



# M&A TARGET DOSSIER

## Sample

# Target Co. A (NASDAQ:TRC)

Supply Chain Authentication Platform

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# 1 Executive Snapshot

TargetCo is a US-listed micro-cap technology company operating at the intersection of product authentication, brand protection, and supply chain traceability. The company provides a SaaS-enabled authentication platform combined with tech-enabled labeling and verification services for regulated and consumer goods markets.

## Scale & Operating Profile (Actuals → Forward View)

- Revenue: ~US\$22m (TTM)
- Gross Margins: Mid-30% range
- EBITDA: Recently turned positive (inflection year)
- Balance Sheet: Net cash position
- Enterprise Value: Sub-\$10m

## Operating Context

The business has undergone a multi-year transition from loss-making operations to EBITDA positivity, driven by cost rationalisation and integration of prior acquisitions. Revenue has stabilised following post-pandemic volatility in supply chain and consumer goods demand.

## Strategic Value vs Standalone Value

At its current enterprise value of approximately ~\$9m (c.0.4x TTM revenue), the company trades at a substantial discount to both micro-cap authentication peers and US strategic precedent benchmarks, suggesting public market mispricing rather than structural asset impairment.

- Limited scale
- Thin trading liquidity
- Turnaround perception
- Public market micro-cap discount



Under strategic ownership, the platform can be embedded within a broader labeling, compliance, or industrial technology ecosystem, improving:

- Distribution leverage
- Customer cross-sell
- Utilisation of authentication infrastructure
- Margin profile

### **Deal Rationale (for Advisors)**

TargetCo represents a structurally asymmetric tuck-in opportunity within the product authentication and traceability segment, where strategic embedding can materially re-rate valuation relative to standalone public market pricing.

- A functional authentication technology layer
- Existing enterprise and regulated-industry exposure
- EBITDA inflection with operating leverage potential
- Manageable transaction size

### **Timing & Probability of Strategic Review**

With EBITDA recently positive and valuation materially discounted relative to strategic peers, management and board may be open to exploring strategic alternatives within a 12–24 month horizon, particularly if standalone growth remains modest.



## 2 Business Model & Product Depth

### Core Offering

TargetCo provides:

- Product authentication & anti-counterfeit technology
- Serialized labeling & verification systems
- Supply chain tracking and brand protection workflows
- SaaS-enabled authentication dashboards
- Data-driven verification and reporting tools

The platform integrates physical product identifiers with digital verification layers, enabling manufacturers and distributors to validate authenticity across supply chains.

### Revenue Model

- Recurring SaaS components (authentication subscriptions)
- Tech-enabled service contracts
- Labeling & supply chain verification programs
- Enterprise contracts in regulated sectors

Revenue mix includes both recurring platform revenue and services tied to authentication deployment.

The platform is embedded within customer compliance and verification workflows, creating operational switching friction once deployed. Authentication programs are typically integrated into labeling processes, distributor relationships, and regulatory reporting structures, increasing stickiness relative to standalone SaaS contracts.



## **Customer Base**

- Consumer goods manufacturers
- Regulated product suppliers
- Supply chain distributors
- Industrial and specialty labeling clients

The company operates primarily in North America, with expansion potential via strategic distribution partners.

## **Strategic Positioning**

TargetCo sits at the convergence of:

- Industrial labeling
- Compliance software
- Authentication technology
- Supply chain traceability

This layer becomes more valuable when embedded inside a larger platform that already owns distribution and customer relationships.

As a standalone entity, the company bears:

- Limited sales scale
- Customer concentration risk
- Higher relative overhead burden
- Public market liquidity discount

Under platform ownership, these constraints are structurally mitigable



## 3 Strategic Acquirability

### **Platform Adjacency & Strategic Necessity**

Product authentication is increasingly strategic due to:

- Counterfeit risk
- Regulatory compliance pressure
- Brand integrity concerns
- Serialization requirements
- Increasing traceability mandates

Strategic buyers face a build vs buy decision.

Building equivalent authentication capability internally would require multi-year software development, regulatory alignment, enterprise trust-building, and physical labeling integration. For scaled industrial platforms, acquisition materially accelerates time-to-market while avoiding execution drag.

Building an authentication stack requires:

- Software development
- Labeling integration
- Customer trust
- Regulatory compliance frameworks

TargetCo provides a ready-built operating layer.

### **Strategic Value Creation for Buyers**

Under platform ownership, acquirers can:

- Integrate authentication into existing labeling products
- Cross-sell to installed enterprise clients
- Internalise authentication margins
- Bundle compliance + traceability + verification offerings
- Increase platform stickiness



## **Platform Value Asymmetry**

Standalone:

- Small revenue base
- Volatile earnings perception
- Public market discount

Within a larger platform, the same asset becomes:

- A stable internal service layer
- A margin-accretive AI enablement function
- A defensible data moat supporting AI product differentiation

This asymmetry underpins the strategic M&A case.



## 4 Strategic Buyer Universe

TargetCo operates in a structurally fragmented but strategically important segment of the industrial technology stack: product authentication, brand protection, serialization, and supply chain traceability. Its technology bridges physical labeling systems with digital verification infrastructure — a capability that becomes significantly more valuable when embedded inside scaled distribution and manufacturing platforms.

The strategic buyer universe can therefore be segmented into four principal categories: industrial labeling platforms, serialization and compliance technology providers, identity and digital authentication platforms, and lower middle-market financial sponsors.

### **Category 1 – Industrial Labeling & Smart Packaging Platforms**

These buyers already operate in labeling, RFID, coding, and compliance-driven packaging. Authentication capability enhances product differentiation and regulatory positioning.

#### **1. Avery Dennison Corporation**

- Global leader in labeling and RFID
- Active acquirer in smart labeling
- Authentication layer enhances RFID + digital ID offering
- Immediate cross-sell into enterprise manufacturing clients

Strategic Fit: Very High

#### **2. Zebra Technologies**

- RFID, barcode, asset tracking leader
- Growing software and data layer exposure
- Authentication strengthens end-to-end supply chain visibility

Strategic Fit: High



### **3. CCL Industries**

- Global packaging and specialty labeling
- Security and specialty label exposure
- Authentication expands brand protection portfolio

Strategic Fit: Moderate–High

## **Category 2 – Serialization & Compliance Platforms**

### **4. Dover Corporation (Markem-Imaje division)**

- Coding & marking solutions
- Serialization for regulated industries
- Authentication integrates directly into compliance stack

Strategic Fit: High

### **5. Systech (Brand Protection Platform)**

- Anti-counterfeit & serialization
- Pharmaceutical traceability
- Direct authentication adjacency

Strategic Fit: Very High

## **Category 3 – Large-Scale Data & Analytics Platforms**

### **6. Entrust Corporation**

- Digital security & identity solutions
- Authentication bridge between physical & digital identity

Strategic Fit: High

### **7. OneSpan Inc.**

- Digital identity & fraud prevention
- Product authentication extends into physical verification

Strategic Fit: Moderate



## Category 4 – Financial Sponsors (Lower Middle Market)

Transaction size is digestible (~\$15–25m EV under strategic control).

### 8. The Riverside Company

- Lower-middle market buyout focus
- Platform + bolt-on strategy
- EBITDA-positive inflection profile attractive

### 9. Battery Ventures

- Tech-enabled services investor
- SaaS adjacency exposure

### 10. Thoma Bravo (Portfolio Bolt-On Scenario)

- Identity software focus
- Could bolt onto authentication portfolio company

## Buyer Universe Summary

Category	Buyers	Probability
Industrial Labeling	Avery, Zebra, CCL	High
Serialization	Dover, Systech	High
Identity SaaS	Entrust, OneSpan	Moderate
PE	Riverside, Battery	Moderate

From an execution standpoint, initial outreach under a sell-side mandate would most credibly prioritise industrial labeling and serialization platforms, where product adjacency and customer overlap are strongest. Identity software and financial sponsors represent secondary but credible pathways.



## 5 Sell-Side Psychology

TargetCo has recently transitioned from:

- Sustained EBITDA losses
- Revenue volatility
- Public market discount

To:

- Positive EBITDA (TTM ~\$0.65m)
- Stabilised revenue (~\$21–22m)
- Net cash balance sheet (~\$3m)

This inflection phase creates a natural board-level reflection point:

- Can standalone execution unlock value?
- Or is value better realised via platform embedding?

### **Public Market Valuation Disconnect**

Current metrics:

- Enterprise Value: ~ \$9m
- EV / Revenue: ~0.4x
- EV / EBITDA (LTM): ~14x (distorted due to thin EBITDA)

Public markets are discounting:

- Micro-cap liquidity
- Limited growth
- Turnaround risk

Strategic buyers are not constrained by liquidity discounts.

Importantly, management engagement can be framed around value optimisation at an inflection point rather than remediation of distress, materially increasing receptivity to strategic dialogue.



## 6 Indicative Valuation Logic

Valuation triangulation was conducted across:

- Discounted Cash Flow
- Public Trading Comparables
- Precedent Transactions

All figures below reflect internal modelling.

Financial Snapshot (Base Case Inputs)

Revenue (TTM): ~\$21.7m

EBITDA (TTM): ~\$0.65m

Net Cash: ~\$3.17m

Shares Outstanding: ~12.44m

### A. DCF Valuation

Exit Multiple Method (7.0x EBITDA)

- 2030E EBITDA: ~\$3.64m
- Exit Multiple: 7.0x
- Terminal Value (Undiscounted): ~\$25.5m
- PV of Terminal Value: ~\$14.4m
- Enterprise Value: ~\$16.8m

Perpetuity Growth Method (3%, 12% WACC)

- Enterprise Value: ~\$13.0m

DCF EV Range: \$13m – \$17m

### B. Trading Comparable Analysis

Adjusted micro-cap peer set:

EV / Revenue Range: 0.8x – 1.5x

EV / EBITDA Range: 6x – 9x



Applying to TargetCo:

Revenue-Based EV:

→ \$17m – \$33m

EBITDA-Based EV (Forward):

→ \$22m – \$29m

Realistic Comp-Implied EV: \$18m – \$26m

### **C. Precedent Transaction Analysis**

US-only authentication / identity / traceability transactions.

Observed (Adjusted):

Revenue Multiples: 1.0x – 1.5x

EBITDA Multiples: 6x – 8x

Implied EV Range: \$22m – \$28m

### **Valuation Triangle**

<b>Method</b>	<b>EV Range</b>
DCF	\$13m – \$17m
Trading Comps	\$18m – \$26m
Precedent Transactions	\$22m – \$28m

On an equity basis (adjusting for ~\$3.17m net cash), implied equity value under DCF approximates ~\$16–20m, while strategic precedent ranges imply equity value materially above current public market capitalisation. This reinforces the structural gap between intrinsic/strategic value and trading value.

**Observation:**

Standalone intrinsic valuation (~\$13–17m EV) provides a defensible downside anchor, while trading and precedent benchmarks imply potential strategic value materially above current ~\$9m enterprise value. The magnitude of this spread underpins the origination thesis.



## 7 Deal Angles & Optionality

TargetCo supports multiple transaction pathways.

### 1. Full Strategic Acquisition

Most logical for industrial labeling or serialization buyer.

- Immediate integration
- Cross-sell expansion
- Internalisation of authentication margin

### 2. Majority Strategic Investment

- De-risked integration
- Operational continuity
- Gradual platform embedding

### 3. PE-Led Take-Private

- Optimise cost base
- Improve margin profile
- Exit to strategic in 3–5 years

### 4. Minority + Commercial Integration

- Lower initial friction
- Validate synergy thesis
- Option to scale ownership

Flexibility increases transaction probability.

While multiple transaction structures are theoretically viable, a full strategic tuck-in to an industrial labeling or serialization platform represents the most operationally coherent pathway, given adjacency and integration simplicity.



## 8 Key Risks & Diligence Focus Areas

### **Commercial Risk**

- Customer concentration
- Revenue durability
- Contract visibility

### **Margin Sustainability**

- Gross margin stability (~35%)
- EBITDA scalability toward mid-teens %
- Cost rationalisation durability

### **Competitive Positioning**

- Differentiation vs other authentication vendors
- Technology defensibility
- IP robustness

### **Integration Risk**

- Ease of embedding into labeling / serialization platforms
- Operational scalability

These risks are present but structurally mitigable under scaled ownership. Notably, several of the above risks – particularly revenue concentration and margin scalability – are structurally mitigable under scaled ownership through cross-portfolio demand aggregation, distribution leverage, and internal utilisation of authentication infrastructure.



## 9 Sell-Side Engagement Rationale

This opportunity enables advisors to initiate a strategic review dialogue grounded in value optimisation at an operational inflection point, rather than reactive restructuring or distress-driven considerations.

It allows advisors to approach management with:

- Strategic value optimisation framing
- Platform embedding narrative
- Public vs strategic valuation disconnect evidence
- Industry consolidation thesis

### **Importantly:**

The company is not distressed. It is at an operational inflection point.

Public valuation reflects micro-cap illiquidity and limited scale, not necessarily strategic irrelevance.

Industry consolidation across labeling, traceability, and compliance platforms continues.

Engaging management under a strategic alternatives framing allows advisors to position the discussion around long-term value optimisation rather than short-term performance pressure.

The timing window is credible.



## 10 How Equidex Analytix Supports Deal Teams

Equidex Analytix operates as an independent origination and strategic intelligence partner to Investment Banks & M&A advisory firms, focused on surfacing mandateable sell-side opportunities and equipping deal teams with decision-useful strategic framing at the front end of the process.

- **Origination:** Proprietary identification of mandateable sell-side M&A opportunities across listed technology companies.
- **Strategic Framing:** Clear articulation of the strategic and value rationale supporting sell-side engagement.
- **Buyer Mapping:** Curated identification of the most relevant strategic acquirers for each opportunity.
- **Valuation Context:** Triangulated valuation framing using DCF, public comps, and precedent transactions.
- **Front-End Intelligence:** Targeted research and insight to support initial management and board-level conversations.

Equidex Analytix operates strictly as an independent origination and research partner. Execution, process management, buyer engagement, and transaction leadership remain fully within the remit of the appointed Investment banking or an M&A advisory firm.



## Disclosure

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