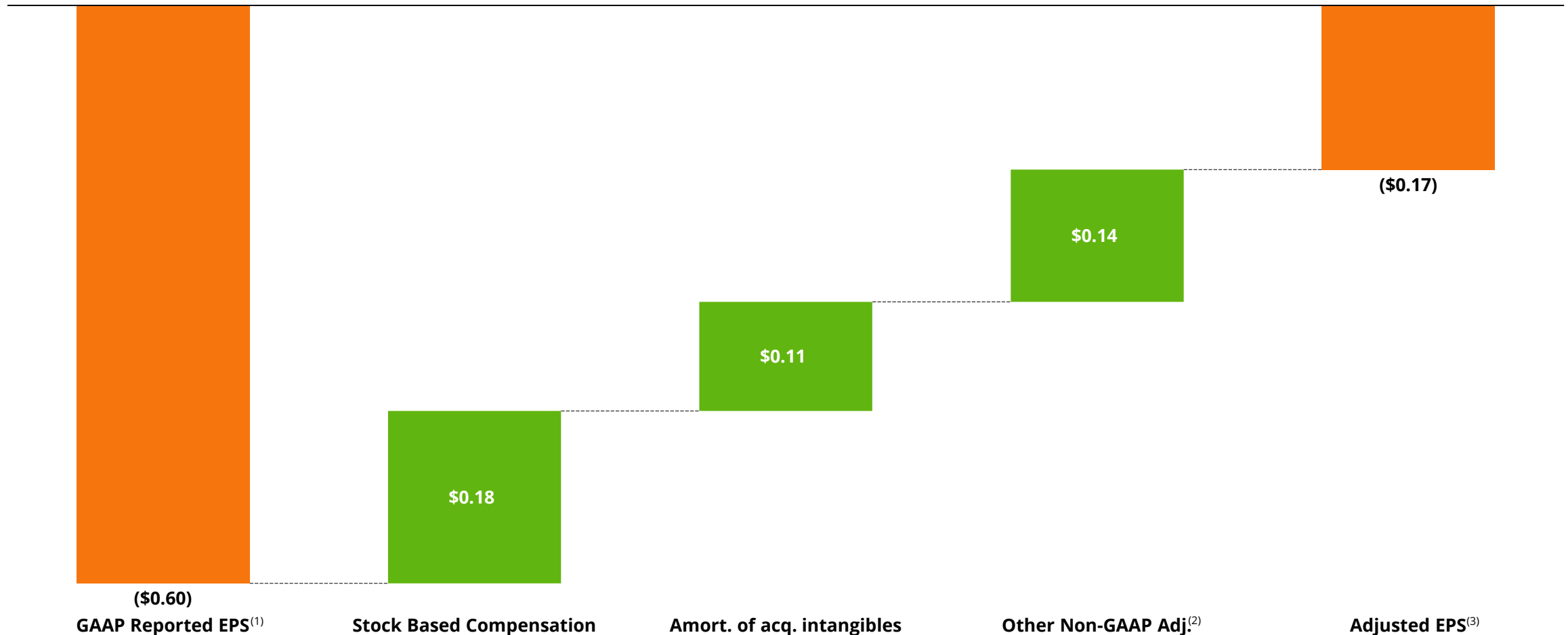
(5) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain product offerings and are actively seeking licensure, or similar approval, for those product offerings. This adjustment excludes (i) costs relating 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 investee's losses and other costs relating to non-recurring and non-operating items. For the three months ended September 30, 2024, this amount also includes \$27.8 million in expense related to the discontinuance of our Reignmakers product offering, \$7.5 million in expenses related to the termination of a market access agreement, and a \$5.8 million loss on the sale of Vegas Sports Information Network, LLC ("VSIN").



Non-GAAP Adjusted Basic Earnings (Loss) Per Share Reconciliation

Adjusted Basic Earnings (Loss) Per Share Reconciliation: Three Months Ended September 30, 2024
Dollars



Note: Weighted average number of shares used to calculate adjusted diluted earnings (loss) per share for Q3 2024 was 486 million; totals may not sum due to rounding.

- (1) Refers to DraftKings' basic earnings (loss) per share attributable to common stockholders calculated and reported in accordance with GAAP.
- (2) Includes adjustments for (i) transaction-related costs, (ii) litigation, settlement, and related costs and (iii) other non-recurring costs and non-operating (income) costs.
- (3) Adjusted basic earnings (loss) per share is a non-GAAP financial measure.

DraftKings Share Count Detail

Share Count as of September 30, 2024
Thousands

Common Shares Outstanding (30-September-24)	485,426
Vested Stock Options @ TSM ⁽¹⁾	20,863
<i>Memo: Vested Stock Options</i>	<i>23,067</i>
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	506,289
DEAC Private Placement Warrants ⁽²⁾	257
GNOG Private Placement Warrants ⁽³⁾	189
Fully Diluted Shares Outstanding	506,736

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 5-November-2024 and strike price of \$4.12 per stock option.

(2) Based on TSM; assumes DraftKings Class A share price as of 6-November-2024 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DraftKings Class A share price as of 6-November-2024 and strike price of \$31.50 per warrant.

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,

	2024 ⁽¹⁾	2023
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Average Monthly Unique Payers (“MUPs”)
(in millions)

3.6

2.3

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

\$103

\$114

(1) Excluding the impact of DraftKings’ acquisition of Jackpocket, average monthly unique payers (“MUPs”) increased 27% year-over-year to 2.9 million and average revenue per MUP (“ARPMUP”) increased 8% year-over-year to \$122 in the third quarter of 2024.

