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BetMGM, LLC

Third Quarter 2026 Business Update

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CORPORATE SPEAKERS:

Adam Greenblatt

BetMGM LLC; Chief Executive Officer

Gary Deutsch

BetMGM LLC; Chief Financial Officer

PARTICIPANTS:

Jordan Bender

Citizens; Analyst

Ben Shelley

UBS; Analyst

Barry Jonas

Truist Financial; Analyst

Ed Young

Morgan Stanley; Analyst

Joe Stoff

Susquehanna; Analyst

Charlie Muir-Sands

BNP Paribas; Analyst

John DeCree

CBRE; Analyst

Ben Chaiken

Mizuho; Analyst

Pravin Gondhale

Barclays; Analyst

Sam Nielsen

J.P. Morgan; Analyst

Richard Stuber

Deutsche Bank; Analyst

PRESENTATION:

Operator^ Good day and welcome to the BetMGM Q3 2026 Business Update. Joining from the company today are Adam Greenblatt, Chief Executive Officer, and Gary Deutsch, Chief Financial Officer. At this time, participants are in a listen-only mode.

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After the opening remarks, there will be a 30-minute question-and-answer session. (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 are providing an update on our Q3 performance and outlook for the remainder of 2026. BetMGM delivered another quarter of controlled, disciplined execution.

Our Q3 performance was driven by a strong summer and a solid start to football season, seeing us on track to hit our full-year targets. Importantly, our underlying business fundamentals and player value metrics continue to be healthy, supporting positive cash flow and adjusted EBITDA.

While it's Gary and me on the call with you today, I want to recognize that our performance is only made possible with the dedication and drive our BetMGM colleagues show every day. So, a big thank you to all of our BetMGMers as well as the support provided by both of our companies.

Q3 delivered net revenue of \$710 million, and that's up 7% year-over-year and generated adjusted EBITDA of \$86 million. The quarter benefited from a strong July, including the World Cup and solid performances in both August and September, including encouraging player engagement during the first month of the football season.

I will talk about our Q3 performance in more detail in a moment, but let me give you a headline summary first. iGaming continued to deliver top-line growth supported by our ongoing player management efforts and differentiated content.

In online sports, Q3 delivered year-on-year growth in both handle and player values. Despite the highly competitive operating environment, we are pleased with our performance through the initial weeks of the NFL season, with pre-season enhancements to our sportsbook meaningfully improving the customer experience.

As we've previously highlighted, the competitive environment remains intense, particularly due to significant investments by unregulated and illegal operators offering sports betting. Consistent with our strategy, we've remained nimble and disciplined, leaning into BetMGM's strengths and where we can achieve the most attractive returns.

So, this has seen us increase our focus on iGaming, multiproduct states, Nevada, and most recently Alberta, as well as higher-value, higher-staking players, particularly in OSB, while also reducing investment in certain lower-return OSB-only markets.

This more targeted approach is working. Our continued optimization of media channels, geographic targeting, and marketing mix is driving strong customer acquisition and attractive ROIs. Across both iGaming and online sports, player values continue to improve as we maintain our focus on value over volume.

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We're delighted that in Q3, our approach delivered higher than expected first-time depositors while maintaining some of the strongest paybacks we've seen all year. We're also encouraged by the early performance of several growth initiatives, including our launch in our newest multiproduct market, Alberta.

In Alberta, we're seeing attractive ROIs and per-player metrics, with several KPIs trending better than those post-Ontario's launch. We're also pleased with the early success of our Borgata brand relaunch. In fact, in New Jersey and Pennsylvania, where our Borgata app is live, average daily actives are up 28% versus our pre-launch benchmark in February of this year.

Alongside our continued enhancements to product and content, Alberta and the refreshed Borgata brand strengthen our position as we look to the remainder of 2026 and beyond. As I mentioned earlier, our Q3 performance puts us on track to deliver our full-year 2026 guidance.

We continue to expect net revenue between \$2.9 billion to \$3.1 billion and adjusted EBITDA between \$300 million to \$350 million, with both anticipated toward the lower end of their respective ranges. This is consistent with our guidance post-Q2 results.

We remain laser-focused on delivering profitable, sustainable growth and EBITDA, and we believe our year-to-date performance is evidence of that commitment and the success of our strategy. Accordingly, we continue to see a path to \$500 million of adjusted EBITDA sometime beyond 2027.

So, those are the highlights. Now, let me provide more detail on our Q3 performance by segment. Our iGaming business generated \$483 million of net revenue in Q3, and that's up 6% year-over-year. NGR per active increased 4%, while active players grew 2% during the quarter.

As many of you know, approximately 70% of our business comes from iGaming, and we remain focused on strengthening our differentiated offering here. A market-leading content strategy remains a key driver of our iGaming performance.

During Q3, we debuted our new Game of Thrones franchise in the U.S., following its successful Canadian rollout last quarter. This has been our most successful game launch of all time across our markets, and we're excited to introduce additional titles within the franchise over the coming months, of course, all exclusive to BetMGM.

We also launched our progressive SideBet jackpot feature in Michigan and West Virginia, giving customers additional ways to win while playing eligible casino games. We expect to introduce the feature in all our gaming markets through the remainder of the year.

In New Jersey, we released a new livestreamed slots experience in partnership with Awager. The experience combines the convenience of digital play with the authenticity of land-based slot machines.

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And lastly, we also launched several sports-branded casino games ahead of the NFL season, including content connected with our new multi-year partnership with the Minnesota Vikings, which we know will be particularly enjoyed by Canadian players in Ontario and Alberta.

Turning to sports, online sports generated \$216 million of net revenue in the third quarter, and that's up 7% year-on-year, while retail sports generated \$11 million, and that's up 5% year-over-year. It's worth noting that year-on-year comparisons for OSB in Q3 are impacted by sports calendar differences, with this year including the World Cup in July, but also having one fewer weekend of NFL and college football activity in September.

So, digesting this calendar point, OSB handle grew 3% in the third quarter, and more importantly, player engagement and player value metrics remained attractive, particularly among the high-value customers at the center of our premium mass strategy.

Handle per active was up 13% year-over-year, while NGR per active grew 18%. As expected, average monthly actives were down 9%, consistent with our continuing refinement of our player base as we focus on player value over volume.

Some more detail on the sportsbook enhancements I mentioned. We significantly improved speed, stability, and responsiveness of the app. We also expanded cash-out and bet tracking capabilities, expanded smarter betting insights, provided more ways to build customizable bets, as well as improved our rewards hub.

September saw strong reactivations among high-value customers, demonstrating the effectiveness of this focused approach. We've also seen a continued increase in bet mix from Parlays and SGPs, which has driven a slight uptick of our margin.

However, our sports business continues to face competitive pressures from both regulated and unregulated operators, and we expect these dynamics to persist at least into mid-2027, so we will remain agile, adjusting our operating and capital allocation plans accordingly.

Despite these headwinds, the underlying fundamentals of the business remain healthy. Our lower player count is entirely as expected and reflects our intentional decisions around customer acquisition and marketing investment.

Each active customer is contributing greater handle and NGR, with our pullback in OSB-only marketing also generating operating efficiencies and improving our unit economics. We're also encouraged by the continued benefits of our omni-channel proposition in Nevada, with OSB handle growing at 8% in the quarter.

As we look ahead, we're excited for the heart of the NFL season in Q4. We continue to manage the business with discipline, investing behind our most valuable customers and strongest markets, while continuously adapting to the competitive environment.

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Moving on to our financials, as mentioned, Q3 net revenue was \$710 million, generating adjusted EBITDA of \$86 million. As a reminder, we began paying parent fees to Entain and MGM Resorts earlier this year for licenses and services provided to BetMGM. These fees are recorded in our P&L as an operating expense and are calculated as a percentage of revenue.

For Q3, we are paying \$18 million to our parents for parent fees. BetMGM's other avenue of returning cash to its parents is through cash distributions. So, in addition to the parent fees of \$18 million, we distributed \$50 million, therefore, total cash to parents for the third quarter was \$68 million. These payments demonstrate the continued cash-generating capacity of the business.

In summary, Q3 was a pleasing start to the second half of the year. BetMGM enjoyed a strong late summer and a solid start to the NFL season, and our underlying player fundamentals for both sides of the business continued to be healthy.

Execution of our strategy is working. We are putting full force behind BetMGM's areas of strength and where we generate the most attractive long-term returns, while at the same time continuing to optimize marketing investment and drive operating efficiencies all across the business.

We are therefore pleased to reaffirm our full-year guidance and remain confident in our ability to drive sustainable, profitable growth and return cash to our parents this year and beyond. So, with that, I thank you, and I'll hand it over to the operator to open the line for questions.

+++q-and-a

Operator^ (Operator Instructions). We do ask that you limit yourself to one question only in order to enable as many people to participate as possible. Please stand by while we compile the Q&A roster. Our first question is from the name of Ed Young of Morgan Stanley. Please proceed with your question.

Ed Young of Morgan Stanley, please proceed with your question. We will move on to our next analyst, and we'll come back to you if we can. Thank you. Our first question is from Jordan Bender of Citizens. Jordan, please proceed with your question.

Jordan Bender^ Hi, everyone. Good morning, and thanks for the question. Adam, Gary, I'm looking at promos both for iGaming and sports betting. Is -- I'm looking at that as a percentage of GGRs now increased for the last couple of quarters, albeit maybe Alberta is maybe having an impact in the 3Q.

So, as you continue to fight for players in now fairly mature states, how do you think about the catalyst of actually starting to bring the promotional intensity within your business down moving forward? Thank you.

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Adam Greenblatt^ Hello. Firstly, thank you for the first question. I'm happy we got the tech working. Your observations are absolutely right. The competitive environment has been over the recent months really challenging, very competitive.

We've seen some new entrants some months ago now, but the impact on the market remains elevated, particularly in gaming, some new entrants to some of our iGaming states. We've also, as you say, had the launch of Alberta. We've had the latter stages of the World Cup.

So, they've been what I would consider one-off or not sustainable events which have had an impact on that promo level. Having said that, what this year versus last year, we have invested a little bit more into players at the start of the season.

We should actually see the promo, the balance between marketing and promo, shift over time as our focus increasingly is on a retained base of players and fewer new players. But as I say, so a number of -- a number of factors to consider.

One-off events in this year, the fact that we've invested more concertedly at the beginning of the season, we think over time our GGR promo level should ease from current levels, but not massively so.

Jordan Bender^ Great, thank you very much.

Operator^ Your next question is from Ben Shelley of UBS. Ben, please proceed with your question.

Ben Shelley^ Hi, good morning, and thanks for taking my question. I just wanted to ask about iGaming market growth. It looks like the U.S. iGaming market slowed a little bit in August. Judging by Q3, did September then accelerate? And more broadly, how are you thinking about the growth outlook for the U.S. iGaming market from here? Thank you.

Adam Greenblatt^ Yes, it does seem that. Well, the market data indicates, as you say, Ben, that August was slower. We have been very happy with how September went for BetMGM, and our momentum has continued into October. So, I think if there is the outlier from the seats we're sitting in, the outlier is August.

Ben Shelley^ Thanks very much.

Adam Greenblatt^ Sure.

Operator^ Your next question is from Barry Jonas of Truist. Barry, please proceed with your question.

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Barry Jonas^ Hey, guys, thank you for taking my question. Following the recent CFTC verbiage on a prediction market casino product, I'm curious if you see that as no longer a risk now versus general thoughts there? Thank you.

Adam Greenblatt^ What an interesting question, Barry. I don't think it's no longer a risk. I think if anything, the risk has been stayed for some time. I think what's happening now is cosmetics in pursuit of survival.

I'm very much looking forward to this whole ambiguity being clarified by the Supreme Court. And the overwhelming majority of cases being now determined in favour of states and AGs and tribes, we expect -- we expect that outcome from the Supreme Court. We hope to see that in the '27 session, '26-'27 session.

So, I don't think there is -- I think to the extent prediction markets survive, I think it's just a matter of time before the casino-like products re-emerge in some other incarnation or some other form. Just as easily as the rules were made or are being attempted to be made now, they can be undone and changed in the future.

I think the key test is whether this was the intent of Congress. And I think that will be shown to not be the case.

Barry Jonas^ Thank you very much.

Adam Greenblatt^ Sure.

Operator^ Your next question is from Ed Young of Morgan Stanley. Ed, please proceed with your question.

Ed Young^ Hello? Can you hear me?

Adam Greenblatt^ Hello, Ed. Yes.

Gary Deutsch^ He's back. He's back.

Ed Young^ All right. Wonderful. Look at that, we made it work. Adam, you spoke about lowering investment in your lower-return areas, which has been a theme for some time and obviously contributed to the really strong drop through you've seen on incremental revenue. Essentially, everything has gone to the bottom line this quarter.

How do you think about the balance there of what you reinvest back into growth momentum versus what you're achieving at the moment? How do you get the balance right, particularly given on a market level and for your business, we're seeing iGaming, which is obviously your mainstay, decelerating, whether we're looking at it on an overall basis or on a proactive basis. So,

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how do you -- how do you calibrate that and how should we think about that as you go through Q4 and into 2027?

Adam Greenblatt^ Yes. Thanks for the question, Ed. If we think about these things, we -- distinctly between acquisition and retention on acquisition, we have -- we have our response curves in a lot of work done on efficiency of spend.

We talked a lot about the flexibility -- the deliberate flexibility that we have in how we allocate capital in the world of marketing focus on acquisition. And the North Star is payback period ROI. And so, we drive that obviously in two ways. One is how much it costs us to buy to acquire a player. And then, of course, tracking their value over time.

And we are continuing to invest in two parts of that. Obviously, one, optimize and reduce the cost of acquiring a player. And then, of course, looking after our players to drive the return side of that equation. Now, what's been very good for us in recent weeks, in fact, since the back end of the World Cup, is the acquisition environment has for BetMGM improved a lot.

So, our CPAs have meaningfully reduced, and are predicted returns as measured in months to payback. We haven't seen returns this favorable, frankly, since for months and months since the beginning of the year, back in the last year.

So, the acquisition environment is favorable, and we will continue to invest as long as the returns are attractive. On the retention side, it's really, it's just a manifestation of our strategy, the execution of our strategy.

We are putting money, we're reinvesting in player retention as our states mature. We are hyper-focused on making sure that we look after our premium players in both sports and game. And that's it.

The -- this question of underinvesting, I don't -- we spend no time thinking about it. We're driving towards positive outcomes and efficiency of spend and the most efficient capital allocation. And that's how we run the business for both acquisition and retention.

And so, your question around the lower investments and have we, I think it's, have we gone too far? We don't believe we have. Our North Star is profitable revenue growth over time, generating cash and EBITDA for our shareholders. And that's, that's what we're executing against. And it seems to be successful.

As I said, the external environment seems to be more favorable to BetMGM today than it's been for some time.

Gary Deutsch^ I mean, like, remember, we've been at this for seven, eight years now. We figured out the tools and methods that make marketing more efficient. So, some of the reduction is just from our wisdom over time.

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Ed Young^ Very useful. Thank you both.

Adam Greenblatt^ And just to punctuate it, and this is an important point that the notwithstanding quarters now, quarters under our belts of progressively easing marketing investment, our market share has remained really solid.

So, from coming out of 2025, our record-breaking 2025, our market share in both sports and gaming has remained at 8% and 20%, respectively. So, I think that is testimony to the achievement and the efficiency, the effectiveness of our marketing drive for marketing efficiency. We have been able to maintain market position while spending a lot less. And that is the recipe for our future profitability.

Ed Young^ Understood. Thank you.

Operator^ Our next question is from Joe Stoff of Susquehanna. Joe, please proceed with your question.

Joe Stoff^ Good morning, Adam. I wanted just to ask a refresh question in terms of the percentage of your iCasino actives that also bet on sports. Is it fair to assume, I guess at this point, that Nevada really is your largest, say, customer acquisition pathway for new sports customers?

Adam Greenblatt^ Sorry, Joe. I've got the first question, which was around iGaming, OSB cross-sell. I didn't hear the second part, it was Nevada. Would you mind repeating that, please?

Joe Stoff^ Yes, of course. On Nevada, it seems as though outside of likely, Alberta, Nevada is really the biggest source of new customer acquisitions, obviously originating in sports. And then, obviously, you manage those based on the source markets that they come from.

Is -- will Nevada continue to be the biggest acquisition, area of acquisition of new customers going forward for you?

Adam Greenblatt^ Got it. Okay. So, first question is about cross-sell. In a regular week, about 55% to 60% of our sports players also enjoy playing in our gaming side of the business. And in reverse, it's about 15% to 20% of our iGamers first also participate in OSB. So, that's the two-way view.

Joe Stoff^ Thank you.

Adam Greenblatt^ On the Nevada question, it continues to be, as I think I mentioned after the Q2 results, we generate thousands of new registrations and first-time depositors on a weekly basis out of Nevada. And as you say, they go back to their source markets as they do.

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Nevada will continue -- I see no slowdown, no meaningful slowdown on that rate of acquisition. Now, of course, repeat visitors to Nevada will -- should, in theory, reduce that base of new -- potential base of new first-time depositors over time.

We're not seeing that in a meaningful way yet. We're still seeing very, very healthy new player acquisition from Nevada. As to whether or not that will continue to be the biggest source of traffic, in isolation, it is not our largest source of traffic.

In isolation, we will recruit directly in our multiproduct states. We are actively recruiting directly for premium mass OSB through the myriad channels that are available to us. So, the Nevada, while important, is only a component of our long-term acquisition strategy.

Joe Stoff^ Thank you.

Adam Greenblatt^ Sure.

Operator^ Our next question is from John DeCree of CBRE. John, your line is now open. Please go ahead. John DeCree with CBRE, please proceed with your question. We will move on with our next analyst and try to come back. Our next question is from Charlie Muir-Sands with PNB Paribas. Charlie, please proceed with your question.

Charlie Muir-Sands^ Thank you very much. Good morning, guys. Adam, thank you for taking my questions. It's Charlie from BNP Paribas. I have questions on the newer competition, the prediction markets.

Firstly, your improvement in customer acquisition costs, you said you've seen since the latter stages of the World Cup. I think previously you flagged that things were becoming tougher because of increased marketing spend by rivals, including the prediction markets. Is it an easing off of the competition on spend that's making that more efficient?

And also, on those, a couple of the leading players, well, at least counties, had to implement geo-blocking in a couple of states now. I just wondered, since that's been put in place, whether you'd seen any particular change in competitive trend in those markets where they're no longer able to operate? Thank you.

Adam Greenblatt^ Thanks, Charlie. So, you rightly referenced some of our earlier -- some of my comments earlier in the year around the impact of prediction markets spend. The first observation is that there has been no change in prediction market spend.

Prediction markets continue to spend heavily in the category. I think what we are -- well, I know what we are seeing now is more a function of the work that we're doing day-to-day, week-to-week, month-to-month at BetMGM. And it's a testament to our strategy -- to our marketing strategy.

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Our marketing strategy, as I've said before, I think, is that we want to remain as flexible as possible to respond to market conditions as they evolve and change over time. And the distortion that has been introduced and remains by prediction markets is just one of the macro factors that we have to respond to.

And so, credit to the team, they have absolutely done exactly that, looking for new pockets of opportunity, looking for unexplored areas that have been less impacted by the prediction markets. And the impact on our CPAs and payback periods have been very gratifying.

And so, I think what it demonstrates is that, I don't want to say it into empathetic terms, but what it demonstrates is that almost regardless of what happens in the external environment, we will find a way. And that's what we're demonstrating now.

Now, to the second part, which is around the impact of geo-blocking. Because of -- so, Nevada is a good example. Nevada is a difficult example, however, because there are some nuances to the Nevada market around how players sign up, where you're able to sign up, which means that the impact isn't as linear, isn't as direct.

And so as a result of that, it's a difficult question to respond to with any degree of clarity. I do expect, however, the directional impact to be positive, and Nevada is not alone. We see a number of other states, as you've been following, a number of other states which are going to follow the Ninth Circuit and the Sixth Circuit rulings.

And so, we should see a progressive reduction of the addressable TAM for prediction markets as we wait for the Supreme Court to decide whether to take the case or not.

Charlie Muir-Sands^ Great, many thanks.

Operator^ Our next question is from John DeCree with CBRE. John, please proceed with your question.

John DeCree^ Hi, everyone. Can you hear me now?

Gary Deutsch^ You're back.

Adam Greenblatt^ Hey, John.

John DeCree^ Oh, wonderful. Sorry about that. A question, Adam, on iGaming exclusive content. You highlighted it a few times, and of course, on past calls being a key differentiator for you. I know SideBets in more states coming, Game of Thrones successful launch, but could you speak a little bit to the pipeline in iGaming, how much kind of exclusive content you'd expect to deploy over the next 12 months, or really just some insight into what you're thinking the product roadmap for iGaming and content looks like over the next 12 months or so?

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Adam Greenblatt^ Yes. So, thank you for that. As you'd expect, it's something that is -- that is particularly competitively sensitive. What I will say is we had a BetMGM Board meeting just last week, and there was a whole section of the presentation dedicated to this topic how we make our iGaming business better, stronger.

One of the components, critical components, of course, is our content strategy. We have a very rich pipeline. At BetMGM, we own the category of entertainment. We're also leaning October is legendary spook month. We're going -- so, we're leaning into the Halloween theme this month, and so really, we're following seasonal moments and building around those seasonal moments with our content offering.

You rightly called out Game of Thrones. We've talked about the success of that game. We have follow-ons to that game coming. We've just launched Traitors in one of our markets. SideBet Jackpot is proving to be very, very attractive to our players. We don't have it rolled out in all of our states. It's only now live in two of our states.

So, before the end of the year, we should see improved impact of that product. It's a high-margin product relative to our aggregate margin in gaming, so that should offer a lift. But it's not just content, and this is the important part that I wanted to share also. It's not just content.

We've got a lot of improvement still ahead in relation to speed and stability, the navigation experience, the discovery experience, the personalization, and recommendation engine. All of these areas will be -- we have plans in the very, very near term to make progress against.

So, while our content strategy is very much one of the anchors of our differentiation strategy in iGaming, we have a lot of goodness coming around that.

John DeCree^ Fantastic. Thanks, Adam.

Adam Greenblatt^ Sure.

Operator^ Our next question is from Ben Chaiken with Mizuho. Ben, please proceed with your question.

Ben Chaiken^ Hey, how's it going? Thanks for taking my question. Maybe another follow-up on cost. You hit the marketing point fairly well in a prior question. I'd like to talk about the contribution profit, though, which sits above the marketing expense, I believe, and flow-through was close to 100% there.

Is that an area you see as having more leverage, or is there items specific in the quarter? And I guess I also bring this up because I believe that's where the \$18 million parent fees would sit, presumably, to get it --

Adam Greenblatt^ Gary --

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Ben Chaiken^ -- back close to that. Thank you.

Adam Greenblatt^ Yes, Gary, would you mind?

Gary Deutsch^ Yes, sure. We put the parent fees actually below NG&A from when we -- when we looked at it that way. But remember, we're moving the parent fees out of the adjusted EBITDA anyways when we look at it from an adjusted EBITDA standpoint.

But for, look, the operating cost, the general operating cost, it's a it's a tough environment in some ways. We've managed to get some reductions in our payment costs as a percentage of revenue, but those are always hard-fought.

There's a tension in the business between having flexibility for customers and then using that flexibility to move money in and out of the -- in and out of the platform, which can drive up costs. So, our unit costs on payments have gone down, but sometimes that can be undone by some of the movement velocity in and out.

We have data fees. We have content fees, as Adam was just talking about, with the casino content. We have a world in which sometimes our fees will go up as a result of the exclusive content. Sports data, that's -- it's not something that tends to go down in cost very often.

Taxes tend to be going upwards rather than downwards. So, when you get into the sort of blunt parts of the direct costs it is -- it is a battle to get leverage there. Would you find operating leverage in terms of staffing and where AI will take us? And some of our work on promotional, how we optimize across states can drive some better improvements on taxes as a percentage of revenue.

But, in this quarter, the overall flow-through is being driven by the reduction in marketing compared to last year. And we expect even into next year, we'll see some of the benefit from changes in the marketing strategy.

Ben Chaiken^ Okay. Thanks.

Operator^ Our next question is from Pravin Gondhale of Barclays. Pravin, please proceed with your question.

Pravin Gondhale^ Hello. Good morning. Thanks for taking my questions. I would like to revisit the full-year EBITDA guidance here. You sort of clearly flagged your discipline on promotional and marketing spending there.

But could you talk about the sort -- the sort of other components of the EBITDA, higher EBITDA drop-through implied in your full-year guidance for FY26? And more -- and is the

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previous decision around 40% to 50% EBITDA drop-through guidance still holds true for outer years? Thank you.

Gary Deutsch^ So, starting with the latter point, yes, the sort of low 40s is a run rate, all things being equal target on flow-through. As we've had different moments where we stepped down our investment in marketing, that's caused an increase in the flow-through, which we've now seen for a couple of different periods in a row.

The other benefits we're getting to drop through this year is we have had some efficiencies on payment processing. We've had a couple other things just in our operating costs, some of the minor gains on the ones I was just talking about in the last answer.

But the big driver of the high flow through this year is our year-over-year stepped out of the marketing costs. As Adam said at the up top, we feel comfortable that the guidance we've given and what we've seen in the health of our cohorts so far this year and where we are going into fourth quarter, we're in a good place to meet the guidance.

Pravin Gondhale^ Thank you. This is very clear. Thank you.

Operator^ Our next question is from Sam Nielsen of J.P. Morgan. Sam, please proceed with your question.

Sam Nielsen^ Hey, thanks for taking our question, and congrats on a strong quarter. Could you talk about what you've seen, maybe from a Handle growth perspective for the NFL season thus far, and maybe kind of your latest thoughts on any change in PM cannibalisation there?

Gary Deutsch^ I mean, we've seen small year-over-year increases in Handle. We've also seen small upticks in the bet mix to a favorable margin profile. We had a big -- we had a big sort of first four weeks in terms of hold for the house on the NFL, which has a suppressive impact on Handle because there's less recycling. So now we'll see, we have to look the numbers through.

This last weekend was our first sort of bad house results weekend of the year, which I expect we'll see some increase in Handle as a result. But it's been similar with the rest of the year in terms of the Handle growth.

And as Adam alluded to in the remarks, we have a value-over-volume approach to the player management. We've seen upticks in our NGR per active, but we've seen year-over-year declines in the number of players in the book for sports. And that's coming, that increase in revenue is coming from higher Handle per active.

Adam Greenblatt^ Look, Sam, just to add to that, I'm --

Sam Nielsen^ Thank you very much.

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Adam Greenblatt^ -- very delighted with the Handle performance. So, let's step back and put things into context. We have meaningfully reduced investment directly in OSB marketing player acquisition. And this is a few quarters mature now, this approach, as you know.

And that notwithstanding, we've seen in Q3 Handle growth -- Handle growth at BetMGM despite both reduction in marketing and directly towards OSB and the prevalence and growth and investment of prediction markets. So, really pleased, actually, with the shape of continued momentum, as well as the resilience of our business.

Sam Nielsen^ Makes a lot of sense. Good luck.

Adam Greenblatt^ Thank you.

Operator^ Our final question comes from Richard Stuber with Deutsche Bank. Richard, please proceed with your question.

Richard Stuber^ Thank you. And good morning. Just a quick one for me on Alberta. I mean, it's been live for most of the quarter. So, can you just quantify how much impact that had on both revenue and EBITDA this quarter? Presumably, it was still loss-making. And definitely, what would the annualized impact of live in Alberta be? Thank you.

Gary Deutsch^ Well, let me start with this. For the first quarter, it was live, it has a negligible impact on revenue and sports. It has probably two percentage points of growth impact on the iGaming business.

From an acquisition standpoint, about 20% of the new players we acquired in Q3 were from Alberta. So, we've had a really good burst out of the gates there. We modeled in our own forecast for Alberta to sort of mimic a trajectory takeoff that we had in Ontario a few years back.

We've been -- we've ramped up faster and higher than that trajectory. So that's positive. We're exceeding our daily target. So, we're all -- we're all good there. In terms of the longer-term outlook, obviously, that will grow. We'll see what we're going to look at for next year at this point.

Richard Stuber^ Thank you.

Gary Deutsch^ Sure.

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^ Thank you, Operator. And thank you all for joining us today. We're very pleased with our Q3 results, and we look forward to a strong finish to 2026. We remain focused on disciplined execution, profitable growth, and building long-term shareholder value. So once

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again, thank you for your time. Thank you for joining us, and we look forward to reconnecting next year. Have a great rest of the day.

Gary Deutsch^ Bye-bye.

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