MERIDIAN TECHNOLOGIES INC.

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www.meridiantech-example.com · SEC File No. 001-38912

CONDENSED CONSOLIDATED
FINANCIAL STATEMENT
THIRD QUARTER FY2024
(Three and Nine Months Ended Sep 30, 2024)

TOTAL REVENUE (Q3)	OPERATING INCOME	NET MARGIN	DILUTED EPS
$1,428.5M	$380.8M	22.4%	$1.42
↑ +14.2% YoY	↑ +19.4% YoY	↑ +190 bps YoY	↑ +21.4% YoY

1. Management Commentary & Audit Overview

Audit Summary & Basis of Presentation: The condensed consolidated financial statements included herein have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for interim financial information and SEC Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Independent audit procedures for Q3 FY2024 were conducted by **Apex & Meridian Advisory Services LLP**, who issued an unqualified (clean) audit opinion on October 22, 2024.

2. Consolidated Statements of Operations (Unaudited)

(In millions of USD, except per share amounts)

Revenue & Expense Breakdown	Three Months Sep 30, 2024	Three Months Sep 30, 2023	Nine Months Sep 30, 2024	Nine Months Sep 30, 2023
Enterprise Cloud Solutions	$ 895.4	$ 762.1	$ 2,580.2	$ 2,215.0
Hardware Infrastructure	382.1	361.5	1,120.4	1,058.2
NextGen AI & Analytics Services	151.0	127.4	424.1	348.8
Total Net Revenues	**$ 1,428.5**	**$ 1,251.0**	**$ 4,124.7**	**$ 3,622.0**
Cost of Cloud Solutions	268.2	235.0	774.1	682.0
Cost of Hardware Infrastructure	175.4	168.0	518.2	495.0
Cost of Services & Analytics	48.3	42.1	136.0	118.5
Total Cost of Revenues	**491.9**	**445.1**	**1,428.3**	**1,295.5**
Gross Profit	**936.6**	**805.9**	**2,696.4**	**2,326.5**
Research & Development (R&D)	285.0	248.2	830.5	725.0
Sales & Marketing (S&M)	178.4	162.0	524.0	478.1
General & Administrative (G&A)	78.4	62.8	221.4	189.5
Amortization of Intangibles	14.0	14.0	42.0	42.0
Total Operating Expenses	**555.8**	**487.0**	**1,617.9**	**1,434.6**
Operating Income	**380.8**	**318.9**	**1,078.5**	**891.9**
Interest Income	18.5	11.2	48.2	28.4
Interest Expense & Debt Amortization	(14.2)	(15.8)	(43.5)	(48.0)
Other Non-Operating Income / (Expense)	4.1	(1.5)	8.9	(2.2)
Income Before Income Taxes	**389.2**	**312.8**	**1,092.1**	**870.1**
Provision for Income Taxes	(69.2)	(55.7)	(194.4)	(154.9)
Net Income	**$ 320.0**	**$ 257.1**	**$ 897.7**	**$ 715.2**
Earnings Per Share (EPS) Data:				
Basic Net Income Per Share	$ 1.48	$ 1.21	$ 4.16	$ 3.36
Diluted Net Income Per Share	$ 1.42	$ 1.17	$ 3.98	$ 3.25
Weighted Average Shares – Basic	216.2	212.5	215.8	212.8
Weighted Average Shares – Diluted	225.4	219.7	225.5	220.1

3. Consolidated Balance Sheets

(In millions of USD, except share count and par values)

Assets	As of Sep 30, 2024	As of Dec 31, 2023
Current Assets:		
Cash and Cash Equivalents	$ 1,240.5	$ 985.2
Short-Term Marketable Securities	850.0	620.0
Accounts Receivable (net of allowance of $12.4M and $10.1M)	742.8	684.5
Inventories	185.4	162.0
Prepaid Expenses and Other Current Assets	94.2	81.5
Total Current Assets	**3,112.9**	**2,533.2**
Property, Plant, and Equipment, Net	1,480.2	1,320.6
Operating Lease Right-of-Use Assets	310.5	335.0
Goodwill	1,845.0	1,845.0
Intangible Assets, Net	280.4	322.4
Other Non-Current Assets	165.2	142.8
TOTAL ASSETS	**$ 7,194.2**	**$ 6,499.0**

Liabilities and Shareholders' Equity	As of Sep 30, 2024	As of Dec 31, 2023
Current Liabilities:		
Accounts Payable	$ 312.4	$ 285.0
Accrued Compensation and Benefits	245.8	210.4
Deferred Revenue – Short Term	580.2	495.6
Current Portion of Senior Notes	200.0	150.0
Other Current Liabilities	142.5	128.0
Total Current Liabilities	**1,480.9**	**1,269.0**
Long-Term Debt, Net	1,150.0	1,250.0
Operating Lease Liabilities – Non-Current	282.4	305.2
Deferred Income Tax Liabilities	115.6	108.4
Other Long-Term Liabilities	88.0	82.1
Total Liabilities	**3,116.9**	**3,014.7**
Shareholders' Equity:		
Common Stock, $0.001 par value; 500M shares authorized	0.2	0.2
Additional Paid-in Capital	2,450.8	2,210.5
Retained Earnings	1,745.8	1,365.2
Accumulated Other Comprehensive Loss	(119.5)	(91.6)
Total Shareholders' Equity	**4,077.3**	**3,484.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 7,194.2**	**$ 6,499.0**

4. Consolidated Statements of Cash Flows (Unaudited)

(In millions of USD)

Cash Flow Activities	Nine Months Sep 30, 2024	Nine Months Sep 30, 2023
Cash Flows from Operating Activities:		
Net Income	$ 897.7	$ 715.2
Adjustments: Depreciation & Amortization	158.4	142.0
Adjustments: Stock-Based Compensation	182.5	155.0
Changes in Operating Assets and Liabilities	(118.2)	(98.4)
Net Cash Provided by Operating Activities	**1,120.4**	**913.8**
Cash Flows from Investing Activities:		
Capital Expenditures (Property, Plant & Equipment)	(295.0)	(240.0)
Purchase of Marketable Securities	(450.0)	(310.0)
Sales/Maturities of Marketable Securities	220.0	180.0
Net Cash Used in Investing Activities	**(525.0)**	**(370.0)**
Cash Flows from Financing Activities:		
Repayment of Senior Debt Notes	(50.0)	(100.0)
Repurchase of Common Stock	(215.0)	(180.0)
Proceeds from Employee Stock Purchase Plans	24.9	21.2
Net Cash Used in Financing Activities	**(240.1)**	**(258.8)**
Net Increase in Cash and Cash Equivalents	355.3	285.0
Cash and Cash Equivalents at Beginning of Period	885.2	642.0
Cash and Cash Equivalents at End of Period	**$ 1,240.5**	**$ 927.0**

5. Segment Performance & Geographical Breakdown

Segment Revenue Distribution (Q3 FY24)

Segment	Revenue	YoY Growth
Cloud Solutions	$ 895.4M	+17.5%
Hardware Infra	$ 382.1M	+5.7%
AI Services	$ 151.0M	+18.5%
Total	**$ 1,428.5M**	**+14.2%**

Geographical Revenue Mix (Q3 FY24)

Region	Revenue	% of Total
North America	$ 742.8M	52.0%
EMEA	$ 399.8M	28.0%
Asia-Pacific	$ 285.9M	20.0%
Total	**$ 1,428.5M**	**100.0%**

6. Notes to Condensed Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies Meridian Technologies Inc. ("Meridian" or the "Company") is a global leader in enterprise cloud architecture, high-performance hardware, and machine learning analytics. The accompanying interim financial statements are unaudited but reflect all adjustments that, in the opinion of management, are necessary for a fair statement of results for the intermediate periods.

Note 2 – Revenue Recognition (ASC 606) Revenue from software subscriptions and cloud service contracts is recognized ratably over the contractual term as performance obligations are satisfied. Hardware revenue is recognized upon transfer of control to the customer (point in time). Deferred revenue represents customer billings prior to service rendering and amounted to $580.2 million at September 30, 2024.

Note 3 – Financing Arrangements & Debt Obligations As of September 30, 2024, the Company maintained $1,350.0 million in aggregate principal amount of Senior Notes due between 2025 and 2030, with a weighted average fixed coupon interest rate of 4.15%. The Company was in compliance with all financial debt covenants as of September 30, 2024.

Note 4 – Stock-Based Compensation & Capital Structure Stock-based compensation expense recognized for the nine months ended September 30, 2024 and 2023 was $182.5 million and $155.0 million, respectively. As of September 30, 2024, there was $412.0 million of total unrecognized compensation cost related to non-vested equity awards.

Note 5 – Commitments and Contingencies From time to time, the Company is involved in legal proceedings, claims, and litigation arising in the ordinary course of business. Management evaluates these items based on current information and believes that the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial position or cash flows.

Management Certification & Auditor Attestation

In accordance with Rule 13a-14(a) under the Securities Exchange Act of 1934, the undersigned executive officers and lead independent auditor certify that this quarterly financial statement fully complies with disclosure requirements and fairly presents the financial condition of Meridian Technologies Inc.

Sarah L. Jenkins Chief Executive Officer Meridian Technologies Inc.	**Marcus Vance** Chief Financial Officer Meridian Technologies Inc.	**Apex & Meridian Advisory LLP** Independent Registered Audit Firm Audit Engagement Principal: D. Thornton