



Q3 2021 EARNINGS PRESENTATION

NOVEMBER 5, 2021

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Forward-Looking Statements and Non-GAAP Financial Measures

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Q3 AND CURRENT BUSINESS HIGHLIGHTS

1 \$213M of revenue in Q3, in line with guidance, driven by continued customer acquisition and retention

60%

YoY revenue growth in Q3,
despite low OSB hold

38% / 31%

YoY B2C ARPMUP / MUPs
growth in Q3

2 Launched OSB in Arizona, Wyoming, and Connecticut, and iGaming in Connecticut

Live

In 29% of the U.S. Population
for OSB

Live

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

3 Continued to establish DraftKings as the leading product and content innovator in online gaming

Launched

DraftKings Rocket and
Micro-Betting OSB Markets

#1

Rated Sports Betting App By
Eilers & Krejcik
(Post Migration)⁽¹⁾

4 Successfully launched DraftKings Marketplace, a digital collectibles ecosystem and exchange

\$20MM+

Gross Merchandise Volume

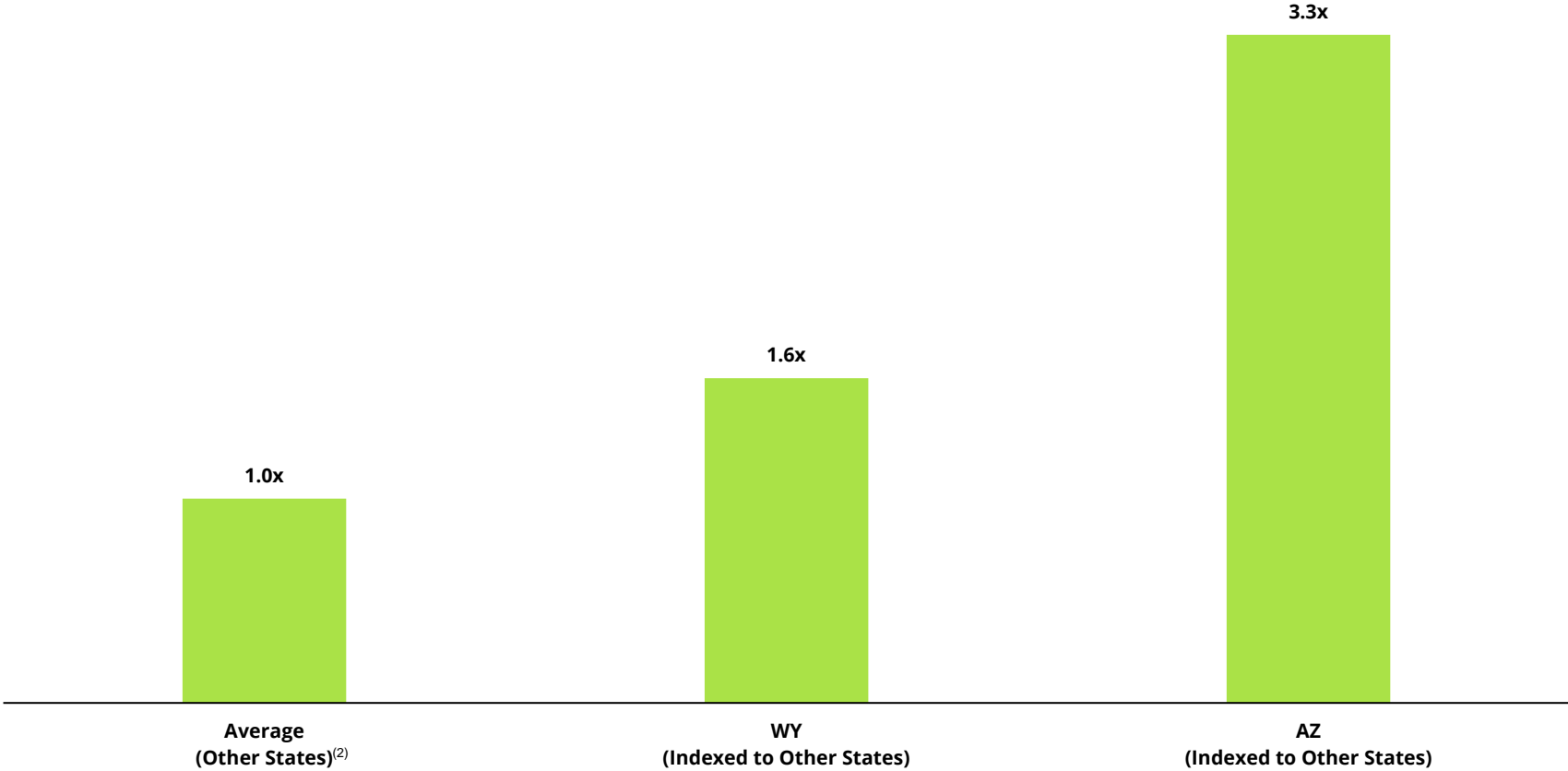
120k+

Primary and Secondary
Transactions

(1) Eilers & Krejcik Product Analysis: Testing, Scoring, And Ranking U.S. Sports Betting Apps, October 2021.

ACTIVE CUSTOMERS PER ADULT DURING OUR FIRST 30 DAYS IN ARIZONA AND WYOMING HAS OUTPERFORMED OTHER STATE LAUNCHES

ACTIVE CUSTOMERS PER ADULT⁽¹⁾ DURING FIRST 30 DAYS OF AN OSB STATE LAUNCH



We are ramping more quickly in new states as we continuously improve our state launch playbook and OSB gains awareness across the U.S.; we achieved record OSB activation during our first 30 days in Arizona despite not having an existing DFS database in the state

Source: Company data

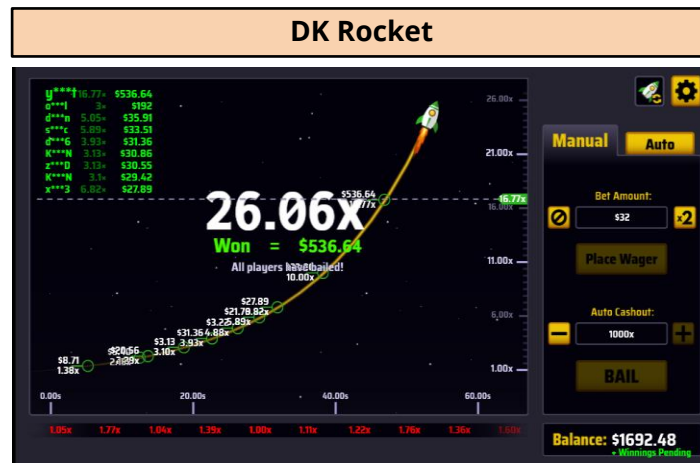
(1) Active customers per adult is defined as distinct DraftKings users who played in a respective state during the first 30 days of an OSB state launch divided by the adult population in that state.

(2) Other states include NJ, WV, IN, PA, NH, IA, CO, IL, TN, MI, and VA.

DRAFTKINGS ROCKET AND NFL FLASH BET ARE SOME OF OUR LATEST PRODUCT INNOVATIONS AND INTEGRATIONS

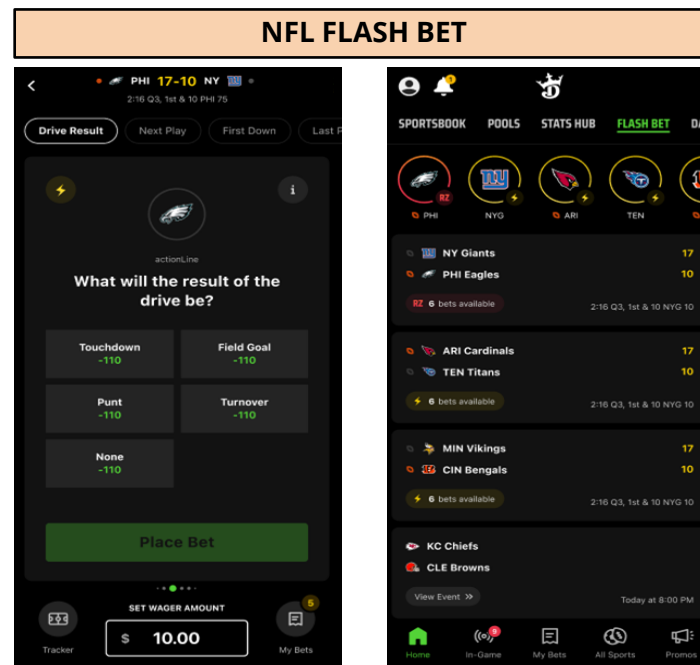
ROCKET EXCLUSIVELY ON DRAFTKINGS

- Players must exit a rising rocket before it crashes; the longer they stay in the rocket, the greater their payout
- Available in NJ, where it set a record for most gross revenue by a DK developed game in the launch month
- Introduces entirely new bet type (ExitBet™), allowing customers to manually cash out their bet by hitting the “Bail” button



NFL FLASH BET

- Brand new interface draws user attention to pivotal moments in games, giving users a differentiated live betting experience
- Dedicated quick bet slip, micro market view, and fast bet settlement give players the experience they want
- Launched NFL in week 8; plan to roll out other sports (e.g., College Football, NBA, and MLB) in the coming quarters
- Great example of how being vertically integrated allows us to control our product roadmap



EARLY INNINGS OF DRAFTKINGS MARKETPLACE HAVE BEEN A SUCCESS

DRAFTKINGS MARKETPLACE

- DraftKings Marketplace launched on August 11th with the drop of Autograph's Premier Edition Tom Brady NFTs
- 70 drops in Q3 provided by Autograph were oversubscribed 14x on average
- 120k+ primary and secondary transactions in Q3, totaling \$20mm+ of GMV
- Great mix of new customer acquisition and cross-sell of existing customers, with more than a third of Marketplace users being new to the DraftKings platform. Early cross-sell of new customers to other products was also promising
- Recently, Autograph teamed up with Lionsgate, Twisted Pictures, and DraftKings to release SAW NFTs on Marketplace – the first non-sports digital collectibles on the DraftKings platform. These NFTs sold out within minutes
- DraftKings is excited for future drops with collaborators like Autograph, as well as the possibility of minting our own NFTs in the future



SINCE THE NFL SEASON BEGAN AND FOLLOWING THE MIGRATION TO OUR IN-HOUSE TECHNOLOGY, DRAFTKINGS MARKET SHARE HAS INCREASED



Source: DraftKings internal data and state gaming reports.

(1) OSB handle includes NJ, WV, IN, OR, PA, NH, IA, CO, IL, TN, VA, MI, WY; does not include IL and AZ for September as those states have not yet reported. Does not include CT as that state did not launch until October.

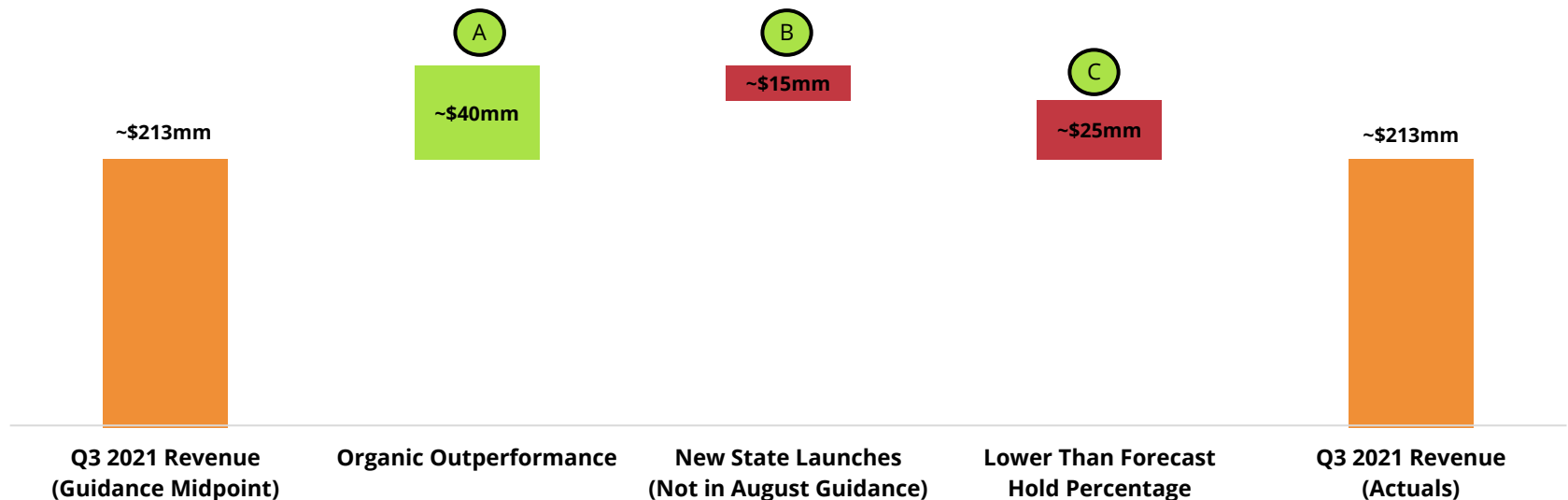
(2) IGaming GGR includes NJ, WV, PA, and MI; does not include CT as that state did not launch until October. Does not include poker revenue.



STRONGER THAN ANTICIPATED BUSINESS PERFORMANCE WAS OFFSET BY NEW STATE LAUNCHES AND LOWER THAN FORECAST HOLD PERCENTAGE

- A** \$40mm outperformance from stronger than anticipated business trends
 - Customer acquisition and retention going into the 2021 NFL season exceeded expectations, fueling strong MUP numbers
 - Great engagement and cross selling translated into strong ARPMUP growth
- B** Launched Arizona and Wyoming which were not in prior guidance, promotional investment resulted in \$(15)mm of revenue in late Q3
 - Number of new customers acquired in these states exceeded our expectations
 - Expect Q3 promotional investment to flow through to net revenue in Q4
- C** Lower than forecasted OSB hold accounted for a \$25mm revenue headwind, largely driven by unfavorable NFL sport outcomes
 - In the third quarter, 89% of NFL prime time (i.e. Thursday Night, Sunday Night, and Monday Night Football) overs hit⁽¹⁾
 - Not a single upset by an underdog of 7.5 points+ through NFL week 7; tied for the most weeks into season in the Super Bowl era⁽¹⁾

Q3 2021 RESULTS VS Q3 2021 GUIDANCE



(1) Source: DraftKings Sportsbook internal data.



THE GAME
INSIDE
THE GAME.

APPENDIX



RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

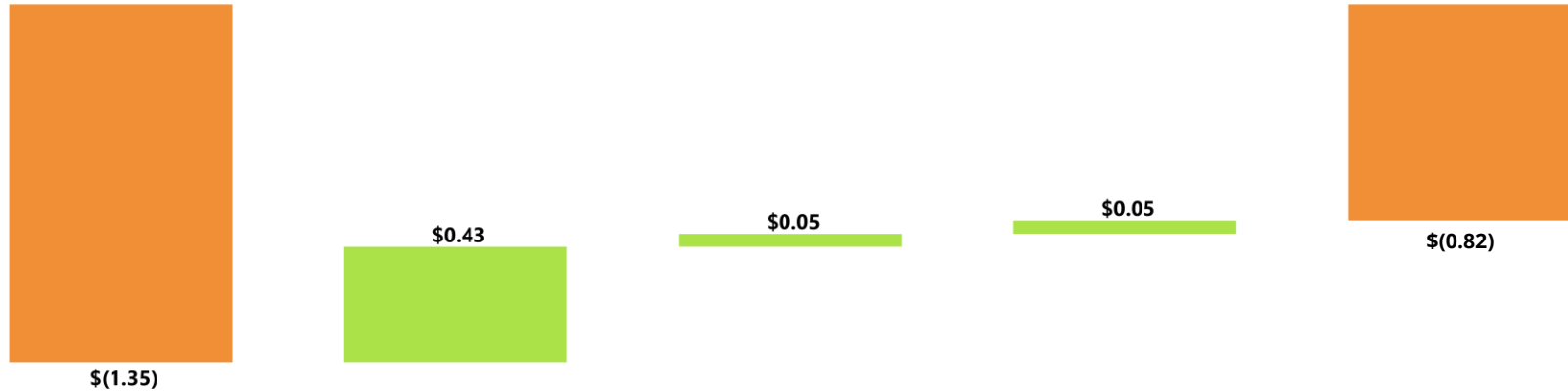
(\$ in millions)

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

(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 twelve months 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 SEPTEMBER 30, 2021 – ADJUSTED EARNINGS PER SHARE BRIDGE



GAAP Reported EPS

Stock Based Compensation

Other Non-GAAP Adj.⁽¹⁾

Amort. of Acq. Intangibles

Adjusted EPS

NINE MONTHS ENDED SEPTEMBER 30, 2021 – 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 the Q3 2021 and YTD 2021 periods were 403.8mm and 401.0mm, 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(amounts in thousands)</i>				
Revenue	212,819	132,836	822,700	292,309
Cost of revenue	170,749	96,569	540,980	187,315
Sales and marketing	303,658	203,339	703,056	303,233
Product and technology	65,222	53,909	184,016	102,499
General and administrative	219,706	127,376	587,509	274,180
Loss from operations	(546,516)	(348,357)	(1,192,861)	(574,918)
Interest income (expense), net	(1,556)	686	1,071	(2,253)
Gain (Loss) on remeasurement of warrant liabilities	7,091	(47,908)	(2,905)	(411,269)
Loss before income tax provision (benefit)	(540,981)	(395,579)	(1,194,695)	(988,440)
Income tax provision (benefit)	3,845	(13)	1,654	319
Loss from equity method investment	202	95	549	380
Net Loss	(545,028)	(395,661)	(1,196,898)	(989,139)
<i>Adjusted For</i>				
Depreciation and amortization ⁽¹⁾	30,356	26,595	88,600	49,967
Interest expense (income), net	1,556	(686)	(1,071)	2,253
Income tax provision (benefit)	3,845	(13)	1,654	319
Stock-based compensation ⁽²⁾	175,664	117,034	499,246	176,362
Transaction-related costs ⁽³⁾	4,348	3,585	15,261	34,492
Litigation, settlement, and related costs ⁽⁴⁾	4,712	2,419	8,933	5,771
Advocacy and other related legal expenses ⁽⁵⁾	16,667	-	27,702	-
(Gain) loss on remeasurement of warrant liabilities	(7,091)	47,908	2,905	411,269
Other non-recurring costs and special project costs ⁽⁶⁾	1,368	1,740	5,501	4,671
Adjusted EBITDA	(313,603)	(197,079)	(548,167)	(304,035)

(1) The amounts include the amortization of acquired intangible assets of \$20.2 million and \$18.8 million for the three months ended September 30, 2021 and 2020, respectively, and \$60.0 million and \$32.0 million for the nine months ended September 30, 2021 and 2020, respectively.

(2) The amounts for the three and nine months ended September 30, 2021 primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans. The amounts for the three and nine months ended September 30, 2020, primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans and, for the nine months ended September 30, 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 the three and nine months ended September 30, 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, as well as 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.

	Nine months ended September 30,	
	2021	2020
<i>(amounts in thousands)</i>		
Revenue	822,700	321,279
Cost of revenue	540,980	218,177
Sales and marketing	703,056	307,530
Product and technology	184,016	120,070
General and administrative	587,509	257,596
Loss from operations	(1,192,861)	(582,094)
Interest income (expense), net	1,071	(2,713)
Loss on remeasurement of warrant liabilities	(2,905)	(411,269)
Loss before income tax provision	(1,194,695)	(996,076)
Income tax provision	1,654	3,904
Loss from equity method investment	549	380
Net Loss	(1,196,898)	(1,000,360)
<i>Adjusted For</i>		
Depreciation and amortization ⁽¹⁾	88,600	73,252
Interest (income) expense, net	(1,071)	2,713
Income tax provision (benefit)	1,654	3,904
Stock-based compensation ⁽²⁾	499,246	187,239
Transaction-related costs ⁽³⁾	15,261	3,585
Litigation, settlement, and related costs ⁽⁴⁾	8,933	5,771
Advocacy and other related legal expenses ⁽⁵⁾	27,702	-
Loss on remeasurement of warrant liabilities	2,905	411,269
Other non-recurring costs and special project costs ⁽⁶⁾	5,501	4,671
Adjusted EBITDA	(548,167)	(307,956)

- (1) The amounts include the amortization of acquired intangible assets of \$59.9 million and \$54.1 million for the nine months ended September 30, 2021 and 2020, respectively.
- (2) The amounts for the three and nine months ended September 30, 2020, primarily reflect stock-based compensation expenses resulting from the issuance of awards under long-term incentive plans and, for the nine months ended September 30, 2020, the issuance of our Class B shares (which have no economic or conversion rights) to our Chief Executive Officer and 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. The transaction costs related to the Business Combination described in footnote 1 to the preceding table have been eliminated in calculating our pro forma net income for the nine months ended September 30, 2020 pursuant to the principles of Article 11 of Regulation S-X.
- (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, as well as 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Average Monthly Unique Payers (“MUPs”) (Users in 000s)	1,340	1,021	1,335	679

■ 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”)	\$47	\$34	\$61	\$41
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DKNG SHARE COUNT BUILD

(Shares in thousands)

Total Capitalization

Common Shares Outstanding (30-September-21)	405,345
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Vested Stock Options @ TSM ⁽¹⁾	24,483
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<i>Memo: Vested Stock Options</i>	<i>26,557</i>
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Diluted Shares Outstanding (With Vested Stock Options @ TSM)	429,828
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DEAC Private Placement Warrants ⁽²⁾	1,293
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Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	431,120
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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 4-Nov-2021 and strike price of \$3.49 per share.

(2) Based on TSM; assumes DKNG share price as of 4-Nov-2021 and strike price of \$11.50 per warrant.