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# Zacks Small-Cap Research

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## Golden Matrix Group Inc. (GMGI-NASDAQ)

### GMGI: On-Track For 22-24% Y/Y Revenue Growth Despite 2Q Customer-Friendly Outcomes

GMGI's 2Q25 results were negatively impacted by customer-friendly sports outcomes but still reached 9.6% y/y revenue growth. At the Meridianbet Group segment, product enhancements led to a 30% increase in wager volume & 124% advance in new registrations. GMGI has indicated that it remains on track to achieve full-year revenue guidance in the range of $185m-$188m, which would represent annual growth of 22-24%.

| | |
|---|---|
| Current Price (8/19/25) | $1.35 |
| **Valuation** | **$2.70** |

### OUTLOOK

GMGI is not alone in experiencing what the industry terms customer-friendly outcomes in recent months whereby player win rates were higher than anticipated. However, GMGI indicated that its July revenue growth from the European business recovered and was up both compared to the same period of 2024 and sequentially by roughly 25% in constant currency terms, which represents a return to expected trends and is more consistent with transactional volumes than in 2Q25. Its leverage ratio is down significantly & GMGI had $22m in cash at 2Q25-end to support growth initiatives.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$3.06** |
| **52-Week Low** | **$1.28** |
| **One-Year Return (%)** | **-46** |
| **Beta** | **N/A** |
| **Average Daily Volume (sh)** | **212,201** |
| **Shares Outstanding (mil)** | **139** |
| **Market Capitalization ($mil)** | **188** |
| **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 | 43 A | 46 E | 54 E | 187 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 | -$0.03A | -$0.01E | $0.03E | -$0.01E |

Quarters might not sum due to rounding & share counts

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## CUSTOMER-FRIENDLY OUTCOMES HURT 2Q; EXPECTS DOUBLE DIGIT REVENUE GROWTH

### *Revenue trends recovered in July, which was up both y/y and sequentially*

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 2Q25 results earlier this month and provided an update. The company registered year-over-year revenue growth of 9.6% to $43.2 million, despite the negative impact of 'customer-friendly' sports outcomes. FX had a roughly 4.5% positive impact. The above noted 9.6% increase in aggregate revenue reflects growth within certain business lines and declines at others. For example, Online casino revenue advanced 29% year-over-year to $12.7 million, while the GMAG segment and RKings registered respective declines of 21% and 13%, respectively, to $3.6 million and $8.4 million. Classics for a Cause, which was fully acquired and consolidated subsequent to 2Q24, contributed $2.0 million. Excluding Classics for a Cause, GMGI indicated that organic revenue growth was about 5%. At the Meridianbet Group segment, product enhancements led to a 30% increase in wager volume and 124% advance in new registrations, according to GMGI.

The company noted that despite the challenge of customer-friendly sports outcomes in GMGI's European business, it remains on track to achieve full-year revenue guidance in the range of $185 million to $188 million, which would represent annual growth of 22% to 24% compared to 2024. Prior guidance was 2025 revenue to range from $190 million to $195 million. We have modified our 2H25 revenue forecast. The company is not alone in experiencing what the industry terms customer-friendly outcomes in recent months whereby player win rates were higher than anticipated. However, GMGI indicated that its July revenue growth from the European business recovered and was up both compared to the same period of 2024 and sequentially by roughly 25% in constant currency terms, which represents a return to expected trends and is more consistent with transactional volumes than in 2Q25.

GMGI's 2Q25 gross profit of $24.4 million was up 12% year-over-year, likely reflecting a shift in the product mix. This represents a gross margin of about 56% compared to 55% the prior year quarter. Operating costs increased 24% year-over-year to $26.7 million on expenses to expand geographically, improve market share and maintain leading edge gaming technology to support growth initiatives. The company is optimistic about the benefits of its AI-driven technology and concurrent expanding geographic reach as it attains new licenses in regulated markets in order to strengthen its global position in the iGaming space. Golden Matrix incurred $1.5 million in interest expense from its debt prepayment. The company reported a net loss of $3.6 million or ($0.03) per share compared to $64.9k and $0.00.

### *Details by business lines*

***RKings Competitions*** The company recently has deployed new systems to support its raffle ticket businesses and believes the new technology is already producing positive results. For instance, RKings Competitions - GMGI's largest raffle ticket business - delivered its all-time daily revenue record in 2Q25 and subsequently beat that daily record by an additional 40% earlier this month, with more than 30,000 orders in a single day.

***Meridianbet*** Meridianbet Group is an online sports betting and gaming group, licensed and operating in 15 jurisdictions across Europe, Africa and South America. It was founded in 2001 and acquired by Golden Matrix in 2024. Meridianbet leverages its proprietary technology and scalable systems to operate in multiple countries and currencies with an omni-channel approach to markets.

Meridianbet registered 16% year-over-year revenue growth in 2Q25 to $29.2 million. Online revenue is a key strategic focus for GMGI. This channel saw a 20% year-over-year advance. In addition, Meridianbet is now fully operational in Brazil, with a license to operate through 2029. Meridianbet's casino GGR grew 29%. Sports revenue per player grew 28% despite headwinds noted earlier and turnover reached $434 million, which represents a 30% year-over-year improvement. With a 2,500 game expansion in its content

library, casino turnover per player increased 50% sequentially. Active users expanded 15% year-over-year, and new registrations climbed 124%, as noted, primarily reflecting Meridianbet's Brazil launch.
***Expanse Studios*** Expanse Studios is Meridianbet's proprietary game development segment. During 2Q25, Expanse established 13 partnerships in the U.S. social casino segment, exceeding the 1,000 B2B partners mark. Expanse also secured certifications in Brazil, Peru, Croatia, and Romania and launched new title *Gates of Olympia*.

### *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.

### *Strong balance sheet*

With a strong balance sheet, the company intends to deliver shareholder value through disciplined capital allocations to support its growth initiatives. 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.

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 has fully repaid with a recent $7.2 million payment to cover the balance before it came due.

The debt repayment returns the company's leverage ratio to 1.5x. 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 $22 million at the end of 2Q25.

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.

## GEOGRAPHIC DIVERSIFICATION STRATEGY ADVANCES

The company continues to advance its strategy to expand its global footprint, which is a core objective, as noted. 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. Among the most significant new markets in which GMGI operates is Brazil, which represents an estimated $5.6 billion gross gaming revenue market

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.

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.

## 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. 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 it could lead to higher multiple and valuation if GMGI 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 65% (down from 70% earlier) and derive a valuation of about $2.70. 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 August 6, 2025, GMGI reported 2Q25 results.
- Expanse Studios secured an U.S. and EU distribution deal with Bragg Gaming on July 22, 2025.
- Expanse Studios obtained Croatian iGaming certification on July 1, 2025.
- On June 13, 2025, Meridianbet closed a sponsorship deal with Aquatic Sports Association of Malta.
- Expanse completed multiple U.S. integrations and launched a new flagship slot on May 16, 2025.
- 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.
- 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

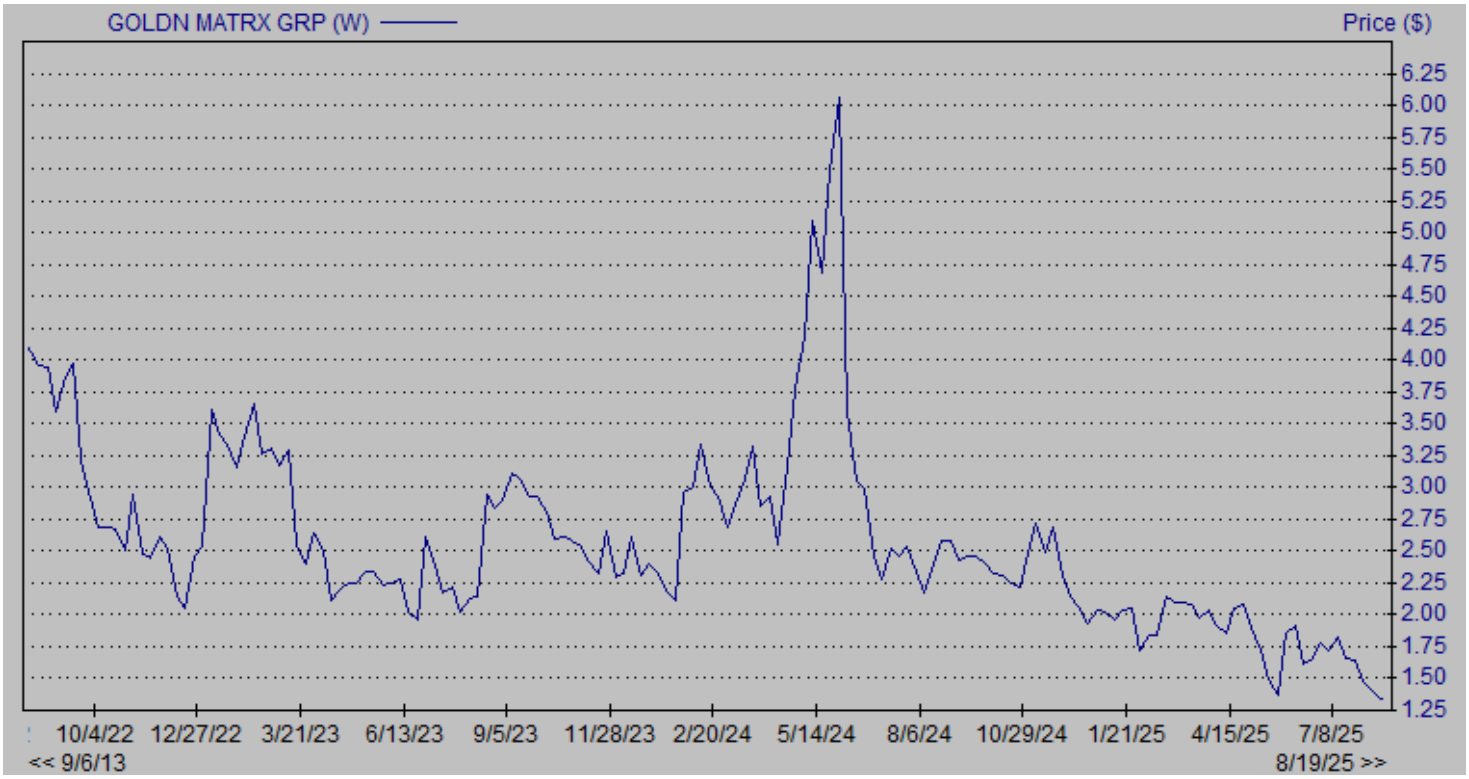
**Golden Matrix Group Income Statement and Projections (US$)**

| | 1Q24 | 2Q24 | 3Q24 | 4Q24A | 2024A | 1Q25A | 2Q25A | 3Q25E | 4Q25E | 2025E |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | $24,850,587 | $39,415,242 | $40,992,329 | $45,857,374 | $151,115,532 | $42,723,053 | $43,245,368 | $46,321,332 | $54,381,243 | $186,670,996 |
| Cost of goods sold | (7,158,657) | (17,729,700) | (18,589,162) | (19,065,888) | (62,543,407) | (18,527,092) | (18,868,349) | (20,381,386) | (23,104,916) | (80,881,743) |
| Gross profit | 17,691,930 | 21,685,542 | 22,403,167 | 26,791,486 | 88,572,125 | 24,195,961 | 24,377,019 | 25,939,946 | 31,276,327 | 105,789,253 |
| S,G&A | 13,997,809 | 21,560,430 | 23,379,550 | 26,890,632 | 85,828,421 | 24,301,978 | 26,681,869 | 26,689,874 | 26,255,587 | 103,929,307 |
| Income (loss) from operations | 3,694,121 | 125,112 | (976,383) | (99,146) | 2,743,704 | (106,017) | (2,304,850) | (749,928) | 5,020,740 | 1,859,946 |
| *Other income / (expense)* | | | | | | | | | | |
| Interest expense | (4,371) | (32,484) | (790,193) | (2,694,240) | (3,521,288) | (1,471,360) | (1,481,669) | | | |
| Interest income | 34,882 | 69,666 | 58,475 | 55,122 | 218,145 | 43,936 | 16,884 | | | |
| FX | 12,937 | (131,458) | (219,060) | (157,244) | (494,825) | 433,668 | (63,455) | | | |
| Other | 493,150 | 509,759 | 495,654 | 764,219 | 2,262,782 | 505,503 | 591,576 | - | - | 1,097,079 |
| Total other income (expense) | 536,598 | 415,483 | (455,124) | (2,032,143) | (1,535,186) | (488,253) | (936,664) | (442,601) | (438,175) | (2,305,692) |
| Pretax income / (loss) | 4,230,719 | 540,595 | (1,431,507) | (2,131,289) | 1,208,518 | (594,270) | (3,241,514) | (1,192,529) | 4,582,566 | (445,747) |
| Taxes | 281,697 | 524,969 | 1,864,122 | (52,421) | 2,618,367 | (336,053) | 490,377 | (310,057) | 705,249 | 549,515 |
| Net income (loss) | 3,949,022 | 15,626 | (3,295,629) | (2,078,868) | (1,409,849) | (258,217) | (3,731,891) | (882,471) | 3,877,317 | (995,262) |
| Minority interest | (41,712) | (49,299) | 109,935 | 51,476 | 70,400 | (26,609) | (147,546) | (88,247) | 200,725 | (61,677) |
| Net income (loss) to GMGI | 3,990,734 | 64,925 | (3,405,564) | (2,130,344) | (1,480,249) | (231,608) | (3,584,345) | (794,224) | 3,676,592 | (933,585) |
| EPS | $0.05 | $0.00 | ($0.03) | ($0.02) | ($0.01) | ($0.00) | ($0.03) | ($0.01) | $0.03 | ($0.01) |
| Avg shares out (FD) | 83,475,190 | 128,455,184 | 121,510,697 | 120,605,753 | 113,511,706 | 131,728,855 | 137,968,429 | 138,391,498 | 138,391,618 | 136,620,100 |

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

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