Q4 2022 BUSINESS UPDATE

FEBRUARY 16, 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, business strategy and plans, user growth and engagement, product initiatives, objectives and expectations of management for future operations (including launches in new jurisdictions and the expected timing thereof), 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 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.

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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, 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.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit, 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 Gross Profit as gross profit before the impact of amortization of acquired intangible assets, depreciation and amortization, and stock-based compensation. We define Adjusted Gross Margin as Adjusted Gross Profit divided by net revenue. We define and calculate Contribution Profit as Adjusted Gross Profit less External Marketing. Reconciliations of Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit to their most directly comparable financial measures calculated in accordance with GAAP are provided in the Appendix of this presentation.

Business Update

1 **Q4 revenue was \$855M and Q4 Adjusted EBITDA[1] was (\$50M) or approximately \$25M when adjusting out launches in Maryland and Ohio**

2 **Raising FY 2023 revenue guidance midpoint to \$2,950M and FY 2023 Adjusted EBITDA[1] guidance midpoint by \$125M due to strong topline results, increased marketing efficiency, and focus on expense management**

3 **18 of 19 states were contribution profit[1] positive for Q4 and 11 states were contribution profit[1] positive for FY 2022; contribution profit[1] expected to grow from \$105M in FY 2022 to >\$500M in FY 2023**

4 **Fixed expense growth is expected to slow meaningfully in FY 2023 and decelerate further in FY 2024**

5 **\$1.3B of cash as of 12/31/22 and expect to have >\$700M on 12/31/23; expect positive Adjusted EBITDA[1] in FY 2024**

(1) Non-GAAP financial measure. See slides 12-13 in the Appendix of this presentation for reconciliation.

Q4 Revenue and Adjusted EBITDA Outperformed Guidance

Q4 Revenue and Adjusted EBITDA[1] Guidance Compared to Actual Results
$ Millions

	November 4th Guidance[2]	Higher OSB Hold due to Structural Improvement	Higher OSB Hold due to Sport Outcomes	Better Customer Retention and Monetization (Including Promotions)	Expense Management	Q4 Actual Results	Adjusted to Exclude Impact of Maryland and Ohio	Q4 Results Excluding Maryland and Ohio
Revenue	**$790**	$30	$10	$25	NA	**$855**	$20	**$875**
Adjusted EBITDA[1]	**($118)**	$21	$7	$15	$25	**($50)**	$75	**$25**

(1) Non-GAAP financial measure. See slides 12-13 in the Appendix of this presentation for reconciliation.
(2) Reflects the midpoint of FY 2022 guidance that was provided on November 4, 2022, less reported results for the 9 months ended September 30, 2022.

Increasing FY 2023 Guidance Due to Continued Focus on Expense Management While Simultaneously Driving Revenue Growth

Updated 2023 Guidance vs. Prior 2023 Guidance
$ Millions

	FY 2023 Guidance Provided 11/4/2022	Better Customer Retention & Monetization (Including Promotions)	External Marketing Efficiency	Lower Compensation & Related Expenses	FY 2023 Guidance Provided 2/16/2023
Revenue	**$2,900**	$50	NA	NA	**$2,950**
Adjusted EBITDA[(1)]	**($525)**	$25	$50	$50	**($400)**

1. **Increasing revenue guidance due to strong retention and monetization trends**
2. **National marketing scale continues to surface efficiency opportunities including not renewing certain team, league, and media deals**
3. **Slowing compensation expense growth with a renewed focus on increasing productivity of existing employees, rather than adding new employees**
   - Reducing certain corporate expenses proportional to headcount expectations (e.g., travel and entertainment, corporate software)

(1) Non-GAAP financial measure. See slides 12-13 in the Appendix of this presentation for reconciliation.

2018-2019 States Are Growing Revenue 50% with Contribution Profit(1) Growing Faster

2018-2019 States(2) OSB and iGaming FY 2022 vs. FY 2021
Percentage; Basis Points

+50%
YoY Revenue Growth

+

>400 bps
Adjusted Gross Margin(1) Increase

+

>15%
YoY External Marketing Decline

=

Increased
Contribution Profit(1)

- Strong customer retention
- Strong handle per retained customer growth
- Increasing hold percentage
- Decreasing promotions as a percentage of gross revenue

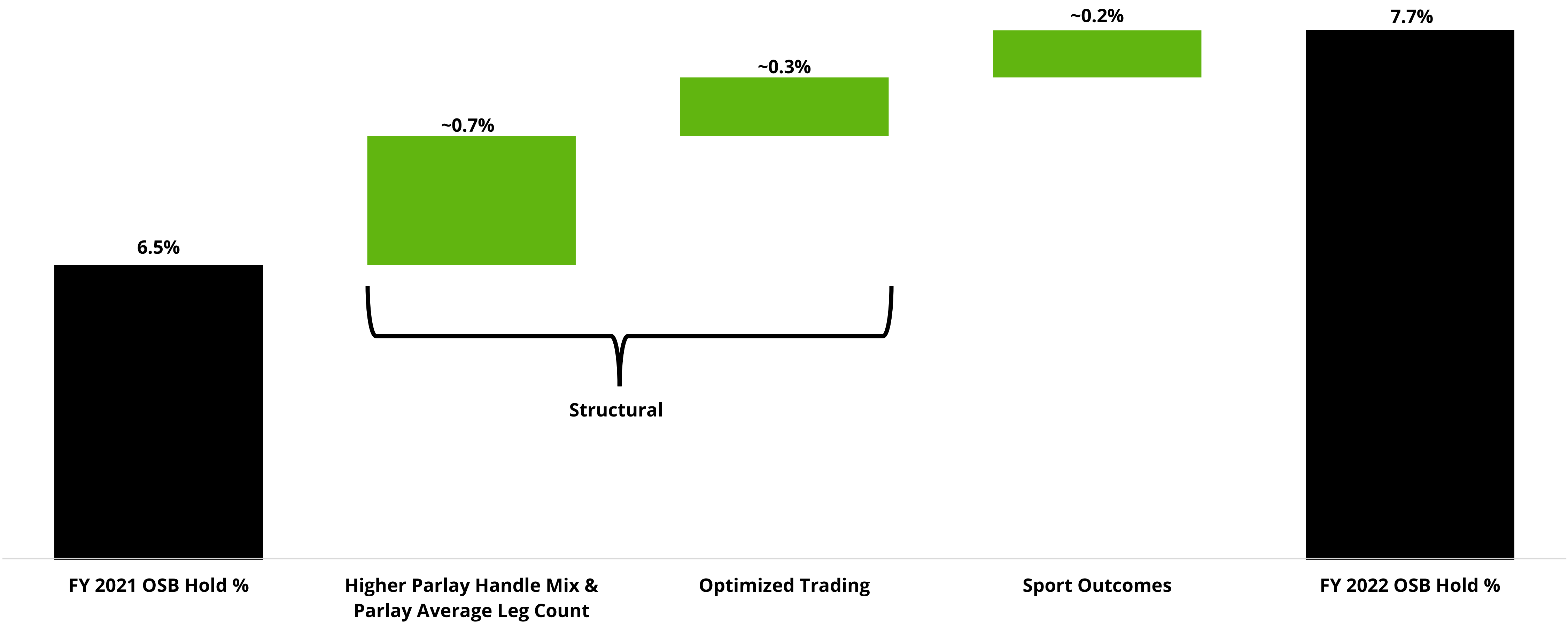
- Flow-through of revenue from:
  - Increased handle
  - Increased hold percentage
  - Lower promotional intensity

- Less marketing spend as states mature
- National marketing efficiencies support lower customer acquisition costs

(1) Non-GAAP financial measure. See slides 12-13 in the Appendix of this presentation for reconciliation.
(2) Includes New Jersey, West Virginia, Indiana, Pennsylvania, and New Hampshire.

Structural Hold Has Increased Mostly Due to Higher Parlay Mix and Average Leg Count

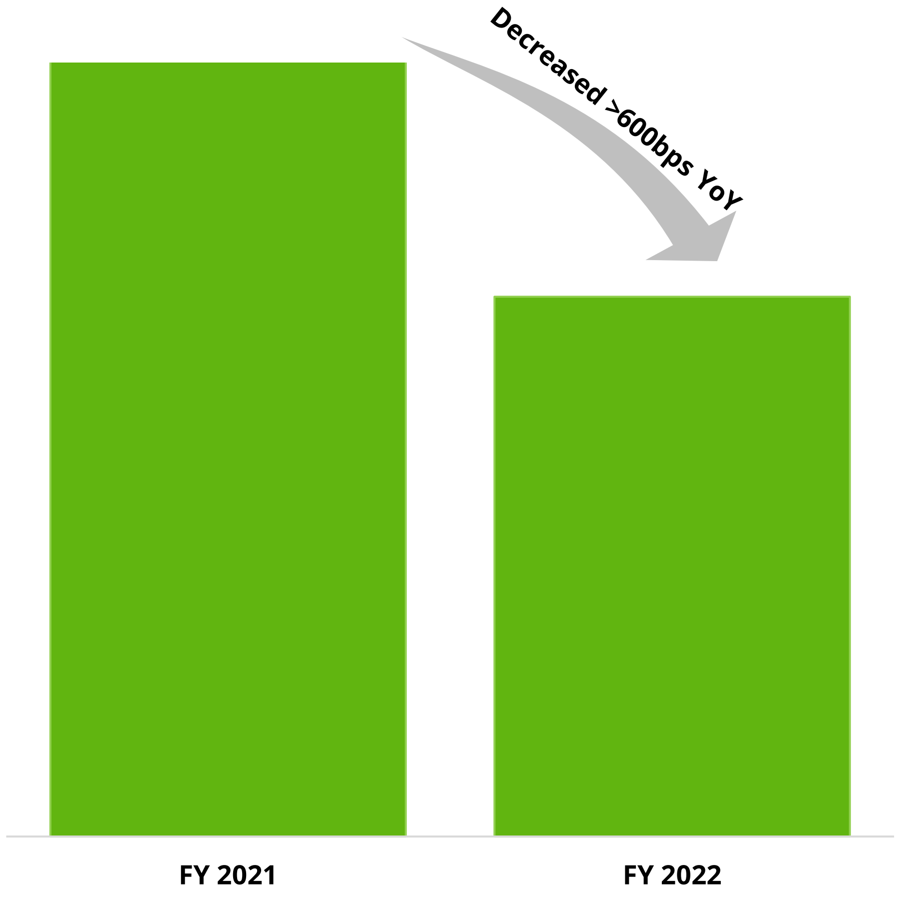
OSB Hold Percentage Improvement FY 2022 vs. FY 2021
Percentage of Handle



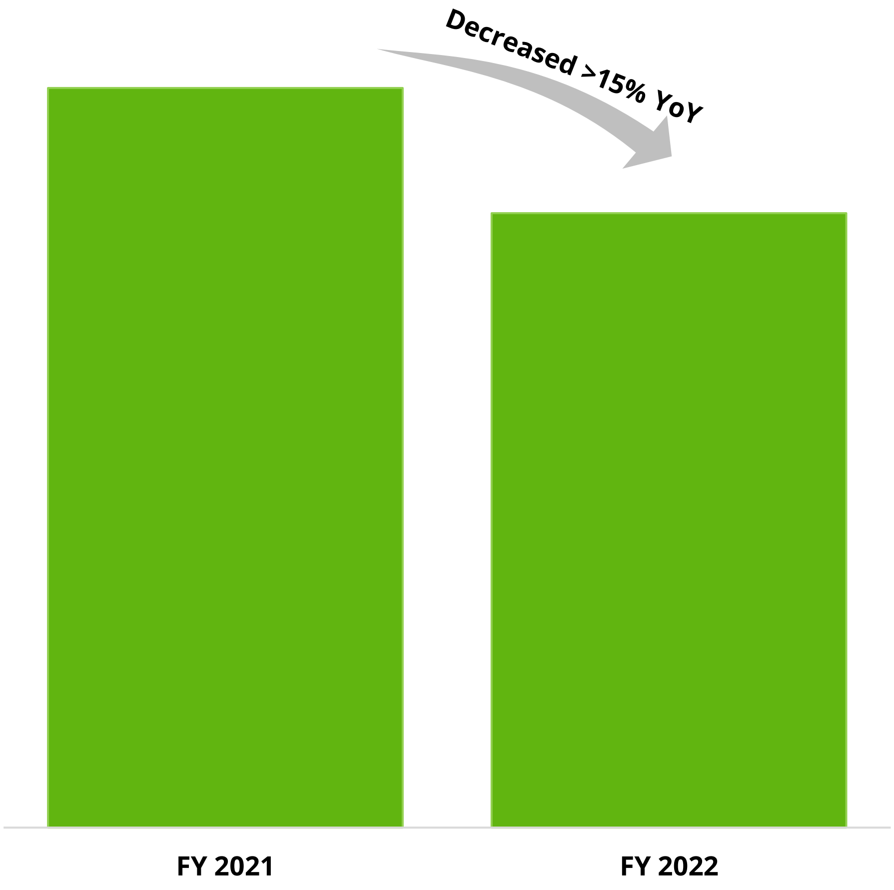
Note: OSB hold percentage was 8.8% in the second half of 2022 vs. 5.9% in the second half of 2021.

Gaining Operating Leverage on Promotions and External Marketing

OSB and iGaming Promotional Intensity
Percentage of Gross Revenue



OSB and iGaming External Marketing per Capita
Dollars



APPENDIX

Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit, which are non-GAAP financial measures that DraftKings uses to supplement its results presented in accordance with U.S. GAAP. The Company believes Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit 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 Gross Profit, Adjusted Gross Margin, and Contribution Profit are not intended to be substitutes for any U.S. 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 Gross Profit as gross profit before the impact of amortization of acquired intangible assets, depreciation and amortization, and stock-based compensation. We define Adjusted Gross Margin as Adjusted Gross Profit divided by net revenue. We define and calculate Contribution Profit as Adjusted Gross Profit less External Marketing.

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 Gross Profit, Adjusted Gross Margin, and Contribution Profit exclude certain expenses that are required in accordance with U.S. 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 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 fiscal year 2023 Adjusted EBITDA and Contribution Profit to their most directly comparable U.S. GAAP financial measures, net income (loss) and gross profit, respectively, 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 U.S. GAAP, and such forward-looking financial statements are unavailable to the Company without unreasonable effort. DraftKings provides a range for its Adjusted EBITDA and Contribution Profit 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 or Contribution Profit calculations. DraftKings provides a forecast for Adjusted EBITDA and Contribution Profit because it believes that Adjusted EBITDA and Contribution Profit, when viewed with DraftKings’ results calculated in accordance with U.S. GAAP, provide useful information for the reasons noted above. However, Adjusted EBITDA and Contribution Profit are not measures of financial performance or liquidity under U.S. GAAP and, accordingly, should not be considered as alternatives to net income (loss), gross profit, cash flow from operating activities or as indicators of operating performance or liquidity.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

GAAP to Non-GAAP Expense Reconciliation
$ Millions

		31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
GAAP Operating Expenses									
Cost of Revenue		$485	$373	$313	$313	$253	$171	$187	$183
Sales and Marketing		$345	$322	$198	$321	$278	$304	$171	$229
General and Administrative		$173	$186	$188	$217	$241	$220	$199	$169
Product and Technology		$83	$76	$77	$81	$70	$65	$63	$56
Total GAAP Operating Expenses		**$1,087**	**$957**	**$775**	**$933**	**$842**	**$759**	**$619**	**$637**
Non-GAAP Operating Expense Adjustments									
Cost of Revenue	(a)	($1)	($1)	($1)	($1)	($1)	($2)	($1)	($1)
	(b)	($30)	($30)	($27)	($19)	($20)	($20)	($21)	($19)
	(d)	($14)	($12)	($10)	($9)	($9)	($7)	($7)	($7)
Sales and Marketing	(a)	($17)	($10)	($12)	($14)	($15)	($14)	($14)	($9)
	(d)	($1)	($1)	($1)	($1)	($0)	($0)	($0)	($0)
General and Administrative	(a)	($92)	($92)	($98)	($144)	($142)	($134)	($132)	($122)
	(c)	($2)	($1)	($11)	($4)	($10)	($4)	($8)	($3)
	(d)	($2)	($2)	($2)	($2)	($1)	($1)	($1)	($1)
	(e)	($1)	($1)	($2)	($2)	($1)	($5)	($4)	($1)
	(f)		($17)		($1)	($13)	($18)	($13)	($2)
Product and Technology	(a)	($20)	($23)	($24)	($28)	($26)	($26)	($25)	($20)
	(d)	($2)	($1)	($3)	($2)	($1)	($1)	($1)	($1)
Total Adjustments		**($182)**	**($191)**	**($191)**	**($226)**	**($241)**	**($233)**	**($226)**	**($186)**
Adjusted Operating Expenses									
Cost of Revenue		$440	$330	$275	$284	$223	$142	$159	$157
Sales and Marketing		$327	$311	$185	$307	$263	$289	$157	$220
General and Administrative		$77	$74	$75	$64	$74	$58	$41	$41
Product and Technology		$61	$52	$50	$52	$42	$38	$36	$34
Total Adjusted Operating Expenses		**$905**	**$766**	**$584**	**$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

Totals may not sum due to rounding.

Reconciliation of Gross Profit to Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit

GAAP Gross Profit to Non-GAAP Adjusted Gross Profit, Adjusted Gross Margin, and Contribution Profit Reconciliations
$ Millions

	FY 2022	FY 2021
Net Revenue	$2,240	$1,296
GAAP Gross Profit	$756	$502
Depreciation and Amortization	$45	$30
Acquisition Amortization	$106	$80
Stock-based Compensation	$4	$5
Adjusted Gross Profit	**$912**	**$616**
Adjusted Gross Margin	**41%**	**48%**
External Marketing	(807)	(713)
Contribution Profit	**$105**	**($97)**

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 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 December 31		Year ended December 31,	
	2022	2021	2022	2021
Revenue	**$ 855,133**	**$ 473,325**	**$ 2,240,461**	**$ 1,296,025**
Cost of revenue	485,435	253,182	1,484,273	794,162
Sales and marketing	345,282	278,444	1,185,977	981,500
Product and technology	83,394	69,639	318,247	253,655
General and administrative	173,244	240,816	763,720	828,325
Loss from operations	**(232,222)**	**(368,756)**	**(1,511,756)**	**(1,561,617)**
Other income (expense):				
Interest income (expense), net	10,324	886	18,702	1,957
Gain (loss) on remeasurement of warrant liabilities	9,197	32,970	29,396	30,065
Other income (expense), net	(19,866)	11,951	20,700	11,951
Loss before income tax provision (benefit) and loss from equity method investment	**(232,567)**	**(322,949)**	**(1,442,958)**	**(1,517,644)**
Income tax provision (benefit)	9,714	6,615	(67,866)	8,269
(Gain) loss from equity method investment	416	(3,267)	2,895	(2,718)
Net loss attributable to common stockholders	**$ (242,697)**	**$ (326,297)**	**$ (1,377,987)**	**$ (1,523,195)**
Adjusted for:				
Depreciation and amortization(1)	48,623	32,538	169,252	121,138
Interest expense (income), net	(10,324)	(886)	(18,702)	(1,957)
Income tax provision (benefit)	9,714	6,615	(67,866)	8,269
Stock-based compensation(2)	130,163	184,047	578,799	683,293
Transaction-related costs(3)	2,285	10,055	17,315	25,316
Litigation, settlement and related costs(4)	1,224	1,459	7,010	10,392
Advocacy and other related legal expenses(5)	-	12,713	16,558	40,415
(Gain) loss on remeasurement of warrant liabilities	(9,197)	(32,970)	(29,396)	(30,065)
Other non-recurring and non-operating (income) costs(6)	20,282	(15,240)	(16,764)	(9,739)
Adjusted EBITDA	**(49,927)**	**(127,966)**	**(721,781)**	**(676,133)**

(1) The amounts include the amortization of acquired intangible assets of $106.1 million and $80.1 million for 2022 and 2021, 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 pending or completed transactions and offerings, including costs include those relating to the GNOG acquisition in 2022 and 2021.
(4) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to our core business operations.
(5) Includes certain 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. For 2022, those costs primarily related to our support of Proposition 27 in California. For 2021, those costs primarily related to our support of Proposition 27 in California and our support of the sports betting ballot initiative in Florida. The amounts presented exclude (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.

Due to the timing of the consummation of the GNOG acquisition, the above periods, to the extent applicable, exclude GNOG's operations prior to May 5, 2022.

DraftKings KPI Comparison

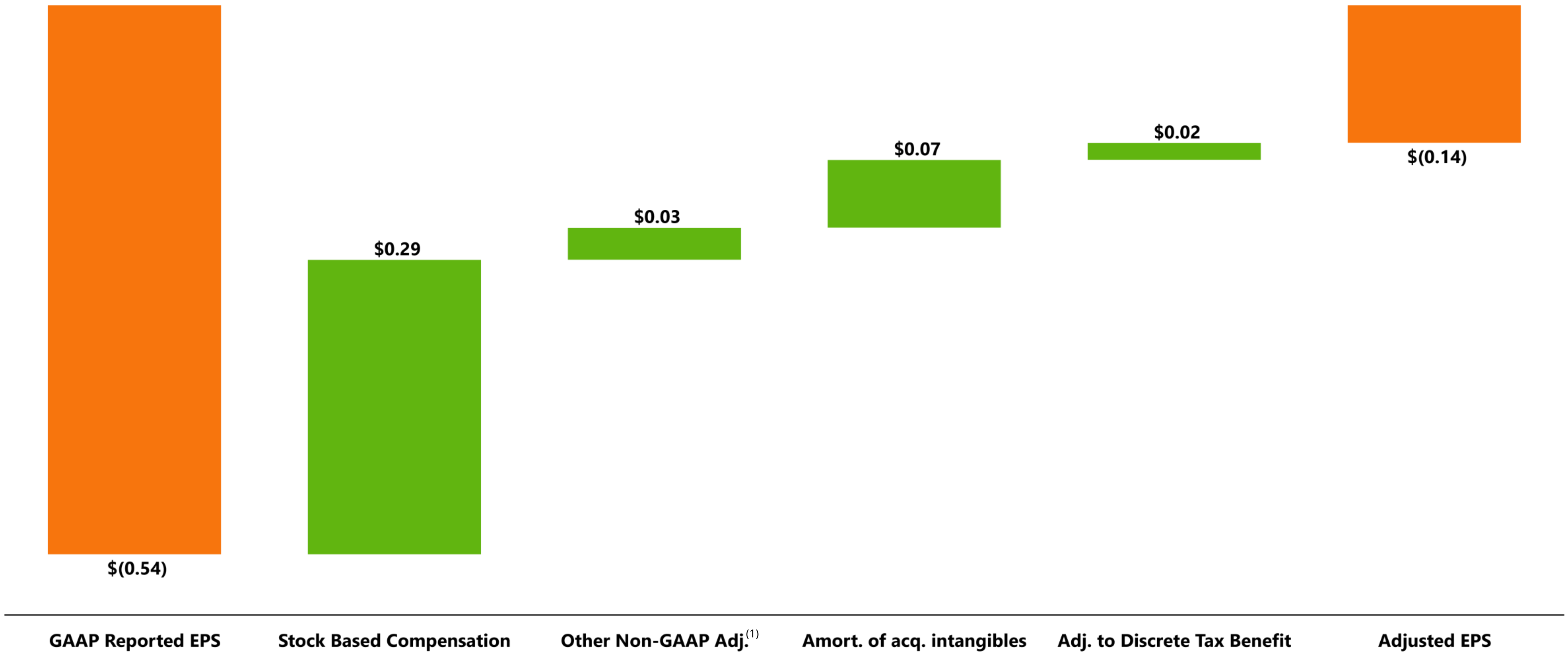
Key Performance Indicators
Millions; Dollars

- **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 Marketplace products 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 December 31,	
	2022	**2021**
Average Monthly Unique Payers ("MUPs") **(in millions)**	2.6	2.0
Average Revenue per MUP ("ARPMUP") **(in whole dollars)**	$109	$77

Non-GAAP Adjusted Earnings per Share Build

Adjusted Earnings per Share Build: Three Months Ended December 31, 2022
Dollars



Note: Weighted average number of shares used to calculate Adjusted EPS for Q4 2022 was 449mm; totals may not sum due to rounding.
(1) Other Non-GAAP Adj. primarily includes advocacy and other related legal expenses.

DraftKings Share Count Detail

Share Count as of December 31, 2022
Thousands

Common Shares Outstanding (31-December-22)	**450,575**
Vested Stock Options @ TSM[(1)]	17,181
Memo: Vested Stock Options	*24,350*
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	**467,756**
DEAC Private Placement Warrants[(2)]	565
GNOG Private Placement Warrants[(3)]	-
Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	**468,321**

Table does not include shares of Class B common stock, 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 DraftKings Class A share price as of 15-February-2022 and strike price of $5.23 per stock option.
(2) Based on TSM; assumes DraftKings Class A share price as of 15-February-2022 and strike price of $11.50 per warrant.
(3) Based on TSM; assumes DraftKings Class A share price as of 15-February-2022. 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.

Share Dilution Due to SBC Expected to be <75th Percentile of Peer Group in 2023 and 2024

Historical and Projected Common Shares Outstanding
Millions

	2020	2021	2022	2023E	2024E
Outstanding (Beginning of Year)	185	396	408	451	473
Transaction activity[1]	170	1	29	0	0
Vesting Activity[2]	16	2	12	21	9
Treasury shares repurchased	(7)	(0)	(1)	(3)	(2)
Stock options exercised	15	9	3	3	3
Warrants exercised	18	0	0	1	1
Outstanding (End of Year)	**396**	**408**	**451**	**473**	**484**

3-Year CAGR[4] (End of Year) Due to Stock-based Compensation	**3.8%**	**3.8%**

The 75th percentile vesting burn rate from SBC for the last three years for our peer group[3] is 4.4%

Totals may not sum due to rounding.
(1) Includes M&A activity and common stock offerings.
(2) Based on management achieving 100% payout on long-term equity incentive plan; excluding potential share repurchases.
(3) Peer group from our 2022 definitive proxy statement includes: CarGurus, Chegg, Churchill Downs, Coupa Software, DocuSign, Electornic Arts, Etsy, HubSpot, Lyft, Rapid7, Roku, Snap, Take-Two, The Trade Desk, Twittter, Zscaler, and Zynga. Slack and Grubhub were not included in peer group calculation as a result of being acquired.
(4) CAGR is calculated as 3-year prior beginning shares plus transaction activity, vesting activity, stock options exercised, and warrants exercised divided by 3-year prior beginning shares plus transaction activity, raised to the power of 1/3, minus 1.

THANK YOU