

Gambling.com Group
Fourth Quarter 2025 Earnings Conference Call
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Presenters

Peter McGough, Vice President of Investor Relations
Charles Gillespie, Co-Founder and CEO
Elias Mark, CFO

Q&A Participants

Ryan Sigdahl - Craig-Hallum Capital Group
Jeff Stantial - Stifel
Barry Jonas - Truist Securities
David Katz - Jefferies
Mike Hickey - StoneX Group
Chad Beynon - Macquarie
Clark Lampen - BTIG

Operator

Greetings and welcome to the Gambling.com Group Fourth Quarter 2025 Earnings Call. At this time, all participants are in a listen only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. I would now like to turn the call over to your host, Peter McGough, Senior VP of Investor Relations and Capital Markets. Please go ahead.

Peter McGough

Hello, everyone, and welcome to gambling.com Group's Fourth Quarter 2025 Results Call. I am Peter McGough, Senior VP of Investor Relations and Capital Markets, and I'm joined by Charles Gillespie, Gambling.com Group's Co-Founder and Chief Executive Officer, Kevin McCrystle, Co-Founder and Chief Operating Officer, and Elias Mark, Chief Financial Officer. This call is being webcast live through the Investor Relations section of our website at gambling.com/corporate/investors, and the downloadable version of the presentation is available there, as well. A webcast replay will be available on the website after the conclusion of this call. You may also contact Investor Relations support by e-mailing investors@gdcgroup.com. I would like to remind you that the information contained in this conference call including any financial and related guidance to be provided consists of forward-looking statements as defined by securities laws. These statements are based on information currently available to us and involve risks and uncertainties that could cause actual future results, performance, and business prospects and opportunities to differ materially from those expressed in or implied by these statements.

Some important factors that could cause such differences are discussed in the Risk Factors section of the Gambling.com Group's filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statements are made, and the company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. During the call, there will also be a discussion of non-IFRS financial measures. A description of these non-IFRS financial measures was included in the press release issued earlier this morning, and reconciliations of these non-IFRS financial measures to their most directly comparable IFRS measures are included in the appendix to the presentation and press release, both of which are available in the Investors tab of our website. I'll now call -- turn the call over to Charles.

Charles Gillespie

Good morning and thank you for joining our fourth quarter 2025 conference call. We generated record fourth quarter revenue of 46.2 million, up 31% year-over-year, and adjusted EBITDA rose 5% year-over-year to 15.5 million. Our sports data services business grew 29% sequentially and 440 year-on-year in the fourth quarter to 11.8 million and accounted for 26% of total revenue, the highest percentage yet. Grew 15% sequentially from the third quarter and 4% year-over-year. While the previously discussed challenges with search rankings persisted in the fourth quarter, this was offset by growth in revenue not dependent on organic search referrals, which exceeded revenue from SEO-related sources for the first time. We have scaled non-SEO marketing revenue quickly in the second half of 2025 and continue to expect increasing revenue from these channels going forward. This strategy has made marketing revenue more diversified and less volatile at the price of somewhat lower margins. For the full year, revenue and adjusted EBITDA were up 30% and 19% respectively, and we produced 36.3 million in adjusted free cash flow.

Looking ahead to 2026, we expect revenue to be in the range of 170 million to 180 million and adjusted EBITDA to be in a range of 50 million to 80 million -- sorry, 50 million to 58 million. This represents modest top line growth but a year-on-year decrease in adjusted EBITDA. Behind these headline numbers are two different businesses. We have a thriving high-growth sports data services business, which will grow revenue in the high teens and see margin expansion. We also have our marketing business where it is no secret that revenue from SEO has been under pressure. Given the dramatic changes to the media and digital landscape as a result of the rise of artificial intelligence, we are actively reinventing our marketing business to build a more intimate relationship with our end users. This will involve scaling our CRM platform, offering more interactive and gamified content, and expanding our engaged social media audience. Even while we are reinventing the marketing business, this year, it will continue to generate significant cash flow. Despite recent challenges and perceptions, this is still a very valuable, very profitable business and even considering margin compression from our traffic diversification strategy. We are encouraged by the return to year-over-year growth in the fourth quarter despite the pressures that continue to impact SEO revenue. The market expectations for the future of this business are plainly not accurate.

Non-SEO revenue continues to scale ahead of expectations as evidenced by our cost of sales growth for the fourth quarter. Q4 is the first quarter where more than half of our revenue came from sources not dependent on SEO. As we continue to diversify our increased focus on e-mail, social media, paid, and partnership channels will contribute more revenue as we move through 2026. We also continue to make progress in scaling our CRM activities to engage and cross-sell our customer base. The final and perhaps most interesting piece of our transformation strategy for the marketing business is the new product we expect to launch this spring. While I would love to share more details about this project today, we are not going to share any further information for competitive reasons until the launch. Our annual themes for the past several years have all been AI related, and our team is early adopters and fully embracing the power of these new tools available to them including 24/7 Agentic workflows. While the advances in artificial intelligence over the last several years have been incredible, the acceleration in tools like Claude Code since January has been breathtaking. We continue to prioritize leveraging AI tools to increase our execution velocity across all teams and functions within the group.

Turning to our exciting sports data services business. Enterprise data solutions will continue to be the fastest-growing part as we further grow our customer base, rapidly expand our product offering, and ramp up the offering in new geographies around the world. As a rising challenger in the sports data services space, we are highly valued by our diversified group of customers, growing quickly, and our team is executing at a higher velocity than our peers in terms of product creation, innovation, and delivery. Given our pace of execution, I expect us to continue to take meaningful market share. With the rapid evolution of prediction markets, the potential customer base for our sports and odds data services is expanding quickly. We have established ourselves as -- early as one of the most interesting sources of data on prediction market exchanges and have already made great inroads to selling our odds data to both retail and institutional clients who are trading on these exchanges as well as helping service the exchanges themselves with both data and marketing. There has been some concern that regulated sportsbooks are losing market share to prediction markets, and that has resulted in a negative sentiment, which seems to have been applied more broadly.

To be clear, Gambling.com Group is a net beneficiary of the emergence of this new category as it is expanding our TAM both on data and marketing. While marketing revenue from prediction markets is still small, we have an obvious opportunity to scale up in this category and help consumers navigate all of their new options. We see a great opportunity to expand our data and trading solutions business by servicing more exchanges, liquidity providers, financial institutions, and funds of all styles as prediction markets continue to evolve beyond sports and more players look to be involved. OpticOdds is our brand for enterprise data solutions, and it already has great penetration with U.S. operators. We remain less well known outside the U.S. but are working rapidly to adapt our services to the needs of operators across the many attractive markets, particularly in Europe where we operate. In order to better service global operators, we are expanding our coverage deeper and wider to 25 stores and 5,000 leagues and tournaments.

The two main levers for growth we are focusing on for 2026 are servicing operators in Europe with better coverage within existing products and selling additional new and innovative products to our U.S. clients such as AI-driven pricing and real-time settlement. Beyond Europe and the U.S., there is no shortage of additional growth opportunities to target in due time. Our solutions are not inhibited by legacy architecture as we already have what we consider to be the state-of-the-art technology for odds data, odds related risk management, and bet settlement among other current offerings. We will introduce exciting new platform and product enhancements this year for enterprise customers that will further position OpticOdds as the leading end-to-end data solution for global sportsbook operators. On the consumer side of our sports data business, OddsJam, we will be adding functionality for our subscribers in both prediction markets and sportsbooks. Over the course of the year, we will introduce product enhancements for consumers active on prediction markets including real-time recommendations from pro traders and arbitrage solutions that offer risk-free bets to help better find value across our industry-leading breadth of markets.

For consumers active on sportsbooks, new enhancements will include a simplified sharp money tool and a low-cost introductory plan that helps educate the player and then allows us to upsell them into a higher cost plan. I think this gives you a good sense of the focus we are placing on our sports data services business to be the key driver of our growth and increasingly the driver of shareholder value for GAMB going forward. As reported in December, we have fixed the contingent consideration from the acquisition which enabled us to restructure our internal team to be better focused on sports data services. With the earn-out payment amounts fixed, we are now able to better align our teams to leverage the strengths of the talented team at OddsJam and OpticOdds to better support RotoWire, the third pillar of our sports data services business, which continues to have substantial growth opportunities with the right product and marketing optimizations. With that, let me turn the call over to Elias for his review of the fourth quarter and full year financial details and more details on our guidance for 2026.

Elias Mark

Thank you, Charles. Fourth quarter revenue grew 31% year-over-year to a Q4 record of 46.2 million, and full year revenues rose 30% to 165 million. Data revenue grew 440% to 11.8 million in the fourth quarter, and subscription revenue was 26% of total revenue. Inclusive of revenue share arrangements in our marketing business, recurring revenue was 47% of total fourth quarter revenue. For the full year 2026, data revenue grew 392% in GAAP terms and 27% on a pro forma basis to 41.1 million. As previously highlighted, our marketing business has been impacted by low quality search results in the gaming space. Such dynamics still remain volatile as the trend improvements we saw in November have not carried through more recently. As a result, NDCs of 98,000 were down 32% year-over-year. Despite that impact, marketing revenue rose 4% year-on-year as our traffic diversification efforts picked up speed in the quarter, and we generated a majority of revenue from sources other than organic search referrals for the first time.

Gross profit increased 19% year-over-year to 39.3 million. Cost of sales of 6.9 million compares to cost of sales of 2.2 million in the year ago period, primarily reflecting costs associated with our traffic diversification strategy for the marketing business. Gross profit margin was 85% compared to 94% in the year ago period. Operating expenses adjusted for acquisition and restructuring-related expenses and noncash fair value movements and impairment charges for the quarter grew 32% to 26.9 million. This growth is primarily associated with added headcount from the acquisitions in 2025 and higher marketing costs associated with diversification in the marketing business. Headcount outside of the acquired businesses were flat year-over-year. Noncash fair value movements in the quarter of 18.5 million related to the previously announced early termination of the Odds Holdings earn-out period. As a result, we will not incur any future fair value movements related to Odds Holdings. Noncash impairment charges of 14 million related to changes in future cash flow expectations from websites targeting the Finnish market following recent regulatory changes. Adjusted EBITDA was 15.5 million, and the adjusted EBITDA margin was 33% compared to 14.7 million and 42% in the year ago period. The lower margin reflects the higher cost of sales and marketing expenses associated with our diversification strategy.

Adjusted net income of 12.2 million and adjusted net income per share of \$0.30 for the fourth quarter were flat compared to the year ago period despite the impact of increased interest expense. Adjusted free cash flow in the fourth quarter was 7.5 million, reflecting adverse working capital movements from timing differences. For the full year, adjusted free cash flow was 36.3 million, and that included tax payments of a one-off nature of 5.6 million related to IP transfers. During the fourth quarter, we drew down 38 million on our credit facility revolver. We paid deferred consideration of 33.6 million related to Odds Holdings, and we've repaid 2.8 million on our term loan. As of December 31st, we had total cash of 15.8 million and 123.6 million of borrowings outstanding and 32.5 million of undrawn facilities on our Wells Fargo credit facility. We continue to produce strong free cash flow that will allow us to both delever and continue to invest in our organic growth initiatives. During the fourth quarter, we repurchased 110,000 shares. In total for 2025, we repurchased 672,000 shares for a total consideration of 5.6 million, and we continue to have 14.4 million remaining with our share buyback authorization. We continue to invest in product development and diversification strategies that we believe will power growth in coming years while prioritizing cost control and leveraging AI in our work processes to drive efficiency gains via automation.

This morning, we introduced our 2026 full year guidance for revenue to be in the range of 170 million to 180 million and adjusted EBITDA to be in a range of 50 million to 58 million. We expect revenue growth to reflect continued strong growth in data services driven by sports data enterprise services. Our revenue and EBITDA expectations are negatively affected by continued poor organic search dynamics and regulatory headwinds in the U.K. where a higher-than-expected increase in gaming duty impact player values and volume and in Europe where new regulations in Finland will curtail performance marketing. The adjusted EBITDA margin indicated by this guidance, around 30% for the full year, is expected to be lower in the first half of the year and higher in the second half of the year. This reflects the continued investments

that we're making to diversify our marketing business, the investments in our sports data services product enhancements and the investments needed for the development and rollout of our new products that we plan to launch and for which we expect only marginal revenue contributions for this year. Operator, we will now open the floor for questions.

Operator

Thank you. If you'd like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. To allow for as many questions as possible, we ask that you each keep to one question and one follow up. Thank you. Our first question comes from the line of Ryan Sigdahl with Craig-Hallum Capital Group. Please proceed with your question.

Ryan Sigdahl

Hey. Sticking on kind of the guidance to end Elias, it's U.K. tax increases going to effect in April. Thoughts on the market on what you're seeing. I guess, the thought is what we're hearing as Tier 2, Tier 3 operators kind of the long tail might get squeezed out of the market. That's typically a better opportunity for you guys relative to the big top-heavy ones. So, curious, I guess, how you've pivoted your strategy or plan to pivot your strategy, really the nuances within the U.K.? And then kind of last point on that, if you're willing to break out kind of the challenges in rank order within the guidance in your performance marketing from the U.K. versus Finland versus Google and search.

Charles Gillespie

Morning, Ryan. We've got Kevin here, the Group COO, who's probably best positioned to give you some color on the U.K. market.

Kevin McCrystle

Hey, Ryan. Nice to finally be on this call. We are starting to see the impact and have seen the impact of the U.K. market changes. It's a mix of a few different things. There will be some brands that leave the market. But overall, there's really -- there's like hundreds of brands in the market. So, some leave, it's still a very robust market. We've always done well with the challenger brands, which there will still be enough of in the market going forward. Our strategies in the market will still persist and work really well. We think, if anything, it will be more open opportunity for us if some competitors do decide to exit the market, as well. There's potentially some opportunity for pricing to go down a little bit, but these traffic struggles that we've seen a little bit have also impacted the operators, and there are some brands that we expect actually may need to increase pricing though the macro forces will force it down for some of the top brands in the market, as well.

Ryan Sigdahl

Maybe, Elias, if you can comment on the guidance and kind of rank order of challenges within that. And then I do have a follow-up.

Elias Mark

Yeah, sure. So, if we look at the change in our internal outlook, this is entirely due to two factors affecting the marketing business as we said. And what has really changed since our November call is these new regulatory headwinds in the U.K. and Finland. But we have also -- what we've also seen is that some of the positive trends that we referenced in -- at the end of October and beginning of November has not carried through. So, there is continued search volatility. It's hard to pinpoint an exact term the impact of each of these because there is an element of correlation, but what has materially changed in the macro environment since we last reported is the regulatory headwinds in the U.K. and Finland that we already see impact us.

Ryan Sigdahl

Helpful. Second question --

Elias Mark

I can just add that that was not changed in our outlook in sports data services where we continue to expect a very healthy high teens growth driven by the acceleration on the enterprise side.

Ryan Sigdahl

Good segue. That's my second question is on OpticOdds, specifically the data services. Curious where you're seeing the most success and where you expect to see the most success in '26 in your guidance if that's upselling. You mentioned more sports expanding the platform and seemingly upselling your existing customers there, or is it land and expand with new customers whether that's prediction markets or other geographies? And then kind of also on OpticOdds, just curious the company's mindset to guarantee an earn out early based on an EBITDA figure for 2026. Thanks.

Kevin McCrystle

Hey, Ryan. Kevin here again. I can take that. This is obviously an exciting area of our business. Growth is -- a lot of our growth will be driven by OpticOdds, our enterprise product in the sports data services space. For that, we have around 300 active customers on recurring long-term contracts, and there's about 100 new clients in the pipeline. Importantly, 70% of which are international. In 2025, revenue per client was up 50%, and we onboarded 29 new clients in Q4 alone. Going forward, there's a focus on both increasing revenue per client and converting that sales pipeline to add more customers. We do have a handful of revenue share deals, and these can be materially more lucrative than fixed fees, which is a clear area of focus going forward. Prediction markets are also important here. They've unleashed a Cambrian explosion of entrepreneurial activity with new faces from traditional tech and finance now entering the space, and we are supporting all manner of market participants with high-quality data. The prediction market data in the OpticOdds API comes pre-mapped to existing betting markets.

Beyond optic, though, just sticking on prediction markets for a second there, prediction markets are also an opportunity for consumer product innovation on OddsJam. In terms of the ending the earn-out, we did want to fix the remaining contingent consideration. But beyond that, it really offers a great opportunity to allow better alignment between OddsJam, OpticOdds, and the rest of our group, notably RotoWire, which we're already seeing on some good results from.

Ryan Sigdahl

Very helpful. Thanks, Kevin. Good luck, guys.

Operator

Thank you. Our next question comes from the line of Jeff Stantial with Stifel. Please proceed with your question.

Jeff Stantial

Hey. Good morning, everyone. Thanks for taking our questions. Maybe starting off on Elias' answer just before on guidance. So, it sounds like the main delta is relative to how you laid it out back in November is primarily regulation and then a little bit of the Google search rankings not improving the way that you expected. I guess maybe we'll stick with Kevin for this one. Can you talk about more sort of the AI sort of headwinds? What have you been seeing in real time over the last few months in terms of LLMs taking share or Google AI summaries taking share? Just sort of how has that evolved over the last few months because it seemed to be sort of left out when talking about potential guidance headwinds or at least revisions relative to the prior?

Kevin McCrystle

Yeah. I think you need to kind of take two lenses on that. Our referrals from LLMs are up substantially quarter-over-quarter, and that's something we expect to see going forward. So, that's a positive trend. On a macro lens, it doesn't appear yet that that's eating at Google at the moment. The issues we're seeing are more so with Google itself. And as we noted that November ranking rebound has not quite persisted. With Google, there's two core challenges. One is offshore spam. This is particularly in international markets, this channelization issue due to kind of overly burdensome regulations. And two, negative SEO attacks, which is something we haven't really discussed before. These are both unique to online gambling with search. They seem to monitor it a bit less than some others, and there's very aggressive competitors. Spammers continue to win a cat and mouse game with Google, and Google has been slow to react to the current wave. Historically, they were very quick to react, hence, our guidance on short-term recovery. They may have taken their eye off the ball with some of their focus on other endeavors besides search. But negative SEOs when competitors use third parties to manufacture signals that degrade sites overall authority, and we've been getting those attacks. It's difficult to identify who's sponsoring them. Google is still incentivized to fix this. It's a search quality issue for their end users after all. So, we do expect change to come, but it hasn't happened yet.

Charles Gillespie

Jeff, just to add, I think an interesting way to frame this is to look at the second order effects of AI, right? Like, everybody looks at Google, and thinks AI LLM, so nobody is using Google search anymore. That's totally not true. You just look at the Google results and the search revenue results. Google Search is working better than it's ever worked. But with this new AI world, the spammers are able to put out more spam that's higher quality than ever by using AI, and Google itself is, of course, very focused on its own AI future and thus not policing the search results in the same -- with the same vigor that they used to from our perspective. So, it is AI related but not in the way that people assume.

Jeff Stantial

That's a really interesting point, Charles. Thanks for adding that in for initial color. Kevin, maybe turning more to sort of capital allocation and strategy. It looks like your stock is now trading about on my math 4x your trailing 12-month free cash flow, which to us really seems quite remarkable and grounded more in narrative than any sort of reality. I recognize that you can't talk specifics or get too detailed, but, Charles, I'm just curious like internally, what is the dialogue around sort of strategic optionality if you do see the market continue to dislocate seemingly entirely on narrative?

Charles Gillespie

Yeah. Look, we -- I think the short-term priority is to use our cash to delever somewhat. There's plenty of upside to our 2026 guidance if a few things fall in place, so we could find ourselves in a position where we are generating margins, which are closer to the historical margins in which case buyback would be back on the table. Obviously, at the current level, buybacks are incredibly attractive, but we want to delever before we really focus on buybacks. So, we have a buyback program in place, and we will -- I'd love to be in a position this year to use that. Longer term, I think we need to evaluate all of our options. But plan A at this point is to make the stock work. We're here. We're a listed company in the United States. We do have a great business. We're caught up in a lot of the same narrative challenges as other companies at the moment. But we're still here, and we plan to make it work.

Jeff Stantial

That's great. Thanks very much.

Operator

Thank you. Our next question comes from the line of Barry Jonas with Truist Securities. Please proceed with your question.

Barry Jonas

Hey, guys. Thanks for taking my questions. Charles, I'm curious to get your thoughts on the Genius-Legends deal and if you see any implications for, I guess, how you think about your strategy? Thanks.

Charles Gillespie

Hey. Barry. Look, Legend is one of the great online gambling affiliate businesses. It's a very direct comp to our marketing business. I've known the founder, Nick Kisberg, for many years, and I take my hat off to him on a very impressive transaction with Genius, and we wish them all very well going forward. A lot of former Legend staff work at GAMB and vice versa. Gambling affiliate world is quite small. Their strongest asset is definitely covers.com, which, of course, is a great site. We went up against them to acquire it many years ago and unfortunately got outbid. But there is vastly more to Legend than just covers.com. They operate a long list of assets in a variety of markets around the world. The transaction certainly highlights the synergies between sports data and marketing assets. I'm pursuing the same strategy as Mark Locke but in reverse. We started with marketing, and we see sports data services as extremely interesting. A lot of revenue there and potential advantages to come at it with fresh technology without having tied ourselves up with very large contractual obligations to leagues with official data agreement. So, we think sports services is obviously our future, and that's the bet we've made. We're just kind of doing it in the opposite order. Otherwise, competition is great, and we look forward to seeing what Genius will do with Legend.

Barry Jonas

Sounds great. And then just as a follow-up, Charles, I would love to get your high-level thoughts on the potential for new iGaming legalization from here. And I guess with that, is Maine or Alberta embedded in the guidance to any degree? Thank you.

Charles Gillespie

Maine is tiny, and they're just going to have a couple of operators, so that's completely immaterial. The non-Ontario, Canada is a gray market where a lot of people are already active. So, Alberta will be helpful because it will -- it looks like it will be a dynamic market, multiple operators similar to Ontario. So, that's positive because you'll have more marketing dollars going into it, but it's not going to make a material difference. In the states, we've got our eyes on Virginia. They -- it looked like they might legislate this year. Now it's looking like next year. Massachusetts and Illinois have bills alive for iGaming. New York iGaming seems slightly more likely than it did previously. I understand that some of the union opposition has been addressed, and they're not fighting it as hard. That would obviously be a big one and would be material.

Barry Jonas

Perfect. Thank you.

Operator

Thank you. Our next question comes from the line of David Katz with Jefferies. Please proceed with your question.

David Katz

Hi, everybody. Thanks for taking my question. Charles, you mentioned earlier, the version of the -- of a new product for marketing that is not discussable for competitive reasons, which is completely understandable. But maybe just talking around it a little bit on the degree to which you're rolling that out is impacting the EBITDA guidance for this year and what the variability in that impact, if there is any, might be. But not for it, would EBITDA be up and if we could put any specificity around that, that would be helpful.

Charles Gillespie

Yeah. Thanks for not trying to get me to reveal the juicy details, David. Yeah. Elias, do you want to quantify a high level what that looks like?

Elias Mark

Yeah. I mean, we have included both CapEx and OpEx related to this new product. It's not of the magnitude that you would have otherwise led to adjusted EBITDA growth, but it's certainly added OpEx and CapEx. That's included with very limited revenue assumptions.

Charles Gillespie

Couple of millions sort of thing.

David Katz

Understood. And if we think about what its revenue benefit is, presumably, there is some revenue for it in the guide for this year. Maybe, again, just talking around it a bit, how you see -- like what you think this product will do for you just so we can help think about including that in your multiple, which I think my colleagues address pretty well before me.

Charles Gillespie

Yeah. It's going to produce not a lot of revenue this year, call it \$1 million, just round numbers to keep it simple. The story is really going to be about 2027 and 2028. It is incredibly strategic for us. It solves a couple of key objectives for us. It built -- helps us build that much closer relationship with our end users. It leverages the power of our marketing business. It's clever. And I think everyone's going to like it, and that's part of the reason why we're keeping the cards close to the vest at this point. But yeah, it will really start to make a difference in '27 and '28. This year is getting it live, laying the groundwork, putting the rails in place, and then the real benefits will come next year. But it's something that we can use our marketing business to grow, and we can -- and it will also have substantial benefits that flow back into the marketing business. It's going to take the marketing business -- it's going to completely change the narrative on the marketing business.

David Katz

I look forward to turning the cards over. Thanks.

Charles Gillespie

Me too.

Operator

Thank you. Our next question comes from the line of Mike Hickey with StoneX Group. Please proceed with your question.

Mike Hickey

Hey, Charles, Kevin, Elias, Pete. Good morning, guys. Just a couple of questions. Charles, you mentioned that there was a path to upside -- I guess there's always a path to upside, but you seem excited versus your '26 guide. So, what are the catalysts, I guess, that are most identifiable to you to drive upside to your numbers in '26?

Charles Gillespie

Definitely SEO improving. Whenever we have kind of a challenging SEO environment, we make forecasts that end up being too pessimistic, and when SEO is flying, we end up being too optimistic. But sports data services definitely has a real potential to outperform. Non-SEO also has real potential to outperform. A lot of the stuff we're doing, including the new product I just talked about with David, these are new initiatives, right? So, when we forecast this stuff, we got to be conservative, right? We're not going to just put a forecast on the table, which is too aggressive for something which is fundamentally relatively new inside the business. But our non-SEO initiatives are obviously succeeding. That's been -- driven more revenue in Q4 than SEO for the first time. There's certainly potential for that outperform. You've got CRM, which is scaling up, paid media, which is scaling up. We've got quite a few levers which could result in outperformance. But we are also very conscious of putting out numbers that we can hit even if none of those things outperform.

Mike Hickey

Do you feel like in this environment you did a couple of extra layers of conservatism on your '26 guide? I know it's second half weighted, but just given the volatility, the challenges in the search algo, do you feel like you sort of kitchen sink this a bit?

Charles Gillespie

That's the idea, Mike. We want to be pretty conservative.

Mike Hickey

Yeah. All right. Last question. Obviously, a lot to digest in '26, a lot of change in the industry and in your company. Charles, Kevin, when you look longer term, the best you can thinking sort of '27, '28, can you just sort of give us the vision that you see the growth opportunity? And also, how M&A could eventually fit back into the picture as you look to sort of develop and grow your data business, which has been a real exception and shining star here? Thanks, guys.

Charles Gillespie

Yeah. If you look at '27 and '28, marketing is going to return to growth. That narrative is going to change. It's going to become a more interesting business just in terms of the pure numbers

and the story as a result of all of the different things we're doing to the marketing business. The clear path for growth for sports data services, obviously also means that that's going to continue to grow faster than marketing. So, that's 26% of group revenue in Q4. That will keep ticking higher. But we do expect to grow revenue in the marketing business, as well. So, it's not going to -- sports data services isn't going to -- it's not going to be 50% of group revenue anytime soon. But when you look at '27, '28 we see these businesses thriving, being AI-enabled and highly efficient. And it's one thing to make a business AI proof. It's something else to make it a major beneficiary of AI, right? And if you look at our sport data services business, it's not SaaS. It's fundamentally data, data which is not easy to get your hands on. Our customers could use Claude Code and try to create similar software to get their hands on that data. But the reality is, is we spend an enormous amount of money on compute just to aggregate that data. And some of that data only comes because of GAMB's very long relationship with major operators in the industry. So, it's not economical or logical for any of our clients to try to do that themselves. So, it's a perfectly defensible business in a world that's AI first and data quality unique data sets in the world of AI are where the value is going to accrue.

Kevin McCrystle

If you also look a little bit longer term, AI -- using AI internally and kind of all the things we do will help us execute at a higher velocity generally and will mean that over the kind of long-term we don't expect significant cost increase overall across the business. And so, those costs can stay stable as revenue continues to grow, which will, in the long run, improve margins.

Mike Hickey

Thanks, guys.

Operator

Thank you. Our next question comes from the line of Chad Beynon with Macquarie. Please proceed with your question.

Chad Beynon

Hi. Good morning. Thanks for taking my questions. We just returned from a very well-attended annual iGaming conference, and it seems like prediction market certainly overtook the preponderance of conversations and sessions. And I know there were a few there that actually believe predictions could be bigger than sports betting in a few years. Not sure if that's hyperbole or if there's really data supporting that. But given the difficult legal situation and definition going on, how are you guys thinking about just investing time, money more into predictions if some of these views end up being true in a few years? Thanks.

Charles Gillespie

Hey, Chad. The more people I talked to in the industry and the smartest people I talked to you in the industry are the most comfortable with the future of prediction markets from a legal perspective. It does feel like that that's not going away. I mean, I think it will ultimately go to the Supreme Court. But I think the case from the CFTC that this is well within their mandate is

going to survive. I think the end user interest and the public interest in this is also the genie's out of the bottle. It's very clear that there is demand for this and people like the product. So, I think it's here to stay. When this category first came out, I was like, oh, this is betting exchanges from the U.K., and that fairs an okay business, but it's not -- it didn't kind of fulfill its ultimate promise that everyone in the industry thought it would. Or you could also apply the metaphor for poker, right? It's -- poker boomed until the sharks ate all the fish. So, are those -- what lessons can we learn from that, and are they applicable here to prediction markets? And my first gut instinct was they are applicable. But as we've gotten deeper into this, and I've seen so many start-ups and entrepreneurs and people thinking critically about it, and it really is where the energy is at the moment it feels like in the industry. So, I think -- I don't think those lessons from poker and European betting exchanges are directly applicable, and I -- it's a distinctly American products. Americans grow up, trading stocks, thinking about the stock market, buying, and selling. That is not the same outside the U.S. So, there's some specifically American characteristics to it, which I think will give it a bright future.

Chad Beynon

Thanks, Charles. And then just thinking about maybe the SEO part of the business or maybe even including the non-SEO. CPAs versus rev share, I know there was discussions in prior quarters that this mix could change and that could impact the near-term financials. How did this change in '25 -- and then as we think about '26, do you think there should be any adjustment in terms of those proportions for the marketing business? Thank you.

Kevin McCrystle

Hey, Chad. Yeah, we did see our percentage of rev share go up on the marketing business. Overall -- for the overall group, rev share was around 25% of revenue, which is up from historical levels. A lot of historical base is from online casinos, which you can do rev share, but it's not necessarily more lucrative than CPA. Revenue share does tend to work better for sports betting. And as we do more in sports betting, revenue share makes sense. We are increasingly putting more users through revenue share deals. They do take longer to play out, though, to get the full lifetime value. You're not going to see in month one a CPA is much more valuable, and in month six the CPA is probably still more valuable. So, it takes a little longer to see that play out. In the U.S. market, we have been moving more to revenue share. That's done okay, but we see pockets overall where it's worked really well. And we have really complex machine learning that optimizes our ad tech to kind of figure out the right deal for the right market to push to users. And we don't necessarily have a strategic view that we'd rather move to revenue share, though, obviously, that's great. We do want to maximize the value per user. And so, that's how we think about it.

Chad Beynon

Thanks, Kevin. Appreciate it, guys.

Operator

Thank you. Our next question comes from the line of Clark Lampen with BTIG. Please proceed with your question.

Clark Lampen

Thanks for taking the questions. I think I have a couple for Elias here. I guess, in light of the shift in strategic priorities, which you guys have talked about already and the importance of the subscription and OddsJam businesses on a go-forward basis, I wanted to see if it's possible for you guys to help us think about how much of the 2026 EBITDA that you're forecasting at this stage is a function of those businesses? I think our sense is that that revenue stream has a 40% to 50% margin profile. Curious if that's accurate, I guess, for question one. And then question two, when we think about, I guess, sort of compounding this or feeding into the decision to sort of shift focus and priorities right now, the delta between the SEO and non-SEO businesses, I know you mentioned that this is going to be a drag in the first half of the year. Is it possible to give us a sense for how different as a result of traffic acquisition costs the margin profile of those operations are? Thank you, guys.

Elias Mark

Hey, Clark. Yeah. So, it's -- we don't break out segments to EBITDA, but the way we think about it internally is about contribution margin. If we look at our sports data, this has a higher contribution margin on a run rate basis. The contribution margins are well over 50%, and they are expanding as revenue scales faster than cost. In contrast, the contribution from our marketing business still high, but it's sub 50%, and it has been declining as a result of our strategy of channel diversification. But it's -- as Charles said, before it continues to and it will continue to produce very healthy cash flows even with a little bit of margin contraction.

Kevin McCrystle

Hey, Clark. Kevin here. SEO has very high margins, so almost any other channel is going to have slightly lower margins than that. We've been investing heavily into non-SEO channels. We've seen e-mail, social LLM referrals all up between 50% and 500% in Q4 versus Q3 just to give a little perspective on that. But there's a mix of margin across channels. And additionally, there is some upfront investment specifically around content and product and, at times, access to various communities. But we do see that margin improving on [inaudible] over time specifically related to the CRM activity. The CRM really ties together all the channels, creates a new growth flywheel from consistent customer engagement, and that is pretty much all margin CRM. So, as we kind of engage more users, get them into our funnel, over time, that's an opportunity to improve margins.

Clark Lampen

Thank you, everybody.

Elias Mark

And that's also -- Clark, just to finish that thought. That's also why we are guiding towards a slightly lower margin in H1 than we are in H2. It takes a little bit of time to scale, and as we scale the incremental margins from, these new channels improved.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Gillespie for any final comments.

Charles Gillespie

Thanks, everybody, for joining us today. We look forward to another year of growth, and we look forward to updating everyone on our Q1 results in May.

Operator

Thank you. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.