

INVESTMENT MEMORANDUM

Pinnacle Financial

Date: October 25, 2023 | Prepared by: Emily Carter

EXECUTIVE SUMMARY

Pinnacle Financial is a rapidly growing fintech company specializing in digital banking solutions for small and medium-sized enterprises. The firm presents a compelling investment opportunity due to its strong revenue growth and innovative product offerings.

COMPANY OVERVIEW

Founded in 2017, Pinnacle Financial is headquartered in Austin, Texas. The company provides a suite of digital banking services, including payment processing, business loans, and cash management solutions, aimed at improving financial accessibility for SMEs. Since its inception, Pinnacle has experienced significant traction in the market.

INVESTMENT THESIS

- Strong market demand for digital banking solutions among SMEs, providing a robust growth opportunity.
- Proven track record of innovation and market expansion.

FINANCIAL SUMMARY

Revenue (TTM)	\$120M
Revenue Growth	35%
EBITDA (TTM)	\$30M
EBITDA Margin	25%
Net Debt	\$20M
EV/EBITDA	10.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$60M	\$15M	25%
2022	\$89M	\$22M	25%
2023	\$120M	\$30M	25%

KEY RISKS AND MITIGANTS

Risk	Mitigant
------	----------

Intense competition in the fintech space	Focus on unique value proposition and customer service excellence.
Regulatory changes impacting operations	Establish a strong compliance team to adapt to regulatory shifts.
Reliance on technology infrastructure	Invest in robust IT security and disaster recovery plans.

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 revenue growth and innovative solutions position it well in an expanding market, while the management team's experience further enhances its potential for success.