



CROWDTM
RATING

Supponor



MANAGEMENT



PRODUCT



INVESTMENT

Industry: Technology
Seeking: £1,000,000
Use: Expansion
Platform: Crowdcube
Date Rated: 05/06/18

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WHEATFRÖMCHAFF

Supponor

Platform: Crowdcube
Stage: Expansion
Industry: Technology
Location: UK - London
Date Rated: 05/06/18
Raise: £1,000,000
Equity: 3.45%
Valuation (Pre Money): £27,985,507



MANAGEMENT



PRODUCT



INVESTMENT

Tax Status: EIS

Business Summary

Supponor has developed an augmented reality service that allows the editing of sports events to serve different ads in place of perimeter boards to different markets, in real time, at no detriment to the stadium experience and with greater targeting possible to streaming audiences. The tech is fully developed and being used by a number of major sport franchises. Revenue comes from licensing the technology to sports clubs/leagues or relevant broadcast rights holders. These funds will be used to complete development of the next generation of hardware, simplifying deployment in the stadium.

Financial Overview

Date (y/e)	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23
Sales	€6,244,200	€13,193,700	€20,486,900	€36,522,100	€40,174,310
Gross Profit	€5,556,500	€12,111,160	€19,261,920	€34,445,000	€37,884,374
GP as % sales	89%	92%	94%	94%	94%
Overheads	€7,375,219	€7,978,404	€9,071,093	€10,382,694	€11,420,963
Operating Profit	-€2,359,060	€2,897,069	€8,920,130	€22,846,852	€25,310,161
OP as % sales	-38%	22%	44%	63%	63%
Closing Cash	€2,805,000	€5,027,000	€13,361,000	€35,389,000	-

Note: This financial information has been sourced from the company on 11/05/2018 or from public sources. Financial data is NOT verified by Wheatfromchaff Ltd.

MANAGEMENT		93%	SKILLS:	Supponor's management team covers all the key roles with individuals who have received endorsements for their skills.
			EXPERIENCE:	The team is highly experienced, with the leadership having held multiple senior roles over their careers and a number of exits behind them.
			COMMITMENT:	As a mature company some of the team have been around longer than others, but the leadership has been involved for a fair time and most are able to fully dedicate themselves. The CEO is investing £220k in this round.
PRODUCT		84%	MARKET:	The perimeter advertising market is reasonably sized but one that, until now, has inherently struggled to deliver geo-targeted messages in broadcast. Supponor changes that.
			PRODUCT:	Supponor's technology is live and deployed with a number of major sport franchises, with further partners and clients in the pipeline. Potential applications in other markets provide upside.
			COMPETITION:	There are other companies developing competing solutions, but Supponor is already in the market with a mature and well-protected technology.
INVESTMENT		76%	PROFITABILITY:	Supponor has provided a valuation analysis including a summary P&L which shows very good margins and a reasonable growth rate.
			CASHFLOW:	Long-term licensing contracts should enable a predictable cashflow model and, while significant investment in the technology is planned, clients bear the brunt of deployment costs.
			RETURNS:	Given the relatively high entry valuation investors may struggle to see tenfold returns but given level of industry interest in the technology, they could still be attractive, although further funds will be required.

Conclusion

Supponor's technology is an excellent demonstration of the potential commercial use of augmented reality. It is a fully functional system that is already being used by a number of major sporting bodies, including La Liga, NFL and NHL, and several key distribution partners are engaged.

The inclusion of a valuation sensitivity analysis is welcome. While it shows that the best returns may only occur if actual performance exceeds expectations, it demonstrates a range of possible outcomes and a degree of transparency.

Investors should note that further investment will be needed to bring Supponor's next generation of camera devices to production and to scale the business, so investors should be prepared use their pre-emption rights to follow on, rights which they will hold no matter how small their investment.

On 12/06/2018 Supponor reduced their valuation. The Investment score has been updated accordingly.

Related Links

www.supponor.com



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