



DRAFTKINGS INC TRANSACTION SUMMARY

ABOUT DRAFTKINGS INC.

DraftKings is a US company founded in 2012 with three business lines, namely:

- Daily fantasy sports (“DFS”) whereby various contests are offered daily and pay-outs are based on the performance of individual players or teams;
- Online and offline sports betting (“Sportsbook”); and
- Online casino games (“iGaming”).



Figure 1: iGaming is nearly a half billion-dollar industry in New Jersey; growth has accelerated since the introduction of OSB in Aug 2018. Based on an extrapolation of New Jersey, it is estimated that the US iGaming opportunity to be approximately \$21B in GGR.

DRAFTKINGS HIGHLIGHTS

- Opportunity to participate in the upside from early legalization of segments of the multibillion US sports betting market.
- In our view, DraftKings is likely to be one of the primary beneficiaries of sports betting legalization.
- Strong strategic stakeholders (NFL, NBA, etc.) should enable DraftKings in achieving its goals.

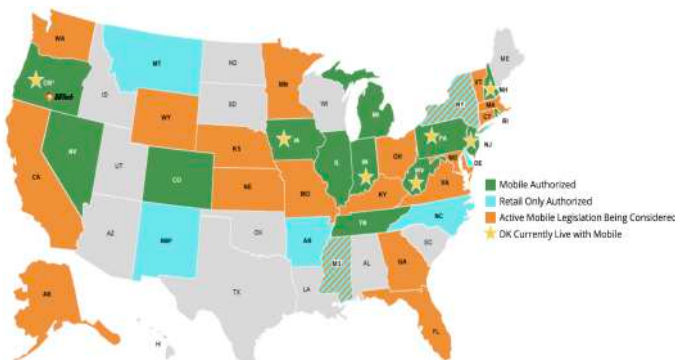


Figure 2: 19 states that have active Mobile Legislation

ARETE INVOLVEMENT

Arete was able to secure access to very favorable funding terms for Draft Kings, Inc. After weeks of detailed due diligence, research and review of risk and investment potential, ACAL executed for clients a funding into a convertible note that converts into Draft Kings Inc (now Nasdaq: DKNG).

We and our clients invested both in a stand alone DraftKings co-investment SPV & a private equity fund with 33% of position into DraftKings Inc.

Our cost price of c. USD 9.70 per share compares with DKNG merger and listing on April 24, 2020 closing price USD 19.26. As of **May 28, 2020, we are up +284% or 3.8x gross basis.**

TRANSACTION DETAILS

- Funding: Primary offering convertible securities
- Date Purchased: Early January 2020, and subsequently in March and April
- Holding Period: 4 months (or less for some)
- Total Expense Structure: 1% annual fee (only 1 year used), 15% performance fee (carried interest). Upfront fee.
- Investor distributions were handled promptly after April 24 merger/listing either in cash or shares, at investors preference.

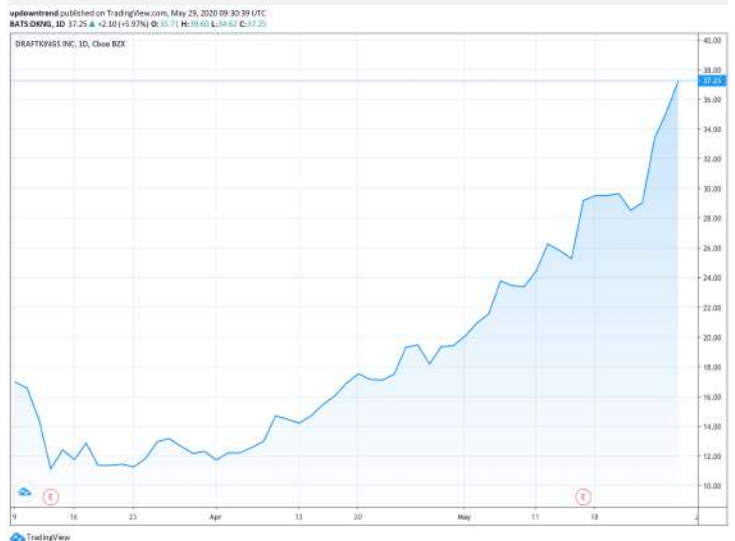


Figure 3: DKNG price as of May 28