



Q1 2024 EARNINGS PRESENTATION

May 2, 2024

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, strategic plans and focus, user growth and engagement, product initiatives, and the objectives and expectations of management for future operations (including launches in new jurisdictions and the expected timing thereof), are forward-looking statements.

In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “confident,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “going to,” “intend,” “may,” “plan,” “poised,” “potential,” “predict,” “project,” “propose,” “should,” “target,” “will,” or “would” or the negative thereof or other similar terms or expressions, 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 primarily on our current expectations and projections about future events and trends, including the current macroeconomic environment, that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important 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 contained in 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, 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 rely on forward-looking statements as predictions of future events. Our forward-looking statements do not reflect the potential impact of any future mergers, acquisitions, dispositions or investments.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Flow-through Percentage, and Free Cash Flow, 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 EBITDA Flow-through Percentage as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. We define and calculate Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid. A reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated in accordance with GAAP is provided in the Appendix of this presentation.

Q1 and current business highlights

1

Our revenue growth rate is strong; Q1 2024 revenue of \$1,175M increased 53% YoY and our increased FY 2024 revenue guidance midpoint implies growth of 34% YoY

2

Continuing to drive operational efficiency; increasing our FY 2024 Adj. EBITDA⁽¹⁾ guidance midpoint by 9%⁽²⁾ to \$500M

3

Expecting Adj. EBITDA Flow-through Percentage⁽³⁾ of 53% for FY 2024 as we rapidly expand our gross margin and exert discipline on our cost structure

4

Continuing to explore capital allocation options given the strong trajectory of our Free Cash Flow⁽⁴⁾

5

\$1.2B of cash as of 3/31/24 and expect to generate ~\$400M of Free Cash Flow⁽⁴⁾ in FY 2024

(1) Adjusted EBITDA is a non-GAAP financial measure. Please refer to the end of this presentation for the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, net income (loss).

(2) Reflects the midpoints of FY 2024 revenue and Adjusted EBITDA guidance that DraftKings provided on February 15, 2024 compared to the midpoints of FY 2024 revenue and Adjusted EBITDA guidance that DraftKings provided on May 2, 2024. FY 2024 guidance does not include any impact from the pending acquisition of Jackpocket.

(3) Adjusted EBITDA Flow-through Percentage is a non-GAAP financial measure. We define Adjusted EBITDA Flow-through as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. FY 2024 Adjusted EBITDA Flow-Through percentage is calculated based off our FY 2023 results and the midpoint of our FY 2024 guidance ranges for revenue and Adjusted EBITDA. FY 2024 guidance does not include any impact from the pending acquisition of Jackpocket.

(4) Free Cash Flow is a non-GAAP financial measure. We define Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid. FY 2024 guidance does not include any impact from the pending acquisition of Jackpocket.



Raising FY 2024 guidance midpoint by \$125M for revenue and \$40M for Adj. EBITDA⁽¹⁾

Updated FY 2024 Guidance vs. Prior FY 2024 Guidance \$ Millions

Core Value Drivers: Revenue +\$185M and Adj. EBITDA +\$82M

	FY 2024 Guidance Provided 2/15/2024 ⁽²⁾	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Stronger Customer Acquisition, Retention and Engagement </div> <div style="text-align: center;"> Higher OSB Hold due to Structural Improvement </div> <div style="text-align: center;"> Unfavorable Sport Outcomes </div> </div>			FY 2024 Guidance Provided 5/2/2024 ⁽³⁾
Revenue	\$4,775	\$165	\$20	(\$60)	\$4,900
Adj. EBITDA	\$460	\$68	\$14	(\$42)	\$500

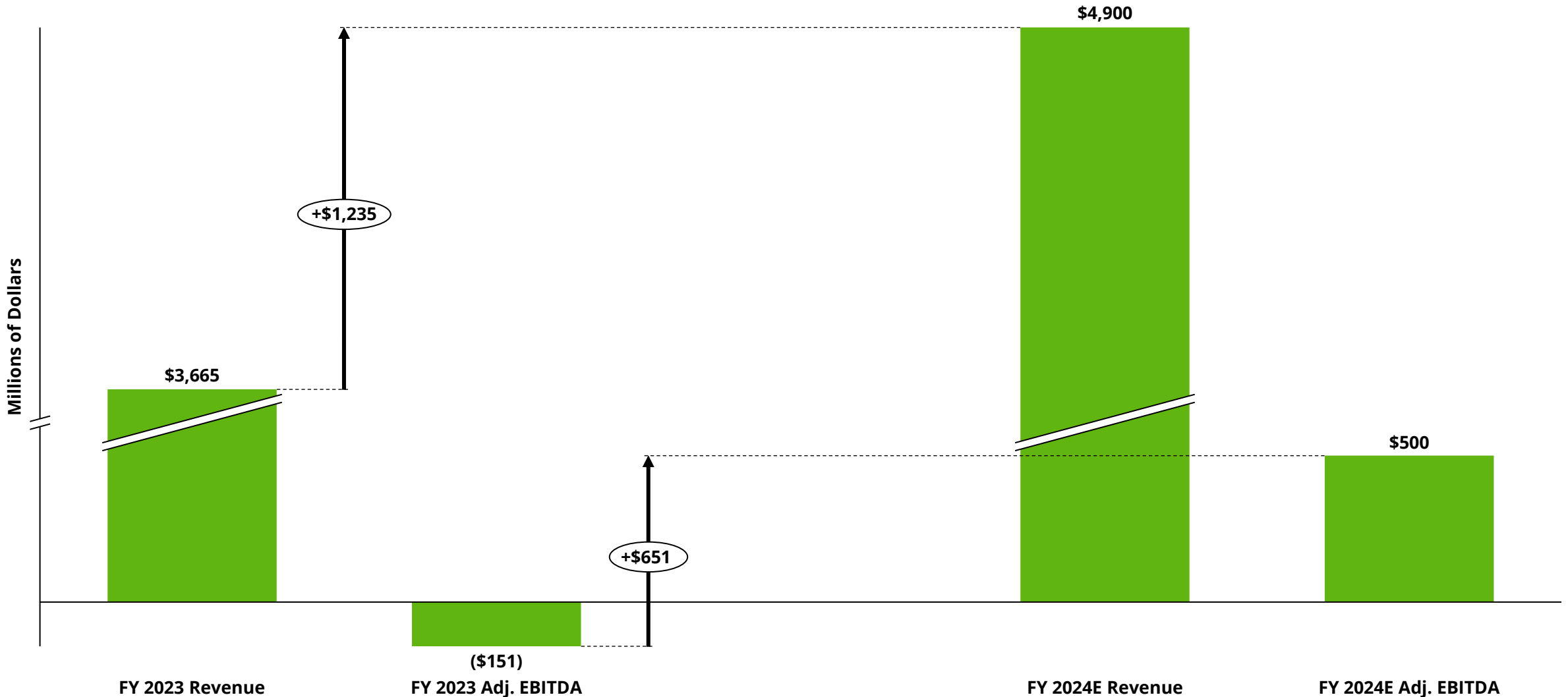
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(3) Reflects the midpoints of FY 2024 revenue and Adjusted EBITDA guidance that DraftKings provided on May 2, 2024.

We expect ~\$1.2B of incremental revenue and ~\$650M of incremental Adj. EBITDA⁽¹⁾ on a YoY basis in FY 2024

Expected⁽²⁾ DraftKings Revenue and Adj. EBITDA Assuming Zero Additional OSB and/or iGaming States

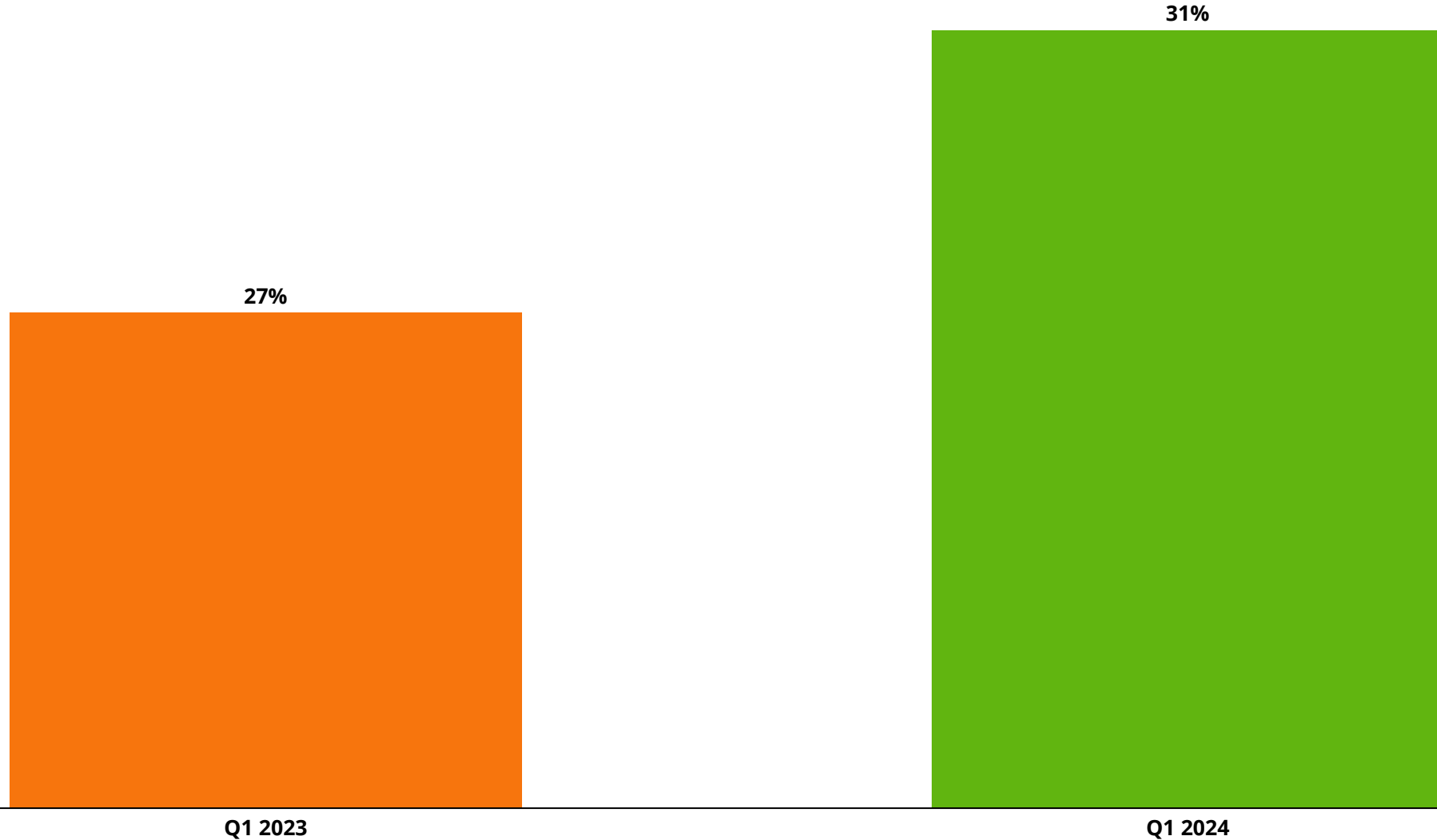


(1) Adjusted EBITDA is a non-GAAP financial measure. Please refer to the end of this presentation for the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, net income (loss).

(2) Figures presented represent our FY 2023 results and the midpoint of our FY 2024 guidance ranges for revenue and Adjusted EBITDA. FY 2024 guidance does not include any impact from the pending acquisition of Jackpocket.

Our OSB and iGaming combined share increased YoY in Q1 2024

Combined OSB and iGaming GGR Share⁽¹⁾



Sources: State Gaming Reports and DraftKings internal data

(1) Share denominator includes all U.S. states where DraftKings and/or Golden Nugget Online Gaming are live with OSB and/or iGaming, as applicable, and state-wide data was available as of May 1, 2024. Poker gross revenue is included in the TAM denominator (DraftKings does not currently offer poker).

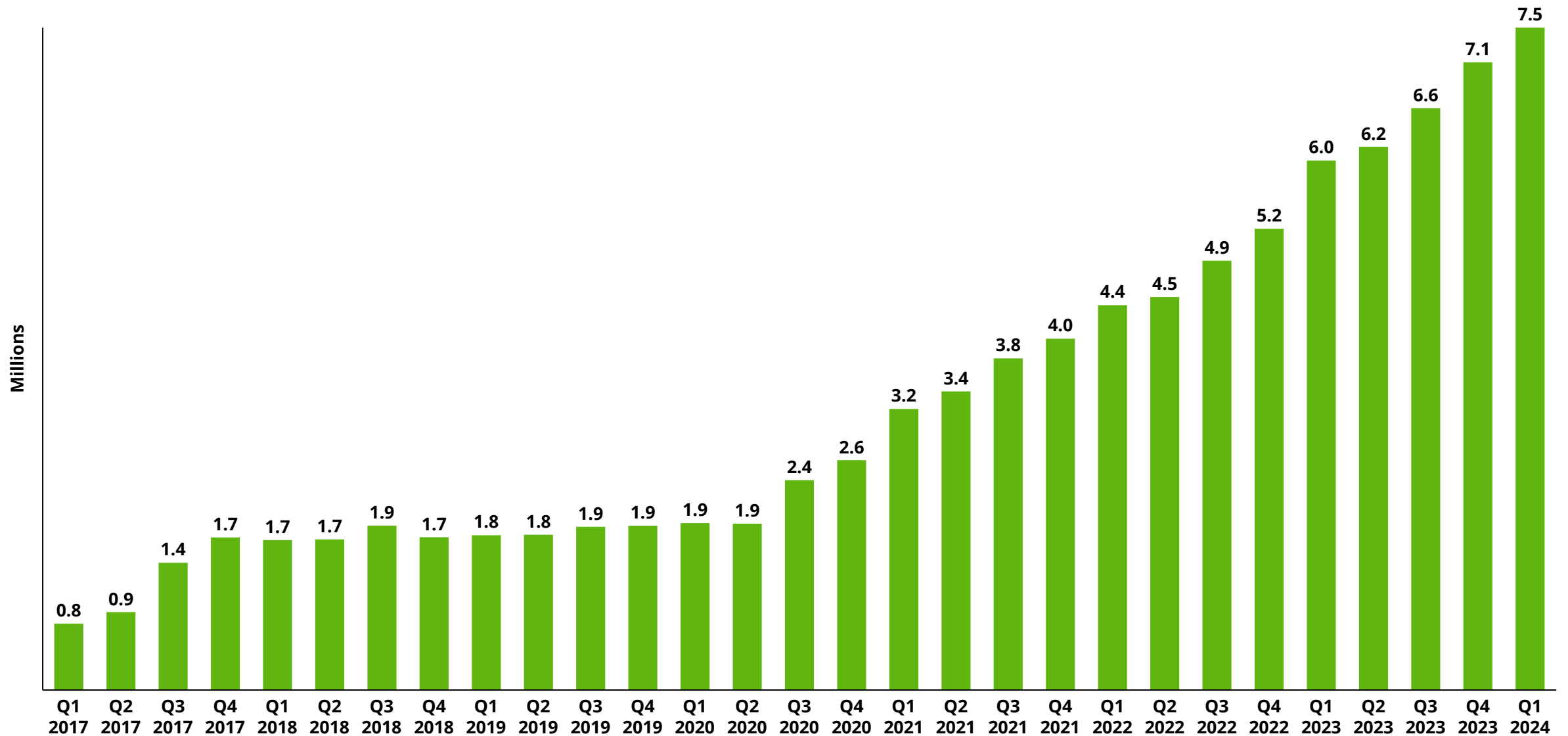




APPENDIX

The number of unique customers on our platform is rising

Unique Customers in the Prior Twelve Months



Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA, Adjusted EBITDA Flow-through Percentage, and Free Cash Flow, which are non-GAAP financial measures that DraftKings uses to supplement its results presented in accordance with GAAP. The Company believes Adjusted EBITDA, Adjusted EBITDA Flow-through Percentage, and Free Cash Flow 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 EBITDA Flow-through Percentage, and Free Cash Flow are not intended to be substitutes for any 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 EBITDA Flow-through Percentage as the year-over-year change in Adjusted EBITDA divided by the year-over-year change in revenue. We define and calculate Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid.

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 EBITDA Flow-through Percentage, and Free Cash Flow exclude certain expenses that are required in accordance with 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 amortization of acquired intangible assets, 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 Adjusted EBITDA guidance to its most directly comparable GAAP financial measure, net income (loss), 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. Information reconciling forward-looking Free Cash Flow and Adjusted EBITDA Flow-through Percentage to their most directly comparable GAAP financial measures is unavailable to DraftKings without unreasonable efforts 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 GAAP, and such forward-looking financial statements are unavailable to the Company without unreasonable effort. DraftKings provides a range for its Adjusted EBITDA, Free Cash Flow and Adjusted EBITDA Flow-through Percentage forecasts that it believes will be achieved; however, the Company cannot provide any assurance that it can predict all of the components of these calculations. DraftKings provides forecasts for Adjusted EBITDA, Free Cash Flow and Adjusted EBITDA Flow-through Percentage because it believes that these measures, when viewed with DraftKings' results calculated in accordance with GAAP, provides useful information for the reasons noted above. However, these measures are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered alternatives to net income (loss) or cash flow from operating activities or as an indicator of operating performance or liquidity.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

GAAP to Non-GAAP Operating Expense Reconciliation

\$ Millions

	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	
GAAP Operating Expenses										
Cost of Revenue	\$710	\$717	\$543	\$510	\$522	\$485	\$373	\$313	\$313	
Sales and Marketing	\$341	\$291	\$313	\$207	\$389	\$345	\$322	\$198	\$321	
Product and Technology	\$89	\$88	\$89	\$90	\$88	\$83	\$76	\$77	\$81	
General and Administrative	\$174	\$179	\$131	\$136	\$160	\$173	\$186	\$188	\$217	
Total GAAP Operating Expenses	\$1,314	\$1,275	\$1,077	\$944	\$1,159	\$1,087	\$957	\$775	\$933	
Non-GAAP Operating Expense Adjustments										
Cost of Revenue	(a) (\$1)	(\$1)	(\$1)	(\$0)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(a) Stock-based compensation expense
	(b) (\$29)	(\$29)	(\$29)	(\$29)	(\$30)	(\$30)	(\$30)	(\$27)	(\$19)	(b) Amortization of acquired intangible assets
	(d) (\$18)	(\$20)	(\$16)	(\$14)	(\$14)	(\$14)	(\$12)	(\$10)	(\$9)	(c) Transaction expenses
Sales and Marketing	(a) (\$5)	(\$10)	(\$8)	(\$8)	(\$11)	(\$17)	(\$10)	(\$12)	(\$14)	(d) Depreciation & amortization
	(d) (\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(e) Litigation
Product and Technology	(a) (\$18)	(\$31)	(\$23)	(\$25)	(\$28)	(\$20)	(\$23)	(\$24)	(\$28)	(f) Other
	(d) (\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$3)	(\$2)	
General and Administrative	(a) (\$70)	(\$72)	(\$47)	(\$56)	(\$78)	(\$92)	(\$92)	(\$98)	(\$144)	
	(c) (\$5)	(\$2)	(\$1)	(\$0)	\$0	(\$2)	(\$1)	(\$11)	(\$4)	
	(d) (\$3)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	
	(e) (\$9)	(\$24)	(\$4)	(\$4)	(\$3)	(\$1)	(\$1)	(\$2)	(\$2)	
	(f) (\$0)	(\$0)	\$0	\$0	\$0	\$0	(\$17)	\$0	(\$1)	
Total Non-GAAP Operating Expense Adjustments	(\$161)	(\$195)	(\$133)	(\$142)	(\$168)	(\$182)	(\$191)	(\$191)	(\$226)	
Adjusted Operating Expenses										
Cost of Revenue	\$662	\$666	\$498	\$467	\$477	\$440	\$330	\$275	\$284	
Sales and Marketing	\$335	\$280	\$305	\$199	\$378	\$327	\$311	\$185	\$307	
Product and Technology	\$69	\$55	\$64	\$63	\$58	\$61	\$52	\$50	\$52	
General and Administrative	\$87	\$79	\$77	\$74	\$78	\$77	\$74	\$75	\$64	
Total Adjusted Operating Expenses	\$1,153	\$1,080	\$943	\$802	\$991	\$905	\$766	\$584	\$707	

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 Income (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 March 31,	
	2024	2023
Revenue	\$ 1,174,996	\$ 769,652
Cost of revenue	710,069	521,740
Sales and marketing	340,699	389,133
Product and technology	88,815	88,088
General and administrative	174,251	160,476
Loss from operations	(138,838)	(389,785)
Other income (expense):		
Interest income	15,067	11,795
Interest expense	(649)	(655)
Loss on remeasurement of warrant liabilities	(18,094)	(17,035)
Other (loss) gain, net	(735)	19
Loss before income tax provision (benefit) and loss from equity method investment	(143,249)	(395,661)
Income tax (benefit) provision	(351)	1,368
(Income) loss from equity method investment	(330)	119
Net loss attributable to common stockholders	\$ (142,568)	\$ (397,148)
<i>Adjusted for:</i>		
Depreciation and amortization ⁽¹⁾	53,180	48,213
Interest (income) expense, net	(14,418)	(11,140)
Income tax (benefit) provision	(351)	1,368
Stock-based compensation ⁽²⁾	93,535	117,400
Transaction-related costs ⁽³⁾	4,908	-
Litigation, settlement and related costs ⁽⁴⁾	9,320	2,563
Advocacy and other related legal expenses ⁽⁵⁾	285	-
Loss on remeasurement of warrant liabilities	18,094	17,035
Other non-recurring and non-operating (income) costs ⁽⁶⁾	405	98
Adjusted EBITDA	\$ 22,390	\$ (221,611)

(1) The amounts include the amortization of acquired intangible assets of \$29.3 million and \$29.8 million for the three months ended March 31, 2024 and 2023, 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 transactions under consideration and pending or completed transactions and offerings, including costs relating to the Jackpocket transaction in 2024.

(4) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to DraftKings' core business operations.

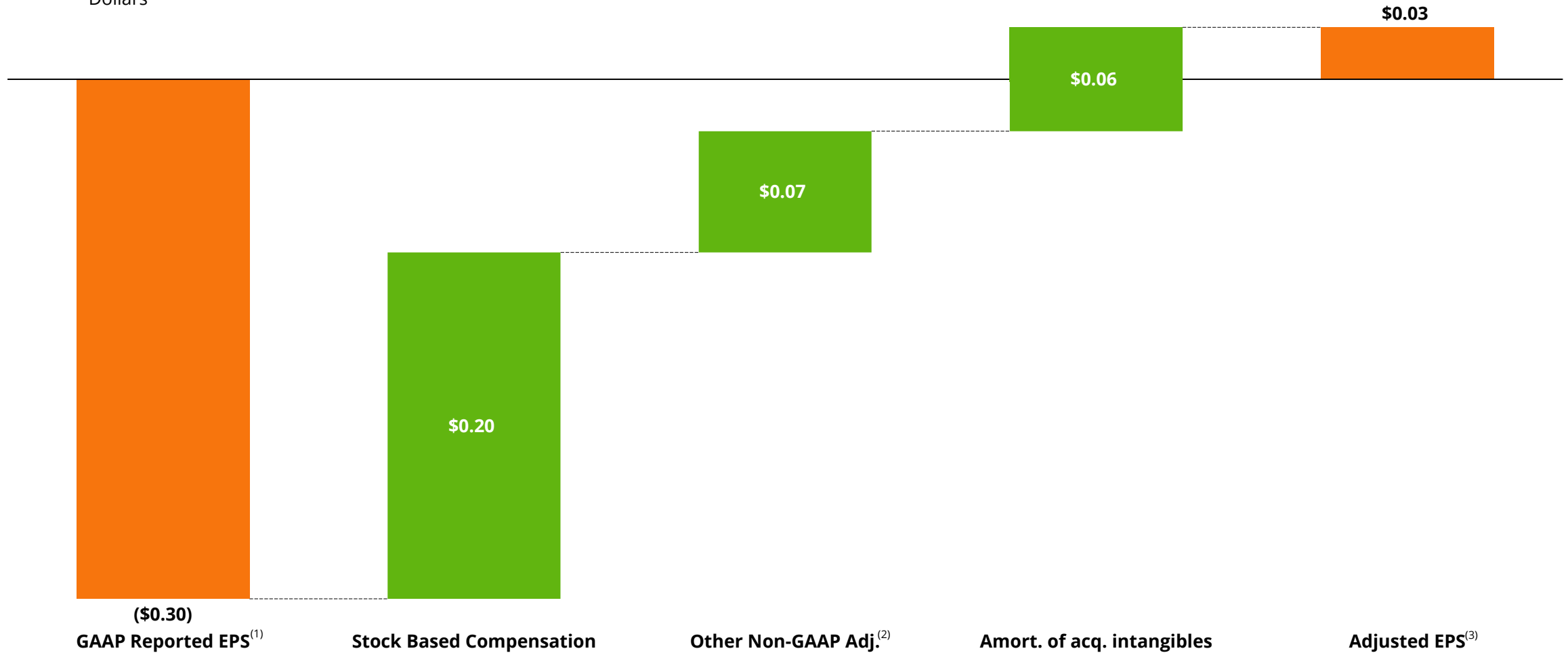
(5) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does not operate certain product offerings and are actively seeking licensure, or similar approval, for those product offerings. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does 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 the Company's equity method share of investee's losses and other costs relating to non-recurring and non-operating items.



Non-GAAP Adjusted Earnings (Loss) Per Share Reconciliation

Adjusted Earnings (Loss) Per Share Reconciliation: Three Months Ended March 31, 2024
Dollars



Note: Weighted average number of shares used to calculate Adjusted EPS for Q1 2024 was 474 million; totals may not sum due to rounding.

(1) Refers to DraftKings' loss per share attributable to common stockholders calculated and reported in accordance with GAAP.

(2) Includes adjustments for (i) loss on remeasurement of warrant liabilities, (ii) litigation, settlement and related costs and (iii) transaction-related costs.

(3) Adjusted Earnings Per Share is a non-GAAP financial measure.

DraftKings Share Count Detail

Share Count as of March 31, 2024

Thousands

Common Shares Outstanding (31-March-24)	476,067
Vested Stock Options @ TSM ⁽¹⁾	18,560
<i>Memo: Vested Stock Options</i>	<i>21,237</i>
Diluted Shares Outstanding (With Vested Stock Options @ TSM)	494,627
DEAC Private Placement Warrants ⁽²⁾	272
GNOG Private Placement Warrants ⁽³⁾	265
Fully Diluted Shares Outstanding	495,164

Table is not reflective of GAAP diluted share count given GAAP diluted share count includes unvested restricted stock units and out-of-the-money shares underlying DraftKings' convertible notes. Table does not include shares of Class B common stock, which have no economic or participating rights.

(1) Based on Treasury Stock Method ("TSM"); assumes DraftKings Class A share price as of 1-May-2024 and strike price of \$5.40 per stock option.

(2) Based on TSM; assumes DraftKings Class A share price as of 01-May-2024 and strike price of \$11.50 per warrant.

(3) Based on TSM; assumes DraftKings Class A share price as of 01-May-2024 and strike price of \$31.50 per warrant.

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 other consumer product offerings 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 March 31,

	2024	2023
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Average Monthly Unique Payers (“MUPs”)
(in millions)

3.4

2.8

Average Revenue per MUP (“ARPMUP”)
(in whole dollars)

\$114

\$92