July 30, 2026

Zacks Small-Cap Research

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Meridian Holdings Inc. (MRDN-NASDAQ)

MRDN: Record New Customer Registrations During FIFA Contributed to +16% Revenue Y/Y

2Q26 +16% y/y revenue (to $50.2m) driven by record new customer registrations & double-digit growth in wagering & deposits in key operations, facilitated by FIFA. Though many new customers acquired in late June made only marginal 2Q contributions, they form part of growing base MRDN expects to monetize going forward. Balance sheet strengthened, with net debt down 65% y/y via debt repayments & cash balance growth.

Current Price (7/29/26)	$11.01
Valuation	**$16.20**

OUTLOOK

As its customer base expands, MRDN's goal is to maintain initiatives aimed at retention, repeat-deposit activity and revenue contributions from this growing base. AI capabilities of its technology platform are expected to facilitate this goal. MRDN also is leveraging integrated marketing to raise and reinforce brand awareness. Recent promotional activities aligning its brand with high profile sports figures or brands include Meridianbet as Official Partner of UFC Fight Night Serbia where the Meridianbet brand will be highly visible to in-person attendees and to a global audience via international distribution through UFC's broadcast partners.

SUMMARY DATA

52-Week High	**$19.68**
52-Week Low	**5.80**
One-Year Return (%)	**-40**
Beta	**N/A**
Average Daily Volume (sh)	**73,935**
Shares Outstanding (mil)	**13**
Market Capitalization ($mil)	**139**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**60+**
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	**N/A**
P/E using 2026 Estimate	**17**

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	47 A	50 A	183 A
2026	50 A	50 A	51 E	53 E	205 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	-$0.02A	-$0.31A	$0.05A	-$7.09A	-$7.76A
2026	$0.18A	$0.17A	$0.14E	$0.17E	$0.66E

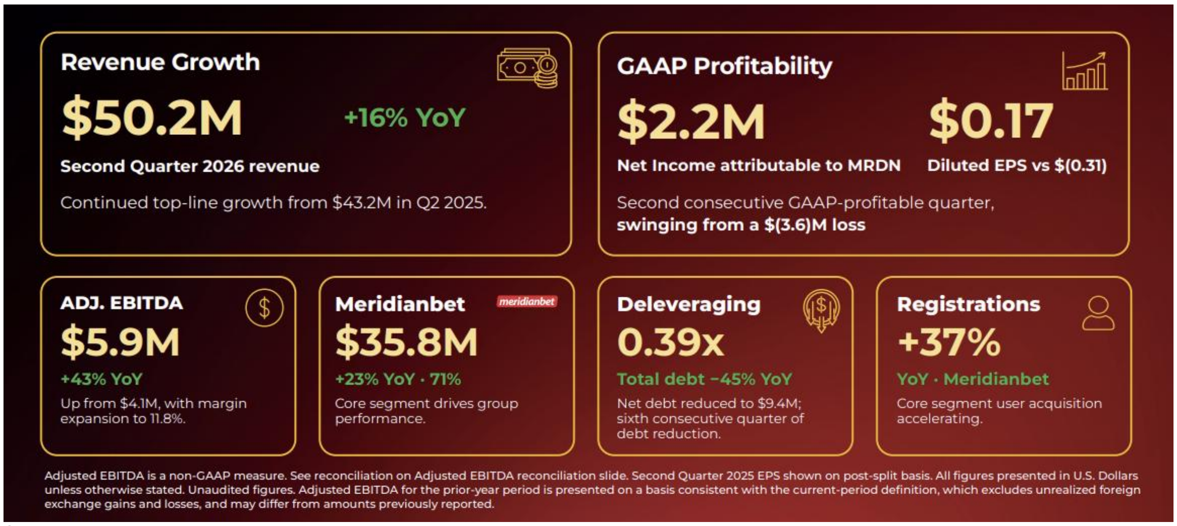
Quarters might not sum due to rounding & share counts

Disclosures on page 9 2025-26 shares out PF

RECORD NEW CUSTOMER REGISTRATIONS CONTRIBUTED TO +16% REVENUE Y/Y

2Q26 revenue up 16% y/y*; *many customers acquired in late June made only marginal 2Q contributions but form part of growing customer base MRDN expects to monetize going forward

Meridian Holdings Inc. (MRDN-NASDAQ) reported 2Q26 results yesterday, with revenue increasing 16% year over year to $50.2 million, driven by record new customer registrations and double-digit growth in wagering and deposit volumes across its key Meridianbet operations. Growth was partially offset by bettor-friendly FIFA results early in the World Cup tournament.



Source: Meridian presentation

MDRN subsidiary Meridianbet Group represented more than 70% of total revenue with segment topline of $35.8 million advancing 23% year-over-year. Meridianbet segment operating income nearly doubled (up 91% year-over-year) to $6.1 million, representing net margin of 17%. Importantly, the World Cup brought new players to the company's platform and new customer registrations increased 37% year-over-year and first-time depositors grew 24% year-over-year. Total deposit volume was up 24%. Betting gross gaming revenue grew 37% year-over-year on record wagering activity. However, the World Cup games led to some higher than average bettor-friendly FIFA results, which – along with two major casino wins that totaled more than $1.2 million in 2Q26 – negatively impacted MRDN results.

1H 2026 revenue rose 17% year over year to a record $100.3 million, marking the first time the company has surpassed $100 million in 1H revenue. Management attributes this to the company's growing scale and continues to focus on boosting operational efficiencies, technology integration and disciplined capital allocation to support growth.

Expanse Studios, the company's proprietary game studio continued to expand its content and distribution footprint. Expanse Studios recently signed a strategic distribution agreement with MaxBet, one of Serbia's leading omni-channel gaming operators and a subsidiary of Flutter Entertainment plc (NYSE: FLUT, nr). Expanse also launched with new distribution partners such as Maxbet Serbia (part of Flutter Entertainment), Synottip, and Joker.lv, while also entering a North American distribution partnership with Bragg Gaming. Expanse Studios is a leading B2B iGaming content provider that specializes in slots, crash games, turn-based strategies, and card games. Expanse has a growing portfolio of more than 70 proprietary titles and 1,500+ casino brands across Europe, LATAM, and North America. The studio secured certifications in Latvia, Colombia, Portugal, and Slovenia, and enhanced player engagement with the launch of jackpots, tournaments, and its Achievo gamification platform. Reflecting expanded footprint and content access, Expanse 2Q26 revenue advanced 138% year-over-year and gross gaming revenue rose 90%.

Combined RKingsCompetitions and Classics For A Cause revenue of $10.8 million was 4% higher compared to 2Q25. This represented 22% of consolidated MRDN revenue. RKings revenue grew about 5% year-over-year to $7.0 million. Classics for a Cause new users rose about 28% year-over-year and active VIP subscriptions were roughly 10,100 at quarter-end.

GMAG revenue was $3.6 million, essentially flat compared with $3.6 million in 2Q25. The segment deployed 2,382 new games in 2Q26. MexPlay online casino revenue was up 31%, with new customer registrations up 50% year-over-year and first-time depositors up 53%.

Consolidated MRDN gross profit advanced 10% year-over-year to $26.9 million and gross margin was 53.5%, compared with 56.4% in 2Q25. As noted, lower sportsbook and casino hold during the quarter constrained quarterly margin and the company also expensed customer-acquisition investment related to the World Cup during the quarter and, conversely, many newly acquired customers came onto the platform late in June and so made only marginal contributions during the period. Nevertheless, they form part of the growing customer base that MRDN expects to further monetize in coming quarters.

Net income attributable to Meridian Holdings was $2.2 million, or $0.17 per share, compared with a net loss of $3.6 million, or ($0.31) / share, in 2Q25. This marked MRDN's second consecutive quarter of GAAP profitability. Adjusted EBITDA increased 43% year-over-year to $5.9 million compared with $4.1 million in the prior-year period and operating cash flow reached $7.8 million, compared to $2.4 million in 2Q25. The company expects its improving operating cash flow to support continued deleveraging efforts (see below) and investments in operations and growth initiatives.

Segment Metric	meridianbet	R KINGS COMPETITIONS Classics	GMAG
Revenue	$35.8M	$10.8M	$3.6M
Revenue YoY	+22.7%	+3.8%	-1.6%
Gross Profit	$23.5M	$2.2M	$1.2M
Gross Profit YoY	+14.6%	-22.7%	+1.9%
Gross Margin	65.6%	20.0%	33.5%
Gross Margin YoY	-459 bps	-683 bps	+117 bps
Segment Income (Loss) from Operations	$6.1M	$(0.1)M	$0.0M

Segment operating income agrees to consolidated income from operations, but excludes unallocated corporate expenses. All figures unaudited.
RKings & CFAC segment revenue includes RKings, Classics for a Cause, and other prize-competition revenue; individual brand figures shown on later slides may not sum to the segment total.

Source: Meridian presentation

Balance sheet strengthening measures

MRDN has also strengthened its balance sheet, reducing net debt by 65% year-over-year in 2Q26 through debt repayments and cost containment measures to conserve and grow the cash balance. The net debt leverage at the end of 2Q26 equated to under 1.0x (0.39x) annual adjusted EBITDA, down from a leverage ratio of about 1.5x at the end of 1H 2025. This enhances the company's financial flexibility to support its multiple growth initiatives, in our view.

MRDN had cash of $17.3 million at the end of 2Q26 and $9.4 million in net debt. Following six sequential quarters of deleveraging, interest expense declined roughly 80% year-over-year. The company did not grant any new equity awards during the quarter and the share count was basically flat, with shares outstanding up only 0.23%, reflecting vesting and settlement of previously granted employee awards.

New CEO extensive company experience; CFO departure

Following its report of 2Q26 results, MRDN announced several executive changes, including the departure of the CFO, and board appointments. The company believes the new management structure will facilitate its ability to execute the next planned stage of its international growth strategy. Zoran Milosevic, Meridianbet CEO who led Meridianbet for more than 18 years and oversaw its acquisition by MRDN, has been appointed CEO of the consolidated company (and remains CEO of Meridianbet), while Interim CEO William Scott, who served in that capacity since late 2025, will transition to the CFO role and continue to serve as board chairman. He has a strong background in accounting and finance, as well as gaming. Separately, Michael Prescott has been appointed as an Independent Director and will serve on the Audit Committee, further strengthening the Board's governance, regulatory and public company oversight capabilities. The company noted that former CFO Rich Christensen will provide transition and consulting services.

2H26 revenue guidance ~8%-10% y/y growth; 2Q & 2H not entirely apples-to-apples, as 2Q y/y comps arguably were not as tough & 2H26 likely to be less impacted by FIFA games vs. 2Q26

MRDN is optimistic about its business outlook but seemed somewhat cautious about 2H26 revenue guidance. For 2H26, MRDN expects constant currency revenue to grow roughly 8% to 10% year-over-year. This anticipated growth range is below double digit growth achieved in 2Q26 but importantly 2Q and 2H 2026 results are not entirely apples-to-apples. For one thing, last year MRDN's 2Q results were negatively impacted by customer-friendly sports outcomes whereby player win rates were higher than anticipated. In addition, 2Q26 was impacted by the FIFA games and 2H26 is likely to be less impacted. Although the games continued in 3Q26, Brazil – arguably MRDN's most important market to participate in the 2026 FIFA World Cup games – was eliminated from the tournament on July 5, 2026, their earliest elimination since 1990.

2H26 revenue growth is primarily expected to reflect continued momentum in core Meridianbet operations, particularly given the expansion of customer registrations, plus incremental contribution from new Expanse markets, among other factors. Seasonally, 4Q is generally the strongest quarter of the year, reflecting the concentration of major sporting events and holiday wagering activity.

Integrated marketing to facilitate conversion & retention of growing customer base

The company's goal is to continue initiatives aimed at retention, repeat-deposit activity, and revenue contribution of the expanding customer base for conversion and retention of this base, to leverage its ongoing momentum. The company also expects to boost potential casino cross-selling opportunities.

In addition to benefits of the AI capabilities of its technology platform to facilitate conversion and retention initiatives, MRDN expects to continue to leverage integrated marketing activities to raise and reinforce brand awareness and, in turn, grow customer activities.

For example, recent sponsorship measures are consistent with Meridian's promotional activities aligning its brand with high profile sports figures or brands. One example is that Meridianbet has been named Official Partner of UFC Fight Night Serbia, the first MMA (mixed-martial-arts) event the Ultimate Fighting Championship (UFC) has ever held in Serbia, which will take place on August 1, 2026, at Belgrade's Belgrade Arena. Meridianbet will be the event's exclusive sponsor in the sports-betting category. Meridianbet was founded in Serbia in 2001 and has operated in the market continuously since then.

The Meridianbet brand will be highly visible, as the partnership includes branding inside the Octagon during the event, logo placement across official event promotions, including the fight poster and round cards, an in-venue commercial at Belgrade Arena and a digital and social media campaign across UFC's omnichannel promotional activities. Moreover, the event will reach a global audience via international distribution through UFC's broadcast partners, including live broadcast in the U.S. on Paramount+.

MRDN noted that the Meridianbet partnership with UFC, part of TKO Group Holdings, marks its highest profile alignment with a global sports brand thus far, although Meridianbet has sponsored combat sports for years. UFC is a globally recognized MMA organization. Its more than 40 annual live events are distributed to an estimated one billion broadcast and digital households across 210 countries and territories and its MMA athletes represent 75+ countries.

At various points in time, the participants in the upcoming UFC event have also been marketing partners or Meridian. MRDN believes the partnership reflects its longstanding commitment to sport in the communities where it operates. Meridianbet has engaged in multiple other community sponsorships, ranging from supporting clubs, youth academies and local sports programs to community initiatives in health and education.

Meridian promotional activities align its brand with high profile sports figures or brands

Separately, MRDN also recently formed an agreement with Serbian-born former soccer player Dejan Petković who became the company's Global Brand Ambassador prior to the FIFA games. Dejan Petković, known as Pet, is currently a television personality and analyst. He is regarded as one of the best known and popular foreign players in Brazilian football history and has launched Pet TV in Brazil. The company believes that appointing well-known sports figures as brand ambassadors to help market the brand and company operations creates a strategic and cost-effective way to reach existing and prospective customers.

These sponsorships come as Meridian continues to advance its B2B and B2C expansion strategy and as core Meridianbet operations continue to scale. Meridian remains focused on growth, organically and using strategic M&A that prioritizes acquisitions in high-barrier markets with limited licensing to complement organic growth and further its goal to diversify its revenue base across geographic markets, by operating segment and by channel.

Dejan Petković's appointment as Brand Ambassador came just ahead of the 2026 FIFA games. Brazil is one of the largest markets in which MRDN operates and one expected to represent billions of dollars in gross gaming revenue market. The Brazilian population is generally considered to be ardent soccer fans and MRDN viewed the recent FIFA World Cup games as a possible catalyst to boost Meridianbet new customer registrations.

VALUATION

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 recent sector multiple fluctuations, we apply a roughly 2X multiple to our 2026 revenue forecast. We also add a risk adjustment factor of about 50% and derive a valuation of about $16.20. We note that larger prominent 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.

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 MRDN shares. If MRDN continues to hit milestones regarding its growth objectives, we believe it could lead to higher multiple and valuation if MRDN can execute its strategy successfully.

MRDN 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, in our view.

We believe the risk / reward ratio on MRDN 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

- MRDN reported 2Q26 results on July 29, 2026.
- Meridianbet was named Official Partner of UFC Fight Night Belgrade on July 17, 2026.
- Expanse Studios signed a content distribution agreement with MaxBet for Serbia on June 2, 2026.
- On May 25, 2026, Meridian announced Dejan "Pet" Petković as its Global Brand Ambassador.
- Expanse Studios launched Bonus Bet feature on March 4, 2026.
- On February 26, 2026, the company approved a 12:1 reverse stock split and corporate rebranding.
- On December 1, 2025, Expanse Studios secured a Romanian gaming license.
- MRDN announced the retirement of its CEO on December 1, 2025.

RISKS

We believe risks to Meridian achieving its goals and to our valuation, include the following, among others.

- MRDN 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.
- MRDN 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 MRDN to further upgrade.
- Reflecting its diverse geographic footprint, MRDN faces potential foreign exchange (FX) risk.

FINANCIAL MODEL

Meridian Holdings

Meridian Holdings Income Statement and Projections (US$)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E
Revenues	$42,723,053	$43,245,368	$47,316,308	$49,578,644	$182,863,373	$50,103,870	$50,193,999	$50,946,909	$53,494,254	$204,739,032
Cost of goods sold	(18,527,092)	(18,868,349)	(20,929,885)	(21,081,327)	(79,406,653)	(21,959,630)	(23,339,079)	(23,282,737)	(24,286,392)	(92,867,838)
Gross profit	24,195,961	24,377,019	26,386,423	28,497,317	103,456,720	28,144,240	26,854,920	27,664,172	29,207,863	111,871,194
S,G&A	24,301,978	26,681,869	26,774,044	121,867,837	199,625,728	24,987,116	24,414,985	25,098,605	26,353,535	100,854,240
Income (loss) from operations	(106,017)	(2,304,850)	(387,621)	(93,370,520)	358,636	3,157,124	2,439,935	2,565,567	2,854,328	11,016,954
Other income / (expense)										
Interest expense	(1,471,360)	(1,481,669)	(510,636)	(1,115,179)	(4,578,844)	(353,726)	(300,185)			
Interest income	43,936	16,884	62,036	117,867	240,723	5,999	35,133			
FX	433,668	(63,455)	817,201	(427,194)	760,220	(412,194)	(162,075)			
Other	505,503	591,576	634,458	827,042	2,558,579	467,088	572,182	-	-	-
Total other income (expense)	(488,253)	(936,664)	1,003,059	(597,464)	(1,019,322)	(292,833)	145,055	(281,120)	(309,232)	(738,129)
Pretax income / (loss)	(594,270)	(3,241,514)	615,438	(93,967,984)	(660,686)	2,864,291	2,584,990	2,284,447	2,545,096	10,278,825
Taxes	(336,053)	490,377	201,636	(5,562,154)	(5,206,194)	696,134	623,120	548,267	610,823	2,478,345
Net income (loss)	(258,217)	(3,731,891)	413,802	(88,405,830)	(91,982,136)	2,168,157	1,961,870	1,736,180	1,934,273	7,800,480
Minority interest	(26,609)	(147,546)	(152,212)	(1,757,919)	(2,084,286)	(92,638)	(203,180)	(173,618)	(193,427)	(662,863)
Net income (loss) to MRDN	(231,608)	(3,584,345)	566,014	(86,647,911)	(89,897,850)	2,260,795	2,165,050	1,909,798	2,127,701	8,463,344
EPS	($0.02)	($0.31)	$0.05	($7.09)	($7.76)	$0.18	$0.17	$0.14	$0.17	$0.66
Avg shares out (FD)	10,977,405	11,497,369	11,896,565	12,219,910	11,589,076	12,785,352	12,759,079	12,760,079	12,761,079	12,766,397

Source: Company reports, Zacks estimates

FY changed to December 31 as of 2024 2025-26 shares out. PF

HISTORICAL STOCK PRICE

Source: Yahoo Finance

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