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Meridian Holdings Inc.

(MRDN-NASDAQ)

MRDN: As Brazil Bans Gaming, Expect MRDN to Maintain Growth Initiatives in Other Markets

A MDN's core strategy for MRDN is to diversify its revenue base across geographic markets, by operating segment and by channel. MRDN views the diversification of operations as a competitive advantage that also protects it from contractions or interruptions in any single market or channel. We believe benefits of this strategy are evident as Brazil moves to ban online gaming & expect MRDN to maintain growth initiatives in other regions.

OUTLOOK

The ban is not expected to have material impact on MRDN's results. Operations in Brazil are still ramping up and, reflecting costs to launch and grow, we believe margins likely are not at the level of those in more mature markets where MRDN operates, as the Brazilian market is still in extremely early stages. Separately, as a long-term opportunity, reflecting billions of taxes & thousands of jobs lost, as well as illegal gaming sites since the ban & opposition from football clubs, there is a possibility, we believe, that the ban could be overturned.

Current Price (10/1/26) \$11.53
Valuation \$16.20

SUMMARY DATA

52-Week High \$16.09
52-Week Low 5.80
One-Year Return (%) -16
Beta 1.52
Average Daily Volume (sh) 70,617

Shares Outstanding (mil) 13
Market Capitalization (\$mil) 151
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 8 2025-26 shares out PF

BENEFITS OF GEOGRAPHIC DIVERSIFICATION STRATEGY

As Brazil moves to ban gaming, expect MRDN to maintain growth initiatives in other regions

Among Meridian Holdings' (MRDN-NASDAQ) core strategies is its goal to diversify its revenue base across geographic markets, by operating segment and by channel. MRDN views the diversification of its operations across both B2B and B2C channels and geographic markets as a competitive advantage that also protects the company from contractions or interruptions in any single market or channel. We believe the benefits of its diversification are particularly evident as Brazil moves to ban online gaming.

Believe benefits of core diversification strategy particularly evident as Brazil moves to ban gaming

On September 25, the country's president signed an order banning online gaming that took effect immediately but will expire within 60 days unless approved by congress. Operators have expressed their intentions to challenge the order through legal routes, with trade bodies already bringing action to the Supreme Court. While research indicates that public support for the ban appears to be strong – research conducted by Bloomberg and AtlasIntel showed that 75% of the public agreed with it – it is expected to have negative consequences for the country's economy.

Brazil's regulated market is estimated at ~ \$7.7 billion according to H2 Gambling Capital data, leading to about \$1.87 billion in federal taxes paid in the January to August 2026 period. Moreover, the sector is estimated to employ about thousands. At the same time, a myriad of illegal gaming sites have apparently been created since the provisional ban went into effect. Given these factors, as well as vocal opposition from many of Brazil's football clubs, there is a possibility, we believe, that the ban could be overturned.

Not expected to have material impact; expect expansion measures in multiple other markets

Nevertheless, it is notable that this is not expected to have a material near-term financial impact on MRDN. The company's operations in Brazil are still ramping up and, reflecting costs to launch and grow operations, we believe margins likely are not at the level of those in more mature markets where MRDN operates. As we have noted in previous reports, although we have viewed Brazil as a potentially significant opportunity, the market is still in extremely early stages.

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, MRDN intends to prioritize expansion into new regulated markets, including Latin America and Europe, enhance AI-driven gaming innovation and boost operational efficiencies.

Examples include recent acquisition of Fairbet in Malta & sponsorship and also Expanse Studios' strategic distribution agreement in Serbia

For example, Meridianbet recently acquired Fairbet Ltd., a licensed retail gaming operator in Malta. As a result of the transaction, Meridianbet holds 100% ownership of Fairbet's operations across Malta and Gozo, adding nine new retail locations and bringing its footprint in the market to 20 total storefronts integrated under the Meridianbet brand. The company's strategy regarding M&A has been to prioritize acquisitions in high-barrier markets where limited licensing to create structural competitive advantages. According to the company, Malta's retail gaming sector operates under one of Europe's most stringent regulatory frameworks. Only three licenses have been granted and with the Fairbet acquisition, Meridianbet now holds two of the market's three retail licenses. The other license is held by Izibet, the National Lottery operator.

Another recent example was MRDN's sponsorship as an Official Partner of UFC Fight Night Serbia, the first MMA (mixed-martial-arts) event the Ultimate Fighting Championship (UFC) ever held in Serbia,

which took place on August 1, 2026, at Belgrade's Belgrade Arena. Meridianbet was founded in Serbia in 2001 and has operated in the market continuously since then. Moreover, such measures are consistent with Meridian's promotional activities aligning its brand with high profile sports figures or brands.

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. These sponsorships come as Meridian continues to advance its B2B and B2C expansion strategy and as core Meridianbet operations continue to scale.

In addition, Expanse Studios, the company's proprietary game studio, continues 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%.

We expect the company to remain focused on growth, organically and using strategic M&A that prioritizes acquisitions in high-barrier markets with limited licensing to complement organic growth. 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.

Balance sheet strengthening measures

MRDN has 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.

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.

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.

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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