

INVESTMENT MEMORANDUM

Pinnacle Financial

Date: October 10, 2023 | Prepared by: Emily Johnson

EXECUTIVE SUMMARY

Pinnacle Financial is a rapidly growing fintech company specializing in digital payment solutions and personal finance management. With its innovative technology and expanding customer base, the firm presents an attractive investment opportunity for significant returns in the financial services sector.

COMPANY OVERVIEW

Founded in 2018 and headquartered in San Francisco, California, Pinnacle Financial offers a suite of digital financial products aimed at enhancing user experience in personal finance and payment processing. The company has established itself as a leader in the fintech space by leveraging cutting-edge technology to provide seamless financial solutions to its customers.

INVESTMENT THESIS

- Pinnacle Financial has experienced a revenue CAGR of 35% over the past three years, illustrating strong market demand and growth potential.
- The company's innovative technology and expanding customer base provide a competitive advantage in the fintech market.

FINANCIAL SUMMARY

Revenue (TTM)	\$150M
Revenue Growth	40%
EBITDA (TTM)	\$30M
EBITDA Margin	20%
Net Debt	\$50M
EV/EBITDA	10.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$75M	\$10M	13%
2022	\$107M	\$20M	19%

2023	\$150M	\$30M	20%
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KEY RISKS AND MITIGANTS

Risk	Mitigant
Regulatory changes in the fintech sector could impact operations.	Engage with regulatory advisors to ensure compliance and proactively adapt to changes.
Intense competition from both established banks and new fintech entrants.	Continuously innovate and enhance product offerings to maintain competitive advantage.
Potential cybersecurity threats could harm brand reputation and customer trust.	Implement robust cybersecurity measures and maintain transparency with customers regarding data protection.

VALUATION SUMMARY

Enterprise Value	\$300M
Equity Value	\$250M
EV/Revenue	2.0x
EV/EBITDA	10.0x
Target IRR	25%
Target MOIC	3.0x

RECOMMENDATION

**INVEST.** The strong growth metrics, combined with a scalable business model and favorable market dynamics, position Pinnacle Financial as a compelling investment opportunity with the potential for high returns.