



THE GAME
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Q4 2020 EARNINGS PRESENTATION

FEBRUARY 26, 2021



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 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.

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 \$322M of revenue in Q4 driven by strong customer acquisition, increased customer engagement, and healthy quarter over quarter customer retention

98%
YoY pro forma revenue
growth in Q4⁽¹⁾

55% / 44%
YoY B2C ARPMUP / MUPs
Growth in Q4

2 Sustained rapid growth in NJ through third NFL season; NJ profitable in second full year of operations despite COVID headwinds

103%
YoY DKNG NJ Handle
Growth for FY 2020

46%
YoY NJ MUP
Growth For FY 2020

3 Now live with OSB in 12 states, more than any other operator

Launched
OSB in Michigan and
Virginia

25%
U.S. Population with
DraftKings OSB⁽²⁾

4 DraftKings is the top iGaming operator in the U.S.

Launched
iGaming in Michigan

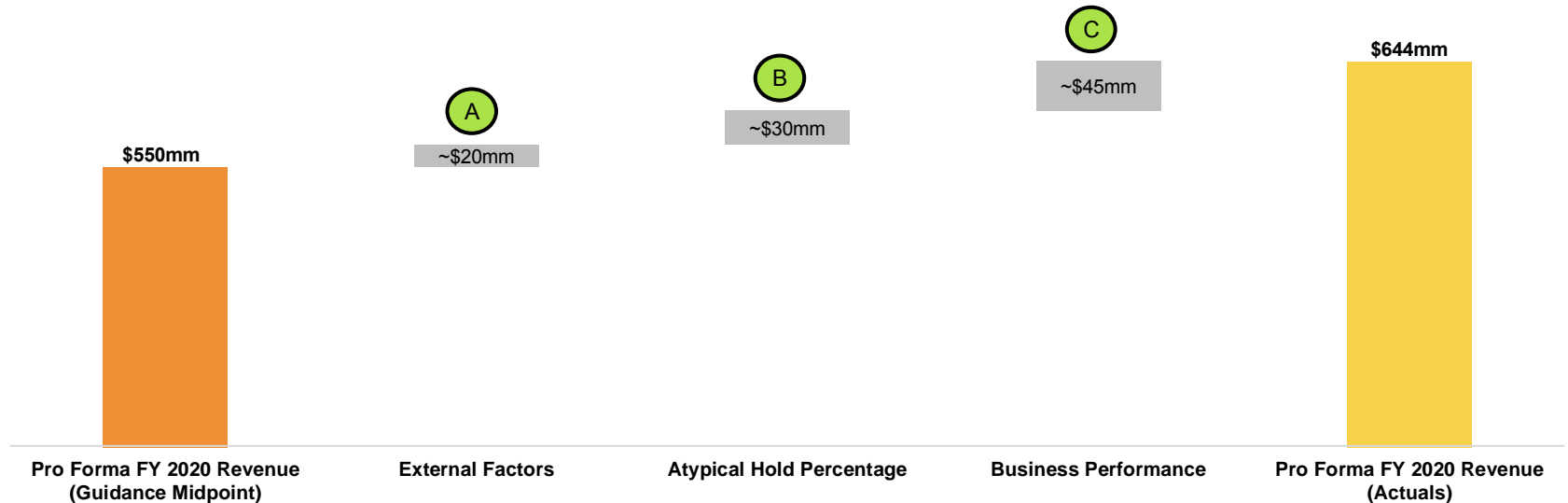
#1
iGaming Operator in the U.S.
by GGR for Q4⁽³⁾

(1) Year over year Q4 pro forma revenue includes SBTech in Q4 2019 to improve comparison.
(2) DraftKings is currently live in Colorado, Illinois, Indiana, Iowa, Michigan, New Hampshire, New Jersey, Oregon, Pennsylvania, Tennessee, Virginia, and West Virginia.
(3) Measured on a gross gaming revenue "GGR" basis for Q4 2020. Eilers & Krejciq U.S. Online Casino Tracker, January 2021.

GUIDANCE BEAT DUE TO EXTERNAL FACTORS BREAKING OUR WAY AND STRONGER THAN ANTICIPATED BUSINESS PERFORMANCE

- A** External Factors (~\$20mm)
 - Favorable sports calendar, particularly for the NBA and college sports
 - Extension of Illinois mobile registration
- B** Atypical OSB hold percentage (~\$30mm)
 - Better than normal hold percentage, particularly in the NFL and college football
- C** Stronger than anticipated business performance (~\$45mm)
 - Customer acquisition continued to be uniquely productive, benefitting from stay-at-home trends
 - Great engagement and cross selling translated into ARPMUP growth
 - The Tennessee market on track to be bigger than expected; as a top operator DraftKings benefitted accordingly
 - Q3 2020 marketing spend paid back more than expected in Q4 2020

2020 RESULTS VS. 2020 GUIDANCE BRIDGE



Note: Figures may not foot due to rounding.



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APPENDIX



RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

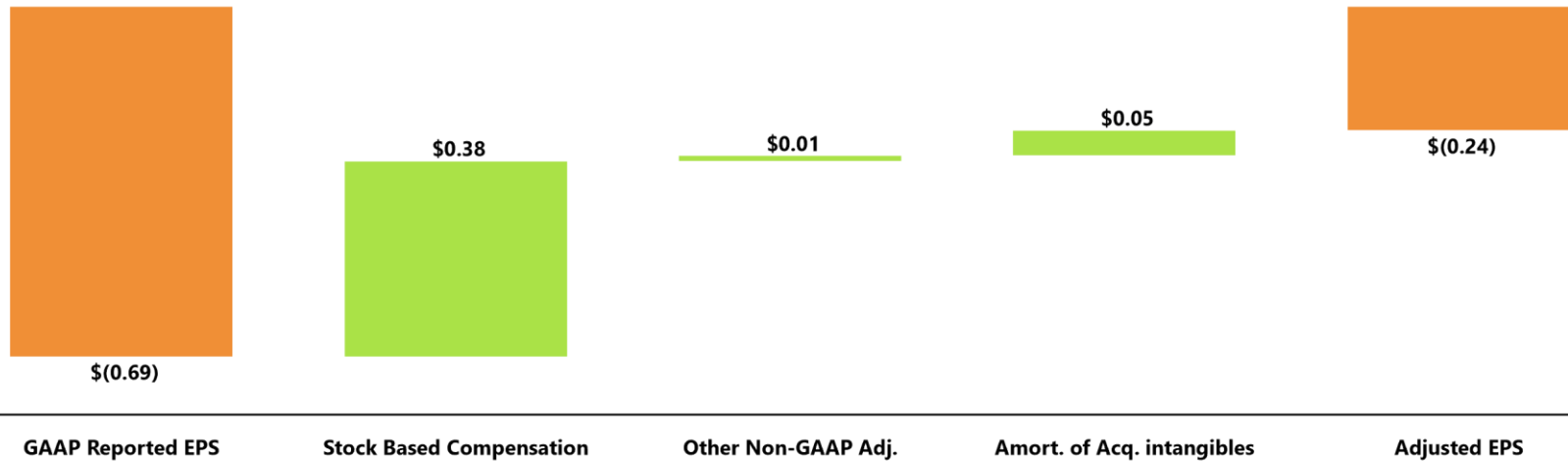
(\$ in millions)

	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	
GAAP Operating Expenses									
Cost of Revenue	\$159	\$97	\$47	\$43	\$39	\$25	\$18	\$22	
Sales and Marketing	\$192	\$203	\$46	\$54	\$60	\$58	\$30	\$37	
General and Administrative	\$173	\$127	\$107 ⁽¹⁾	\$39 ⁽¹⁾	\$47 ⁽¹⁾	\$25 ⁽¹⁾	\$26 ⁽¹⁾	\$27	
Product and Technology	\$66	\$54	\$31	\$18	\$16	\$14	\$12	\$13	
Total GAAP Operating Expenses	\$591	\$481	\$231	\$155	\$163	\$123	\$86	\$98	
Pro-Forma Operating Expense Adjustments									
Cost of Revenue			\$6	\$25	\$26	\$24	\$24	\$24	
Sales and Marketing			\$1	\$4	\$2	\$1	\$2	\$4	
General and Administrative			\$9	\$5	\$5	\$3	\$4	\$3	
Product and Technology			\$6	\$12	\$12	\$10	\$9	\$9	
Total Pro-Forma Operating Expense Adjustments			\$22	\$46	\$46	\$38	\$39	\$40	
Non-GAAP Operating Expense Adjustments									
Cost of Revenue	(a)	(\$1)	(\$0)	(\$0)					(a) Stock-based compensation expense
	(b)	(\$18)	(\$19)	(\$18)	(\$18)	(\$17)	(\$18)	(\$18)	(\$18)
	(d)	(\$6)	(\$6)	(\$4)	(\$4)	(\$4)	(\$2)	(\$2)	(\$2)
Sales and Marketing	(a)	(\$7)	(\$12)	(\$3)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	(d)	(\$0)	(\$0)	(\$0)	(\$0)	\$0	(\$1)	(\$0)	(\$0)
General and Administrative	(a)	(\$116)	(\$83)	(\$54)	(\$4)	(\$8)	(\$2)	(\$2)	(\$4)
	(c)	(\$2)	(\$4)	(\$25) ⁽¹⁾	(\$6) ⁽¹⁾	(\$8) ⁽¹⁾	(\$1) ⁽¹⁾	(\$1) ⁽¹⁾	(\$1) ⁽¹⁾
	(d)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	\$1	(\$0)	(\$1)
	(e)	(\$1)	(\$2)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
	(f)	(\$1)	(\$2)	(\$3)	(\$0)	(\$1)	(\$0)	(\$0)	(\$1)
Product and Technology	(a)	(\$25)	(\$22)	(\$8)	(\$0)	(\$1)	(\$0)	(\$0)	(\$1)
	(d)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$2)	(\$1)	(\$0)
Total Non-GAAP Operating Expense Adjustments		(\$180)	(\$151)	(\$119)	(\$35)	(\$41)	(\$26)	(\$26)	(\$29)
Adjusted Pro-Forma Operating Expenses									
Cost of Revenue		\$134	\$72	\$32	\$47	\$45	\$29	\$22	\$25
Sales and Marketing		\$184	\$191	\$43	\$57	\$63	\$59	\$31	\$40
General and Administrative		\$52	\$36	\$33	\$33	\$34	\$24	\$25	\$23
Product and Technology		\$39	\$31	\$27	\$28	\$27	\$22	\$20	\$21
Total Adjusted Operating Expenses		\$410	\$330	\$135	\$165	\$168	\$134	\$99	\$110

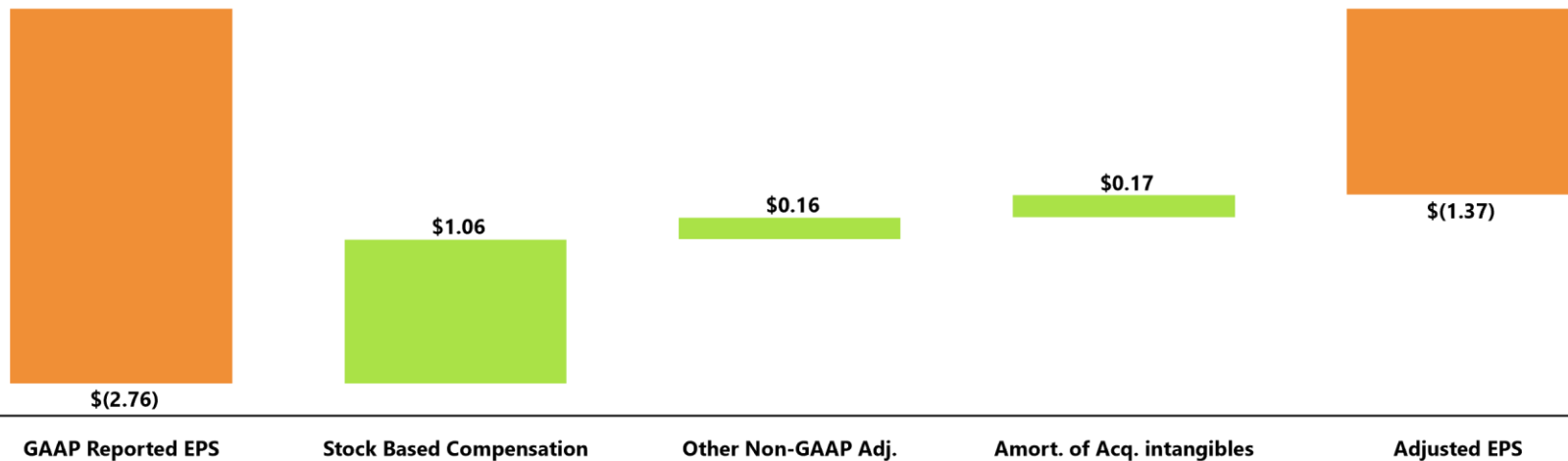
(1) Pursuant to the principles of Article 11 of Regulation S-X, the transaction costs related to the Business Combination have been eliminated in calculating our Pro-Forma Operating Expenses in Proforma Adjusted EBITDA tables in our 10K for the twelve months ended December 31, 2020. These costs were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



TWELVE MONTHS ENDED DECEMBER 31, 2020 – ADJUSTED EARNINGS PER SHARE BRIDGE



Note: Weighted average number of shares used to calculate Adjusted EPS for the Q4 2020 and FY 2020 periods were 388.3mm and 305.6mm, respectively.

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.

<i>(in thousands)</i>	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
	Actual	Pro Forma	Pro Forma	Pro Forma
Revenue	322,223	162,575	643,502	431,834
Cost of revenue	159,274	65,560	377,191	202,768
Sales and marketing	191,959	62,883	499,342	194,672
Product and technology	66,134	7,439	186,204	95,454
General and administrative	173,194	62,522	430,791	129,714
Loss from operations	(268,338)	(35,829)	(850,026)	(190,774)
Interest (expense) income, net	1,183	(157)	(1,530)	1,173
Gain on initial equity method investment	-	3,000	-	3,000
Loss before income tax (benefit) provision	(267,155)	(32,986)	(851,556)	(186,601)
Income tax (benefit) provision	(941)	(82)	3,074	(13,118)
Loss from equity method investment	186	479	566	479
Net Loss	(266,400)	(33,383)	(855,196)	(173,962)
<i>Adjusted For</i>		-	-	-
Depreciation and amortization (excluding acquired intangibles)	8,914	5,324	28,024	16,933
Amortization of acquired intangibles	18,529	16,945	72,431	71,079
Interest expense (income), net	(1,183)	157	1,530	(1,173)
Income tax (benefit) provision	(941)	(82)	3,074	(13,118)
Stock-based compensation ⁽¹⁾	148,676	9,248	335,660	18,354
Transaction related costs ⁽²⁾	1,914	(2,603)	5,500	-
Litigation, settlement, and related costs ⁽³⁾	1,068	1,284	6,839	3,695
Other non-recurring costs and special project ⁽⁴⁾ costs	1,353	673	5,644	2,489
Other non-operating costs ⁽⁵⁾	186	(2,521)	566	(2,521)
Adjusted EBITDA	(87,884)	(4,958)	(395,928)	(78,224)

- (1) The amounts for 2020 and 2019 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 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) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with transactions and offerings. The transaction costs related to the Business Combination described in Note 3 of the Consolidated Financial Statements included elsewhere in this Annual Report have been eliminated in calculating our pro forma net income for 2020 pursuant to the principles of Article 11 of Regulation S-X. Reversal of previously adjusted transaction related costs in 2019, which were subsequently deemed to be related to the BCA.
- (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 2020, the implementation of internal controls over financial reporting and tax advisory costs and, for 2019, the cost of our move to our new Boston headquarters and executive search costs.
- (5) Includes our equity method share of the investee's losses in 2020 and, in 2019, a gain recorded upon a contribution of assets to an equity method investee, net of our equity method share of the investee's losses.

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,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Revenue	322,223	130,914	614,532	323,410
Cost of revenue	159,274	39,171	346,589	103,889
Sales and marketing	191,959	60,402	495,192	185,269
Product and technology	66,134	16,284	168,633	55,929
General and administrative	173,194	46,687	447,374	124,868
Loss from operations	(268,338)	(31,630)	(843,256)	(146,545)
Interest (expense) income, net	1,183	(16)	(1,070)	1,348
Gain on initial equity method investment	-	3,000	-	3,000
Loss before income tax (benefit) provision	(267,155)	(28,646)	(844,326)	(142,197)
Income tax (benefit) provision	(941)	23	(622)	58
Loss from equity method investment	186	479	566	479
Net Loss	(266,400)	(29,148)	(844,270)	(142,734)
<i>Adjusted For</i>				
Depreciation and amortization (excluding acquired intangibles)	8,914	4,007	26,894	13,636
Amortization of acquired intangibles	18,529	-	50,516	-
Interest expense (income), net	(1,183)	16	1,070	(1,348)
Income tax (benefit) provision	(941)	23	(622)	58
Stock-based compensation ⁽¹⁾	148,676	9,094	325,038	17,613
Transaction related costs ⁽²⁾	1,914	7,869	36,406	10,472
Litigation, settlement, and related costs ⁽³⁾	1,068	1,284	6,839	3,695
Other non-recurring costs and special project ⁽⁴⁾ costs	1,353	673	5,644	2,489
Other non-operating costs ⁽⁵⁾	186	(2,521)	566	(2,521)
Adjusted EBITDA	(87,884)	(8,703)	(391,919)	(98,640)

- (1) The amounts for 2020 and 2019 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 CEO.
- (2) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with transactions and offerings, including the Business Combination. Also includes bonuses, paid in the second quarter of 2020, to certain employees in connection with the consummation of the Business Combination.
- (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 2020, the implementation of internal controls over financial reporting and tax advisory costs and, for 2019, the cost of our move to our new Boston headquarters and executive search costs.
- (5) Includes our equity method share of the investee's losses in 2020 and, in 2019, a gain recorded upon a contribution of assets to an equity method investee, net of 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

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Average Monthly Unique Payers (“MUPs”) (Users in 000s)	1,498	1,041	883	684

■ 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”)	\$65	\$42	\$51	\$39
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DKNG SHARE COUNT BUILD

(Shares in thousands)

Total Capitalization	
Common Shares Outstanding (31-Dec-20)	396,303
Vested Stock Options @ TSM ⁽¹⁾	29,874
<i>Memo: Vested Stock Options</i>	31,572
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	426,177
DEAC Private Placement Warrants ⁽²⁾	1,457
Old DraftKings Private Warrants ⁽³⁾	121
Fully Diluted Shares Outstanding (With Vested Stock Options @ TSM)	427,755

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.

(1) Based on Treasury Stock Method ("TSM"); assumes DKNG share price as of 25-February-2021 and strike price of \$3.11 per share.

(2) Based on TSM; assumes DKNG share price as of 24-February-2021 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DKNG share price as of 24-February-2021 and strike price of \$0.03 per warrant.