



Sports Tech Fund

Global VC fund focused solely
on sports technology

July 2019



Executive summary



Indigo Capital Partners is creating a **global VC fund focused entirely on sports technology**



The **global sports market is estimated at \$800-900 billion** per year and is growing at a rapid rate. Technology is one of the key drivers of this growth



Indigo has already made **4 successful investments in the sector** (average expected IRR is c.50%+)



World-renowned active and former athletes will act as investors of the fund and as ambassadors of brands that the fund invests in



We have a top-notch team in place and the founder is investing alongside the LPs



With vast and **successful experience and a range of exclusive connections** in the sector Indigo is **uniquely positioned** to capitalize on the emerging sports tech opportunity



Introduction to Sports Tech



Focuses on technology **products and services** for professional and amateurs athletes, teams, organizations and fans



Includes everything from **wearable devices, fan engagement, to eSports, to stadium technology, to athlete training and everything in between**



Fact: the Summer Olympics holds the highest estimated total viewership, with almost **5 billion people** tuning in at some point—approximately **70% of the world's population**.



At the same time the emerging **esports market is poised to compete with traditional sports** with event audiences reaching almost 0,5 billion people for League of Legends world championship

The entire sports market is worth approx. \$800-900 billion per year, or >1% of global GDP

Sports Tech



Sports Tech is a large and diverse sector
Indigo will focus on several sub-segments — see page 16

Sports Tech investments in Europe



By end of 2018 there were more than 1500 sports tech start-ups in Europe, engaged in all sorts of activities – from developing new materials to analytics



More than 15 sector-specific accelerators are helping the start-ups on early stages of development. There are both independent programs and those affiliated with major sports clubs (Arsenal) or organizations (UEFA)

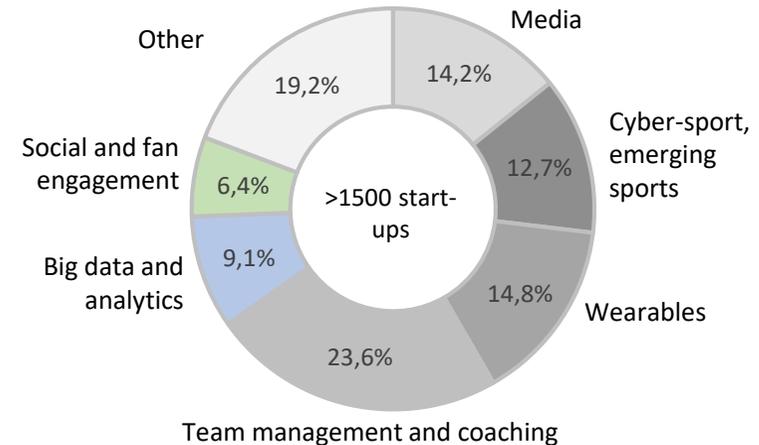


While London, Munich, Berlin and Copenhagen are still the leaders in terms of investments in sports tech, there are at least 5 more cities boasting more than 10 mln. EUR deal volume in the sector in 2018

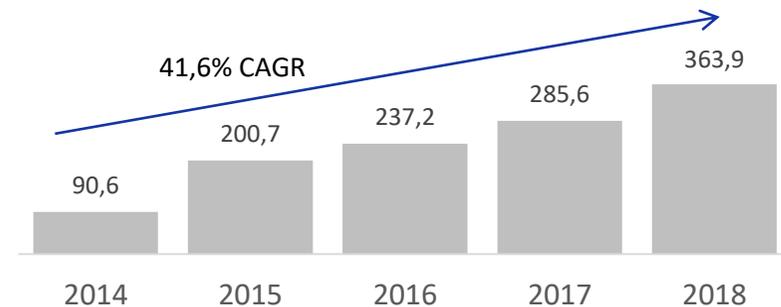


Despite massive amount of start-ups and accelerators, as well as abundance of strategic investors (major leagues, sports brands and retailers), the sector still lacks VC activity – the number of specialized funds stays in single digits

European start-ups by type of business*:



Volume of VC deals in Europe, mln. EUR*:



*Based on European Sportstech Report 2019

Indigo Capital will be one of the first VC funds in European sports tech landscape, thus claiming one of the leading roles in this fast growing sector

Why do sports clubs owners invest in sports tech?

Sheik Mansur



- Owns controlling stakes in soccer clubs Manchester City, Melbourne City and New-York City via the holding company - City Football Group
- City Football Group is one of the LPs in  - a fund investing in sports tech (media, analytics, betting) in USA and Europe
- City Football Group also invests directly in cyber-sport, a group of privately owned football fields and other sports-related companies



Joshua Harris



- Partner at Apollo Management and owner of several baseball and soccer clubs has unified all his sports-related assets under one holding company - 
- HB sports & entertainment manages several sport clubs owned by Harris and his partners, a number of sport consulting agencies (Elevate Sports Ventures) and a sports-tech accelerator for start-ups affiliated with baseball club Philadelphia 76ers



Andrea Radrizzani



- Italian businessman and investor owns Leeds United FC
- Andrea is a co-owner of and the major investor in  fund
- The fund invests in sports media companies, namely social networks (whistle sports), content producers, sports channels (Eleven Sports) and other related assets



Participation in Sports Tech funds allows club owners to be the first to test the most innovative and efficient solutions to increase results of the clubs, while also facilitating pipeline creation for the funds and thus ensuring maximal return on investments

Celebrities becoming venture investors

More and more celebrities and star athletes are switching from being just brand ambassadors to active venture investing

But **few of them** end up founding their own investment vehicles or partnering with professional investors to start a venture fund **for now**



Ashton Kutcher

A-Grade Investments /Sound Ventures

- One of the most well-known and successful celebrities who have become venture investors
- Average cash on cash return: 8.5x



Leo DiCaprio

- In 2011 invested \$4 mln. in Mobli – a photo- and video-exchange network
- In 2014-2017 Leo made a couple of investments in start-ups at A-round



Kobe Bryant

Bryant Stibel Investments

- Bryant Stibel was founded in 2013 to combine creative vision of Kobe, an iconic basketball player, with entrepreneurship talent of Jeff Stibel



Bono

Elevation Partners

- U2 Front-men is the managing director and co-founder of Elevation Partners, a PE fund
- The fund has \$1.9+ bln. AUM



Nasir «Nas» Jones

QueensBridge Venture Partners

- The hip-hop star has a second identity – that of a venture investor and has even been called by CNBC «half-man, half-venture investor»



LeBron James

- James is an investor in such companies as Weplay and according to the media earned around \$30 mln. on the Apple / Beats Electronics deal
- WePlay was acquired by TeamSnap in 2013



Magic Johnson

Detroit Venture Partners
Elysian Park

- Has made more than 10 investments in start-ups at various rounds via Detroit Venture Partners and Elysian



Steven «Steve» Nash

Consigliere Brand Capital / Bullish

- Nash co-founded Consigliere Venture fund in 2010. Starting from \$20 mln. the fund is mainly active in seed-round investments in «client-oriented companies»



Ryan Howard

SeventySix Capital

- Former MLB athlete and World series champion is leading sports-focused arm of the VC firm with investments in such companies as ShotTracker, Indiegogo and Thrive



From technology to global brand/1

Case studies: when sports technologies transform into multibillion-dollar brands



Nike Waffle Sole

Nike Waffle Sole — an example of a groundbreaking technology that completely transformed the sneakers and activewear industry

Nike's first pair of running shoes was inspired by waffles.

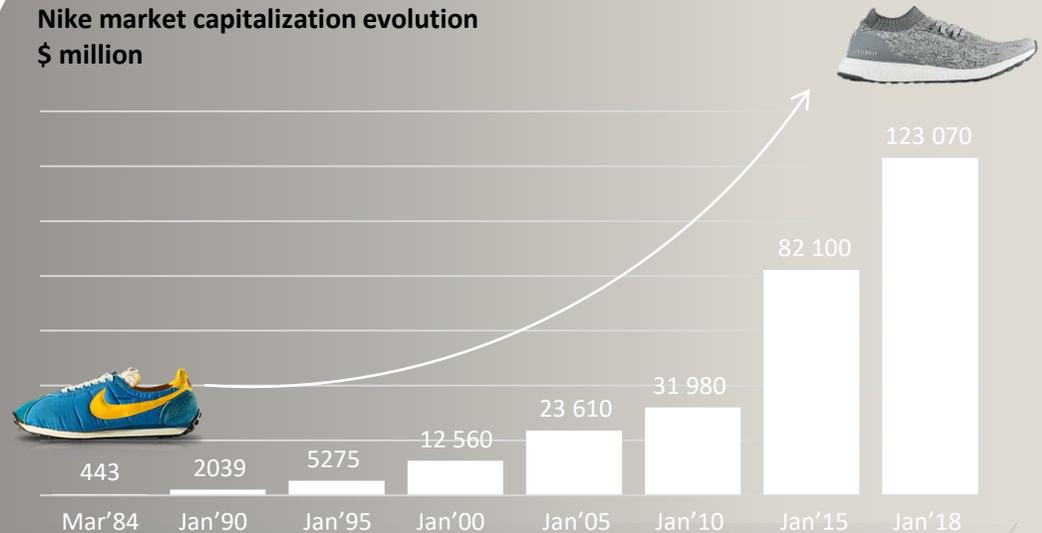
Nike co-founder Bill Bowerman was having breakfast with his wife one morning in 1971 when it dawned on him that the grooves in the waffle iron she was using would be an excellent mold for a running shoe.

The first outsole sample, which later became the original Nike Waffle Sole, was actually constructed that same day using the Bowerman family's waffle iron.

The original Nike Waffle Sole was released in 1972 and was much lighter and provided better traction than any other track outsoles on the market.

Four decades since the waffle sole invention, Nike is a global sneaker powerhouse with \$34 billion in annual sales. And the company still makes Waffle Trainers

Nike market capitalization evolution
\$ million



Although the technology is not very technical compared to more modern breakthroughs, the iconic Nike Waffle Sole deserves recognition for being a true game changer.



From technology to global brand/2

Case studies: when sports technologies transform into multibillion-dollar brands

GORE-TEX®
PRO
Gore-Tex

Gore-Tex is a waterproof, breathable fabric membrane and registered trademark of W. L. Gore and Associates

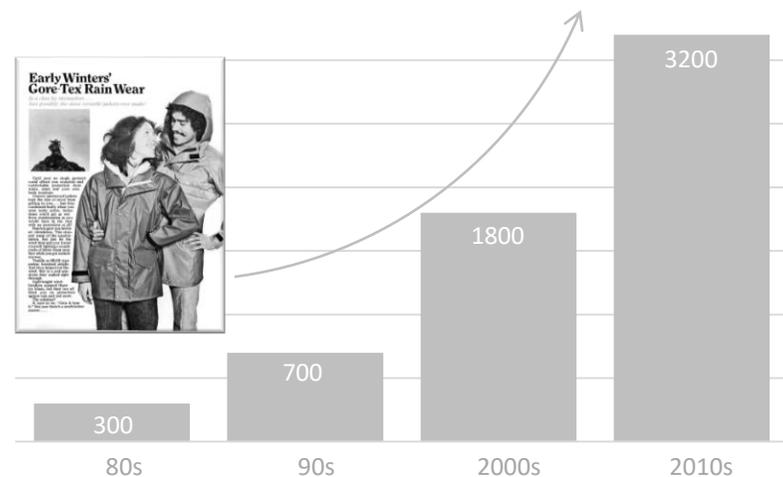
The Company was founded in 1958 by Bill Gore and its first patent resulted in a product called Multi-Tet cable, a multi-conductor ribbon cable used in computers, communications, and process control equipment.

In 1969, Bill's son Robert Gore while experimenting with heated rods of polytetrafluoroethylene (PTFE) accidentally created expanded PTFE through applying sudden accelerated stretch.

The solid PTFE material unexpectedly stretched about 1000% forming a microporous structure that was about 70% air. It was introduced to the public under the trademark Gore-Tex.

Gore-Tex materials are now used in a wide variety of applications such as high-performance fabrics, medical implants, insulation for wires and cables etc. However, Gore-Tex fabric is best known for its use in protective, yet breathable, rainwear.

W.L. Gore & Associates
revenue evolution
\$ million



The company's patented technology (although battled in court by a number of competitors) allowed it to capitalize and become an outwear giant with a turnover exceeding \$3 billion and over 10 000 employees

From technology to global brand/3

Case studies: when sports technologies transform into multibillion-dollar brands



Under Armour

Under Armour is the pioneer of performance apparel. Their gear is designed to keep athletes cool, dry and light throughout the course of a game, practice or workout

Under Armour was founded in 1996 by Kevin Plank, a then 23-year-old former special teams captain of the University of Maryland football team

As a football player, Plank noticed how his cotton T-shirts worn under the jersey always got sweat-soaked, which hindered movements, while his compressions shorts made of synthetic fabric stayed dry during a practice or a game

This inspired him to make a T-shirt using moisture-wicking synthetic fabric

Under Armour's first major sale came when an equipment manager from Georgia Tech requested 10 shirts from Plank

By the end of 1996 Plank sold 500 shirts cashing in \$17k of sales. Next year's order book exceeded \$100k



The idea and technology implemented in 1996 paved the way for Under Armour to become a performance apparel giant with annual revenue of \$5 billion and market capitalization of \$9.5 billion

From technology to global brand/4

Case studies: when sports technologies transform into multibillion-dollar brands



Peloton

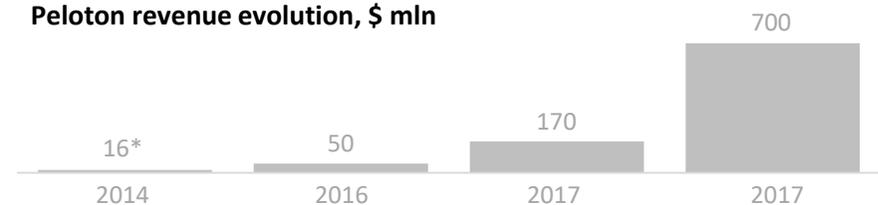
Peloton has disrupted fitness industry by offering professional-level cycling and running classes in a user's home via branded bikes and treadmills

Peloton was founded in 2012 by John Foley, an avid cyclist and sports practitioner. Being a top-manager at Barnes&Noble at that time John was struggling to fit workouts in his hectic routine with huge workload and family life with two small children. He decided that many people facing the same problem will be willing to pay a lot for the solution.

So in 2012 the company introduced a fancy stationery \$2k bike with huge screen. For a small monthly fee of \$39 it enabled users to join personalized on-line and on-demand classes and check their progress on-line comparing it with results of other people going through the same class right now.

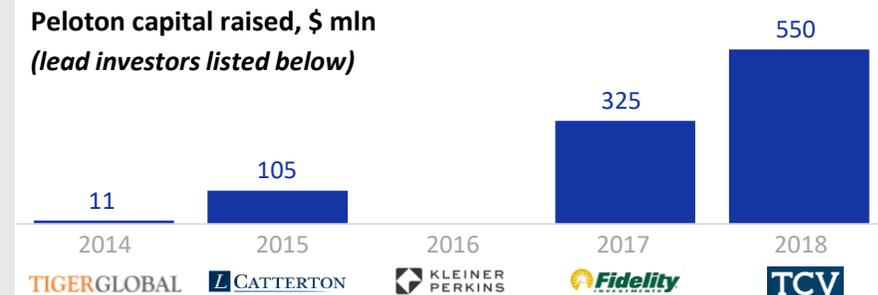
Getting access to this kind of classes at home whenever you need it proved to be hugely popular. The company followed on with introduction of a \$3k treadmill in 2018. Its total userbase surpassed 0,5 mln. Users in 2018, while valuation of the company skyrocketed to above \$4 bln.

Peloton revenue evolution, \$ mln



Peloton capital raised, \$ mln

(lead investors listed below)



\$1 bln funding from VC and PE firms, \$4 bln valuation and \$0,7 bln revenue within just 6 years from the company's inception

*Revenue estimate by Indigo Capital based on available data on Peloton bikes sales

What Indigo looks for in potential targets



1

- Unique technologies and ideas



2

- Applied in sports and everyday life



3

- Could be transformed into mass market products / services

Our current portfolio and pipeline are in line with these criteria (see p. 13-14)

Approach to deal-sourcing

Co-investments

- **Broad international network of PE & VC professionals** built over almost 7 years of Indigo's international VC activity



Athletes & sports organizations

- Indigo and Petr Zhukov have **exclusive relationships with Russia's most successful and well-known athletes, club owners and managers**
- We also have direct access to a number of global sports agents, NBA and Premier League team owners as well as global sports regulators (IOC, FIFA etc.)



Venture partners

- **USA** – seasoned investment professional with more than 15 years of experience in entertainment companies and private equity, currently holding position of a partner at Acamar Partners
- **Great Britain** – one of the most influential women in the world of sports, former president of Onexim Sports Holding
- **Israel** – former football club general manager, tech entrepreneur, co-founder of a SportsTech accelerator in Tel-Aviv
- **Germany** – former Indigo employee based in Berlin and responsible for two of Indigo's SportsTech investments
- **Italy** – Indigo VC partner, who sourced and executed the Hovding Investment and sits on the BoD of the company

Proactive search

- **Thorough top-down search for the best investment opportunities** within focus sectors of the market
- Active participation in industry conferences, accelerators and use of available VC-related databases to identify trends and uncover unique investments

LE TREMPLIN

leAD

SPORTS TECH
COPENHAGEN



Advisors & general VC community

- An array of investment advisors, banks and independent consultants, serial entrepreneurs, angel investors, tech companies senior executives and other members of investment community worldwide

IBM Jefferies

Morgan Stanley

Yandex



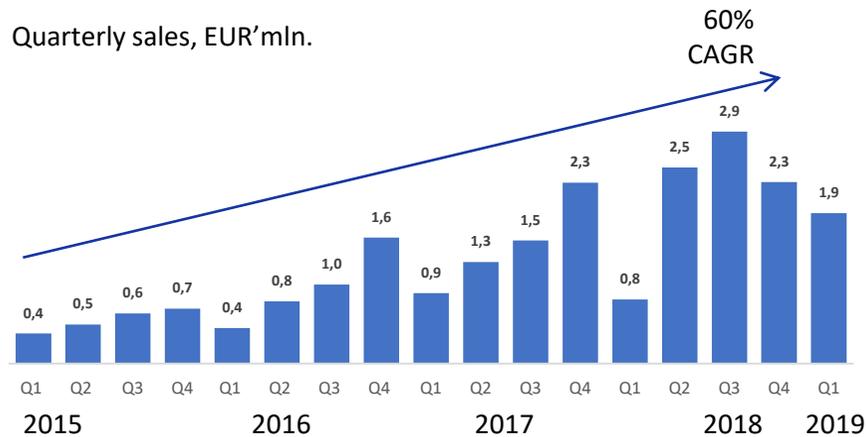
Since starting pipeline generation in «stealth mode» in late 2018 we have reviewed more than 30 opportunities and identified 5-6 potential leads

Indigo's prior investments in Sports Tech



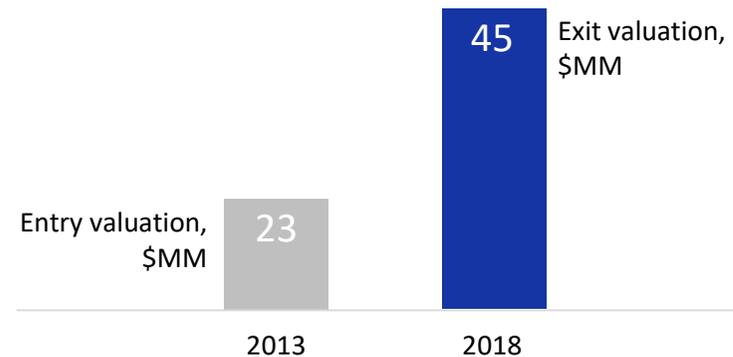
hovding.com

- World's 1st airbag for cyclists
- Indigo invested in Hovding in May 2014 and is now the largest shareholder with more than 20% equity stake
- The company successfully went through an IPO and its current public market cap is above 50 mln. EUR, which is 4,6x higher than Indigo's entry valuation
- 2018 revenue was 4.1x times higher than in 2015



chess.com

- The best and most popular chess application in the world
- Indigo bought a minority share during an investment round in April 2013 alongside an Eastern-European VC fund, Buran Capital
- In April 2016 a 30% stake in the Company was sold at a valuation of \$38 MM
- In July 2018 the rest of the Indigo's stake was bought by a strategic investor at a valuation of \$45 MM (2.0x c-o-c, IRR c. 20%)



Indigo's prior investments in Sports Tech



championika.ru

- Championika — soccer and dancing for kids from 3 years old
- #1 kids franchise in Russia (beboss.ru rating), #1 low-cost franchise in Russia (Forbes ranking)
- Indigo's VC arm (Endemic Capital) invested in Championika in February 2015
- In May 2019 Championika won the "breakthrough of the year" award in "best franchise" nomination during Moscow Entrepreneurship week
- The Company has become the largest franchise of kids soccer centers in Russia (500+ centers, 40000+ clients, 100+ cities) with annual revenues in 2019 expected to be above \$1 mln
- In June 2017 the Company reached operational profitability and still remains profitable. Since 2019 the company is paying dividends



storelli.com

- Protection and performance gear producer based in New York, NY
- Storelli started as the only sports tech brand dedicated to head-to-toe soccer protection
- Adidas is a minority shareholder and provides the Company with access to some of its marketing tools and test labs
- Since Indigo's investment in June 2017 the Company significantly expanded its product mix, having launched 2 new innovative products to the market: SpeedGrip Insoles and SpeedGrip Socks
- In 2018 the Company generated 2,8 mln. USD revenue
- With strong store bookings and potential for licensing of some of its products to large brands Storelli expects further growth acceleration in 2019
- Indigo's bet is that Storelli becomes the next Under Armour, which also started from developing smart fabrics and then grew into one of the largest sportswear and casual apparel brand

Key selling points for tech companies

More than just capital

Celebrity athlete endorsements



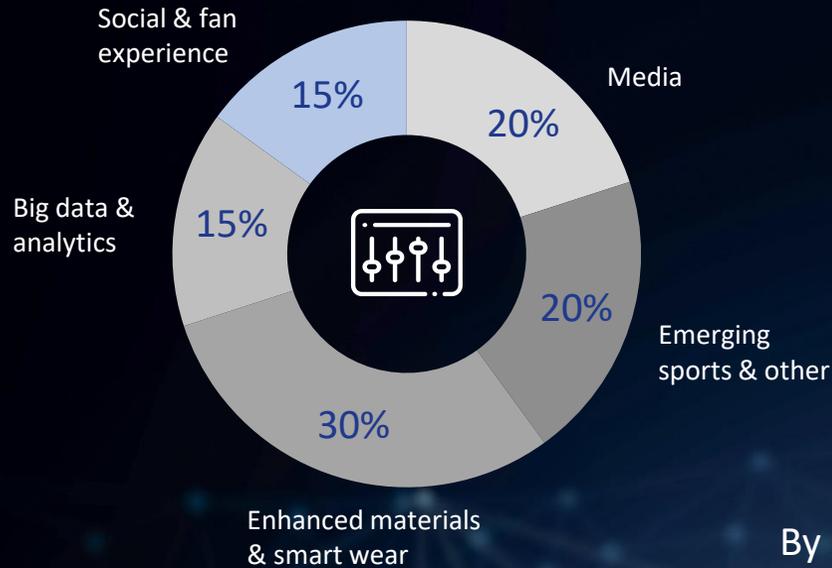
Access to the Russian sports industry and global sports organizations



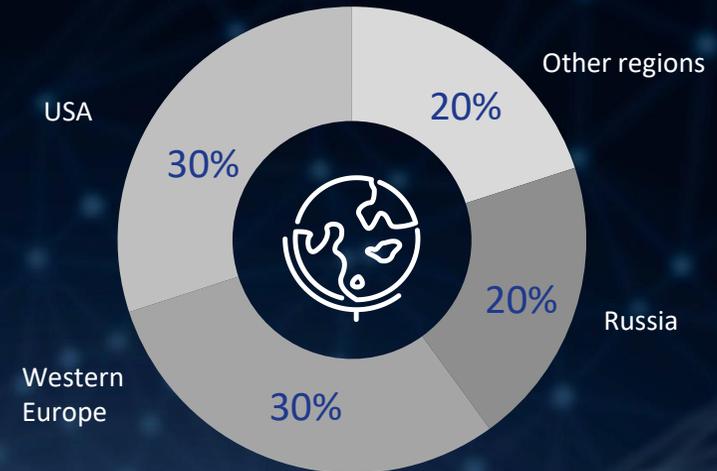
The best tech deals in the sports segment will come to us

Target fund structure and focus

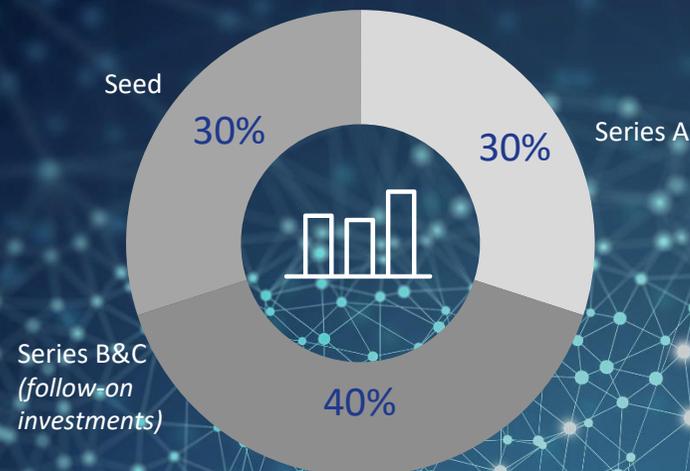
By segment



By geography



By stage*



*60% of the funds will be invested within 3-years from start of operations. 40% of the funds will be reserved for follow-on investments in B and C rounds

Team

Partners and management



Petr Zhukov

Managing partner, CEO
(responsible for overall strategy and fundraising)

2007 – 2011 Credit Suisse (Moscow),
Investment banker

2004 – 2007 UBS Investment Bank
(London / Moscow), Investment banker

2002 – 2004 Brunswick Capital (PE fund,
Moscow), Strategy and investments analyst
Huge sports fan and practitioner, owner of a
state-of-the-art fitness studio in Moscow



HARVARD
BUSINESS SCHOOL



Maria Minskova

Managing partner, General counsel
(M&A, structuring, legal DD coordination)

2010 – 2011 Herbert Smith (Moscow),
Senior Lawyer (partner promotion program)

2004 – 2010 Gide Loyrette Nouel Vostok
(Paris / Moscow), Senior Lawyer

2001 – 2003 NTV+ satellite TV provider and
Sputnik Group (PE fund, Moscow), Attorney



HERBERT
SMITH
FREEHILLS

GIDE
GIDE LOYRETTE NOUËL



Anatoly Evdokimov

Investment manager
(pipeline analysis, deal execution)

Joined Indigo in 2018

2014 – 2018 Investment manager at
Blagosostoyanie Fund (Moscow),
responsible for IT, media and insurance

2012-2014 – Project manager, JV projects,
JSC Sollers (Moscow)

2010-2012 – analyst at KPMG and later – in
a Russia-based portfolio investment fund



БЛАГОСОСТОЯНИЕ



European and Russian presence

- Headquarters in Moscow, Russia, office in Cyprus
- Five venture partners (USA, UK, Israel, Germany, Italy)

6 professionals across 2 offices

- One Vice-President
- Three Associates
- 2 Analysts

Coherent professional team

- Core team started working together since 2011
- Professionals from top global and Russian universities
- Prior work experience in bulge bracket international investment banks