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Q2 2020 EARNINGS PRESENTATION

AUGUST 14, 2020

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 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 COVID-19 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 of these words or other similar terms or expressions. We caution you that the foregoing may not include all of the forward-looking statements made in the 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 Annual Report on Form 10-K, filed with the SEC on March 12, 2020 and our Quarterly Report on Form 10-Q, filed with the SEC on August 14, 2020, which are available on the SEC's website at www.sec.gov. Additional information and "Risk Factors" are available in other filings that we make from time to time with the SEC.

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 \$75M of pro forma revenue despite lack of major sports⁽¹⁾

20%
YoY pro forma growth in June
as sports returned

51% / -35%
YoY B2C ARPMUP / MUPs in Q2

2 Continued to launch new OSB states

First
Operator to enter CO
market on May 1st

Live
In 9 states for Online Sports
Betting⁽²⁾

3 Unveiled Standalone Casino App to offer larger suite of games and attract new players

360+
Slots and table game offerings in
standalone app

Live
In NJ, PA, and WV

4 Bolstered balance sheet through follow-on equity offering and exercise of public warrants

\$1.2BN+
Cash on the balance sheet⁽³⁾

Zero
Debt on balance sheet

(1) Pro forma Q2 revenue includes SBTech for all of Q2 2020 (i.e. April 1, 2020 to June 30, 2020). Q2 GAAP revenue, which includes SBTech revenue from the closing of the Business Combination date (i.e. April 23, 2020 to June 30, 2020), was \$71M.

(2) DraftKings is currently live in Colorado, Illinois, Indiana, Iowa, New Hampshire, New Jersey, Oregon, Pennsylvania, and West Virginia.

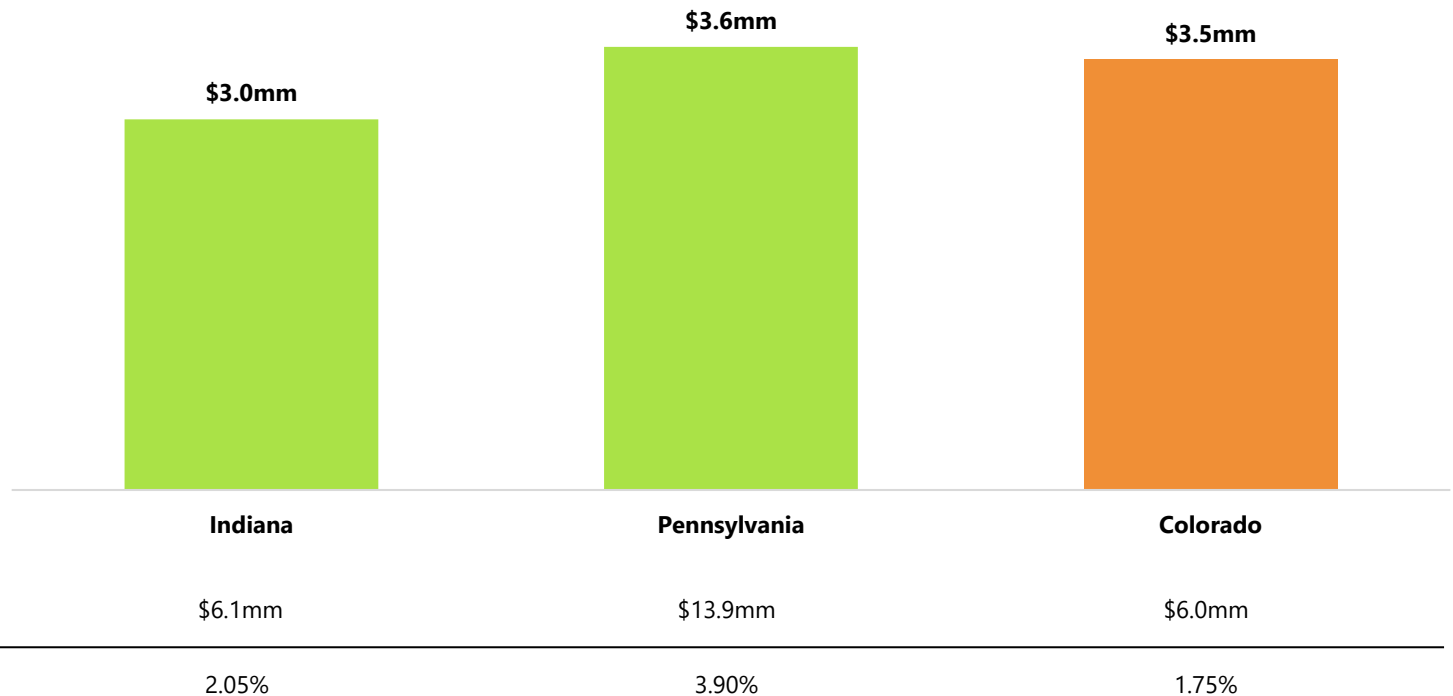
(3) As of June 30, 2020.

VERY STRONG START IN COLORADO SPORTS BETTING

- Colorado online sports betting went live on **May 1, 2020**
 - DraftKings was **one of four mobile operators** that was able to go live on May 1st
- **Total indexed GGR in CO was similar to or better** than total indexed GGR in both IN and PA for May and June
- DraftKings commenced new state playbook, including **focused external marketing**

STATE GGR INDEXED TO 1% OF US POPULATION (MAY AND JUNE 2020)

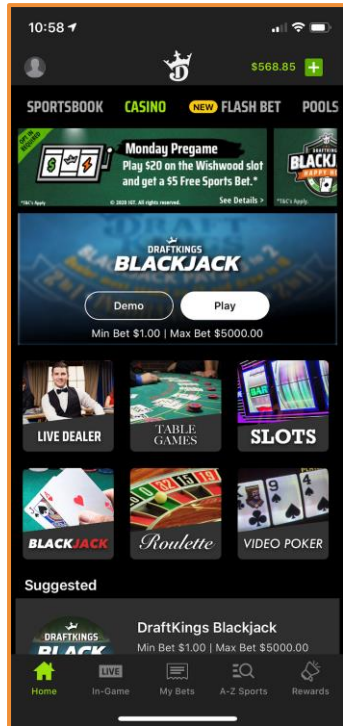
(\$ in millions)



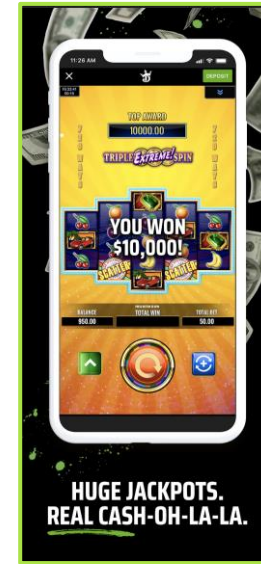
LAUNCHED STANDALONE CASINO APP TO BROADEN PRODUCT OFFERING AND ENGAGE THE CASINO-FIRST PLAYER

CASINO APP DESCRIPTION

- DraftKings has launched its standalone casino app in **NJ, PA, and WV**
- **310+** slot games, **15+** live dealer games and **35+** table games, including revamped versions of blackjack and roulette
- Broadens DKNG's customer base to attract the "casino-first" customer
- Already a top-rated app with **4.8 stars** in the Apple App Store



Tapping into new pockets of customers



CUSTOMER ACQUISITION OPPORTUNITIES ARE EMERGING DUE TO TAILWINDS IN THE SECOND HALF OF 2020



Pent-up customer demand due to lack of major sporting events in first half of year



Stay at home nature of COVID is driving **great response rates** to advertising spend



Heavy second half sports calendar with NBA, NHL and MLB regular season and playoffs; NFL season; and 5 golf and tennis majors



First ever kick-off for NFL season in **6 new OSB states**⁽¹⁾

(1) Includes Colorado, Illinois, Indiana, New Hampshire, Oregon, and West Virginia.



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APPENDIX



PRO FORMA DRAFTKINGS P&L AND ADJUSTED EBITDA RECONCILIATION (INCLUDES SBTECH FROM APRIL 1, 2020 TO JUNE 30, 2020)

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.

Pro Forma Information	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Revenue	\$ 74,998	\$ 82,987	\$ 188,443	\$ 175,941
<i>Memo: B2C</i>	55,977	57,390	144,519	125,482
<i>Memo: B2B</i>	19,021	25,597	43,924	50,459
Cost of revenue	(53,172)	(41,985)	(121,630)	(87,913)
Sales and marketing	(46,967)	(31,477)	(104,240)	(71,985)
General and administrative	(91,484)	(30,006)	(130,624)	(60,317)
Product and technology	(36,483)	(21,463)	(66,225)	(43,238)
Loss from operations	(153,108)	(41,944)	(234,276)	(87,512)
Interest income (expense), net	(601)	346	(3,399)	833
Loss before income tax expense	(153,709)	(41,598)	(237,675)	(86,679)
Income tax benefit (expense)	(3,008)	4,331	(920)	8,724
Loss from equity method investment	(83)	-	(286)	-
Net Loss	\$ (156,800)	\$ (37,267)	\$ (238,881)	\$ (77,955)
<i>Adjusted for:</i>				
Depreciation and amortization (excluding acquired intangibles)	5,722	3,933	11,274	7,522
Amortization of acquired intangibles	17,684	18,045	35,383	36,277
Interest (income) expense, net	601	(346)	3,399	(833)
Income tax (benefit) expense	3,008	(4,331)	920	(8,724)
Stock-based compensation (1)	65,346	2,018	70,204	7,125
Transaction-related costs (2)	-	1,276	-	1,276
Litigation, settlement, and related costs (3)	2,022	814	3,352	1,701
Other non-recurring costs and special project costs (4)	2,517	223	2,646	1,371
Other non-operating costs	83	-	285	-
Pro forma Adjusted EBITDA	\$ (59,817)	\$ (15,635)	\$ (111,418)	\$ (32,240)

- (1) 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, the issuance of our Class B shares (which have no economic or conversion rights) to our CEO and \$10.9 million 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.
- (2) The transaction costs related to the Business Combination described in footnote 2 on the following page have been eliminated in calculating our pro forma net income pursuant to the principles of Article 11 of Regulation S-X. In 2019 these costs related to exploratory acquisition activities.
- (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, including, for the three and six months ended June 30, 2019, the cost of our move to our new Boston headquarters, executive search costs and, for the three and six months ended June 30, 2020, implementation of internal controls over financial reporting and tax structuring advisory costs.

DRAFTKINGS P&L AND ADJUSTED EBITDA RECONCILIATION (INCLUDES SBTECH FROM APRIL 24, 2020 TO JUNE 30, 2020)

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	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Revenue	\$ 70,931	\$ 57,390	\$ 159,473	\$ 125,482
<i>Memo: B2C</i>	55,977	57,390	144,519	125,482
<i>Memo: B2B</i>	14,954	-	14,954	-
Cost of revenue	(47,330)	(17,834)	(90,746)	(39,386)
Sales and marketing	(46,188)	(29,671)	(99,894)	(66,516)
General and administrative	(107,308)	(26,183)	(146,804)	(52,996)
Product and technology	(30,549)	(12,234)	(48,590)	(25,322)
Loss from operations	(160,444)	(28,532)	(226,561)	(58,738)
Interest income (expense), net	(588)	426	(2,939)	1,087
Loss before income tax expense	(161,032)	(28,106)	(229,500)	(57,651)
Income tax expense	(323)	(7)	(332)	(16)
Loss from equity method investment	(82)	-	(285)	-
Net Loss	\$ (161,437)	\$ (28,113)	\$ (230,117)	\$ (57,667)
<i>Adjusted for:</i>				
Depreciation and amortization (excluding acquired intangibles)	5,448	3,274	10,152	6,199
Amortization of acquired intangibles	13,220	-	13,220	-
Interest (income) expense, net	588	(426)	2,939	(1,087)
Income tax (benefit) expense	323	7	332	16
Stock-based compensation (1)	54,486	1,844	59,328	6,675
Transaction-related costs (2)	25,255	1,276	30,907	1,276
Litigation, settlement, and related costs (3)	2,022	814	3,352	1,701
Other non-recurring costs and special project costs (4)	2,517	223	2,646	1,371
Other non-operating costs	83	-	285	-
Adjusted EBITDA	\$ (57,495)	\$ (21,101)	\$ (106,956)	\$ (41,516)

- (1) The amounts for the quarter 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 CEO.
- (2) Mainly includes capital markets advisory, consulting, accounting and legal expenses incurred in connection with the Business Combination, including related evaluation, negotiation and integration costs. Also includes bonuses, paid in the second quarter of 2020, to certain employees in connection with the consummation of the Business Combination. In 2019 these costs related to exploratory acquisition activities.
- (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, including, for the three and six months ended June 30, 2019, the cost of our move to our new Boston headquarters, executive search costs and, for the three and six months ended June 30, 2020, implementation of internal controls over financial reporting and tax structuring advisory costs.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Monthly Unique Payers (“MUPs”) (Users in 000s)	295	456	508	537

■ Average Revenue per MUP (“ARPMUP”)

- We define and calculate ARPMUP as the average monthly revenue for a reporting period, divided by 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

Average Revenue per MUP (“ARPMUP”)	\$63	\$42	\$47	\$39
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DKNG SHARE COUNT BUILD

(Shares in thousands)

	At June 30, 2020
Total Capitalization	
Common Shares Outstanding	354,251
Vested DKNG Stock Options @ TSM	36,954
<i>Vested Time Based Stock Options @ TSM⁽¹⁾</i>	19,922
<i>Vested PSP Stock Options @ TSM⁽²⁾</i>	3,020
<i>Vested LTIP Stock Options @ TSM⁽³⁾</i>	14,011
Diluted Shares Outstanding	391,205
DEAC Private Placement Warrants ⁽⁴⁾	1,454
Old DraftKings Private Warrants ⁽⁵⁾	121
Fully Diluted Shares Outstanding	392,780

Note: Table does not include Class B shares, which have no economic or participating rights.

- (1) Based on Treasury Stock Method ("TSM"); assumes DKNG share price as of 12-August-2020 and strike price of \$1.95 per share.
- (2) Based on TSM; assumes DKNG share price as of 12-August-2020 and strike price of \$4.18 per share.
- (3) Based on TSM; assumes DKNG share price as of 12-August-2020 and strike price of \$3.43 per share.
- (4) Based on TSM; assumes DKNG share price as of 12-August-2020 and strike price of \$11.50 per warrant.
- (5) Based on TSM; assumes DKNG share price as of 12-August-2020 and strike price of \$0.03 per warrant.