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# Q4 2021 EARNINGS PRESENTATION

FEBRUARY 18, 2022

# LEGAL DISCLAIMER

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## 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](http://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.

# Q4 AND CURRENT BUSINESS HIGHLIGHTS

**1** \$473M of revenue in Q4 driven by strong customer acquisition, increased customer engagement, and healthy customer retention

**47%**  
YoY revenue  
growth in Q4

**19% / 32%**  
YoY B2C ARPMUP / MUPs  
growth in Q4

**2** Great organic growth trends in core B2C business

**65%**  
Same state YoY OSB handle  
growth in Q4<sup>(1)</sup>

**61%**  
Same State YoY iGaming GGR  
growth in Q4<sup>(1)</sup>

**3** Launched OSB in New York and Louisiana; launched DKNG 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**  
Dynasty Rewards  
loyalty program

**Expanded**  
DraftKings Social to  
OSB product

(1) Based on states where we were live for the entirety of Q4 2021 and Q4 2020.

# CONTINUED FOCUS ON RESPONSIBLE GAMING EDUCATION AND RESEARCH

## DRAFTKINGS AND KINDBRIDGE RESEARCH INSTITUTE ADVANCE VETERANS-FOCUSED RESPONSIBLE GAMING RESEARCH



- Announced multi-year financial commitment to Kindbridge Research Institute for new research program to study nexus of veterans and responsible gaming
- Goal is to advance evidence-based research in this area and improve the lives of impacted veterans

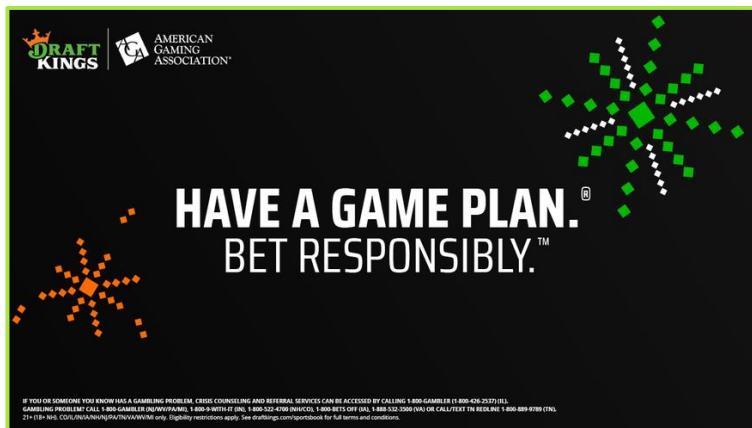
## DRAFTKINGS ANNOUNCES RESPONSIBLE GAMING INITIATIVE TO ASSIST STATE PROBLEM GAMING COUNCILS



NCPG

National Council on Problem Gambling

- Announced multi-year financial commitment to assist the 35 state problem gaming councils across the country by providing critical funding which will support the work of local nonprofit organizations
- DraftKings has offered each state council \$15,000 per year for three years, a total overall commitment of \$1,575,000





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# APPENDIX



# RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(\$ in millions)

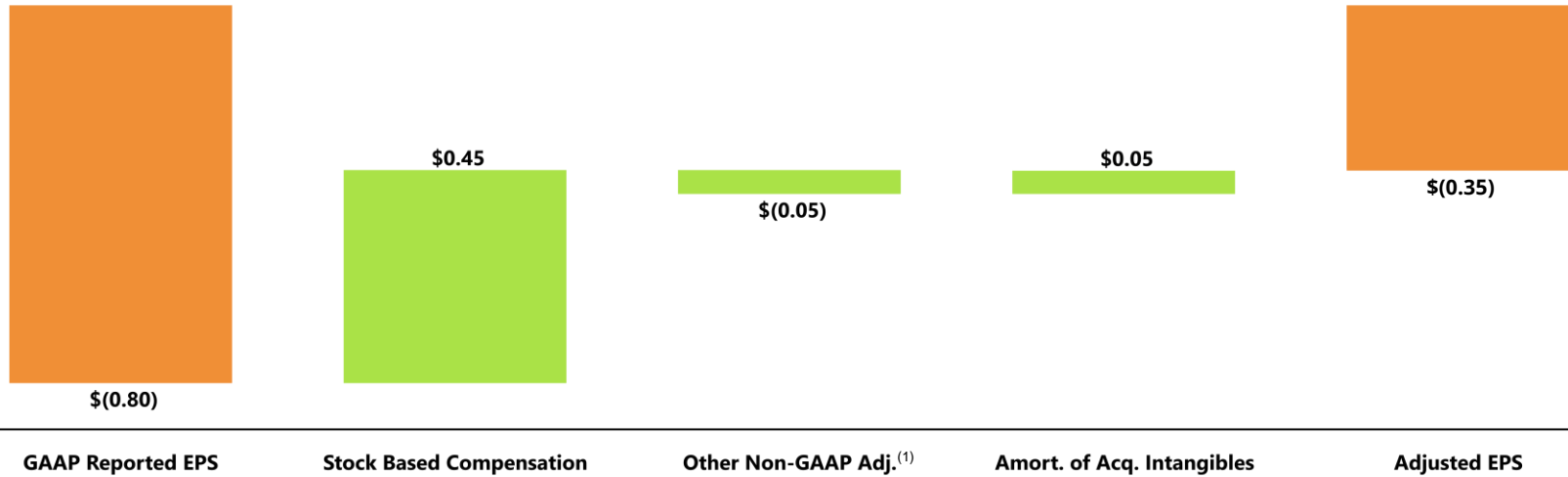
		31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
<b>GAAP Operating Expenses</b>									
Cost of Revenue		\$253	\$171	\$187	\$183	\$159	\$97	\$47	\$43
Sales and Marketing		\$278	\$304	\$171	\$229	\$192	\$203	\$46	\$54
General and Administrative		\$241	\$220	\$199	\$169	\$173	\$127	\$107 <sup>(1)</sup>	\$39 <sup>(1)</sup>
Product and Technology		\$70	\$65	\$63	\$56	\$66	\$54	\$31	\$18
<b>Total GAAP Operating Expenses</b>		<b>\$842</b>	<b>\$759</b>	<b>\$619</b>	<b>\$637</b>	<b>\$591</b>	<b>\$481</b>	<b>\$231</b>	<b>\$155</b>
<b>Pro-Forma Operating Expense Adjustments</b>									
Cost of Revenue								\$6	\$25
Sales and Marketing								\$1	\$4
General and Administrative								\$9	\$5
Product and Technology								\$6	\$12
<b>Total Pro-Forma Operating Expense Adjustments</b>								<b>\$22</b>	<b>\$46</b>
<b>Non-GAAP Operating Expense Adjustments</b>									
Cost of Revenue	(a)	(\$1)	(\$2)	(\$1)	(\$1)	(\$1)	(\$0)	(\$0)	
	(b)	(\$20)	(\$20)	(\$21)	(\$19)	(\$18)	(\$19)	(\$18)	(\$18)
	(d)	(\$9)	(\$7)	(\$7)	(\$7)	(\$6)	(\$6)	(\$4)	(\$4)
Sales and Marketing	(a)	(\$15)	(\$14)	(\$14)	(\$9)	(\$7)	(\$12)	(\$3)	(\$0)
	(d)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
General and Administrative	(a)	(\$142)	(\$134)	(\$132)	(\$122)	(\$116)	(\$83)	(\$54)	(\$4)
	(c)	(\$10)	(\$4)	(\$8)	(\$3)	(\$2)	(\$4)	(\$25) <sup>(1)</sup>	(\$6) <sup>(1)</sup>
	(d)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
	(e)	(\$1)	(\$5)	(\$4)	(\$1)	(\$1)	(\$2)	(\$2)	(\$1)
	(f)	(\$13)	(\$18)	(\$13)	(\$2)	(\$1)	(\$2)	(\$3)	(\$0)
	(d)	(\$1)	(\$1)	(\$1)	(\$1)	(\$2)	(\$1)	(\$1)	(\$1)
Product and Technology	(a)	(\$26)	(\$26)	(\$25)	(\$20)	(\$25)	(\$22)	(\$8)	(\$0)
	(d)	(\$1)	(\$1)	(\$1)	(\$1)	(\$2)	(\$1)	(\$1)	(\$1)
<b>Total Non-GAAP Operating Expense Adjustments</b>		<b>(\$241)</b>	<b>(\$233)</b>	<b>(\$226)</b>	<b>(\$186)</b>	<b>(\$180)</b>	<b>(\$151)</b>	<b>(\$119)</b>	<b>(\$35)</b>
<b>Adjusted Pro-Forma Operating Expenses</b>									
Cost of Revenue		\$223	\$142	\$159	\$157	\$134	\$72	\$32	\$47
Sales and Marketing		\$263	\$289	\$157	\$220	\$184	\$191	\$43	\$57
General and Administrative		\$74	\$58	\$41	\$41	\$52	\$36	\$33	\$33
Product and Technology		\$42	\$38	\$36	\$34	\$39	\$31	\$27	\$28
<b>Total Adjusted Operating Expenses</b>		<b>\$601</b>	<b>\$526</b>	<b>\$393</b>	<b>\$452</b>	<b>\$410</b>	<b>\$330</b>	<b>\$135</b>	<b>\$165</b>

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

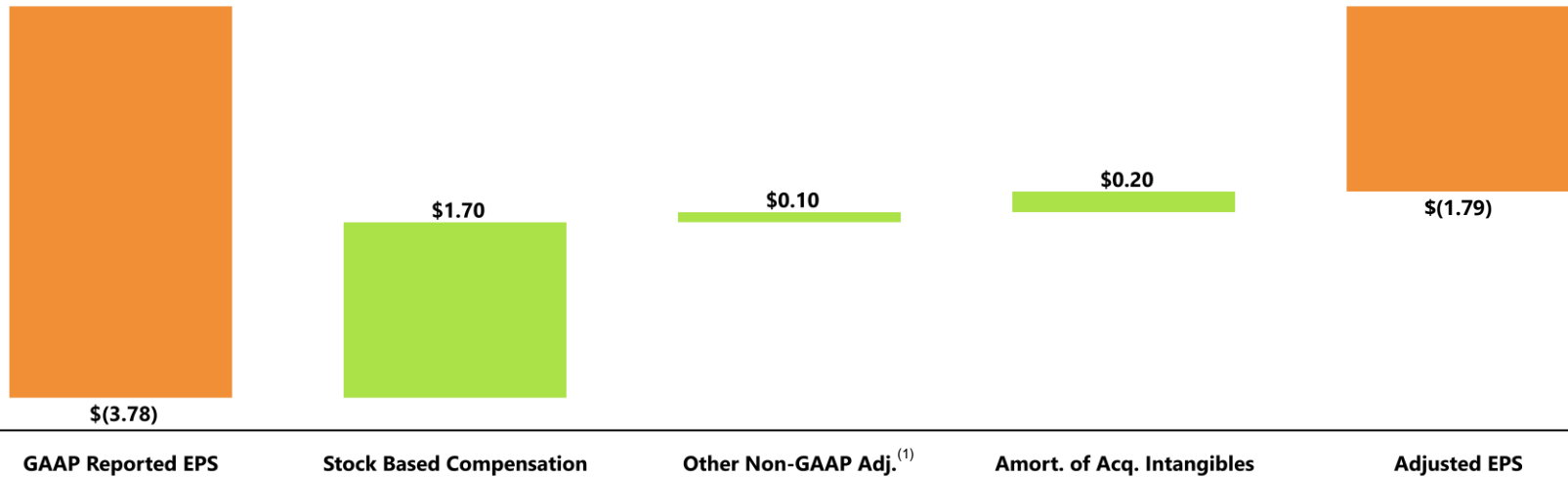
(1) Pursuant to the principles of Article 11 of Regulation S-X, the transaction costs related to the Business Combination have been eliminated in calculating our Pro-Forma Operating Expenses in Proforma Adjusted EBITDA tables in our 10K for the twelve months ended December 31, 2020. These costs were approximately \$31mm for the year 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 DECEMBER 31, 2021 – ADJUSTED EARNINGS PER SHARE BRIDGE



## YEAR ENDED DECEMBER 31, 2021 – ADJUSTED EARNINGS PER SHARE BRIDGE



Note: Weighted average number of shares used to calculate Adjusted EPS for the Q4 2021 and FY 2021 periods were 406.9mm and 402.5mm, respectively.

(1) Other non-GAAP adj includes non-cash impact of 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 December 31,		Year ended December 31,	
	2021	2020	2021	2020
<i>(amounts in thousands)</i>				
Revenue	473,325	322,223	1,296,025	614,532
Cost of revenue	253,182	159,274	794,162	346,589
Sales and marketing	278,444	191,959	981,500	495,192
Product and technology	69,639	66,134	253,655	168,633
General and administrative	240,816	173,194	828,325	447,374
Loss from operations	(368,756)	(268,338)	(1,561,617)	(843,256)
Interest income (expense), net	886	1,183	1,957	(1,070)
Gain (Loss) on remeasurement of warrant liabilities	32,970	23,704	30,065	(387,565)
Other income, net	11,951	-	11,951	-
Loss before income tax provision (benefit)	(322,949)	(243,451)	(1,517,644)	(1,231,891)
Income tax provision (benefit)	6,615	(941)	8,269	(622)
(Gain) Loss from equity method investment	(3,267)	186	(2,718)	566
<b>Net Loss</b>	<b>(326,297)</b>	<b>(242,696)</b>	<b>(1,523,195)</b>	<b>(1,231,835)</b>
<i>Adjusted For</i>				
Depreciation and amortization <sup>(1)</sup>	32,538	27,443	121,138	77,410
Interest (income) expense, net	(886)	(1,183)	(1,957)	1,070
Income tax provision (benefit)	6,615	(941)	8,269	(622)
Stock-based compensation <sup>(2)</sup>	184,047	148,676	683,293	325,038
Transaction-related costs <sup>(3)</sup>	10,055	1,914	25,316	36,406
Litigation, settlement, and related costs <sup>(4)</sup>	1,459	1,068	10,392	6,839
Advocacy and other related legal expenses <sup>(5)</sup>	12,713	-	40,415	-
(Gain) loss on remeasurement of warrant liabilities	(32,970)	(23,704)	(30,065)	387,565
Other non-recurring, special project and non-operating (income) costs <sup>(6)</sup>	(15,240)	1,539	(9,739)	6,210
<b>Adjusted EBITDA</b>	<b>(127,966)</b>	<b>(87,884)</b>	<b>(676,133)</b>	<b>(391,919)</b>

(1) The amounts include the amortization of acquired intangible assets of \$80.1 million and \$50.5 million for 2021 and 2020, respectively.

(2) The amounts for 2021 and 2020 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans, and in 2020, the issuance of our Class B shares (which have no economic or conversion rights) to our Chief Executive Officer.

(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. These costs include those relating to the Business Combination for 2020.

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

(5) Includes certain non-recurring costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain products and are actively seeking licensure, or similar approval, for those products. For 2021, those costs primarily relate to California and Florida. The amount excludes other recurring costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate.

(6) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects, including the implementation of internal controls over financial reporting, change in fair value of certain financial assets and our equity method share of the investee's losses.



# 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.

	Year ended December 31,	
	2021	2020
<i>(amounts in thousands)</i>		
Revenue	1,296,025	643,502
Cost of revenue	794,162	377,191
Sales and marketing	981,500	499,342
Product and technology	253,655	186,204
General and administrative	828,325	430,791
Loss from operations	(1,561,617)	(850,026)
Interest income (expense), net	1,957	(1,530)
Gain (loss) on remeasurement of warrant liabilities	30,065	(387,565)
Other income, net	11,951	-
Loss before income tax provision	(1,517,644)	(1,239,121)
Income tax provision	8,269	3,074
(Gain) loss from equity method investment	(2,718)	566
<b>Net Loss</b>	<b>(1,523,195)</b>	<b>(1,242,761)</b>
<i>Adjusted For</i>		
Depreciation and amortization <sup>(1)</sup>	121,138	100,455
Interest (income) expense, net	(1,957)	1,530
Income tax provision	8,269	3,074
Stock-based compensation <sup>(2)</sup>	683,293	335,660
Transaction-related costs <sup>(3)</sup>	25,316	5,500
Litigation, settlement, and related costs <sup>(4)</sup>	10,392	6,839
Advocacy and other related legal expenses <sup>(5)</sup>	40,415	-
(Gain) loss on remeasurement of warrant liabilities	(30,065)	387,565
Other non-recurring, special project and non-operating (income) costs <sup>(6)</sup>	(9,739)	6,210
<b>Adjusted EBITDA</b>	<b>(676,133)</b>	<b>(395,928)</b>

(1) The amounts include the amortization of acquired intangible assets of \$80.1 million and \$72.4 million for 2021 and 2020, respectively.

(2) The amounts for 2021 and 2020 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans, and in 2020, the issuance of our Class B shares (which have no economic or conversion rights) to our Chief Executive Officer, 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.

(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. These costs include those relating to the Business Combination for 2020.

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

(5) Includes certain non-recurring costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain products and are actively seeking licensure, or similar approval, for those products. For 2021, those costs primarily relate to California and Florida. The amount excludes other recurring costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate.

(6) Includes primarily consulting, advisory and other costs relating to non-recurring items and special projects, including the implementation of internal controls over financial reporting, change in fair value of certain financial assets and 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 Monthly Unique Payers (“MUPs”)**  
(Users in 000s)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Average Monthly Unique Payers (“MUPs”) (Users in 000s)	1,971	1,498	1,494	883

### ■ 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

Average Revenue per MUP (“ARPMUP”)	\$77	\$65	\$67	\$51
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# DKNG SHARE COUNT BUILD

(Shares in thousands)

## Total Capitalization

<b>Common Shares Outstanding (31-December-21)</b>	<b>407,781</b>
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Vested Stock Options @ TSM <sup>(1)</sup>	20,853
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<i>Memo: Vested Stock Options</i>	<i>25,276</i>
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<b>Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>428,634</b>
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DEAC Private Placement Warrants <sup>(2)</sup>	772
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<b>Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)</b>	<b>429,406</b>
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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 to be issued upon closing of Golden Nugget Online Gaming Acquisition. Deal is expected to close in Q1 2022.

(1) Based on Treasury Stock Method ("TSM"); assumes DKNG share price as of 17-Feb-2021 and strike price of \$3.86 per share.

(2) Based on TSM; assumes DKNG share price as of 17-Feb-2021 and strike price of \$11.50 per warrant.