

Gambling.com Group
Fourth Quarter and Full Year 2021
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Presenters

Ryan Coleman - IR

Charles Gillespie - Co-Founder & CEO

Elias Mark - CFO

Q&A Participants

David Katz - Jefferies

Barry Jonas - Truist Securities

Jeff Stantial - Stifel Financial Corp.

Operator

Greetings, and welcome to Gambling.com Group Fourth Quarter and Full Year 2021 Earnings Results 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 “*”, “0” on your telephone keypad. Please note, this conference is being recorded.

I will now turn the conference over to Ryan Coleman, Investor Relations. Thank you. You may begin.

Ryan Coleman

Thank you. Hello, everyone, and welcome to Gambling.com Group’s fourth quarter and full year 2021 earnings results call. I’m joined by Charles Gillespie, Chief Executive Officer and Co-Founder, as well as Elias Mark, Chief Financial Officer.

This call is being webcast live within the Investor Relations section of our website at gambling.com/corporate/investors, and a downloadable version of the presentation is available there, as well. A webcast replay will be available on the website after conclusion of this call, and you may contact Investor Relations support by emailing investors@gdcgroup.com.

I’d 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 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 future 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 is included in the press release issued this morning, and reconciliations of these non-IFRS financial measures to their most directly comparable IFRS measures, are included in the appendix of the presentation and press release, both of which are available in the Investors tab of our website.

With that, I'll turn the call over to Charles.

Charles Gillespie

Thank you, Ryan, and welcome, everyone. Elias and I are happy to be here in New York this morning to report our fourth quarter and full year financial performance, which was in line with our preliminary results we announced last month.

We are thrilled to see our investments in our North American operations paying off, as shown by our strong North American revenue growth in the quarter and our record start to the new year, which sets us up for what we expect to be an, incredibly, strong year of accelerating profitable growth in 2022.

Now I'm on Slide 4 for those with the deck. For the full year, North American revenue grew 89% to \$7.5 million. For the full year, total consolidated revenue increased 51% to \$42.3 million, compared to \$28 million.

And our full year total adjusted EBITDA was \$18.4 million, which was an increase of 26%, compared to \$14.6 million.

We delivered 117,000 new depositing customers for the full year, compared to 104,000 in 2020. Through a mix of increased exposure in North America and successful investments in data science, we substantially increased our revenue per NDC during the year.

We launched several new U.S. state-specific websites in 2021 and acquired hundreds of domain names to expand our presence and drive organic growth in the U.S. and Canada. We now possess an unmatched collection of premium domain names for the U.S. market. Many domains are already in use, while others are on standby for new state launches.

New sites on these premium domains are being developed from scratch in-house, which will maximize the ROI of these capital investments, over time.

I believe that we delivered the best year among our peers in 2021, in terms of strategic execution and tangible financial results. Our industry colleagues agreed and crowned us the 2021 EGR Affiliate of the Year, the industry's top award for affiliates in the regulated online gambling industry. We were delighted to win this award during the year of our initial public offering, taking it home for the second time, after initially winning in 2018.

As we previously announced and detailed on a special call in December, we acquired rotowire.com, the original authority in American fantasy sports, to help accelerate the group's sports betting affiliate revenue in the U.S. The acquisition also diversified the group's revenue mix by adding both subscription revenue and B2B media services revenue.

The acquisition closed on January 1 and, so far, our experience with RotoWire has supported our investment thesis.

On to Slide 5. So far, 2022 is off to a record start, with our U.S. revenue exploding in January with the launch of sports betting in New York. The State of New York launched online sports betting on January 8, in time for the College Football National Championship, as well as the NFL playoffs and Super Bowl. Our team delivered a barnstorming performance in New York.

According to our clients, we have been among the market leaders in terms of the number of new depositing customers delivered to our clients. In anticipation of the launch, we developed two New York specific websites where sports bettors can find trusted, comprehensive, and up-to-date information on sports betting in the state.

These sites, NewYorkbets.com, and empirestakes.com, complement our flagship U.S. sports betting website, bookies.com, and the iconic gambling.com, to cover gambling in New York, from every possible angle. The significance of new York's launch cannot be overstated.

With over 14 million adults, it is the fourth most populous State in the U.S., and it is by far the most populous state where online sports betting is legal, today. A YouGov survey, commissioned by empirestakes.com, reported that one in three New York adults were likely to place legal sports bets, once legal online sports betting arrived in the state.

The state's launch helped drive a record month for the group in January, and New York will be a critical driver of the growth of online sports betting in the U.S., if not the world.

U.S. performance outside of New York has also been ahead of expectations, during the start of the year. Louisiana also launched in January, and has helped drive meaningful U.S. revenue, along with the rest of our U.S.-facing assets, which are performing well, across several U.S. state markets.

Trading in Europe has also been solid and is trending ahead of levels in the fourth quarter. We expect to deliver significant year-on-year organic revenue growth in Q1, before consolidating any revenue from our recent acquisitions of RotoWire and BonusFinder.

Our media partnership with McClatchy that we announced in January, is now live and is exceeding expectations.

Typical seasonality pattern supports strong trading in Q1, and in particular, in March. Q2 has fewer major sporting events and better weather, leading to less consumption of digital entertainment products in the northern hemisphere. In addition, we have significantly increased our exposure to the U.S. sports calendar, which has more exacerbated seasonality patterns and is, seasonally, slowest in Q2.

Therefore, we do not expect the full strength of Q1 to continue into Q2, but we remain very confident for the second half of the year and about our full year guidance.

We have also seen strong growth in NDCs in Q1, helped by the launch of New York in particular. For 2022, we expect the revenue per NDC improvements we achieved in 2021 to remain steady, and for the revenue growth to be more closely correlated with NDC growth.

On to Slide 6. Over the past few months, we have seen new state launches in the U.S. greatly expand the total addressable market in the U.S. New York's launch was followed by Louisiana's launch of online sports betting on January 28, in time for the Super Bowl.

Louisiana has a rich sporting history, both professionally and at the college level, and the group believes that the foundation is in place for Louisiana to be a big player in the regulated U.S. online gambling market.

The strong regulatory momentum continued throughout the first quarter, and earlier this month on March 5, Arkansas launched online sports betting in time for March Madness, which for our international callers, is the three-week long National Championship Tournament for College Basketball in the U.S.

The market in Arkansas has been slow to develop, with only one mobile operator live at the time of launch. We believe that we are well positioned with betarkansas.com and expect the market to develop, during the year.

As we have outlined, our top priority is to continue to grow our market share in the U.S., where we expect to see the still nascent U.S. market become the world's largest online gambling market in short order.

Ohio and Maryland have already passed legislation to allow online sports betting, and we expect them to launch their markets in time for the start of NFL in Q3.

North of the border, Ontario online casino and sports betting is expected to go live on April 4. The province has a population of more than 12 million adults, equivalent to the population of Pennsylvania, the fifth largest state in the U.S., and will be another huge market in North America, driven by a healthy regulatory regime that allows proper competition between operators.

We expect more than 50 licensed operators to be live in the first weeks of regulation.

On to Slide 7. Over the past two quarters, we have been investing heavily to expand our portfolio of U.S. assets to put us in a premier position to capitalize on the rapidly expanding North American regulated online gambling market.

Most of these initiatives have been organic investments to develop new websites and capital investments to purchase quality domain names, but they have also included acquisitions and select partnerships that complement what we already do well and fit within the group's family of assets.

As more states across the United States have regulated online sports betting, our portfolio of state-specific sites has, rapidly, expanded. By the end of 2021, we assembled a best-in-class domain portfolio with premium domain assets ready to go for all 50 states.

We have recently added new sites to our portfolio of state-specific sites, with the additions of Illinois Bet, Bet Arizona, New York Bets, and Bet Arkansas. We have launched sites in preparation for anticipated regulation, including Bet Maryland, Bet Ohio, and Ontario Bets.

And we have dozens of additional domains secured for states expected to regulate in both the short and long-term, including Bet California and Bet Texas.

In January 2022, we closed our acquisition of RotoWire, the original authority in U.S. fantasy sports and a leading nationally syndicated sports news and information service. With a laser focus on fantasy sports for the past 25 years, RotoWire has built a successful business, which sits at the heart of the American sports experience.

RotoWire publishes and distributes news, player updates and statistics via RotoWire.com, iOS and Android apps, and through its media partners. While their historical focus has been on season-long fantasy sports, and more recently daily fantasy sports, this acquisition is about sports betting.

Specifically, we believe we can leverage RotoWire's expertise, authority, and trust with its users to accelerate the growth of our sports betting affiliate revenue in the United States.

The RotoWire website is a digital giant. They received more than 10 million referrals from search engines, and more than 18 million unique visitors to the site in 2021. Our digital marketing experts will help focus that power to maximum effect in 2022, making RotoWire a key part of our longer-term strategic plan for the U.S. market.

In January, we also announced our first media partnership with the McClatchy Company, a leading national publisher of newspapers with digital media assets in 29 markets, across 14 states. This strategic media partnership will improve the monetization of real money gaming, across the McClatchy portfolio of assets.

Through this partnership, the group gains access to a new audience and suite of high authority websites. So far, the partnership is exceeding our initial expectations. Ultimately, media partnerships like this are about matching strength with strength, by combining our expertise with the assets of larger media organizations. And we expect similar partnerships to be a part of our U.S. strategy, going forward.

Shortly after, on February 1, we acquired the publisher of BonusFinder.com, a high growth, high margin, pure play performance marketing business focused, primarily, on the online gambling industry in North America. BonusFinder is a series of online portals that help consumers find and compare bonuses for online sports books and casinos, the same fundamental business model as ours.

Naturally, this acquisition was a perfect fit to our portfolio and is immediately accretive to us.

Canada is currently BonusFinder's largest market, and we help--and will help the group pursue the first regulated Province launch with Ontario. BonusFinder also has a solid presence in the United States, where we expect to accelerate the site's growth in the coming years.

Overall, the acquisition of this international brand furthers our overarching growth strategy of rapidly expanding our North American footprint.

In our pre-announcement of our full year results in January, we said that we expected January to be our strongest month ever, even before consolidating revenue from recent acquisitions. The group's previous best quarter was Q1 of 2021, where we delivered \$11.5 million in revenue.

Now that we are into late March, we can confidently state that we expect Q1 to be a record quarter, even before consolidating revenue from either RotoWire or BonusFinder.

On to Slide 8. In addition to our investments in the business, another critically important tailwind that will drive our expected success in 2022, is the changing attitudes amongst B2C operators around their expectation for how and where they allocate their future marketing spend.

Public statements from operators over the past few months have demonstrated a clear reevaluation of the sustainability of the current scattershot approach to marketing and advertising. U.S. B2C online gambling operators are under pressure to show a path to profitability, which requires optimizing their respective marketing budgets.

Investments in traditional media, inherently, lack clear attribution to customer acquisition, much less customer lifetime value. It can be a very large and very expensive black box.

When we deliver traffic, every customer interaction can be tracked by the operator, leading to perfect clarity on where customers really come from and what they are, actually, worth. Given such clear attribution, operators have the confidence to invest, heavily, into the affiliate channel, especially, when under pressure to show ROI on marketing spend.

Going forward, we expect U.S. B2C operators to pull back on marketing and advertising, overall, but not on affiliate marketing. Pressure to deliver marketing ROI reduces experimentation and focuses resources on what operators know works. European operators conducted these experiments and learned these lessons in years past.

We are confident that, as U.S. operators grow increasingly conscious of the efficiency of their marketing spend, they will increasingly choose to bet on a sure thing with their affiliate marketing partners.

Onto Slide 9. As these B2C operators and other publicly-listed online gambling companies look for their paths to sustainable profitability, we already possess one of the highest adjusted EBITDA margins in the industry among publicly-traded companies in the United States, focused on the online gambling industry, based on 2021 performance.

Our margins are, comfortably, above the peer averages across the online land-based and services players. Also, our cash flow from operations, as a percentage of revenue, is well in excess of peer averages. Our strong profitability and cash generation are key differentiators for us in an industry otherwise challenged by marketing costs.

Our strong cash flow more than covers our organic investment initiatives and capital expenditure, meaning we are not reliant on external financing to achieve the high levels of profitable growth that have defined the group since its founding.

The unique operating profile of the affiliate model puts us in a highly advantaged position, as we execute on our medium-term financial targets and build upon our already leading financial metrics.

With that, I'd like to turn the call over to our CFO, Elias Mark, to discuss our fourth quarter and full year financial performance in greater detail.

Elias Mark

Thank you, Charles, and welcome, everyone. We are on to Slide 10. As Charles mentioned, our fourth quarter and full year financial performance were exactly in line with our pre-announced expectations last month. We delivered record full year financial results that showed strong growth, compared to 2020.

Total revenue increased 51% to \$42.3 million, compared to \$28 million in the prior year. On a constant currency basis, revenue increased \$13.4 million or 46%. Importantly, all the revenue growth was organic. The increase was driven by both a growth in the number of NDCs and improved monetization of NDCs.

Total operating expenses increased \$14.1 million to \$30.9 million, compared to \$16.8 million in the prior year. On a constant currency basis, operating expenses increased by \$13.5 million, or 77%.

This increase was driven, primarily, by increased headcount across sales and marketing, technology, and G&A functions, as we scaled investments in the company's organic growth initiatives during the second half of the year, as well as increased administrative expenses associated with operating as a public company.

Sales and marketing expenses totaled \$14.1 million, compared to \$8.1 million in the prior year. This increase was driven, primarily, by increased headcount across content, search marketing, and web development functions.

Our technology expenses totaled \$4 million, compared to \$2.5 million in the prior year. The increase again, was driven by increased headcount across technology platform and business intelligence functions. And this was partly offset by capitalized development costs.

General and administrative expenses totaled \$13 million, compared to \$6 million in the prior year. The increase was driven by both increased headcount and professional services and insurance expense.

Operating profit was slightly higher at \$11.4 million, compared to \$11.1 million in 2020, as increased costs were offset by substantially higher revenue.

Net income totaled \$12.5 million, or \$0.37 per diluted share, compared to net income of \$15.2 million, or \$0.49 per diluted share, in the prior year. Net income in 2020 was positively affected by the recognition of deferred tax assets of \$5.4 million. And the comparative figure for '21 was \$1.8 million. In 2020, there was also a gain from bonds redemption of \$1.4 million, which was a one-off nature.

Adjusted EBITDA increased by 26% to \$18.4 million, compared to \$14.6 million in the prior year, representing an adjusted EBITDA margin of 43%. The increase was driven, primarily, by increased revenue, and partly offset by increased operating expenses.

Total cash generated from operations of \$14 million increased 28%, compared to \$10.9 million into 2020. The increase was driven, primarily, by increased adjusted EBITDA.

Free cash flow totaled \$8.4 million, compared to \$10.8 million in the prior year. The decline was a result of increased cashflow generated from operations, offset by increased capital expenditures consisting, primarily, of the acquisition of domain names and capitalized development costs.

NDCs increased 13% to 117,000, compared to 104,000 in the prior year.

Lastly, our cash balances as of December 31, 2021, totaled \$51 million, an increase of \$42.8 million, compared to the end of 2020. The increase was driven by IPO proceeds, which totaled \$42 million before associated expenses, as well as net income generated by the company, throughout the year.

Borrowings, including accrued interest, totaled \$5.9 million, compared to \$6 million, as of December 31, 2020.

Moving on to Slide 11. Total revenue in the fourth quarter remained constant at \$10.3 million, as strong growth in the U.S. was offset by a decline in the UK and Ireland. Revenue was also flat on a constant currency basis.

Our UK revenue in the fourth quarter was a little softer than expected because of weaker than expected search performance in November, especially when compared to Q4 2020, which saw a demand spike correlated with restrictive COVID-19 measures. Towards the end of the quarter, our search performance had recovered, and we exited the quarter on a strong footing.

Total operating expenses in the fourth quarter increased by \$3.8 million to \$9.7 million. On a constant currency basis, operating expenses increased \$3.6 million, or 58%. The increase was driven by increased headcount across both sales and marketing, technology, and G&A functions.

Operating profit in the fourth quarter was \$0.6 million, compared to \$4.4 million in 2020. The decrease was driven, primarily, by a decrease in adjusted EBITDA, and an increase in share-based payment expense.

Net income in the fourth quarter totaled \$0.9 million, \$0.02 per diluted share, compared to net income of \$8.5 million, or \$0.35 per diluted share, in the prior year. Net income in the

comparable period of 2020 was positively affected by the recognition of our deferred tax assets of \$5.4 million.

Adjusted EBITDA decreased to \$2.3 million, compared to \$6.1 million for the prior year, representing an adjusted EBITDA margin of 22%. The decrease was driven by increased operating expenses, as we continued to invest in organic growth initiatives.

Free cashflow was negative \$1.8 million, as we increased capital expenditures, consisting primarily of the acquisition of domains, along with capitalized development costs. NDCs decreased 20% to 28,000. In the comparable period in 2020, we had positive demand effects that correlated with the restrictive COVID-19 measures, particularly in the UK.

Moving on to Slide 12. We are reiterating each of our financial targets for the period 2021 to 2023. We're targeting our average annual revenue growth over the period to exceed 40%. In our European business, we target growth faster than the European gambling market, over a business cycle. And in the U.S., we expect to, substantially, grow our market share.

At the same time, we are targeting an average annualized adjusted EBITDA margin of no less than 40%. As we have said before, our adjusted EBITDA margin may deviate from that target from time to time, due to seasonality and our investments to support organic growth in the U.S. market.

Lastly, we're targeting a net debt to EBITDA leverage ratio of under 2.5 times.

In 2021, we exceeded all three targets, with revenue growth of 51%, all organic, adjusted EBITDA margin of 43% and no net debt, and having very significant cash balances at the end of the year.

Moving on to Slide 13. Turning to our outlook for 2022, we expect to comfortably exceed our 40% revenue growth target. Our guidance of \$71 million to \$76 million in revenue represents year-on-year growth of between 68% and 80%, achieved through a combination of organic growth and the previously announced acquisitions.

We expect to deliver adjusted EBITDA between \$22 million and \$27 million, representing growth of 20% to 47%. Our adjusted EBITDA margin is forecasted to be below 40%, as we continue to invest in our organic growth plans.

In addition, the acquired RotoWire business has a lower margin profile than our underlying business. However, we expect to gradually expand margins from the Roto assets, as we realize revenue synergies, and we expect to exit 2022 with margins more in line with our 40% margin target.

The outlook is based on information currently available to us and does not factor in potential new acquisitions.

As Charles mentioned, we expect our first quarter revenue to exceed our previous single quarter record, before consolidating our recent acquisitions, driven by strong organic growth in North America.

Lastly, it is also important to note that our growing exposure to the U.S. sports calendar means that we will see stronger seasonality patterns, with Q1 and Q3 being the strongest quarters for U.S. sports revenue.

On the casino side, Q1 and Q4 remain seasonally stronger quarters. Q2 is the seasonally slowest period, and it is typical to see a sequential decline in revenue from Q1 to Q2.

We remain focused on executing on our growth strategy, which includes investing in both organic growth and M&A, with the objective of establishing the group as a leading player -in both new and existing U.S. markets as the top priority, while continuing to grow our market share in our more established markets in Europe and elsewhere.

With that, we'll be happy to take questions.

Operator

Thank you. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. And for participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys.

Our first question is from David Katz with Jefferies. Please proceed.

David Katz

Hi. Good morning, everyone. Thanks for all the commentary. I wanted to just discuss the long-term target for a second. And in particular, I apologize if there's a footnote in here, but with respect to potential acquisitions, which I think you do note in the '22 guidance, what is your kind of leverage tolerance?

And when we think about the boundaries and the size and kinds of things you would entertain acquiring, where might that go and how might this look, under those circumstances?

Elias Mark

Yeah, so, the targets that we've communicated in terms of leverage is below 2.5x, all interest-bearing debt leverage. We would be comfortable to go above 2.5x if you include some of the owner components that we have in our recent acquisition as part of that, to be settled with shares.

David Katz

I see. And for incremental acquisitions, Elias, how high might you be willing to go? And I'd love just some color, Charles, on kind of the size and scale of things that you would entertain buying within this period.

Charles Gillespie

Yeah, just after the IPO, we came out and we said we wanted to do kind of one to two medium size deals in the kind of \$25 million to \$50 million range, a year. We've done that. The two deals we've announced fit squarely within that guidance. I think moving forward, we're not going to be as specific on the guidance.

We're going to be open minded but, all things equal, we're looking for bigger deals. We don't want to get bogged down in the weeds with lots of small deals. And we think we've done two very good deals, and those will pay off exactly as anticipated and, thus, we're not rushing to do the third. And we're thinking all things equal, bigger than we were, previously.

David Katz

Understood. And one last one if I may, which is, you make some, I think powerful arguments about being the profitable alternative and the assured alternative for operators, particularly, in the U.S., who have been foregoing profits in exchange for market share.

Is there any math that you can sort of help us to flesh that concept out just a little bit more? And frankly, I'll just leave it there. I'd love to just get a little--a little clarity or a little better math around how that actually works, and I think it'd be helpful for everyone.

Charles Gillespie

Sure. I think the most compelling and clear evidence of this is, if you look at some of the investment material from some of the publicly-traded U.S.-facing online gambling operators, they've put their LTVs in these documents.

And casino is, obviously, higher than the sports betting. And on the high end with casino, it's many, many thousands of dollars. And on the sports betting side, it is less, but it's still very significant. And what they pay folks like us is a fraction of that. And of course, the affiliates do their best to negotiate the best possible deals.

And as this market tightens up on the affiliate side, maybe those rates go up a bit. But essentially, the margin between what they're paying the affiliates and the customer lifetime value that they're acquiring from these NDCs coming to them from the affiliates are very significant. It's not close. They're, definitely, making a lot of money off of these players.

Maybe not--it may not be cashflow positive on month one. It takes months or possibly years to capture that lifetime value, but that's just math.

Elias Mark

And very importantly, they only pay for what they get. They only pay for an actual customer, not a potential customer.

David Katz

Understood. Good enough. Thank you very much.

Operator

Our next question is from Barry Jonas with Truist Securities. Please proceed.

Barry Jonas

Hey, guys. Good morning. Thanks for taking my questions and welcome to New York. At the IPO, you estimated a \$4 billion U.S. affiliate market size. Curious if you have any updated thoughts on that number, or maybe the timing of when we could get there. Thanks.

Elias Mark

We don't have perfect data on this. I think the data we published in the IPO is probably the best estimate that we have. What we can say is that the market development in the U.S. has continued to evolve at the quicker end of anyone's guess. So, we're probably slightly ahead on that, but we don't have great data to support that.

Barry Jonas

Okay. But conceptually, if the TAM is moving nicely, any change on your view in terms of what filters from the GGR TAM to the affiliates, or is that pretty steady from when you issued that that--those numbers?

Charles Gillespie

Nothing since the IPO would compel us to, meaningfully, change what we said at the time of the IPO. It's all coming together, as expected. And as Elias says, maybe even a little faster on the sports betting side than expected.

Barry Jonas

Got it. Okay. Then, have you heard any talk from operators in North America about moving from a CPA model to more revenue share? If not, is that something you'd expect to see more of in the future?

Charles Gillespie

We certainly are not seeing it. I think, logically, it makes a lot of sense for them. It really helps with their cash flow, right. They're only if you pay a CPA, you're paying it out immediately. If you're paying rev share, you pay it out over the lifetime of the player. So, it really helps them with financing their growth.

But not every affiliate in the states has the licenses to be able to do that. So, it's kind of--it takes some, all--every American online gambling operator is absolutely slammed, right. They've got a list of 10,000 things they need to do. And new states launching all the time, they're--everybody is always playing catch-up, and stuff at the margins doesn't get a lot of attention.

So, I'm not sure the focus is there, today, to set up the systems and the compliance licenses, everything else to kind of--to do it. That's not to say it won't happen in the future, but from our side, it still remains virtually, exclusively CPA-focused.

Barry Jonas

Great. Thanks so much.

Operator

Our next question is from Jeff Stantial with Stifel. Please proceed.

Jeff Stantial

Great. Thanks. Good morning, Charles, and Elias. Thanks for taking our questions. I was hoping to unpack the organic revenue growth guide a bit more. By my math, on the acquired assets, the midpoint implies somewhere in the high 30% range for year-on-year organic topline growth.

Can you just walk us through some of the puts and takes you're seeing by region, whether that's maybe some still difficult stay-at-home compares in the UK, new market entry in North America. Just kind of walk through the four main reasons and regions and kind of walk through the puts and takes.

Elias Mark

Yeah, if we look at our 2022 guidance, we expect a combination of organic and acquired growth from the acquisitions that we have already announced. A large component of that we expect to be organic, and a very large component of our organic growth we expect to come from North America.

And that's largely driven by new state launches, but also just underlying growth in our existing markets. We've seen--it's still early in the year, but we've seen early solid trading in Europe, but the big growth driver is, definitely, North America.

Jeff Stantial

Understood. Thanks. That's helpful, Elias. And then you talked about the acquired RotoWire assets being meaningful driver of the variance between guided '22 margins and your 40% strategic target.

Now that you're going on, call it, three months with those assets under management, just any sense on where margins for that business are trending more recently, and I guess, what blocking and tackling is still left to bring it more in line to your core portfolio.

Charles Gillespie

Yeah, so, the logic behind the RotoWire deal was this is a digital powerhouse, which needs to change strategic direction, slightly. And we have the capabilities to give them a steer to, dramatically, expand that business.

So, kind of by definition, it's not going to happen overnight. But when we think that that's really going to start to fly is with the start of NFL, so Q3.

So, as Elias has stated, and we've put in all of our communications, the kind of historical margin profile of RotoWire is lower than our targets. But as we, essentially, build an incremental affiliate business on top of their existing RotoWire business, that'll have--the cost will be relatively low, compared to the revenue.

And we expect that to drive--that's the investment case, and we're extremely confident that we'll be able to deliver that, but that'll really start to pay off in the second half of the year.

Jeff Stantial

Understood. That's helpful. Thanks, Charles. And then I might squeeze in one more, if you don't mind. Just on the M&A market, how does it feel since the last time we spoke? Is there any sense that the recent rerating that we're seeing more broadly in the online gambling sector, is impacting seller expectations in your affiliate business?

Charles Gillespie

Yeah, I mean, if we're talking to some kind of small to medium size European affiliate, I'm not sure how much they pay attention to the U.S. equity markets, to be honest. But certainly, for the bigger stuff, people's--everybody's expectations must have come in a bit over the last six months.

Jeff Stantial

Yep. Understood. All right. Very helpful. Thank you both.

Operator

We have reached the end of our question-and-answer session. I would like to turn the conference back over to Charles for closing comments.

Charles Gillespie

Thank you, again, to everyone for joining us, today. We appreciate your support and interest in Gambling.com Group. Today, we've given a lot of color on how we expect Q1 to go, and we look forward to sharing the full Q1 results with everyone in May.

Operator

Thank you. This does conclude today's conference. You may disconnect your lines at this time and thank you for your participation.