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Zacks Small-Cap Research

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Golden Matrix Group Inc. (GMGI-NASDAQ)

GMGI: Believe 2024 Performance, 2025 Expectations Support Positive Outlook

GMGI reported record results, with 81% & 63% y/y revenue growth in 4Q24 & 2024, respectively, with revenue growth across all business lines. GMGI continues to advance its strategy to expand & diversify revenue across geographic markets, by operating segment and by channel, viewing diversification as a competitive advantage that likely mitigates potential contractions in any single market or channel.

Current Price (3/24/25)	$2.05
Valuation	**$3.10**

OUTLOOK

Recent expected growth drivers for GMGI include expansion into Nigeria & also the application for an iGaming license in Romania. GMGI has also frequently leveraged strategic M&A to enhance its growth. For example, the company acquired Meridianbet in April 2024. Earlier this year, Meridianbet secured an online betting license in Brazil, providing entry into one of the world's largest regulated gaming markets where Meridianbet will be able to operate through both online and physical channels. GMGI sees this as potentially transformative in enhancing its overall growth prospects.

SUMMARY DATA

52-Week High	**$6.27**
52-Week Low	**$1.70**
One-Year Return (%)	**-33**
Beta	**N/A**
Average Daily Volume (sh)	**173,147**
Shares Outstanding (mil)	**132**
Market Capitalization ($mil)	**263**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**50+**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**34**
P/E using 2026 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	23 A	23 A	22 A	25 E	93 A
2024	25 A	39 A	41 A	46 A	151 A
2025	44 E	49 E	55 E	60 E	209 E

EPS or Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	$0.06A	$0.04A	$0.04A	$0.05E	$0.19E
2024	$0.04A	$0.00A	-$0.03A	-$0.02A	-$0.01A
2025	$0.01E	$0.01E	$0.02E	$0.02E	$0.06E

Quarters might not sum due to rounding & share counts

Disclosures on page 11

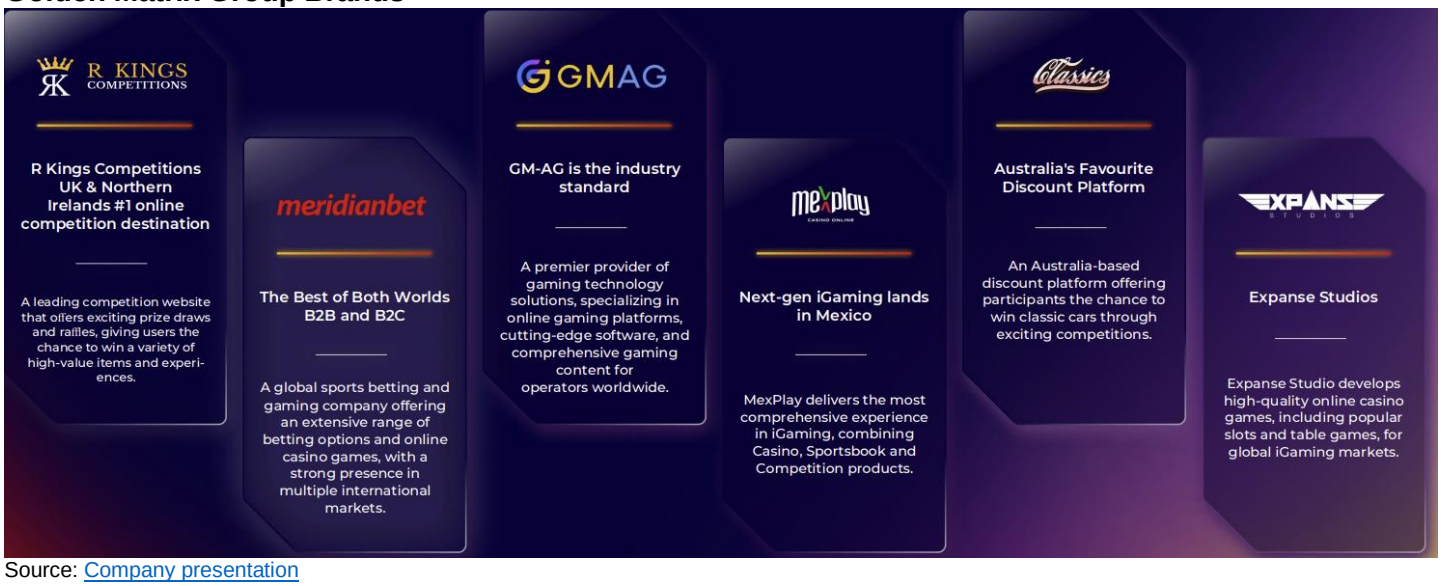
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STRONG 2024 GROWTH; MOMENTUM EXPECTED TO CONTINUE IN 2025/BEYOND

Revenue growth across all business lines

Golden Matrix Group (GMGI-NASDAQ), an iGaming group providing a broad array of gaming products and software solutions on a B2B and B2C basis, reported 4Q24/2024 results this week, turning in record company performance. GMGI recorded 81% and 63% year-over-year revenue growth in 4Q24 and full year 2024, respectively, to $46 million and $151 million. The company noted that that on a pro forma basis for the integration of Meridianbet, organic growth was roughly 20%.

Golden Matrix Group Brands



Source: Company presentation

GMGI registered strong growth across all of its business units and believes its acquisitions of Meridianbet and Classics for a Cause expanded its revenue base and brand value. Specifically, mirroring strong user engagement and acquisition, Meridianbet, which GMGI acquired in April 2024 recorded 14% year-over-year revenue growth in 2024 to $106 million, which represented about 70% of GMGI total 2024 revenue. Meridianbet was founded in 2001. It operates in more than 15 jurisdictions across Europe, Africa and Central and South America. Meridianbet leverages its proprietary technology and scalable systems to operate in multiple countries and currencies with an omni-channel approach to markets, including retail, desktop online and mobile. Meridianbet's online revenue advanced 18% in 2024 to $80 million and retail revenue increased 4% to $23 million. Fueled by AI-powered engagement tools and content expansion, wagering volume on the GMAG B2B gaming platform increased 84% to $4.7 billion. Gross gaming revenue (GGR) margin improved from 8% to 10%.



Source: Company presentation

With the 2021 and 2022 respective acquisitions of R Kings Competitions and GMG Assets, the company began offering pay to enter prize competitions throughout the UK. With RKings, GMGI gained entry into the pay to enter competition niche in the U.K. Pay to enter competitions are online competitions in which participants pay to enter the competition and generally the winner is selected based on skill, not based on random chance, which differentiates this gameplay from raffles or lotteries where the winner is selected based on random chance. RKings Competitions revenue grew 23% year-over-year as ticket sales reached record levels. The company offered its largest RKings Competitions prize to date, which was £400K in cash or a four-bedroom house and Lamborghini. This competition generated $665K from 116K in ticket sales. R Kings conducts competitions that provide the opportunity for entrants to win prizes online such as cars, motorbikes, watches, technology, holidays, and luxury gadgets, among other items. Notably, the company's cost of sales in this business line is not directly correlated to revenue, as GMGI can sell a higher number of tickets if demand exists and thereby boost gross margin.

Classics for a Cause exceeded 10,000 VIP members, producing recurring monthly revenue of $300,000. MexPlay gross gaming revenue increased 9% sequentially. GMGI operates an online casino in Mexico through Golden Matrix MX, which operates under the brand Mexplay. Mexplay features table games, slots, as well as sportsbook, and also offers tournament competition prizes that are similar to those that R Kings offers. Mexplay became commercially operational and began to generate revenues in March of 2023. Expanse Studios 100+ new partners expanded its games portfolio to 55 proprietary titles by the end of 2024, including new crash titles. For example, GMGI recently announced a new partnership in the U.S. sweepstakes market through Expanse Studios. The U.S. sweepstakes market was estimated at $5.6 billion in 2023, with projections to reach $7 billion to $11 billion by 2025, according to various forecasts.

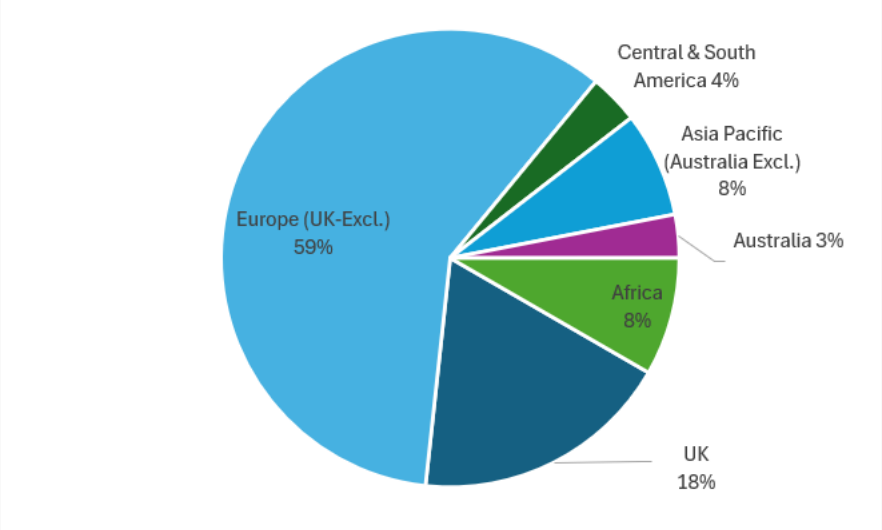
On the higher revenue base, GMGI's gross profit advanced 45% to $27 million and 30% to $89 million in those respective periods. Gross profit also improved into the fourth quarter, increasing by 45% year-over-year to $26.8 million, demonstrating improving profitability as our offerings continue to scale. Primarily reflecting additional amortization of acquisition-related intangible assets, stock-based

compensation, interest expense and restructuring expenses, net Income fell 207% and 111%, respectively, for 4Q24 and 2024 to a net loss of ($2.1) million and ($1.5) million. Adjusted EBITDA excluding these expenses increased 69% to $22.2 million for the full year. GMGI attributed this advance to its expansion across key gaming markets organically and through strategic acquisitions, combined with higher player engagement and the benefits of its AI-driven product improvements.

2025 Guidance; GMGI sees system's ability to leverage AI as a significant competitive advantage

The company continues to advance its strategy to expand its global footprint. A core objective to diversify its revenue base across geographic markets, by operating segment and channel. GMGI views the diversification of its operations across both B2B and B2C channels and geographic markets as a competitive advantage that also protects Golden Matrix from contractions in any single market or channel. The company operates in more than 20 countries in total. Moreover, the April 2024 acquisition of Meridianbet is expected to strengthen GMGI's technology offering, enable GMGI to lower its CAC (customer acquisition costs) and improve the LTV (long term value) of a player, in part reflecting AI's ability to learn about players and their preferences and deliver targeted game recommendations and personalized bet suggestions in order to boost customer retention.

2024 Geographic Revenue Breakdown



Source: Company reports

GMGI's guidance is for 1Q25 revenue of $42 million to $45 million. We have increased our full year 2025 revenue estimates to x from x and note that this could prove conservative / aggressive depending on near-term revenue trends. Moreover, we believe guidance does not reflect potential revenue from recent steps, including ramp in Brazil and Romania, which might provide upside. Results in 2024 included about $2.2 million in restructuring costs that we do not expect to recur in 2025. GMGI anticipates that 2025 will be characterized by strong revenue growth, market expansion, and improving profitability.

Financial flexibility to support growth strategies

The company had cash and equivalents of $30 million at year-end 2024 to support its growth initiatives. The goal is to maintain sufficient liquidity and financial flexibility to fund operations and growth. The company's financial flexibility is enhanced with an ATM agreement as it implements expected growth measures. GMGI intends to prioritize expansion into new regulated markets, including Latin America and Europe, enhance AI-driven gaming innovation and boost operational efficiencies. As GMGI has done in the past, the company intends to pursue strategic acquisitions to boost market share, expand product offerings and complement organic growth. To fund acquisitions, the company has used a combination of

cash and shares, as well as earnouts. The company's capital allocation strategy also includes a share repurchase plan.



Source: Company presentation

New Atlas technology platform

GMGI has completely transitioned to its newest technology platform, Atlas. Atlas represents the company's fifth-generation sports betting and iGaming platform. Relative to prior iterations, it is characterized by enhanced efficiency and delivers an improved user experience, according to GMGI. GMGI sees Atlas and the ability to integrate AI enhancements relatively easily as another advantage compared to competitors that operate older legacy technology platforms.

As it focuses on driving operational efficiency, GMGI believes Atlas enables scalability and innovation to support a growing customer base. Some of the enhancements with recent upgrades include seamless integration of gaming content and of a transfer wallet for casinos to provide to players so that players are able to access all content seamlessly without interrupting their play to transfer funds into and out of their primary wallet and easy integration of AI enhancements, which GMGI sees as a significant advantage compared to competitors that operate older legacy technology platforms.

BRAZIL REPRESENTS SIZABLE MARKET OPPORTUNITY

Brazil largest market in South America

Meridianbet has been awarded an online betting license in Brazil. Brazil is the largest country in South America, with a population of more than 210 million. The country's gaming market has been characterized by rapid growth in sports betting and iGaming industry. The company views its pending entry into this market as potentially transformative and believes its technology and operational knowledge and experience position it to have a significant competitive advantage within Brazil's regulated gaming market that it expects will accelerate its growth prospects.

According to the Rio Times, the Brazilian regulated gaming market "has become the world's third-largest online betting market since legalizing sports betting in 2018," representing nearly 1% of Brazilian GDP, according to Strategy & Brasil consultancy. According to forecasts from H2 Gambling Capital consultancy, the market is expected to generate $5.6 billion in gross gaming revenue (GGR) by 2025.

Meridianbet's license establishes it as an authorized operator in Brazil and Meridianbet will be able to operate across both online and physical channels in the Brazilian market. According to iGaming Business, sports betting is expected to overtake iGaming in Brazil in the near- to medium-term, possibly reflecting the longstanding importance of soccer to Brazilian fans. The company has formed strategic partnerships in other markets to strengthen its presence in various sports betting niches. For example, GMGI recently formed a strategic alliance with Crvena Zvezda, a major brand in the Euroleague basketball space, aimed at strengthening its presence within the sports betting space. Future branding or marketing agreements in Brazil and / or other markets would not surprise us.

In addition, slots, including crash games, are expected to comprise a sizable portion of the market. Casino Life Media notes that crash gambling "is when players bet on a multiplying curve. The longer a player stays active, the more they can win, and they are free to cash out at any time. If the game crashes before they have cashed out, they lose." Since 2021, crash gaming has increasingly become popular with players, likely reflecting their potentially high payout to players. Because crash game operators retain odds that are below those of more traditional games, according to Casino Life Media, the potential return to player (RTP) can be significantly higher compared to slots and other games. Players who invest in crash games try to cash out before the simulated 'market' crashes and crash games can reflect diverse various themes, such as games about outer space or racing, among other themes. Crash games initially launched to enable players to bet using cryptocurrencies and have evolved to enable payment with traditional currencies. Given the virtual wallet that GMGI systems enable, the company's technology can handle a broad range of payment types.

In part reflect the recent and expect growth of iGaming, Brazil is strengthening its regulatory oversight of the legal online betting market. GMGI believes its extensive experience within the sector, understanding of and compliance with local gaming regulations and flexibility of its technology platform, combined with its local operating team in place to manage the operation, create competitive advantages if / when regulatory modifications occur in the market.

Tailwind of Strong Global Industry Growth

As it executes its growth strategy, the company has the tailwind of a rapidly growing online gambling industry. While forecasts vary, industry outlooks from various market research firms consistently view the sector as characterized by strong growth. For example, according to market research firm Spherical Insights, the global online gambling market was valued at nearly US$85 billion in 2023 and is expected to reach almost US$165 billion by 2033. This projection represents an expected CAGR of 6.85% over that period. The sector encompasses wagering games that occur over the Internet or on mobile devices, which the firm believes accounts for a significant majority (more than 85%) of play, particularly as mobile features such as high-definition audio and video continue to improve and mobile phone penetration and availability of high-speed broadband internet continue to rise. Other market research places expected growth even higher.

The Spherical Insights market research firm also attributes the growth of the overall sector, in part, to the expansion of online payment gateways and growing player use of cryptocurrency, facilitated by changes in the regulatory environments and market legalization in multiple gambling jurisdictions. The relatively recent legalization of online gambling in Brazil, noted above, is one example, as are recent legalization activities in several other markets.

VALUATION

We believe GMGI shares represent an option on management's ability to continue to execute its growth strategy, which encompasses expanding its gaming technology platform to new geographic markets and adding complementary products, among other initiatives. The company expects to capitalize on the anticipated continued growth of online wagering and regulated gaming in a growing number of markets

and customer adoption of online betting and expansion of its footprint. At this early stage, we view Brazil as a potentially significant opportunity. If the company's iGaming technology platform and online footprint continue to gain traction as management anticipates, we would expect multiple expansion on GMGI shares.

GMGI shares trade below 2x forward revenue projections on a P/S basis, despite the opportunities the company expects. If GMGI continues to hit milestones regarding its growth objectives, we believe the potential opportunities on the company's recent measures to enhance its growth prospects could lead to higher multiple and valuation. Therefore, as GMGI continues to boost awareness of its opportunities and strategy, we would anticipate multiple expansion, if it can execute its strategy successfully.

Companies in this sector command a range of multiples on a P/S basis on forward revenue, ranging from about 2X to much higher. Reflecting GMGI's recent and anticipated growth, we apply a roughly 3X multiple to our 2025 revenue forecast. We also add a risk adjustment factor of about 70% and derive a valuation of about $3.10. We note that larger players in the overall gaming space command significantly higher multiples on a price to revenue basis. DraftKings, for instance, trades at a multiple of nearly 5X on this basis, according to Yahoo Finance data.

We believe the risk / reward ratio on GMGI shares could be attractive for investors who want exposure to the sector and have a higher than average risk tolerance and longer time horizon. If the company delivers milestones related to growth initiatives earlier / later than expected, our adjustment factor could prove too high / low.

RECENT NEWS

- Golden Matrix reported 2024 results on March 24, 2025.
- Expanse Studios expanded its European presence with Slotino integration on March 25, 2025.
- Meridianbet expanded B2B operations into Nigeria on March 13, 2025.
- GMGI submitted an application for an iGaming license in Romania on March 11, 2025.
- GMGI announced on March 3, 2025, that institutions including BlackRock and Vanguard raised their investments in GMGI.
- GMGI completed its 5th U.S. sweepstakes integration on February 28, 2025.
- On February 11, 2025, Meridianbet reported $9+ million in January 2025 revenue, up 24% Y/Y.
- Golden Matrix announced that it had doubled its U.S. sweepstakes game lineup on January 17, 2025.
- Meridianbet secured on online betting license in Brazil on January 2, 2025.

RISKS

We believe risks to Golden Matrix Group achieving its goals, and to our valuation, include the following, among other risks.

- GMGI might not gain market share in new areas as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Insiders hold a controlling interest in the company's voting rights. Their interests might differ from those of other shareholders.
- Government regulations governing the gambling sector could change.
- The company faces technology risk. Its platform is new generation but competitors might launch newer technology capabilities that would require GMGI to further upgrade.
- Reflecting its diverse geographic footprint and as it continues its international expansion strategy, the company faces potential foreign exchange (FX) risk.

FINANCIAL MODEL

Golden Matrix Holdings

Golden Matrix Group Income Statement and Projections (US$)

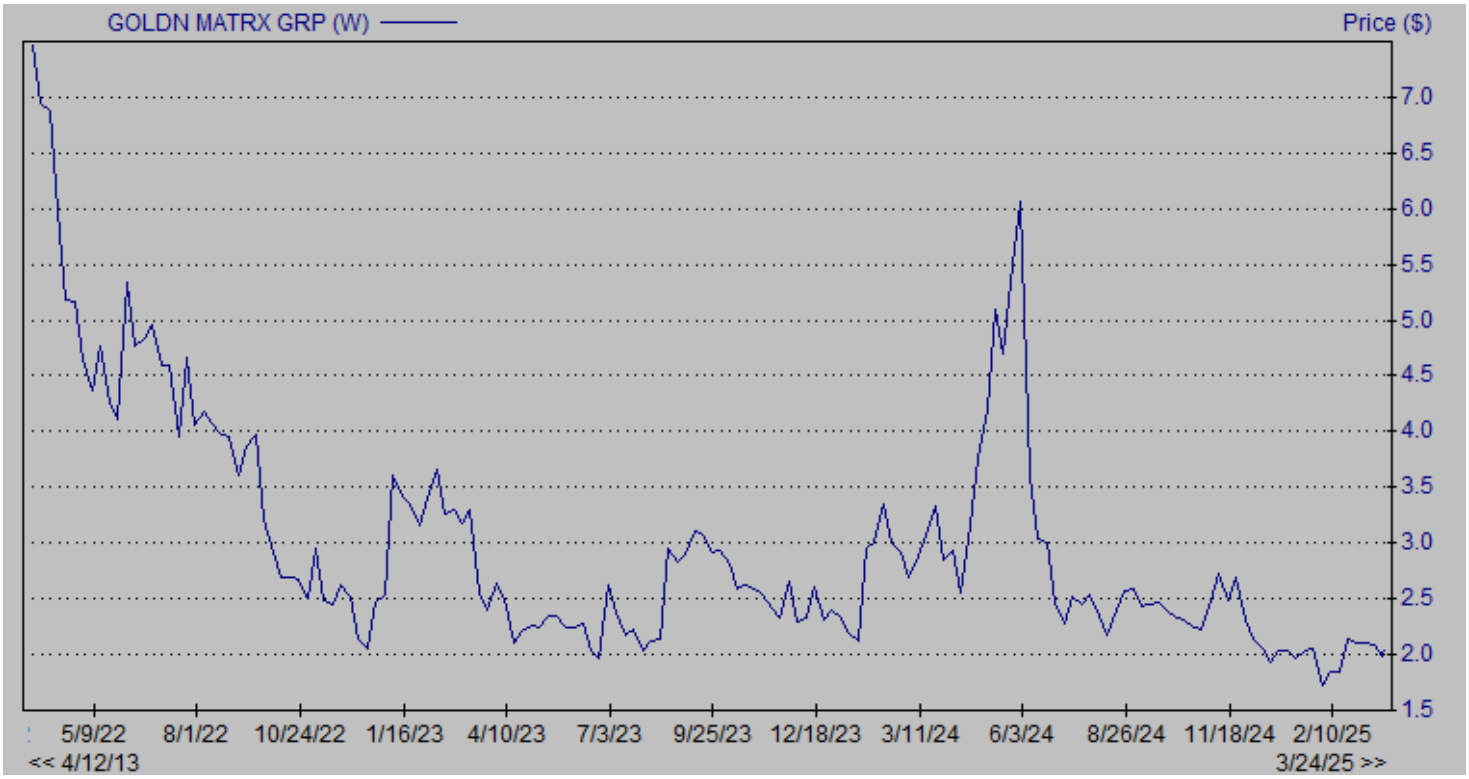
	2023*	1Q24*	2Q24	3Q24	4Q24A	2024A	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Revenues	$92,993,521	$24,850,587	$39,415,242	$40,992,329	$45,857,374	$151,115,532	$44,234,045	$49,269,053	$54,519,798	$60,477,105	$208,500,000
Cost of goods sold	(24,750,293)	(7,158,657)	(17,729,700)	(18,589,162)	(19,065,888)	(62,543,407)	(17,698,041)	(19,712,548)	(21,813,371)	(24,196,890)	(83,420,850)
Gross profit	68,243,228	17,691,930	21,685,542	22,403,167	26,791,486	88,572,125	26,536,004	29,556,505	32,706,427	36,280,215	125,079,150
S,G&A	54,483,998	13,997,809	21,560,430	23,379,550	26,890,632	85,828,421	25,456,693	28,354,340	29,713,290	32,839,068	116,363,390
Income (loss) from operations	13,759,230	3,694,121	125,112	(976,383)	(99,146)	2,743,704	1,079,311	1,202,165	2,993,137	3,441,147	8,715,760
Other income / (expense)											
Interest expense	(36,163)	(4,371)	(32,484)	(790,193)	(2,694,240)	(3,521,288)					
Interest income	97,820	34,882	69,666	58,475	55,122	218,145					
FX	72,459	12,937	(131,458)	(219,060)	(157,244)	(494,825)					
Other	1,572,256	493,150	509,759	495,654	764,219	2,262,782	-	-	-	-	-
Total other income (expense)	1,706,372	536,598	415,483	(455,124)	(2,032,143)	(1,535,186)	(894,143)	(885,201)	(876,349)	(867,586)	(3,523,280)
Pretax income / (loss)	15,465,602	4,230,719	540,595	(1,431,507)	(2,131,289)	1,208,518	185,168	316,963	2,116,787	2,573,561	5,192,480
Taxes	1,570,716	281,697	524,969	1,864,122	(52,421)	2,618,367	16,665	28,527	190,511	231,621	467,323
Net income (loss)	13,894,886	3,949,022	15,626	(3,295,629)	(2,078,868)	(1,409,849)	168,503	288,437	1,926,277	2,341,941	4,725,157
Minority interest	192,348	(41,712)	(49,299)	109,935	51,476	70,400	1,988	3,461	19,263	23,419	48,132
Net income (loss) to GMGI	13,702,538	3,990,734	64,925	(3,405,564)	(2,130,344)	(1,480,249)	166,514	284,975	1,907,014	2,318,521	4,677,025
EPS	$0.16	$0.04	$0.00	($0.03)	($0.02)	($0.01)	$0.01	$0.01	$0.02	$0.02	$0.06
Avg shares out (FD)	83,475,190	83,475,190	128,455,184	121,510,697	120,605,753	113,511,706	132,087,080	132,087,200	132,087,320	132,087,440	132,087,260

Source: Company reports, Zacks estimates

*Reflects change in FY to December 31 as of 2024 2023 FY is E, 1Q is implied

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HISTORICAL STOCK PRICE



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