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BetMGM

Third Quarter 2025 Business Update

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CORPORATE SPEAKERS:

Adam Greenblatt

BetMGM; Chief Executive Officer

Gary Deutsch

BetMGM; Chief Financial Officer

PARTICIPANTS:

John DeCree

CBRE Capital Advisors; Analyst

Adrien de Saint Hilaire

BofA; Analyst

Brandt Montour

Barclays; Analyst

Ed Young

Morgan Stanley; Analyst

John Paulson

JP Morgan; Vice President

Joe Stauff

Susquehanna; Analyst

Barry Jonas

Truist Securities; Analyst

Robin Farley

UBS; Analyst

Ben Shelley

UBS; Analyst

PRESENTATION:

Operator^ Good day and welcome to the BetMGM Q3 2025 Financial Update. Joining from the company today are Adam Greenblatt, Chief Executive Officer, and Gary Deutsch, Chief Financial Officer. (Operator Instructions). Please be advised that today's conference is being recorded.

I would now like to turn the call over to Adam Greenblatt. Please go ahead.

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Adam Greenblatt^ Good morning, everyone. Thank you for joining us today. After my prepared remarks, I'll of course open the floor to your questions.

To start, two quick headlines. First, BetMGM today sits on significant excess cash, and we will be returning at least \$200 million of cash combined to the parent companies before the end of the year. Second, given the continued momentum in our business, we are upgrading our full-year guidance once again. We are now expecting 2025 EBITDA to be approximately \$200 million, up from prior guidance of at least \$150 million, and we are now expecting revenue to be at least \$2.75 billion, up from at least \$2.7 billion, which was previously guided.

On to results, we are pleased to share that our strong year-to-date performance has continued. In Q3, we delivered net revenue of \$667 million, representing 23% year-on-year growth and EBITDA of \$41 million. Year-to-date, revenue is up 31% year-on-year, with EBITDA standing at \$150 million.

We've maintained year-to-date revenue growth north of 30%. As expected, quarter-over-quarter growth has eased slightly as we've begun lapping key strategic initiatives and investments implemented in the second half of last year, as well as comping to an exceptionally strong start to the NFL season in 2024. So this is simply a point about the comp to last year, not a slowing in business momentum.

I'm now going to dive deeper into online sports, unpacking a third quarter which concluded with the high profile and eventful start to the NFL season. Our online sports business continued its strong 2025 growth inflection. OSB revenue in Q3 was \$202 million, up 36% from Q3 2024. It was also contribution positive.

Our performance was underpinned by our disciplined approach to acquiring and reactivating players, particularly in our premium mass sweet spot. As expected and seen in the first half of the year, Q3 average monthly actives were slightly lower year-on-year as we continue to execute our strategy and deploy capital towards players with higher predicted returns.

Through our improved retention capabilities and active player management, we are seeing significantly improved payback economics on both new and tenured cohorts. In Q3, hold was 10.1%, slightly higher than Q3 last year. Sports results were stronger than expected in July and August, which helped absorb the well-documented player-friendly football results in September.

Handle growth and NGR margin expansion drove the Q3 top line, with handle up 13% and NGR margin up 110 basis points in the quarter. Sports results aside, the first month of the NFL season is particularly important for new player acquisition and reactivation, setting up for the balance of the year and building momentum for 2026.

We are pleased with our progress on these fronts. Our acquisition funnel performance and player management techniques, combined with impactful product enhancements and a comprehensive

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brand relaunch to fuel our momentum. On product, our app is much faster, has improved and extended features, and is more stable than ever before.

Ahead of this football season, we significantly upgraded the app's visual design and unveiled a suite of new features. We launched live SGPs in time for the NFL season, along with SGP cash-out capabilities during the game. And our rewards dashboard was upgraded, now integrating player rewards more seamlessly, so players can more easily see their points balance, crack tier progress, and redeem points from the BetMGM Rewards Store.

We also launched BetMGM's new brand positioning with our Make It Legendary campaign, featuring award-winning actor Jon Hamm, as well as other brand ambassadors, including the great Derek Jeter. The campaign, which includes six new TV commercials throughout the season, highlights our commitment to providing our players elevated entertainment experiences and exceptional hospitality, ultimately unlocking the benefits of our full entertainment ecosystem.

All of these brand and loyalty features and upgrades apply equally to our very large and market-leading iGaming business. In Q3, iGaming maintained its strong growth, with net revenue up 21%, delivering \$128 million of contribution. Our performance is driven by new, exclusive, and best-in-class content offerings, as well as improvements to our player management.

Player metrics, including actives growth and player values, remain robust as we continue to acquire and retain players at Attractive Payback Economics. We continue to be delighted with our growth in actives, up 21% in the third quarter, despite there being no new iGaming market launches since 2022.

Also encouraging is that the predicted value of players acquired this year continue to be higher, on average, than the players acquired last year. Simply, the depth of the iGaming market continues to impress. It's worth noting that while our net revenue grew meaningfully in the quarter, the pace of growth was slightly below our year-to-date rate, as we are now lapping the improvements we made in iGaming in the second half of last year.

So as I flagged for sports growth, the easing pace of growth is due to the last year comp not slowing momentum. Operationally, we continue to be the destination for all iGaming players by offering the most exciting content and experiences. This quarter, we launched an exclusive new omni-channel title, Rakin' Bacon available both digitally and on property at Barnegat in New Jersey, and at the MGM Grand Detroit.

The title is off to a tremendous start, ranking as a top five launch for us this year. Additionally, we've now released the first four branded casino games in the Price is Right franchise in partnership with Fremantle, the latest of which, Gold Blitz Ultimate, was launched just earlier this month. All signs are showing early success, and we're excited for what's to come there.

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Finally, we launched several casino games ahead of this NFL season in partnership with the Detroit Lions, Philadelphia Eagles, and Pittsburgh Steelers. These sports branded games, along with showcasing our casino promotions within our online sports offering, have helped drive strong cross-sells this football season.

Looking ahead into Q4, we're feeling good. The momentum in the business is strong across both online sports and iGaming. Similar to Q3, although growth rates are likely to moderate as we track against similar periods of improvement last year, the strong underlying momentum in the business remains, and we look forward to further realizing the benefits of our significant product enhancements and player management initiatives.

To close out the year, we're very excited to be launching online sports in Missouri this December. It will be our first new jurisdiction since North Carolina in March of 24.

Now to guidance for 2025. As I mentioned at the start, we are increasing our 2025 guidance to at least \$2.75 billion of net revenue and approximately \$200 million of EBITDA, driven by strong underlying metrics, cost management, and our outperformance in July and August.

As always, this is based on the assumption of normal or theoretical sports results through to the end of the year. So it's worth remembering that, as our industry has seen previously, volatility in NFL results can drive big swings in revenue and profitability.

At the thresholds of revenue and at EBITDA guidance, net revenue growth year-on-year would be 33%, and year-on-year EBITDA improvement would amount to nearly \$450 million. Naturally, we still expect to be full-year contribution positive in online sports.

With our exceptional year-over-year progress, we've reached a particularly gratifying moment that signals a new era for our shareholders. That is, our return of cash to Entain and MGM Resorts.

Over the course of the year, BetMGM has built up a stockpile of excess cash, and we will soon be distributing a major portion of that to Entain and MGM. By the end of Q4 this year, we project having an unrestricted cash balance of over \$300 million, and we will send at least \$200 million back to the parents at year-end. After this distribution, we are targeting ending the year with about \$100 million of unrestricted cash on the balance sheet, which will act as our target minimum balance for the time being.

Going forward, our plan is to distribute excess cash above that minimum on a quarterly basis. We will have ample liquidity to operate the business between that \$100 million cash flow and the \$150 million credit line we have in place. To date, we have not drawn upon the credit line.

Lastly, on financials, with the end of Q2, we began reporting both our EBITDA and our CapEx. EBITDA minus CapEx is the best proxy for cash generated by BetMGM, as we are not expected

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to incur material cash interest nor taxes. As a result, we expect annual cash distributions to be more or less equal to EBITDA minus CapEx going forward, starting in 2026.

Before wrapping up, I want to briefly address the surge in market, industry, and press focus surrounding prediction markets. Our position is clear and aligned with almost 40 state attorneys general, our regulators, and our tribal partners. As the law stands today, sports prediction markets are, in essence, illegal sports betting.

Prediction market operators have no requirements to protect consumers as licensed sports betting operators do. They do not uphold responsible gaming principles. They do not have self-reporting obligations for compliance failings and do not have whistleblowing and information sharing obligations to ensure the integrity of sports.

Additionally and importantly, they're not paying gaming taxes to the states in which they are operating. The list could go on. I expect we'll hit on this more during the Q&A.

To conclude my prepared remarks, in summary, our business in 2025 remains healthier than it's ever been, and we're looking forward to carrying this momentum through the final quarter and into 26. As ever, this would not have been possible without the tireless efforts of our talented BetMGMs, to whom I'm grateful every day.

With that, I'll hand over to the operator to open the line for questions.

QUESTION & ANSWER:

Operator^ We will now begin the question and answer session. (Operator Instructions). Please stand by while we compile the Q&A roster.

Our first question comes from the line of John DeCree of CBRE Capital Advisors. Please proceed with your question.

John DeCree^ Hi, everyone. Hi, Adam. Thanks for taking my questions.

I guess, as you alluded, we'll probably talk about prediction markets, so maybe we should start there. And so I think one question that you and your peers probably keep getting is, do you think you're seeing an impact on your business or the industry in terms of volume, based on the level of volumes that some of these prediction market players are reporting on sports contracts?

Adam Greenblatt^ John, thank you for that. I think it's a very important question, and I'm pleased that we were able to address that right at the start.

Just follow the data. If you look at handle trends through the summer and then into the season, you'll see that there's been really no decay, no degradation of year-on-year handle growth in

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OSB, which, frankly, if I think the prediction markets were having an impact, we would have seen. So the data says that there isn't an impact at an industry level.

And frankly, just to supplement that, if you look at the search trends for the leading prediction market operators, you'll see a growing percentage of searches coming from states where the licensed sports betting industry is not operating. So certainly from a regulated term, we're not seeing an impact at this point.

John DeCree^ Thanks, Adam. That's helpful. Maybe to pivot to the other big news this quarter is the distribution to the parents, and I think you've articulated that quite well, but it's probably a two-part question.

So the first is kind of help us understand why \$100 million is kind of the right liquidity or unrestricted cash balance. And then if you were to come across growth, new state launches, would you fund that through the undrawn revolver or could you look to withhold dividends in a given quarter, just kind of understand the policy a little bit more?

Adam Greenblatt^ Okay. I'm going to hand that over to Gary.

Gary Deutsch^ Hi. Thank you. This is Gary.

So we think basically from our operating experience that \$100 million is the right number, there's a certain amount of cash that's sort of at the edge of the network, as I would call it. It funds player wallets and our ability to get money back to the players as they win and withdraw.

But at Sample, we had been operating earlier in the phase of the building of the company where we had a lower number. So that represents our current status and volume. We have the ability to draw on the line if necessary. So we feel comfortable.

On the liquidity part, yes, to everything you said, we could withhold dividends if we felt there was a growth opportunity we were going to pursue. We have the ability to hit the \$150 million line. So we have a lot of options. But our intent is to not -- we're not using the line for purposes of paying a dividend to the parents. That's the fund operations.

And that's where we pay down to the \$100 million each quarter. If there's a dip or something within the quarters, we'll use that. For the foreseeable future, we don't expect it will require much and we won't be hitting it much, but we have it. And if we need it, we have it.

Adam Greenblatt^ And if I may just supplement that, John, you'll hear from Entain and MGM Resorts in the coming days. Really, what we're doing now is efficient and makes sense cash management, insofar as there are growth opportunities outside of the ordinary course and in addition to the strong cash flow which BetMGM is generating. Between Entain and MGM Resorts, it's -- in practical terms, it's fairly unlimited.

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John DeCree^ That's perfect. Thanks, Adam. Thanks, Gary. Congratulations on all the progress this year.

Adam Greenblatt^ Thank you, John.

Onur Genc^ Our next question comes from the line of Adrien de Saint Hilaire of BOFA. Please go ahead.

Adrien de Saint Hilaire^ Thank you very much. I've got two questions, if you don't mind.

First of all, to come back on the Q3 numbers, on iGaming, it appears that the growth that you reported is a tad weaker than what the state data would suggest. So just curious if that implies that September was maybe a touch softer or have you been more promotional?

And then maybe, sorry to come back on the topic of prediction markets, I totally hear your comments, Adam, but it does not sound like we're going to have any clarification on whether they're not legal or not for probably a while. So what do you expect to do in the meantime? Do you want to let them proliferate or do you think there's a possibility for maybe partnerships or launchers while the regulatory background gets clarified? Thank you.

Adam Greenblatt^ Thanks for the questions, Adrien.

In the run-up -- so I'll deal with the iGaming first. We took a deliberate strategy in the run-up to the sports season to ramp up our investment in player to ensure that we had a really strong end to the year. And so you're absolutely right, it was -- we did dial up the promotional intensity in that quarter. We -- and that was completely deliberate.

We have our promotional reinvestment absolutely in hand and we're seeing exactly the effect that we intended. Momentum in the business is great and very strong.

On prediction markets, your Catch 22 that you outlined is spot on. What does the regulated industry do in the meantime? As I said in my prepared remarks, BetMGM is not going to actively put ourselves on the wrong side of our regulators, first and foremost. And our regulators have been very clear that we are not able to participate in sports prediction markets until the legal situation is clarified.

So where does that leave us? I wouldn't want to speculate about what might happen in the interim, but just know that for all the reasons outlined in my prepared remarks, we believe that this is not good for the integrity of sports, our players, our states. And so every effort is going to be made and is being made to ensure that there is a level playing field and an appropriate playing field. But I wouldn't want to comment on that further.

Adrien de Saint Hilaire^ Well understood. Thank you so much.

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Operator^ Our next question comes from the line of Brandt Montour of Barclays. Please go ahead.

Brandt Montour^ Good morning, everybody. Thanks for taking my question.

So when I drill into the guidance for top line and EBITDA into the year, it does look like you guys are modeling a really healthy acceleration and flow through in the fourth quarter. And I think when we look at our math, it does seem like to get that, there's some healthy amount of decline in the sort of external marketing or OPEX or sort of those cost lines. So I'm just curious if that math is correct, is how you see it and where you're finding those efficiencies or where you see it coming from. Thank you.

Adam Greenblatt^ Brandt, thanks for that. Gary, would you like to handle it?

Gary Deutsch^ Yes. Thanks.

And I figured this question would be coming. There's nothing too much to read into it. It's two things in general. It's some cost management and some timing throughout the end of the year. And as Adam mentioned in his opening remarks, the sports results in July and August, which came clear to us after we had given the guidance the last time, were better than expected.

And when we have revenue over performance that's driven by high margin, that flows through better than our sort of normal growing revenue and what it would do at a regular state. So it's the combination of the sort of the excess EBITDA that we generated from those months with this cost timing and shifting and cost management.

So we stand by what we've long said, which at a running business level that doesn't have any new launches, we're looking at about a 45% flow through for the business.

Brandt Montour^ Okay. That's super helpful. Thank you.

And then hold came in sort of even year over year. One thing I didn't catch in the prepared remarks is sort of any talk about structural hold or structural hold targets and maybe a little bit of commentary about the parlay mix that you guys saw and what you're driving toward and sort of through the lens of the fact that you are mix shifting toward a more VIP customer, if that is a shift that is dilutive to structural hold or not. Thanks.

Adam Greenblatt^ Okay. Thanks, Brandt.

As before, we're not guiding to long-term structural hold. We have made progress year-on-year in relation to theoretical hold, notwithstanding the point you made about the success of our VIP strategy, of our premium mass strategy, of our focus on higher value players in sports.

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So to unpack that a little bit, we have been very successful through the year at recruiting and retaining a higher proportion of higher value, lower margin players. That, notwithstanding, our parlay mix has remained the same because our product has resonates with all bettors, not just that segment.

So I think the fact that we have held margin consistent, notwithstanding the growth in our lower margin top end, I think is a real achievement and speaks to the robustness of our business. As I say, in relation to parlay mix, it's been pretty consistent. So not much to say there.

Brandt Montour^ Okay. Thanks, everyone.

Operator^ Our next question is from the line of Ed Young, Morgan Stanley. Please go ahead.

Ed Young^ Thank you. My first question is on, Adam, your comments around seeing ever higher player values in your required iGaming cohort, and that's really interesting. Does that lead you to reassess at all how you think about NGR or user growth longer term in terms of where you see the maturity curve? And does that cohort growth mean a faster path to maturity, or does it potentially mean a higher long-term baseline in your view?

And then second of all, you've talked in the release a lot about the multi-product strategy working well. I wonder if you could talk about the other multi in terms of your update on where your multi-channel strategy works to convert retail players across in your properties. Where does that sit right now? Thank you.

Adam Greenblatt^ Ed, thank you for that. It was good to see you in Nevada.

Okay, so higher player values in 2025, as you rightly point out, this is counterintuitive. We would expect there to be diminishing returns as you go deeper into the market. That's not what we're seeing. 2025 player values on average are higher than those that we acquired last year.

Now, I think there are a couple of factors here. One, the market is just so fabulously deep, and I don't know that I can today with any confidence tell you where that ends, because we're not seeing a shallowing of the water, if you like.

And so zoom out, and where does that lead us to? That leads us to question marks around TAM in iGaming. Is it actually bigger than we have forecast? And the second part that I want to talk about is the improvements we have made, we at BetMGM have made in relation to how we recruit players, how we reinvest and manage players to drive efficiency and ultimately revenue flow through.

The third point I would make is the importance of more iGaming states. We've got Alberta coming in 2026, all signs are pointing to probably second quarter mid-year launch, and of course that's a multi-product jurisdiction. And it's a multi-product jurisdiction in a state where, frankly, BetMGM is the largest gaming -- game in town. So really excited about that.

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But we're working really hard to unlock further iGaming states, and while we haven't made breakthroughs this year, we're optimistic for further states next year. And, frankly, look, last point, two-thirds of BetMGM's revenue, roughly, comes from our iGaming business, all of that revenue really is sourced from four primary markets. So imagine a world where it's not four, but it's six, and it's eight, and it's 10. The outlook for BetMGM is really very, very exciting.

Now, then changing gears to the omni-channel strategy. In fact, just this last week, so we continue to recruit at pace from our physical venues in partnership with MGM Resorts. Our omni-channel players, our omni-players, so those that engage with us in multiple channels, continue to be really very valuable and more loyal than average.

Just this week, last week, we have rolled out an improvement to the process of onboarding in Nevada. That's proving to be stable, and while it's too early to talk about the impact of that, we're excited for the potential of that to broaden our reach within those MGM properties and within the MGM footprint to drive the value that I started the response with. So happy with how the recruitment part of the puzzle is developing.

The other thing that we are actively investing in is omni-channel product. We have an exciting pipeline of new launches. You saw the live studio at MGM Resorts at the MGM Grand, that's exciting. The potential for that we talked about, more product, more live product, which really is in our sweet spot for omni-channel players.

So yeah, we have -- we've got a few exciting things lined up, and so we expect the impact of omni only to get stronger as we look to the future.

Ed Young^ Thanks so much.

Adam Greenblatt^ Sure.

Operator^ Our next question comes from the line of John Paulson of JP Morgan. Please go ahead.

John Paulson^ Hey, good morning, Adam, Gary. Thanks for all the detail.

First, I wanted to touch on promotions on the sports side. It looks like they came down pretty nicely in the quarter. You're focusing more on that premium customer, but I guess how much more room is there to kind of cut that promo level, and is there kind of a right level to think about that?

Adam Greenblatt^ Thank you for the question, yes. So the aggregate promo -- your observation is absolutely correct. We've made great strides in reducing our promo level overall. Now, the promo level overall is the combination of promo that we invest in new players and promo that we invest in existing players.

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And because we've become more refined on the acquisition side and are recruiting in a more focused way, just those players that we want, the weight of acquisition promo in the basket has reduced. And as you know, the promo levels for new players are elevated as those players are onboarded.

So, one of the things that you're seeing is the mechanical output of fewer players being acquired. And the other part of it is always -- it's the reinvestment in existing players. We think that -- we don't believe that there is much more to go there.

We believe that there is, of course, as always, an opportunity to continue to refine our reinvestment processes, our reinvestment framework, our segmentation framework. But we've made tremendous strides, as you can see in our financial performance. We've made tremendous strides over the last 12 months. So, I wouldn't pencil in meaningful reductions in promo levels.

John Paulson^ Got it. That's helpful.

And then just one more, maybe to close the loop on prediction markets. If I think back to 90 days ago, this was something you said you were monitoring very closely, including all the court proceedings and some of the stuff you mentioned. Is there anything maybe versus last time we spoke that you can point to specifically that made you kind of draw the line in the sand here as to your decision not to enter, especially given some of your peers are talking about entering it?

Adam Greenblatt^ Yes. We've received letters from a number of our state regulators where they have been really explicit about their perspective on prediction markets. And they've also raised -- let me be clear, your license becomes questionable if you offer prediction markets in our state. We will also consider your license very carefully if you offer prediction markets anywhere.

There's no ambiguity in that position, right? And so, as diligent and proper licensees, we take that very seriously on top of which. At G2E last week in Las Vegas, we met a number of our regulators. And without fail, the position is consistent.

So until this position -- until the legal position is clarified and the position of our regulators is different from that which they hold today, I feel like as an industry, the next step is pretty plain.

John Paulson^ Got it. Makes sense. Thank you so much.

Operator^ Our next question comes from the line of Joe Stauff of Susquehanna. Please go ahead.

Joe Stauff^ Thank you. Good morning, Adam. Good morning, Gary.

Wondered, first question, if you could give us maybe the relative groupings or buckets of your user growth. You've mentioned this historically, and I'm mostly interested in saying or

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understanding kind of what's more Nevada/Las Vegas-sourced versus your casino states versus other.

Adam Greenblatt^ Hey, Joe, thanks for the question. I don't actually have that breakdown with me, and I wouldn't want to offer anything that's misleading. Suffice to say that MGM properties remain an important source of players for us, but our user acquisition is distributed, with emphasis being on our multiproduct states where we over-index relative to population because, of course, the state-level economics -- state-level unit economics are so much more favorable, which drives spend, which drives acquisition.

Joe Stauff^ Got you. And, I mean, is there a difference as we think about those states, especially with MGM and multiproducts versus what you're sourcing out of Vegas? Is it harder to disaggregate, I guess, is my question.

Adam Greenblatt^ I mean, we've always been of the view that players that have a relationship with MGM Resorts having been at the properties are more likely to be real money bettors, and we have better relationships in terms of value with them.

The actual raw number of players is that it's a physical place and a sign-up that we get in Las Vegas on the casino floor is relatively small to, obviously, the mass numbers that we're able to pick up through digital advertising and through other approaches. So Vegas is important to the center of a core player group, but it's not a very significant part of the raw numbers of new players that we add in a given year.

Joe Stauff^ Got you. And then I was wondering if you can give us maybe the delta on unfavorable OSB hold in September?

Adam Greenblatt^ Gary, do you want to take it?

Gary Deutsch^ Sure. We just didn't suffer as bad as there's some press out there, different of our competitors having really bad September. It was not great, but it wasn't really impactful to us in the long term. And especially what we've seen with the start of October, we're really comfortable with how we are on track to hit our goals for the quarter and the full season.

Joe Stauff^ Is it fair to say October is kind of as expected or modestly above or below that?

Gary Deutsch^ I mean, it's above, but it's early. We've been through 13 days --

Joe Stauff^ Yes, sure.

Gary Deutsch^ -- but the launching pad is blazed off, but there's a lot of quarter left to go.

Joe Stauff^ Thank you, guys.

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Adam Greenblatt^ When 7.5 point dogs come out and win, that's good for the sector. So where we have -- last night was a good couple of results for us, as an example. And there have been a few upsets in the last few days.

So October has started really well. Of course, we expect results. We'll have some good week, some bad week. And we're planning for normalized results for the quarter.

Joe Stauff^ Understood. Thanks, guys.

Operator^ Our next question comes from the line of Barry Jonas of Truist. Please go ahead.

Barry Jonas^ Hey, guys. Congrats on a great set of results.

We've touched on prediction markets plenty, but I'm just curious, do you have any interest in entering non-sports prediction markets in the U.S.? Is that something you think state regulators would be more willing to accept until there's definitive clarity around sports? Thank you.

Adam Greenblatt^ It is an option. I feel like it would be -- it wouldn't be an option. So my comments around the position of our regulators extend to sports prediction markets only. I think in relation to financial prediction markets, regulators haven't expressed a position.

My personal view is that we don't really have a right to win in that space today. And it's a market which is fairly well served. But certainly, if there was a way forward for sports prediction markets, I see no reason why financial prediction markets wouldn't be part of that package.

Barry Jonas^ Got it. Great. And then you touched on this a little bit, but curious if you can give any more color on the legislative environment as we head into early next year when season kicks off. I'm curious if the threat of sports predictions has been influencing maybe some early discussion points you're hearing. Thanks.

Adam Greenblatt^ Yes. So the -- was your question around sports only or sports and iGaming?

Barry Jonas^ I guess both. Both would be helpful.

Adam Greenblatt^ Okay. So starting with sports, given the relevance of prediction markets in the discussion, the couple of states that are top targets, say, for '26, probably Alabama and Nebraska, others which have, I would say, meaningful possibility of passage based on how close they came in past legislative sessions would include statewide Mississippi, Minnesota, and Georgia.

On the like iGaming side, we've been talking in previous calls around Maryland, New York, and Illinois. I think as we look to '26, the states that are most likely and where, frankly, we anticipate a reasonable and more favorable tax rate would be the states of Virginia, Indiana, and D.C.

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Barry Jonas^ That's great. Thank you so much. Congrats again.

Adam Greenblatt^ Sure. Okay.

Operator^ Our next question comes from the line of Robin Farley of UBS. Please go ahead.

Robin Farley^ Great. Thanks.

Most of my questions have been asked. I guess just on the parlay mix, you mentioned it was consistent year over year, but you've talked about introducing some upgrades in your parlay product. Is it reasonable to think that you do expect that to grow and then obviously would grow your structural hold as well?

Adam Greenblatt^ So, this is another one of those in-the-basket responses. Yes, we expect to grow in dollar terms, in absolute terms, but because our strategy is proving to be effective and we're increasing high-value, low-margin play alongside the growth in parlays, we're actually expecting margin to remain consistent, but the size of the basket, the dollars in the basket to grow meaningfully. Does that make sense?

Robin Farley^ Yes. No, absolutely. It's great. Thank you.

Adam Greenblatt^ Great. Sure.

Operator^ We will now take our last question from Ben Shelley of UBS. Please go ahead.

Ben Shelley^ Hi, team. Thanks for taking my question.

When you look at the product offering of prediction market players, how does the assessment compare to what you or other licensed sports books are offering? And my follow-up is, what do you view as the barriers to entry for prediction markets to successfully provide more complex products like parlays? Thank you.

Adam Greenblatt^ Thank you for the question. It's getting to -- we're starting -- I don't want to be drawn on relative product competitiveness and the outlook for their potential for product development because the starting -- my starting point is different. My starting point is that there needs to be an underlying economic impact for a prediction market. That's according to the framework that -- that regulates prediction markets or the framework for prediction markets.

And when you get into complex and esoteric parlays, multi-leg parlays, five, six-leg parlays, which are fairly commonplace in our business, I struggle to see the fundamental -- the underlying economic impact that is being hedged or swamped. Now, what is the potential for that? I think that's a question better for the prediction market operators themselves. But we shouldn't even be having this conversation. That's the reality.

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From our players' perspective, our players can choose what they want. The building process is easy and flexible. We've made -- we've introduced new ways to discover, to review, particularly outlines. These are recent BetMGM product improvements, by the way.

And so from a side-by-side product experience perspective, player experience perspective, I mean, it's -- as we stand here today, it's chalk and cheese.

Ben Shelley^ Thanks very much, team.

Operator^ Ladies and gentlemen, that concludes our Q&A session.

And with that, I will now turn the call over to our presenters for their closing remarks. Please go ahead.

Adam Greenblatt^ Thank you all very much. We are really excited about the progress that we've made at BetMGM through this quarter. The momentum is continuing into the fourth quarter. And so, again, thank you for the questions. And we'll see you next cycle.

Thanks very much.

Operator^ This concludes today's business update. Ladies and gentlemen, thank you for participating. You may now disconnect.