

INVESTMENT MEMORANDUM

Pinnacle Financial

Date: October 25, 2023 | Prepared by: John Doe

EXECUTIVE SUMMARY

Pinnacle Financial is an emerging leader in the fintech sector, providing innovative payment solutions to small and medium-sized enterprises. With strong revenue growth and a solid management team, the investment opportunity presents an attractive entry point for our firm.

COMPANY OVERVIEW

Founded in 2018 and headquartered in San Francisco, California, Pinnacle Financial specializes in providing digital payment processing solutions tailored for small and medium-sized businesses. The company leverages advanced technology to streamline payment systems, improve transaction speeds, and enhance security for its clients.

INVESTMENT THESIS

- The fintech sector is expected to grow at a CAGR of 25%, providing significant market opportunities for Pinnacle's offerings.
- Pinnacle's market position is well-aligned with the growth trajectory of the fintech sector.

FINANCIAL SUMMARY

Revenue (TTM)	\$45M
Revenue Growth	35%
EBITDA (TTM)	\$10M
EBITDA Margin	22%
Net Debt	\$5M
EV/EBITDA	15.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$20M	\$3M	15%
2022	\$33M	\$7M	21%
2023	\$45M	\$10M	22%

KEY RISKS AND MITIGANTS

Risk	Mitigant
Increasing competition in the fintech space	Invest in continuous R&D and innovation to differentiate offerings.
Regulatory changes affecting payment processes	Maintain strong legal and compliance teams to proactively address regulatory requirements.
Dependence on small and medium-sized businesses	Diversify client base by targeting larger enterprises and expanding internationally.

VALUATION SUMMARY

Enterprise Value	\$150M
Equity Value	\$145M
EV/Revenue	3.3x
EV/EBITDA	15.0x
Target IRR	25%
Target MOIC	2.5x

RECOMMENDATION

INVEST. Pinnacle Financial's strong growth trajectory, innovative solutions, and the robust fintech market create a compelling case for investment.