

INVESTMENT MEMORANDUM

Pinnacle Financial

Date: October 15, 2023 | Prepared by: Jessica Taylor

EXECUTIVE SUMMARY

Pinnacle Financial presents a unique opportunity to invest in a rapidly growing fintech company specializing in digital payment solutions. With a robust technology platform and strategic partnerships, Pinnacle is positioned to capture significant market share in the evolving payment landscape.

COMPANY OVERVIEW

Founded in 2015, Pinnacle Financial is headquartered in San Francisco, California. The company offers an innovative digital payment platform that simplifies transactions for businesses and consumers alike. With a focus on security and user experience, Pinnacle has quickly become a trusted name in the fintech sector.

INVESTMENT THESIS

- Pinnacle Financial operates in a high-growth market, with the digital payments industry projected to grow at a CAGR of 12% through 2027.
- The company's strategic focus on digital payments and user experience is expected to enhance its competitive advantage.

FINANCIAL SUMMARY

| | |
|----------------|--------|
| Revenue (TTM) | \$120M |
| Revenue Growth | 30% |
| EBITDA (TTM) | \$30M |
| EBITDA Margin | 25% |
| Net Debt | \$20M |
| EV/EBITDA | 10.0x |

HISTORICAL FINANCIALS

| Year | Revenue | EBITDA | Margin |
|------|---------|--------|--------|
| 2021 | \$70M | \$10M | 14% |
| 2022 | \$90M | \$20M | 22% |
| 2023 | \$120M | \$30M | 25% |

KEY RISKS AND MITIGANTS

| Risk | Mitigant |
|---|--|
| Intense competition from established players and new entrants | Focus on innovation and customer service to differentiate offerings. |
| Regulatory changes affecting fintech operations | Engage with legal experts to ensure compliance and adapt operations accordingly. |
| Dependence on technology which may be vulnerable to cyber threats | Invest in cybersecurity measures and continuous monitoring of systems. |

VALUATION SUMMARY

| | |
|------------------|--------|
| Enterprise Value | \$300M |
| Equity Value | \$280M |
| EV/Revenue | 2.5x |
| EV/EBITDA | 10.0x |
| Target IRR | 20% |
| Target MOIC | 2.5x |

RECOMMENDATION

INVEST. Pinnacle Financial's strong growth trajectory, innovative technology, and strategic partnerships present a compelling investment opportunity with significant upside potential.