

INVESTMENT MEMORANDUM

TechStart Inc.

Date: October 24, 2023 | Prepared by: John Smith

EXECUTIVE SUMMARY

TechStart Inc. presents a compelling investment opportunity within the SaaS sector, showcasing strong growth and scalability. With a robust product offering and a loyal customer base, the company is well-positioned to capture increasing market demand.

COMPANY OVERVIEW

Founded in 2017, TechStart Inc. is a leading provider of SaaS solutions designed for small to medium-sized enterprises (SMEs). Headquartered in Austin, Texas, the company specializes in offering cloud-based tools that enhance operational efficiency and drive digital transformation for its clients.

INVESTMENT THESIS

- Strong market growth in the SaaS sector, projected to expand at a CAGR of 18% over the next five years.
- Proven track record of consistent revenue growth and profitability.

FINANCIAL SUMMARY

Revenue (TTM)	\$45M
Revenue Growth	30%
EBITDA (TTM)	\$12M
EBITDA Margin	26.7%
Net Debt	\$10M
EV/EBITDA	10.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$27M	\$6M	22.2%
2022	\$35M	\$9M	25.7%
2023	\$45M	\$12M	26.7%

KEY RISKS AND MITIGANTS

Risk	Mitigant
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Intense competition from established players in the SaaS market.	Focus on product differentiation and customer service excellence.
Dependence on a limited number of large clients for revenue.	Diversify client base and expand marketing efforts.
Potential challenges in scaling operations to meet demand.	Invest in infrastructure and talent acquisition to support growth.

VALUATION SUMMARY

Enterprise Value	\$120M
Equity Value	\$110M
EV/Revenue	2.67x
EV/EBITDA	10.0x
Target IRR	25%
Target MOIC	2.5x

RECOMMENDATION

INVEST. TechStart Inc. demonstrates robust financial performance and a strong growth trajectory, making it an attractive investment opportunity in the expanding SaaS space.