

04 - 14 - 2026

# BetMGM, LLC

BetMGM Q1 2026 Business Update

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### CORPORATE SPEAKERS:

**Adam Greenblatt**

*BetMGM; Chief Executive Officer*

**Gary Deutsch**

*BetMGM; Chief Financial Officer*

### PARTICIPANTS:

**Brandt Montour**

*Barclays; Director, Equity Research*

**Patrick Keough**

*Truist Securities; Equity Research Associate II*

**Ed Young**

*Morgan Stanley; Equity Research Analyst*

**Joe Stauff**

*Susquehanna International Group; Senior Equity Research Analyst*

**Dan Politzer**

*J.P. Morgan; Executive Director, Equity Research*

**Shaun Kelley**

*Bank of America; Senior Research Analyst, Managing Director, Gaming, Lodging & Leisure Equities*

**Monique Pollard**

*Citi; Managing Director, Equity Research*

**Ben Chaiken**

*Mizuho Financial Group; Equity Analyst*

**Ben Shelley**

*UBS; Director, Head of European Leisure*

**David Katz**

*Jefferies; Managing Director*

**John DeCree**

*CBRE Capital Advisors; Director, Equity Research*

**Jordan Bender**

*Citizens Capital Markets & Advisory; Managing Director, Gaming Equity Research*

**Richard Stuber**

*Deutsche Numis; Director*

**Robin Farley**

*UBS; Managing Director, Leisure Analyst*

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# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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### PRESENTATION:

**Operator** - Good day and welcome to the BetMGM Q1 2026 Financial Update.

Joining from the company today are Adam Greenblatt, Chief Executive Officer, and Gary Deutsch, Chief Financial Officer.

**Operator** – (Operator instructions) Please be advised that today’s conference is being recorded. I would now like to turn the call over to Adam Greenblatt.

**Adam Greenblatt**- Good morning, everyone, and thank you for joining us. Today we’ll be providing an update on our Q1 performance, as well as discussing our refreshed guidance for the full year. It’s been a steady start to 2026, during which BetMGM has continued to deliver on our strategy. And as we said at our Full Year results in February, as the industry continues to evolve, we will continue to focus on winning the BetMGM way.

BetMGM’s strategic improvements across player acquisition and management, operational discipline and product, continue to underpin our model and position us to generate sustainable, profitable growth this year and beyond.

For Q1, net revenue was \$696 million, up 6% year on year, and we generated adjusted EBITDA of \$25 million.

So, Q1 results were slightly below expectations due to a combination of player-friendly sports results and marketplace conditions, including intensifying competitive dynamics.

Our underlying fundamentals are healthy and growing. We’ve built the business to ensure that we are nimble and rational allocators of capital between our iGaming and sports businesses. And as an iGaming first operator who’s approaching \$2 billion of annual iGaming revenue, we are better positioned than most, if not all others, from the ever-escalating noise of prediction markets presence in the market.

As we look to the rest of the year, we will continue to focus on where we are seeing the best returns. We are putting increased focus and capital behind BetMGM’s positions of strength which are; our multi-product states that include our iGaming business, Nevada, which is the epicenter of our omnichannel advantage and a major source of adjusted EBITDA generation, and on servicing our core base of higher value premium mass players.

We’re focused on controlling the controllables to deliver what ultimately matters, which is sustainable growth of adjusted EBITDA.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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So, while we now expect revenue for 2026 in the range of \$2.9 billion to \$3.1 billion, we still expect to deliver adjusted EBITDA in line with guidance, albeit at the lower end of the existing \$300 million to \$350 million guidance range. We also continue to see a path to \$500 million of adjusted EBITDA in 2027.

So let me provide a little more detail on performance during Q1 across each part of the business.

Our iGaming business delivered \$481 million of net revenue in Q1, up 9% year on year, reflecting solid top-line growth supported by ongoing refinements in player management and bonus optimization. This important and ongoing work has driven significant uplift to player values in the first quarter, as NGR per active was up 12%, more than offsetting the trimming of monthly actives.

iGaming contribution was \$143 million in the face of a customer acquisition market that is heated up slightly. So, while the number of players acquired in Q1 was ahead of our expectations, total cost of acquisition was a little higher, as CPAs have been drifting up. Nevertheless, we are very comfortable with the paybacks we've been seeing on new players, so I feel good about the outlook for 2026 in gaming.

Our powerful iGaming engine continues to be fueled by best-in-class content and differentiated experiences. This quarter, we're proud to announce we are the home of Gold Blitz under our new partnership with Games Global, giving our players exclusive access to all Gold Blitz titles before they launch to the wider market. We also launched exclusive titles from the Survivor franchise, celebrating the show's 50th anniversary season. Looking ahead, we continue to focus on building on this momentum with additional exclusive game launches, as well as delivering a smooth Alberta launch in July.

Turning to sports, OSB Net Revenue was \$203 million, and that's up 4% year over year. As I mentioned, the top line saw some drag from unfavorable sports results, roughly 60 basis points, versus theoretical margin.

And don't forget, BetMGM sports business has relatively more higher-staking, higher-value bettors. While this does result in somewhat more volatility in our whole percentage, the affinity of these players to BetMGM is an advantage for us, as they tend to be more resilient compared to a highly recreational customer base.

Similar to my comment on iGaming regarding our strategy of prioritizing quality over volume, in OSB, we've continued to refine our approach to player management, resulting in handle per active up 23%, and NGR per active up 25% versus last year. This is due to our improved player mix, that is, more higher-value players and fewer marginal players. The combined effect is a reduction in active players. As you'd expect, there are a lot more marginal players versus premium players.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

---

The most significant change in the operating environment for OSB in the quarter has been a significant increase in CPAs. While some OSB peers increase marketing intensity, this jump is largely driven by new sports betting companies buying media in the category. They call themselves prediction markets, and they are buying sports betting keywords, as well as throwing money at any sports media property that will take it. They are targeting sports bettors directly in their marketing, thereby bidding up the cost of acquiring new OSB players and extending payback periods. Some of these companies even have sportsbook mode in their product in an attempt to offer as close an experience as possible to sports betting.

As a reminder, we stand with 40 AGs, our OSB regulators, regulated states, and tribal partners. We look forward to an expedient outcome of the almost inevitable hearing of the pro-states' rights, pro-tribal rights, and anti-prediction markets case by SCOTUS.

In the meantime, we are refining our approach to OSB marketing for the rest of the year under the assumption that current media conditions persist. Looking further out, I am confident that the current intensity will abate. You just have to look at the player-level unit economics for prediction market operators, and you will quickly conclude that the current spending wave cannot sustain.

By contrast, our unit economics are strong. When you account for the Q1 headwinds from results and this prediction market's moment of hyper-spend, you see that our growth potential looks strong and well-positioned for a future change in the dynamics surrounding prediction markets. Nevertheless, with those Q1 headwinds, our OSB contribution was \$10 million in the quarter.

In retail sports, we delivered net revenue of \$11 million, down 43% year on year. The decline was driven by a few large VIP-related payouts. These short-term results aside, we continue to see strong momentum in Nevada across digital and retail combined as we have increased our market share, and we are acquiring and retaining players efficiently.

So while headline growth was modest in Q1, I want to highlight again that player values in the sports business have strengthened meaningfully. We will continue to focus on winning the BetMGM way and are well-positioned to capitalize on several opportunities ahead this year, including the World Cup, launch of both OSB and iGaming in Alberta, improved trading capabilities, and deepening our established omnichannel advantage in Nevada.

Now, to return to the consolidated BetMGM financial picture, Q1 total contribution was \$116 million, adjusted EBITDA was \$25 million, and CapEx was \$3 million. Adjusted EBITDA minus CapEx continues to be the best proxy for total cash to parents for the year. To save you doing the math for Q1, that's \$22 million.

As for returning excess cash to our parents, our transformation into a consistently cash-generative business continues, with BetMGM now paying parent fees to Entain and MGM Resorts. These

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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fees hit our P&L as operating expenses and are separate from the cash distributions we began in late 2025.

For Q1, parent fees were \$3 million in total, and this will be the only cash to parents for Q1 given the seasonality of our business with marketing investments timing for NFL and March Madness, as well as accrued annual compensation payouts.

So in summary, while it is early in the year and our business and sector have a second-half bias, we will continue to focus on our areas of strength and where we see better paybacks, not to be misinterpreted as sacrificing growth for short-term margin. Winning the BetMGM way means we continue to focus on iGaming and multi-product states, Nevada, and our higher-value players around the country in sports.

Let me reiterate that we are laser-focused on generating profitable, sustainable growth. We remain confident in achieving our adjusted EBITDA range for 2026, albeit at the lower end, and we continue to see a pathway to delivering \$500 million adjusted EBITDA in 2027.

Our strategy is working, and our business fundamentals remain healthy, despite some headwinds in sports so far this year. As we look to the rest of 2026, we progress with confidence and discipline.

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

### **Operator** - (Operator Instructions)

Your first question comes from Brandt Montour with Barclays. Please proceed with your question.

**Brandt Montour** - Hi, everybody. Thanks for the question and taking the time this morning. You spoke a lot about the competitive environment on the sports side. I think there was a little bit of a comment about the iGaming side, which is what I'm asking about.

Have you seen a meaningful change in the competitive environment on the iGaming side?

And you mentioned in your release that you're leaning into iGaming. Is this across-industry dynamic that is new? Is it something that's going to change your go-to-market strategy?

Then how should we think about that in relation to the guidance change for the rest of the year?

Thanks.

**Adam Greenblatt**- Hi, Brandt. And firstly, thanks for attending and thank you for the question.

Look, I think iGaming is just reflecting that we haven't seen a new state since 2022 and the market is competitive – it's always been competitive.

We've seen pockets of new competition in certain states. You may have seen that one of our competitors entered the Michigan market in December, spent a bunch of money, and reinvested in players that have meaningfully above market rates, won a lot of market share in their first month,

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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GGR market share, that is. Then, lo and behold, as you'd expect, as we expected, that impact is now easing.

So to answer your question, we're just seeing a natural evolution, progressive evolution, of the competitive situation in the market. We have seen pockets of new competition, but we don't believe them to be meaningful disruptors. And as ever we feel like our strategy is the right one; we lead with content, as you know, we lead with exclusives, as you know, and, of course with the best brand in the business around that, we think we're pretty well set up to continue to win in our gaming markets.

**Brandt Montour** - Okay. Thanks for that. A quick follow-up. The 1Q, you said, came in a little bit below your internal expectations. Can you just give us a split-up in terms of the guidance downgrade for the full year?

How much of that was in the 1Q versus the rest of the year?

**Adam Greenblatt**- Gary, do you want to take that?

**Gary Deutsch** - Yes. I mean it's in both. But the first quarter, remember, in the case of sports, was really driven by a lot of bad results for the house, so that needs to be considered in. We look at the markers of how the cohorts and players are progressing, so we do carry that forward in what we see. But it's evenly distributed is my fast answer to that.

**Brandt Montour** - All right. Thanks, everyone.

**Operator** - Your next question comes from Barry Jonas with Truist. Please proceed with your question.

**Patrick Keough** – Hey, Good morning. This is Patrick Keough on for Barry. Thank you for taking our question. You gave your thoughts on prediction markets; we just wanted to double-click there. Could you give any updated thoughts on potential cannibalization to sports betting handle in shared states?

And is it still your view that prediction could potentially expedite legalization in states that don't currently offer OSB and iGaming?

Thank you.

**Adam Greenblatt**- Okay. Two parts there, Patrick, masquerading as Barry.

Look, the cannibalization question, I actually think these results, are results in sports that are pretty encouraging, because what we are still seeing, notwithstanding a weak margin in our OSB business in the first quarter, we are still seeing year-on-year growth despite billion-dollar spenders and new spenders in the category. I think what we in the industry will show is a degree of resilience in OSB that is justifiable.

And so, I think what we've guided to, we and others and analysts likewise have guided to mid-single-digits impact. So if you contextualize that with all the other competitive challenges, macro

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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environments, and the existence of prediction markets, I think our first quarter results certainly in sports are pretty encouraging. They're certainly for the industry likewise.

In terms of your second question, which is expediting legalization, it's not actually something we've said before.

But without question, it's a -- I was at the conference, the Indian Gaming Association conference on the West Coast a couple of weeks ago, and this was certainly one of the topics, or the central topic at the conference, the role, the impact, the threat that prediction markets represented. And it was one of the factors referenced for their desire to see sports betting legalized in the state of California.

So, I think directionally it's helpful, but it's not as direct an impact as some were hoping and some might suggest. But certainly, certainly helpful.

**Patrick Keough** -Thanks so much. Appreciate it.

**Adam Greenblatt**- Great.

**Operator** - A reminder to please limit yourself to one question. Thank you. Your next question comes from Ed Young with Morgan Stanley. Please proceed with your question.

**Ed Young** - Thank you. My question is on the shape of the guidance for this year. You've obviously reduced the revenue guide. You've maintained, or moved to the low end of the EBITDA guide. I think that implies now about 40% drop through midpoint of revenue/low point of EBITDA. So could you just reflect a little bit on where you're finding those additional cost savings?

And how do you think about the balance of cost out in an environment where you're saying there's heightened competition and obviously actives are also in negative territory across both products? Thanks.

**Adam Greenblatt**- Gary, you want to take this?

**Gary Deutsch** - Sure. I mean the simple answer is aligned with us saying that we're going to focus in on our areas of strength and we're going to do less marketing into some of the broader OSB-only states for general batches of players. There's going to be a reduction in marketing to that part, and that's going to drive our ability to stay on plan for the EBITDA guidance.

And obviously in a world of AI and a world of general rationalization of how we do business, there's other areas where we look across the business on the cost front. But the real lever that's going to drive us into that range is going to be the change in the marketing trajectory, particularly in sports OSB states only.

**Adam Greenblatt**- And, look, just to add to that, one of our -- I believe one of BetMGM's strengths is our approach to how we buy media, how we invest in marketing. One of our guiding principles

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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is to remain flexible. We use the word nimble in my prepared remarks. It is to continue to be nimble. So, these kinds of what we believe to be short-term changes in the environment, we can respond to in a capital -- in a rational capital allocation approach.

And so, for me, this is just another example of that. What we're going to be doing is we're going to be pruning the least efficient pockets of spend, and we reallocate it to where we're seeing best paybacks. Then second half of the year in sports will be a two-part effect, a little bit of easing in sports and a little bit more determined for investment in game.

**Ed Young-** Thank you.

**Operator -** Your next question comes from Joe Stauff of Susquehanna. Please proceed with your question.

**Joe Stauff -** Thanks. Good morning, Adam. I just wanted to follow up and maybe ask you - I understand the competitive dynamics and the higher yields and higher spending you're getting per customer - What's the right way possibly to think about monthly active user growth, say going forward throughout the rest of the year?

**Adam Greenblatt-** That's a - firstly, Hi, Joe. The answer is, I don't have an answer for you today that is definitive. It's really -- we're going to follow the data. So we'll be investing where our payback -- predicted paybacks are achieved. We optimize this multiple times a week. So, to try and give you any -- given the number of change, given the number of moving parts, to try and forecast the profile of monthly actors, I think would be a degree of detail that inevitably would be incorrect.

What we expect, however is the impact of our strategy, the broad directional impact of our strategy to continue, which means that in sports we should see a progressive easing in monthly actives. We should see a continued increase in per-player values in sports. And on the iGaming side, the effective work set or the impact of our player management techniques that we implemented and refined last year in OSB, we're increasingly applying to our gaming business. So, you should see, and we're anticipating seeing a marginal trimming of the low-end marginal players on our iGaming business, too. But we will be acquiring aggressively to fill up the bucket. So ultimately, what the profile of actors in iGaming will be the net effect of those two effects.

The strategy, as ever is quality over quantity.

**Joe Stauff -** Appreciate the answer.

**Adam Greenblatt-** Thanks, Joe.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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**Operator** - Your next question comes from Dan Politzer with J.P. Morgan. Please proceed with your question.

**Dan Politzer** - Good morning, everyone. Thanks for the question. To what extent, if any, have you seen the prediction market operators encroaching on the premium-mass customer that you've come to focus on versus so many others in your database?

Have you seen any difference in behavior among the customers within the series of your database?

**Adam Greenblatt**- Hi, Dan. We're actually seeing the more premium parts of our database incredibly resilient. In fact, those are, of the whole, if you imagine a pyramid of players, the higher up you get, the better performing our year on year and our players have performed. So, actually, I think the impact of our strategy is proving to be correct or appropriate or resilient in these more turbulent times.

**Dan Politzer** - Got it. Thanks so much.

**Operator** - Your next question comes from Shaun Kelley with Bank of America. Please proceed with your question.

**Shaun Kelley** - Hi. Good morning, everyone. Adam or Gary, just wanted to circle back on your stay on prediction markets and just ask, does the outlook that you've given embed a material improvement in the CAC environment from here?

I mean you sound optimistic that this may be a point in time. I definitely think there's a scenario out there, at least where we actually think spending could increase as we move through World Cup and into the NFL, which we think might be more about the peak acquisition period for some of these markets. So, what is your outlook in that?

And how are you thinking about that trajectory, appreciating that it doesn't feel rational at the moment? It does feel like it could actually get worse.

**Adam Greenblatt**- Yes. We - as I said in the opening remarks, Shaun, firstly, Hi. We're controlling the controllables. I don't control what others choose to spend in the rational analysis, underpinning that investment, right?

So, we are assuming the current CPA environment prevails for the rest of the year. Our plan for the rest of the year and our guidance for the rest of the year takes that into account.

So I'm not assuming that, what we believe to be irrational current spend suddenly becomes rational. I'm expecting that the land grab that is currently the reality continues and we are positioning ourselves for when that position changes.

And in terms of our longer-term guidance, we think we've got a terrific business underneath us. We have a telemetry in place to buy and maintain -- buy and acquire and support our target

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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players, and we'll continue to right-size our investment according to the market conditions in line with that strategy and in line with our target payback. It's really as simple as that.

To your point, will they continue to -- will we see the spend go up before the - we see rational? I'm not sure. I wouldn't want to make any comments about others' decisions. But we're pleased with where we are positioned, and I think long-term the market is going to come back to us. I think that is an exciting moment, an exciting thing to look forward to for the online sports betting industry.

**Shaun Kelley** - Makes a lot of sense. Thank you.

**Operator** - Your next question comes from Monique Pollard with Citi. Please proceed with your question.

**Monique Pollard** - Hi, Adam, Gary. Thank you for taking my question. Following on from the last question, in terms of your 2027 guidance, so that \$500 million of EBITDA that you still see the pathway to for next year, I'm just wondering what gives you the confidence that you can still achieve that if we're going to come in at the lower end of the EBITDA range for this year?

And whether, I understand for this year you're not assuming any change in the CPA environment, but whether in 2027 there is a natural assumption that there's a bit more rationality in terms of CPA. Thank you.

**Adam Greenblatt** - I mean the starting point is that we have a really healthy business. We have a business where on the gaming side where we're pushing on \$2 billion of revenue, and we've got so many exciting things for our players in our pipeline.

As I said in my opening remarks, the best game on the retail floor, Gold Blitz, and the franchise of Gold Blitz is now BetMGM's exclusively for the initial period when it's of most interest to real gamers. What we're seeing is player values are going up, NGR per player is going up. We're getting more and more out of Nevada, we're getting more out of omni-channel, and we've got a lot of exciting things coming. We have, sure it's a one-off, we have the World Cup this year, but it's a stimulus of growth. We have -- most exciting, I think for this year, we have Alberta launching now confirmed 13th of July.

Alongside that, what I believe to be our sleeping giant of a casino brand, the Borgata, particularly relevant in the Northeast, we're refreshing that brand and repositioning that for a different audience, a different demographic, to seek to expand our relevance to even more gamers versus the BetMGM core brand. We see no bottom of premium players.

And so, you put all of that together, combined with the potential for another new iGaming state next year in Virginia, combined with the potential, not certainty of course the potential for all

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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rational sports marketing environment, sports CPA environment, you can quite easily see a pathway.

Now, are there risks? Sure. But do we remain confident that that is achievable? Yes. That's, I think the balance.

**Monique Pollard** - That's understood. Thank you.

**Operator** - Your next question comes from Ben Chaiken with Mizuho. Please proceed with your question.

**Ben Chaiken** - Hi, thanks for taking my question. I'd like to dig into iGaming a little bit. Just if we could open up how you're thinking about growing this business?

How you're thinking about the underlying core trends here?

Do you think we've peaked in terms of the core underlying user growth?

Then what levers are at your disposal in both '26 and '27?

Thanks.

**Adam Greenblatt** - Yes. Thanks, Ben. I'll take that. Gary, if you want to chime in on any points, obviously jump in.

Look, in gaming, what we're aiming to do over the next 24 months is build on our powerful success and our momentum. The strategy that we've spoken multiple times about before in terms of content continues. Exclusive content and we have a new pipeline of even more titles, that strategy continues.

To name a few, we're at the dawn, the early stages of our Wizard of Oz franchise and Wheel of Fortune. We just launched the Survivor game. It's the 50th anniversary. Gold Blitz, I've talked about. BetMGM is positioning ourselves in the sector, in the market as the home of entertainment, and that builds on MGM Resorts' right to win, if you like, in that position. We are capitalizing on the talent and expertise of MGM Resorts' entertainment prowess in a number of dimensions.

We've also - the other elements of our strategy that has been extremely successful, our players have enjoyed interacting with our engagement tools. We're seeing on average many days a week of engagement from our whole player base. So, those are players that come and have a session, live session with BetMGM, many days a week. Live is something that we are leaning into. It really lives at the intersection of some of the things I've just talked about.

So, if you go into the MGM Grand, you can see there's a live studio in the casino which powers our Ontario business. We think that is a format from which we can build and have some plans that we're working with MGM Resorts on to continue to do that.

And the last area is obviously the area of jackpots. We gave out, I think in 2025, over \$140 million to our players in jackpots. That's another reason to come to BetMGM. Now, the question is, with your last question is, have we got to the end of the - are all the players that are interested in the

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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category playing? And I would say no and refer to a statistic which I've referred to in previous calls, which is the potential depth of this market in the U.S. is, I find just staggering. And the statistic is this, I think was published by the AGA. In 2019, obviously before Covid, over 40% of U.S. adults visited some kind of casino property during the year.

Now, if you assume that that is the potential market, that's the base of adults who have a positive disposition towards the category, then I think we have a long way to go.

**Ben Chaiken** - Thank you.

**Operator** - Your next question comes from Ben Shelley with UBS. Please proceed with your question.

**Ben Shelley** - Thanks very much for taking my question. I just wanted to ask about EBITDA cadence and delivery.

Could you briefly talk about the seasonality of EBITDA generation through the year?

And how that cadence supports delivery of your revised EBITDA guidance?

Thank you.

**Gary Deutsch** - Sure. Look, when we look at it from the year, you've got a period in the middle of the year that turned out to be very good for us last year. We had really good results. We're back-weighted somewhat.

We expect that the fourth quarter is a place where we're going to have the most. But I mean I don't think you could look at it as dramatically different across the year, other than the fact that we spike in fourth quarter. We expect to have Q2 and Q3, if you were to normalize Q1, Q2, and Q3, wouldn't seem that different from Q1 - obviously we had to set back with the results in Q1. So, look we expect the middle of the year to be strong, and then the fourth quarter is typically double those middle-of-the-year months.

**Ben Shelley** - Thanks very much.

**Operator** - Your next question comes from David Katz with Jefferies. Please proceed with your question.

**David Katz** - Hi. Good morning, everyone. Thanks for taking my question. Appreciate all the commentary. When -- I understand the notion of competitive spendings, right? And the way we've often seen that is that there's that initial wave of competitive spending that buys customers off, and depending on what the experience in the product is, that can be temporary.

I wonder if you have any insight to the degree that there's unlicensed competition buying customers out of your ecosystem and whether you're seeing any duration to that? And whether they return over time? as we've seen historically.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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**Adam Greenblatt** - David, I'll jump on the end of your -- the question. Firstly, thank you for the question. I'll jump on to the end of it right off the bat, which is my expectation is that the majority of these players will return over time because the product experience in online sports betting is better. Our ability to reinvest in that player is greater, because we retain more margin than any single participant in prediction markets. We have a higher service level. And because of certainly on BetMGM side, our relationship with MGM allows us to reward in a way that digital only does not.

So I think for a number of reasons, the value proposition of BetMGM and frankly the online sports betting sector is better for most players, but not all players, right? If you are a professional player, if you are a market maker, if you are a kid in high school, unfortunately, there isn't really a better place for you than the prediction markets if you want to bet on sports. But that's not our customer. I found it relevant that [inaudible] just clarified its own online sports betting laws to ensure that the youngest person that can play is 21. This is a good thing, for obvious reasons.

So put all that together, what we are seeing is in the prediction markets, we're seeing, someone described it to me, like, where it is going to end? It's going to end with, like the hardcore grinder poker environments, where you have shark-on-shark violence. Because what's going to happen - what do we -- have we -- already seen happening, and where do other exchange markets in this space end up in other parts of the world - what happens is the recreational players flow back in time; majority of recreational players flow back in time to prediction markets. Shark customers who don't otherwise have a place to play are in the prediction markets. Recreational players lose too quickly. There's data for this. And hopefully, underage players stop playing. So, you put all those together, I think it paints a picture of what the future of prediction market ecosystem for sports looks like.

**David Katz** - Thank you.

**Operator** - Your next question comes from John DeCree with CBRE Capital Advisors. Please proceed with your questions.

**John DeCree** - Hi, guys. Thank you. You covered a lot of ground so far. Adam, I think you mentioned Virginia at least once in your response to questions.

But curious if you could give us your high-level thoughts on iGaming legislative process?

We saw some momentum in Virginia, Maine, are you seeing, or are your folks on the government affairs side telling you, there's increased interest from legislators?

What's your view today and the outlook?

**Adam Greenblatt**- So I'll start with the one I like to talk about most, which is Virginia, because I feel pretty positive about the likelihood of us seeing -- enabling legislation in 2027 in Virginia.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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We've obviously seen legislation passed in Maine, that is subject to the people's vote. It's not a - it's a small state and the economic potential is small. I think in previous comments, I said that it's not a needle mover one way or the other. But directionally having more states adopting iGaming is a good thing, is definitely a good thing.

I remain positive that this is going to see momentum pick up. But the reality, John, is that every state is a different set of political considerations. It's not only the demeanor of the legislature. It's also the presence of naysayers on the ground. The incumbent -- some incumbent retail casinos are pretty active in their no campaigns. So, it's not without its complexity, but I do think directionally, we are going to see more momentum in the coming years.

**John DeCree** - Thanks, Adam.

**Adam Greenblatt** - Okay.

**Operator** - Your next question comes from Jordan Bender with Citizens. Please proceed with your question.

**Jordan Bender** - Hi, everyone. Thanks for the question. I'm going to follow up on Joe's question from earlier on the call around player growth. Your comments around how it's hard to model what growth might look like later in the year - has that always been the case that visibility is hard to model six to nine months out, or has prediction market spend clouded your visibility? Or you really don't know what the customer acquisition environment is outside of what you're seeing here in the \_\_\_\_\_ near \_\_\_\_\_ term?

**Adam Greenblatt** - Yes, look, I think the way your -- I think it's a latter. Let me just jump there, Jordan. And firstly, thank you for your analysis. I enjoy some of your prediction markets pieces. It's the latter, as we look at BetMGM's plan for the rest of the year, but quite a lot of things are changing. So, we're changing some things in response to the external environment. With change comes outcome uncertainty, obviously.

So what -- the reason I pause about giving some longer-term guidance or guidance on this - on the active for the rest of the year is, because it will be the outcome of a number of moving parts, which makes it a little bit more complicated to model. It's -- and that's it.

**Gary Deutsch** - Yes. I mean we had, against our internal projections, we have higher player values, higher handle per active than what we expected to come into the year. The player counts have been lower and the overall net impact is up. But it's balancing those multiple metrics together. When we talk about things like handle, the hold has a factor on how the handle spins up. So, we dial up and look at all those metrics. But overall, the theme is we continue to see higher-than-expected player values.

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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**Adam Greenblatt-** And just finally, Jordan, for clarity. We - Gary, I think has the most sophisticated model that this industry has ever seen, which he's very proud of and we measure, but we model bottom up on everything from number of players by state, by product, by everything. So, we do have the numbers, but I don't want to give direction on them because of the risk profile of every aspect in the model given the number of moving parts.

**Jordan Bender -** Great. Thanks, guys.

**Adam Greenblatt -** Okay.

**Operator -** Your next question comes from Richard Stuber with Deutsche Numis. Please proceed with your question.

**Richard Stuber-** Thank you. Good morning. Just a quick question on Nevada. You mentioned a few times that it's a core part. How material is the contribution from Nevada? So out to \$150 million reported, how much of that now is from Nevada? Thank you.

**Adam Greenblatt -** So I think we gave -- Gary, I'm just looking at you. I think we gave some indications of Nevada's important -- its contribution last call. Not sure if that was prepared for this call.

**Gary Deutsch -** No. I don't think we put it this call, but it -- last call, I think we said it was a quarter of that EBITDA generation came from Nevada.

**Adam Greenblatt-** Probably a little bit less than that this time, given the sports results were relatively weaker during this quarter compared with gaming.

**Richard Stuber-** Thank you.

**Adam Greenblatt-** Okay.

**Operator -** We will now take our last question from Robin Farley of UBS. Please proceed with your question.

**Robin Farley -** Great, thank you. Just wanted to circle back to your comment about what you're seeing with the spend from prediction markets being not sustainable. I know you don't necessarily whether that means it's going to be a quarter or a year, So, I don't know if there's any word out on that. But just also wondering how that's impacting your middle-tier customer versus higher-tier versus lower-tier equally, in terms of the impact from what the prediction markets are doing or any color around that?

# BetMGM, LLC

## BetMGM Q1 2026 Business Update

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Thanks.

**Adam Greenblatt-** Yes. I think similar one of our previous questions, the most -- the higher up our value pyramid you go, the more resilient our players are proving to be. So then we -- then to focus, to your question, if you focus on the bottom-end of the pyramid, again there are two factors. Driving relative softness versus the top-half of the pyramid, one may well be suspend of prediction markets. The other may well be, and frankly is because the dynamic of was happening before the prediction market spend, the work that we're doing on player management and ensuring that we put the right dollars into the right players' pockets by way of reinvestment. And right at the bottom of the pyramid, those players who may well be more susceptible to sampling to the market, the marketing or prediction markets. At the same time as they're been courted, we are putting and we are reinvesting less in them so that it might be a two-fold impact. But as I say if you zoom out, we're still, notwithstanding a weak margin quarter, in our sports business, we're still up year on year, notwithstanding all of these factors.

So, I think back to again even higher, I think we are on the right track. Our strategy suits the market, and I think our strategies are enduring.

**Robin Farley -** Thank you. And just as a follow-up, is it possible for you to quantify? And maybe it's not, but how much of that by the end of the pyramid is you intentionally calling those customers versus them being pulled by the prediction market pattern? I don't know if you can quantify.

**Adam Greenblatt-** Yes, it's -- I think it's too difficult to pass out. What you can see and measure is the outcome, rather than the fact that what was in the minds of the player as they made that decision. So, it's quite challenging.

**Robin Farley -** Okay. Great. Thank you.

**Adam Greenblatt-** Okay.

**Operator -** Thank you. That concludes the Q&A session. I will now turn the call over to Adam for his closing remarks. Please go ahead.

**Adam Greenblatt-** So as ever I just wanted to thank you very much for attending. As you've heard a few times from both Gary and I, we have focused on executing our strategic plan and personally very optimistic for what -- not only the rest of this year, but the years beyond that will be. So we look forward to updating you all next quarter. And just thanks again and speak to you then. Bye, bye.

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