

## VALUATION MEMORANDUM

# Meridian Digital Solutions

Estimated Enterprise Value

## \$14.2M

Range: \$11.8M to \$17.1M

Confidence: 78%

### Company Snapshot

Industry

**Digital Marketing (NAICS 541810)**

Business Type

**Service**

Revenue Model

**Retainer + Project**

Annual Revenue

**\$12.0M**

EBITDA Margin

**12.0%**

Employees

**85**

Location

**Austin, TX**

Year Founded

**2014**

Retainer Mix

**62% Recurring**

Methodology Weights: DCF 40% | Comparable Companies 30% | Precedent Transactions 30%

Report ID: VA-2026-04871 | NAICS 541810 | Digital Marketing / Advertising Services

## Discounted Cash Flow Analysis

|                               |                               |                      |                                |
|-------------------------------|-------------------------------|----------------------|--------------------------------|
| REVENUE GROWTH<br><b>8.5%</b> | EBITDA MARGIN<br><b>14.2%</b> | WACC<br><b>12.8%</b> | TERMINAL GROWTH<br><b>3.0%</b> |
|-------------------------------|-------------------------------|----------------------|--------------------------------|

| Component                       | Value          |
|---------------------------------|----------------|
| PV of Projected Free Cash Flows | \$3.2M         |
| PV of Terminal Value            | \$9.8M         |
| <b>Enterprise Value</b>         | <b>\$13.0M</b> |
| Less: Net Debt                  | (\$1.2M)       |
| <b>Equity Value</b>             | <b>\$14.2M</b> |

DCF implied range: \$10.5M – \$18.6M. Terminal value accounts for 75% of total EV.

## Comparable Companies Analysis

| Company         | Revenue | EV/Revenue  | Match Score |
|-----------------|---------|-------------|-------------|
| Wpromote        | \$180M  | 1.8x        | 82%         |
| Tinuiti         | \$400M  | 2.1x        | 79%         |
| Power Digital   | \$150M  | 1.6x        | 85%         |
| Jellyfish       | \$600M  | 1.4x        | 74%         |
| Merkle (Dentsu) | \$1.2B  | 1.2x        | 68%         |
| <b>Median</b>   | —       | <b>1.6x</b> | —           |

**Implied Value: \$12.8M** | Range: \$11.2M – \$15.4M

Size discount of ~15% applied. Multiples reflect EV on trailing-twelve-month revenue basis.

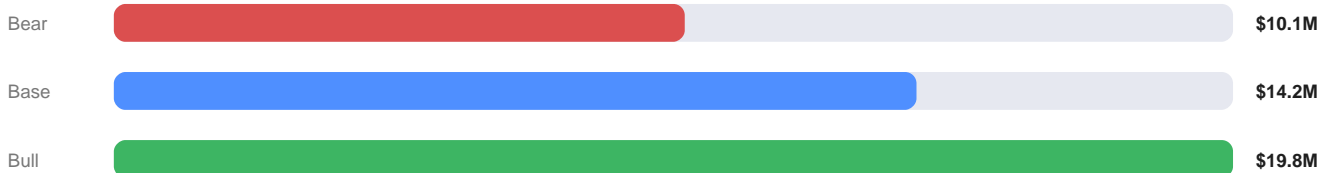
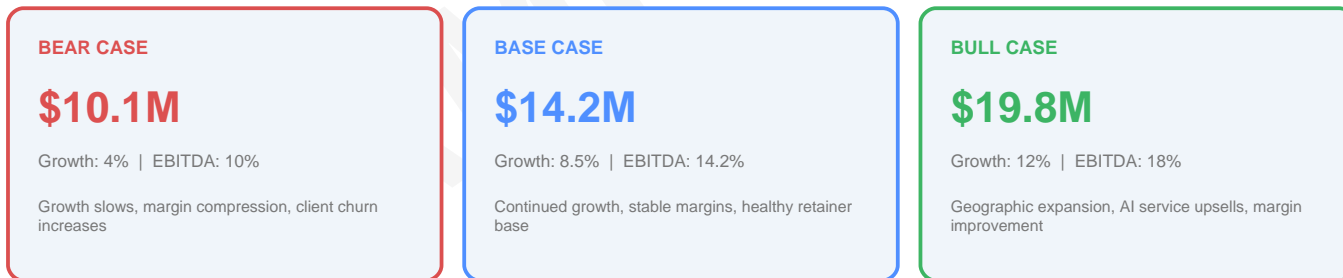
## Precedent Transactions

| Target                     | Year | Deal Size | EV/Revenue  |
|----------------------------|------|-----------|-------------|
| Digital Agency (US)        | 2024 | \$18M     | 1.5x        |
| Performance Marketing Firm | 2023 | \$22M     | 1.7x        |
| Creative Agency (US)       | 2024 | \$8M      | 1.3x        |
| <b>Median</b>              |      |           | <b>1.5x</b> |

**Implied Value: \$15.6M**

Transaction multiples reflect control premiums. The 2024 digital agency deal is the closest comparable.

## Scenario Analysis



Scenarios model +/-50% variation in growth rate and margin assumptions. Base case uses management projections.

## Market Context

GLOBAL DIGITAL AD MARKET

**\$680B**

MARKET CAGR (5YR)

**11.2%**

AGENCY SERVICES SEGMENT

**\$85B**

The digital advertising market continues to expand at a double-digit rate driven by performance marketing spend, AI-powered campaign optimization, and the shift from traditional media. Within this landscape, full-service digital agencies like Meridian benefit from client demand for integrated strategy across paid media, SEO, and content marketing. The agency services segment is projected to reach \$115B by 2029.

## Methodology & Weights

| Methodology                     | Weight      | Implied Value  | Notes                                |
|---------------------------------|-------------|----------------|--------------------------------------|
| Discounted Cash Flow (DCF)      | 40%         | \$14.2M        | 5-year projection with WACC of 12.8% |
| Comparable Companies (CCA)      | 30%         | \$12.8M        | Median 1.6x EV/Revenue from 5 peers  |
| Precedent Transactions          | 30%         | \$15.6M        | Median 1.5x from 3 recent M&A deals  |
| <b>Blended Enterprise Value</b> | <b>100%</b> | <b>\$14.2M</b> |                                      |

## WACC Build-Up

| Component                     | Value        |
|-------------------------------|--------------|
| Risk-Free Rate (10Y Treasury) | 4.25%        |
| Equity Risk Premium           | 5.50%        |
| Beta (Unlevered)              | 0.85         |
| Size Premium                  | 2.80%        |
| Cost of Equity                | 15.2%        |
| Cost of Debt (after tax)      | 5.8%         |
| Debt / Total Capital          | 25%          |
| <b>WACC</b>                   | <b>12.8%</b> |

### Disclaimer

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## Financial Appendix

All figures in USD thousands unless otherwise noted. Source: Company-provided financial statements.

### Income Statement

|                       | FY 2022        | FY 2023        | FY 2024        | FY 2025 (LTM)  |
|-----------------------|----------------|----------------|----------------|----------------|
| Revenue               | \$8,200        | \$9,500        | \$10,800       | \$12,000       |
| Cost of Revenue       | (\$4,920)      | (\$5,510)      | (\$6,156)      | (\$6,720)      |
| <b>Gross Profit</b>   | <b>\$3,280</b> | <b>\$3,990</b> | <b>\$4,644</b> | <b>\$5,280</b> |
| <i>Gross Margin</i>   | 40.0%          | 42.0%          | 43.0%          | 44.0%          |
| Operating Expenses    | (\$2,460)      | (\$2,755)      | (\$3,132)      | (\$3,480)      |
| Salaries & Benefits   | (\$1,640)      | (\$1,900)      | (\$2,160)      | (\$2,400)      |
| Marketing & Sales     | (\$410)        | (\$475)        | (\$540)        | (\$600)        |
| G&A                   | (\$410)        | (\$380)        | (\$432)        | (\$480)        |
| <b>EBITDA</b>         | <b>\$820</b>   | <b>\$1,235</b> | <b>\$1,512</b> | <b>\$1,800</b> |
| <i>EBITDA Margin</i>  | 10.0%          | 13.0%          | 14.0%          | 15.0%          |
| Depreciation & Amort. | (\$164)        | (\$190)        | (\$216)        | (\$360)        |
| <b>EBIT</b>           | <b>\$656</b>   | <b>\$1,045</b> | <b>\$1,296</b> | <b>\$1,440</b> |
| Interest Expense      | (\$82)         | (\$76)         | (\$65)         | (\$54)         |
| Income Tax (19%)      | (\$109)        | (\$184)        | (\$234)        | (\$263)        |
| <b>Net Income</b>     | <b>\$465</b>   | <b>\$785</b>   | <b>\$997</b>   | <b>\$1,123</b> |

### Balance Sheet

|                                  | FY 2022        | FY 2023        | FY 2024        | FY 2025        |
|----------------------------------|----------------|----------------|----------------|----------------|
| Cash & Equivalents               | \$620          | \$890          | \$1,150        | \$1,480        |
| Accounts Receivable              | \$1,230        | \$1,425        | \$1,620        | \$1,800        |
| Other Current Assets             | \$205          | \$238          | \$270          | \$300          |
| <b>Total Current Assets</b>      | <b>\$2,055</b> | <b>\$2,553</b> | <b>\$3,040</b> | <b>\$3,580</b> |
| Property & Equipment             | \$410          | \$475          | \$540          | \$600          |
| Goodwill & Intangibles           | \$820          | \$760          | \$700          | \$640          |
| <b>Total Assets</b>              | <b>\$3,285</b> | <b>\$3,788</b> | <b>\$4,280</b> | <b>\$4,820</b> |
| Accounts Payable                 | \$492          | \$570          | \$648          | \$720          |
| Accrued Liabilities              | \$328          | \$380          | \$432          | \$480          |
| Current Debt                     | \$200          | \$175          | \$150          | \$120          |
| <b>Total Current Liabilities</b> | <b>\$1,020</b> | <b>\$1,125</b> | <b>\$1,230</b> | <b>\$1,320</b> |
| Long-Term Debt                   | \$600          | \$500          | \$400          | \$280          |
| <b>Total Liabilities</b>         | <b>\$1,620</b> | <b>\$1,625</b> | <b>\$1,630</b> | <b>\$1,600</b> |
| <b>Total Equity</b>              | <b>\$1,665</b> | <b>\$2,163</b> | <b>\$2,650</b> | <b>\$3,220</b> |

### Cash Flow Statement

|                            | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|----------------------------|---------|---------|---------|---------|
| Net Income                 | \$465   | \$785   | \$997   | \$1,123 |
| Depreciation & Amort.      | \$164   | \$190   | \$216   | \$360   |
| Changes in Working Capital | (\$82)  | (\$95)  | (\$108) | (\$120) |

|                             | FY 2022        | FY 2023        | FY 2024        | FY 2025        |
|-----------------------------|----------------|----------------|----------------|----------------|
| <b>Cash from Operations</b> | <b>\$547</b>   | <b>\$880</b>   | <b>\$1,105</b> | <b>\$1,363</b> |
| Capital Expenditures        | (\$123)        | (\$143)        | (\$162)        | (\$180)        |
| <b>Cash from Investing</b>  | <b>(\$123)</b> | <b>(\$143)</b> | <b>(\$162)</b> | <b>(\$180)</b> |
| Debt Repayment              | (\$100)        | (\$125)        | (\$125)        | (\$150)        |
| Dividends / Distributions   | (\$200)        | (\$250)        | (\$300)        | (\$350)        |
| <b>Cash from Financing</b>  | <b>(\$300)</b> | <b>(\$375)</b> | <b>(\$425)</b> | <b>(\$500)</b> |
| <b>Net Change in Cash</b>   | <b>\$124</b>   | <b>\$362</b>   | <b>\$518</b>   | <b>\$683</b>   |
| <b>Free Cash Flow (FCF)</b> | <b>\$424</b>   | <b>\$737</b>   | <b>\$943</b>   | <b>\$1,183</b> |

Note: FY 2025 figures are based on last twelve months (LTM) ending December 2025. All figures unaudited.