May 13, 2025

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

M. Marin
312-265-9211
mmarin@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Golden Matrix Group Inc. (GMGI-NASDAQ)

GMGI: Strong User Engagement and Revenue Growth, Enhanced Financial Flexibility

GMGI reported 1Q25 results last week, with y/y revenue growth of 72% to $42.7m, despite a roughly 4% negative FX impact, and organic revenue growth of 10%. GMGI reported 12% growth at Meridianbet Group & the raffle segment registered record revenue, ticket sales, and prize values. The user base was up 146% y/y as 26k new users registered in 1Q25. GMGI attributes strong user engagement largely to the benefits of its AI-driven technology.

Current Price (5/12/25)	$1.67
Valuation	**$3.00**

OUTLOOK

GMGI's leverage ratio is down to 2Q24 levels & since the consummation of the Meridianbet transaction, GMGI has reduced the consideration payable to Meridianbet's former owners to ~$34.9m from $70.0m, through payments in cash and shares. GMGI ended 1Q25 with cash and equivalents just shy of $30m to support growth initiatives, including strategic M&A and share repurchases. GMGI expects full-year 2025 revenue of $190m-$195m, up about 26% to 29% y/y, as it continues to invest in technology, content and new licenses to drive growth and shareholder value.

SUMMARY DATA

52-Week High	**$6.27**
52-Week Low	**$1.66**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**172,698**
Shares Outstanding (mil)	**138**
Market Capitalization ($mil)	**230**
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	**N/A**
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	43 A	45 E	50 E	53 E	191 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	$0.00A	$0.00E	$0.00E	$0.01E	$0.01E

Quarters might not sum due to rounding & share counts

Disclosures on page 11

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

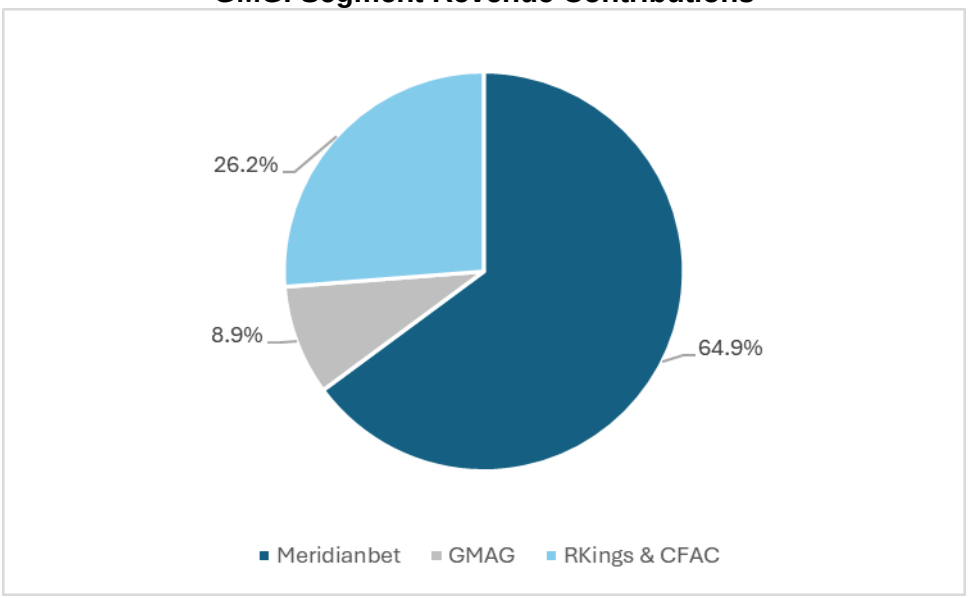
DIVERSIFICATION STRATEGY ADVANCES WITH NEW & RENEWED LICENSES

Double digit organic revenue growth as growth initiatives contribute to strong momentum

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 1Q25 results last week and provided an update. The company registered year-over-year revenue growth of 72% to $42.7 million, despite a roughly 4% negative FX impact. Organic revenue growth was 10%, with 12% growth at the Meridianbet Group segment. The company's raffle segment registered record revenue, ticket sales, and prize values, according to GMGI and the user base increased 146% year-over-year, as 26,000 new users registered in 1Q25.

The company is seeing stronger user engagement which it attributes largely to the benefits of its AI-driven technology and concurrently expanding its geographic reach as it attains new licenses in regulated markets in order to strengthen its global position in the iGaming space. Among the most significant are Brazil, which represents an estimated $5.6 billion gross gaming revenue market, Africa and Serbia, where GMGI renewed a 10-year online license. The company expects to obtain an online license for Romania shortly and also indicated that it continues to achieve operating leverage and economies of scale, particularly as it has completely transitioned to its newest technology platform, Atlas (see below).

GMGI Segment Revenue Contributions



Source: Zacks from data in company reports

In terms of revenue breakdown by operating unit, Meridianbet is the company's largest operating segment and an expected key engine for growth. It accounted for about 65% of total 1Q25 revenue. As GMGI had anticipated when it acquired Meridianbet in 2024, the acquisition is proving to be a transformative one. 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. RKings and Classics for a Cause (CFAC) contributed about 26% of total revenue and GMAG accounted for another nearly 9%. The company believes its acquisitions of Meridianbet and Classics for a Cause expanded its revenue base and brand value.

GMGI's gross profit improved 36% year-over-year to $24.2 million, representing a consolidated gross margin of roughly 57% compared to 71% in 1Q24. The lower margin primarily reflects the consolidation of lower margin operations GMAG and Rkings and Classics for a Cause. However, the Meridianbet gross

margin improved to 72% from 71%, while the combined GMAG and Rkings/CFAC segments improved to 29%, a roughly 300 basis point expansion.

Including several non-recurring costs related to its growth strategy, GMGI registered a net loss of $300,000 or ($0.00) per share compared to net income of $4.2 million, or $0.05 per share, in 1Q24. The 1Q25 net loss included $1.7 million higher acquisition-related amortization, interest expense of $1.5 million compared to $4.4k in 1Q24, and stock-based compensation of about $1.0 million. The company did not record any stock-based compensation in 1Q24. Non-recurring costs included start-up costs in the Brazilian operation.

Balance sheet; leverage at 2Q24 level & pro forma level even lower with recent debt reduction

Importantly, the company has strengthened its balance sheet by paying down debt. GMGI had issued Lind Global Asset Management a $12.0 million secured convertible note in July 2024. GMGI subsequently has made monthly payments on this note through cash and share payments and fully repaid it last month, with a recent $7.2 million payment to cover the balance that remained as of April 28, 2025. GMGI incurred no prepayment penalties by repaying this note before it came due.



Source: Company reports [1](Interest-bearing liabilities & consideration payable - cash & equivalents) / annualized adjusted EBITDA

The debt repayment returns the company's leverage ratio to 2Q24 levels prior to the acquisition of Meridianbet and assumption of debt related to that transaction. The company estimates that its pro forma leverage ratio adjusted for the Lind note payment would be about 1.2x. Moreover, since the consummation of the transaction, GMGI has reduced the consideration payable to the former owners of MeridianBet Group to about $34.9 million from $70.0 million, through payments in cash and shares.

The recent debt payment on the Lind note was funded using cash on hand, with no share issuance. We believe the elimination of this debt enhances the company's financial flexibility to support its multiple growth initiatives. The company had cash and equivalents of just shy of $30 million at the end of 1Q25. Pro forma for the debt repayment, we estimate roughly $20 million remains to support growth initiatives, all else equal.



Source: Company presentation

In addition to debt reduction, the company's capital allocation strategy also includes a share repurchase plan. GMGI's goal is to maintain sufficient liquidity and financial flexibility to fund operations and growth. The company has also enhanced its financial flexibility with an ATM agreement. 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.

Company issued full year 2025 guidance; revenue expected up 26%-29% year-over-year

The company issued full year 2025 guidance. Golden Matrix expects full-year 2025 revenue to range from $190 million to $195 million, reflecting a growth rate of about 26% to 29% compared to 2024, as GMGI continues to invest in technology, content and new licenses to drive growth and shareholder value. We have adjusted our model to reflect GMGI's guidance.

Diversification strategy: diversified offerings, as new features expand, strengthen product suite

The company continues to expand its capabilities and reach. For example, Meridianbet recently launched a new mobile feature, Watch & Bet, which allows users to stream live sports in full-screen mode and concurrently place in-play bets. The Watch & Bet feature is designed to boost in-play betting volume, extend session duration, and drive higher revenue per active user. This is consistent with the company's strategy to continue to add high margin features to its platform and increase revenues and operating leverage.

The company also recently 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.

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.

Expanse Studios is GMGI's iGaming division specializing in slots, crash games, table games, and other related features. Expanse has an expanding portfolio of more than 55 proprietary games. Expanse announced a new distribution agreement with BetConstruct, which will enable distribution of Expanse Studios' games through BetConstruct's B2B network, which management notes reaches hundreds of operators in regulated markets globally, including advanced access to U.S. sweepstakes and social casino operators, where GMGI's portfolio is already live in over 40 states. 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.

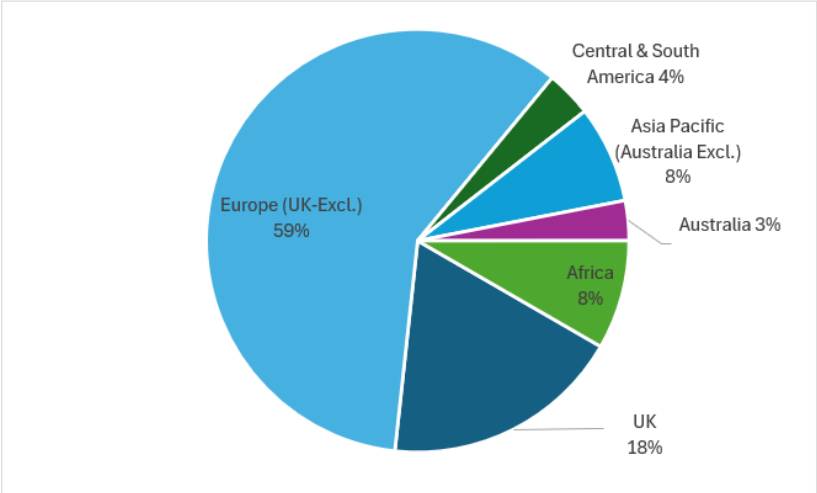
The BetConstruct alliance is expected to strengthened Expanse's reach within the U.S. market and is consistent with GMGI's strategy to expand its footprint without having to depend on third-party content. It is also expected to increase the company's recurring revenue and contribute to margin expansion. Expanse Studios also secured game certification for the Brazilian market last month covering Expanse's proprietary crash game *Super Heli*, which the company notes is one of its best-performing titles worldwide.

Diversification strategy: diversified and growing geographic footprint

The company continues to advance its strategy to expand its global footprint. 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.

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

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.

GROWING AND DIVERSIFIED GEOGRAPHIC FOOTPRINT

Global Industry Outlook is Robust

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.

Meridianbet was awarded an online betting license in Brazil. Brazil represents a sizable opportunity for GMGI. 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.

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 and, as noted, Expanse Studios recently attained certification for its popular crash game, *Super Heli*. 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.

VALUATION

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.

GMGI shares trade below 2x forward revenue projections on a P/S basis, despite the opportunities the company expects. 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. 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 $3.00. 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 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.

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

- On May 8, 2025, GMGI reported 1Q25 results.
- On April 29, 2025, GMGI announced full repayment of Lind notes.
- Meridianbet launched Watch & Bet feature to on April 4, 2025.
- Expanse Studios secured Brazilian iGaming certification on April 2, 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.
- GMGI might need to raise capital, which 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, GMGI faces potential foreign exchange (FX) risk.

FINANCIAL MODEL

Golden Matrix Holdings

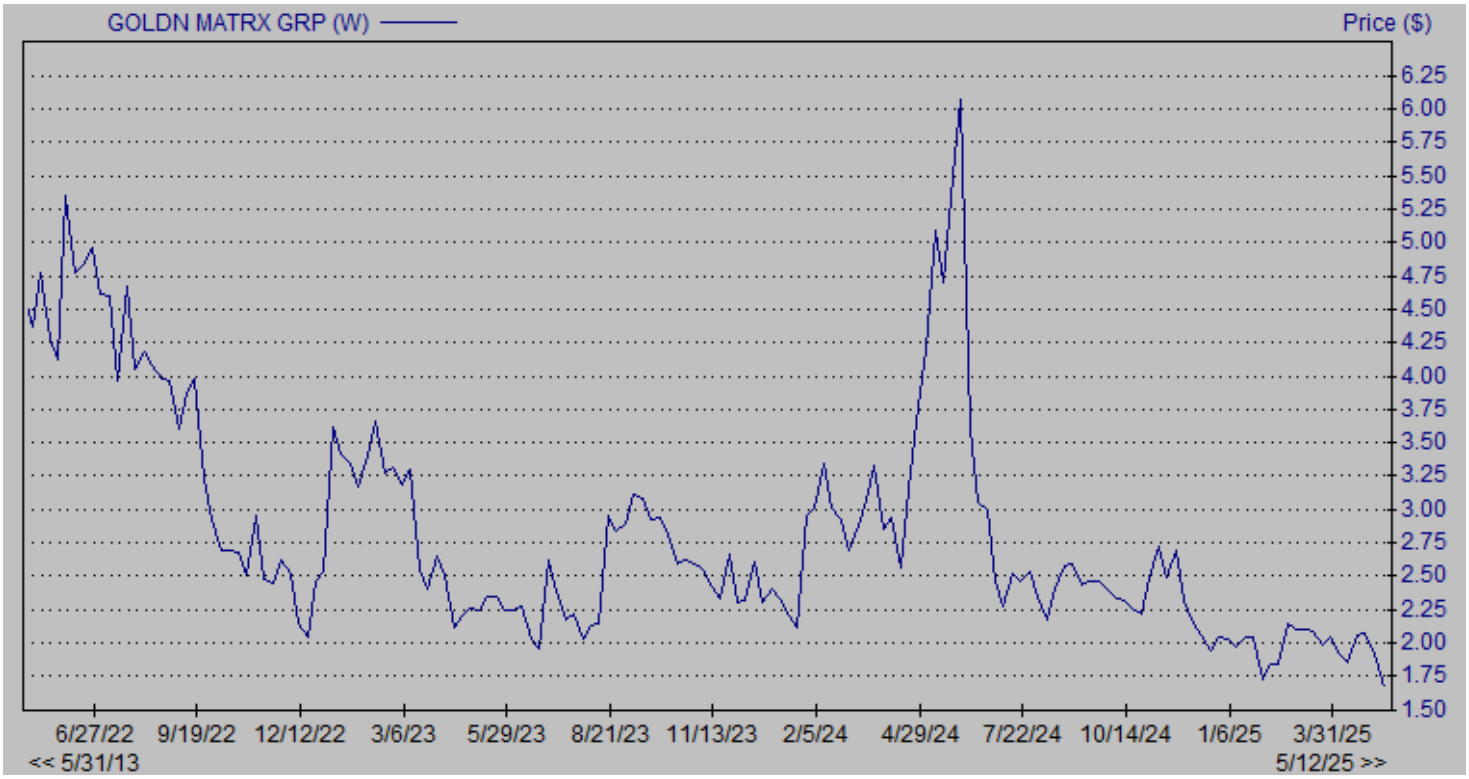
Golden Matrix Group Income Statement and Projections (US$)

	1Q24	2Q24	3Q24	4Q24A	2024A	1Q25A	2Q25E	3Q25E	4Q25E	2025E
Revenues	$24,850,587	$39,415,242	$40,992,329	$45,857,374	$151,115,532	$42,723,053	$45,327,528	$50,010,641	$52,511,173	$190,572,396
Cost of goods sold	(7,158,657)	(17,729,700)	(18,589,162)	(19,065,888)	(62,543,407)	(18,527,092)	(19,626,820)	(22,004,682)	(23,104,916)	(83,263,510)
Gross profit	17,691,930	21,685,542	22,403,167	26,791,486	88,572,125	24,195,961	25,700,709	28,005,959	29,406,257	107,308,886
S,G&A	13,997,809	21,560,430	23,379,550	26,890,632	85,828,421	24,301,978	24,930,141	26,505,640	26,255,587	101,993,345
Income (loss) from operations	3,694,121	125,112	(976,383)	(99,146)	2,743,704	(106,017)	770,568	1,500,319	3,150,670	5,315,541
Other income / (expense)										
Interest expense	(4,371)	(32,484)	(790,193)	(2,694,240)	(3,521,288)	(1,471,360)				
Interest income	34,882	69,666	58,475	55,122	218,145	43,936				
FX	12,937	(131,458)	(219,060)	(157,244)	(494,825)	433,668				
Other	493,150	509,759	495,654	764,219	2,262,782	505,503	-	-	-	505,503
Total other income (expense)	536,598	415,483	(455,124)	(2,032,143)	(1,535,186)	(488,253)	(447,071)	(442,601)	(438,175)	(1,816,100)
Pretax income / (loss)	4,230,719	540,595	(1,431,507)	(2,131,289)	1,208,518	(594,270)	323,497	1,057,718	2,712,496	3,499,441
Taxes	281,697	524,969	1,864,122	(52,421)	2,618,367	(336,053)	29,115	275,007	705,249	673,317
Net income (loss)	3,949,022	15,626	(3,295,629)	(2,078,868)	(1,409,849)	(258,217)	294,382	782,712	2,007,247	2,826,123
Minority interest	(41,712)	(49,299)	109,935	51,476	70,400	(26,609)	29,438	78,271	200,725	281,825
Net income (loss) to GMGI	3,990,734	64,925	(3,405,564)	(2,130,344)	(1,480,249)	(231,608)	264,944	704,441	1,806,522	2,544,298
EPS	$0.05	$0.00	($0.03)	($0.02)	($0.01)	($0.00)	$0.00	$0.00	$0.01	$0.01
Avg shares out (FD)	83,475,190	128,455,184	121,510,697	120,605,753	113,511,706	131,728,855	138,391,378	138,391,498	138,391,618	136,725,837

Source: Company reports, Zacks estimates
FY changed to December 31 as of 2024

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



© Copyright 2025, Zacks Investment Research. All Rights Reserved.

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, M. Marin, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.