

Bailador Technology Investments [ASX:BTI] Shareholder Update

About Bailador

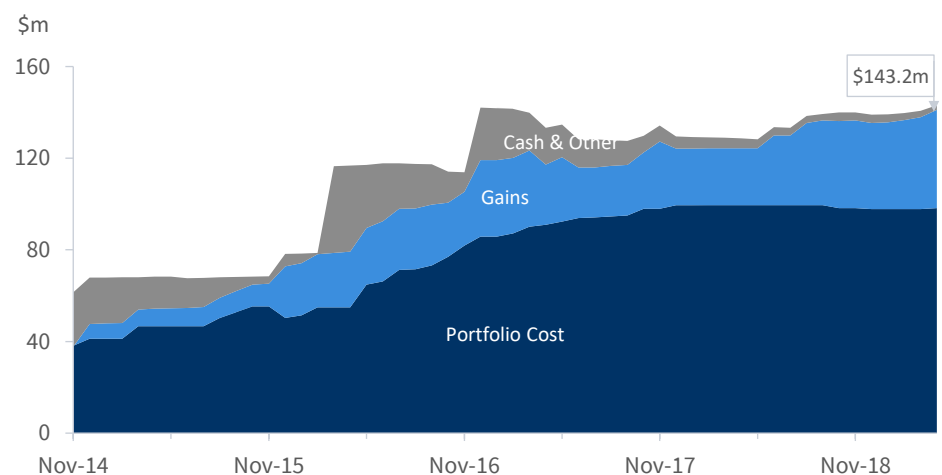
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

Bailador provides exposure to a portfolio of information technology companies with global addressable markets. We invest in private technology companies at the expansion stage.

Net Tangible Asset Snapshot

| | Current month |
|------------------------|---------------|
| NTA per share pre-tax | \$1.19 |
| NTA per share post-tax | \$1.12 |

Net Tangible Asset Breakdown Since Inception



Founders' Commentary

How do investors get exposure to the explosive growth of "Big Data"?

Big Data is a term often referred to in business commentary these days. It refers to companies taking advantage of the extraordinary amount of data being generated through online interactions, and the ability of businesses to translate this data into insights that give them a commercial advantage.

Technology businesses that can help customers harness the power of Big Data and its insights are experiencing explosive growth and consequently are highly prized.

One example of these businesses are the Open Source data technology companies. Legacy enterprise database technologies created by companies such as Oracle and IBM (generally referred to as relational databases) were not built with Big Data requirements in mind, so new Open Source data technologies have emerged with the ability to scale and handle the massive amounts of data now being produced.

Bailador portfolio company, Instaclustr, is among this new cohort of Open Source technology companies that are perfectly positioned to benefit from the growth in Big Data. Instaclustr has a market leading platform that allows companies to leverage multiple Open Source technologies to process, store and analyse their data, with far greater flexibility and scalability than legacy solutions can provide.

Instaclustr [recently featured in the Australian Financial Review with an article highlighting the company's impressive growth](#). With revenue of approximately

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\$14m, up over 300% since Bailador invested in 2016, Instaclustr has made tremendous progress.

The business supports multiple Open Source technologies, and now has offices in the US, UK and Australia. With over 90% of its revenue generated from outside Australia, Instaclustr is taking advantage of this huge global addressable market.

Businesses in the Open Source technology space are highly valued. In the article on Instaclustr, AFR journalist Michael Bailey referred to MongoDB (NASDAQ:MDB), an Open Source database provider listed on the NASDAQ. At that time, MongoDB was trading at a EV/LTM revenue multiple of 28x and its stock price had increased 400%+ since its IPO in October 2017, to reach a market cap of over USD\$7bn.

MongoDB is not the only Open Source technology company commanding premium valuation multiples from investors. Elastic (NASDAQ:ESTC), a provider of open source search and analytics software, is up 100%+ since its IPO on the NASDAQ in October 2018 and trades at around 25x EV/LTM revenue.

There has also been a lot of interest in private Open Source technology companies from major VCs. Confluent and Databricks both recently raised private funding rounds of US\$125m and US\$250m respectively, each at valuations of over US\$2.5bn, from VCs including Sequoia and Andreessen Horowitz.

And those large legacy providers aforementioned have begun to buy their way into the Open Source technology space with IBM's October 2018 acquisition of open source software and services company Red Hat (NASDAQ:RHT) a notable example. IBM paid a multiple of 10x EV/LTM Revenue and a total purchase price of US\$34bn.

Each of these companies is playing a different angle of this huge and growing ecosystem. Instaclustr has its own niche in managing multiple Open Source technologies such as Apache Cassandra, Apache Kafka and Apache Spark, and is considered to be a world leader in its area. The exceptional Instaclustr management team are executing on the opportunities provided by these strong industry tailwinds, and we expect the significant growth demonstrated so far to continue.

Bailador is currently valuing its investment in Instaclustr at a fraction of the multiples laid out above, so there is plenty of room for valuation upside. Our valuation of Instaclustr in August 2018 was last undertaken when NY-based Level Equity led a A\$21m funding round and is due for review in August this year.

With Instaclustr as BTI's second largest holding by value, shareholders get valuable exposure at an attractive price to the explosive growth of Big Data and related Open Source technologies.

David Kirk & Paul Wilson
Bailador Co-Founders

Important Notice

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Investment Focus

Bailador typically invests \$3-5m in businesses within the technology sector that are seeking growth stage investment.

Companies we invest in typically share the following characteristics:

- Run by the Founders
- Two to six years in operation
- Proven business model with attractive unit economics
- International revenue generation
- Huge market opportunity
- Ability to generate repeat revenue
- Require capital to grasp this opportunity

Important verticals we seek to invest in within the technology sector include: SaaS and other subscription-based internet businesses, online marketplaces, software, eCommerce, high value data, online education, telecommunication applications and services.

Highlights

Instaclustr

Instaclustr featured in the [Australian Financial Review with an article highlighting the company's impressive growth](#). Instaclustr's revenue is approximately \$14m as at calendar year 2018, up over 300% since Bailador invested in 2016.

SiteMinder

SiteMinder has appointed [two new hires to its leadership team](#) as it prepares for its next stage of growth. Mark Renshaw will be Chief Marketing Officer and Jonathan Bedford will be Chief Sales Officer. Jonathan will be based in London in recognition of SiteMinder's global footprint and growth ambitions.

SiteMinder CEO Sankar Narayan spoke at the Credit Suisse Tech Forum where he took part in a panel discussion on the benefits of SaaS business models.

Rezdy

Rezdy has [announced a partnership with SeaLink Travel Group](#), a leading independent online booking system, and an integration with TOMIS (Tour Operator Marketing Intelligence Software), a one-stop digital marketing shop.

Straker Translations [ASX:STG]

At the end of April Straker Translations released its March 2019 Quarterly Update to the ASX and reported quarterly group revenue (unaudited) of NZ\$6.1m, up 48% pcp, and confirmed it is on track to achieve Prospectus FY19 forecasts.

Viostream

As mentioned in our March 2019 Shareholder Update, Bailador invested \$450,000 in additional working capital to fund the beta testing and marketing roll-out for the company's new live streaming product. This investment is reflected in the Viostream value this month.

Bailador Technology Investments

Bailador was [featured in The Weekend Australian with an article by Tim Boreham](#) on how the fund is a "a one-stop shop for emerging tech hopefuls".

Bailador co-founders, [David Kirk and Paul Wilson, were interviewed in the Australian Financial Review](#). They discussed Bailador's exit plans for its portfolio companies.

David spoke to [nabtrade about Bailador's portfolio of technology companies](#) – including how SiteMinder is "the best Australian tech company you've never heard of". David was also a special [guest on The Switzer Show](#), a weekly podcast by Peter Switzer and Paul Rickard. The video and podcast are both available on the Bailador website.

James Johnstone, Investment Director at Bailador, [wrote for SmartCompany](#) on whether rocketing valuations for big tech companies can continue.

BTI Portfolio Net Tangible Asset Summary

| | Valuation (\$'m) | Gain (%) | | NTA per share (\$) | Third Party Event Valuation | Next Valuation Review ¹ |
|--|------------------|----------|---|--------------------|-----------------------------|------------------------------------|
| SiteMinder | 55.9 | 305% | ▲ | 0.47 | | June 2019 |
| Instaclustr | 14.6 | 225% | ▲ | 0.12 | ✓ | August 2019 |
| Stackla | 12.6 | 13% | ▲ | 0.10 | ✓ | October 2019 |
| Straker Translations | 11.8 | 89% | ▲ | 0.10 | ✓ | Mark to market each month end |
| Lendi | 10.7 | 112% | ▲ | 0.09 | ✓ | November 2019 |
| SMI | 9.6 | 30% | ▲ | 0.08 | | March 2020 |
| DocsCorp | 9.2 | 83% | ▲ | 0.08 | | June 2019 |
| Viostream | 7.8 | -72% | ▼ | 0.06 | | June 2019 |
| Rezdy | 5.9 | 64% | ▲ | 0.05 | | February 2020 |
| Brosa | 3.0 | 0% | ▶ | 0.02 | ✓ | October 2019 |
| Cash | 1.5 | | | 0.02 | | |
| Other | 0.5 | | | 0.00 | | |
| Net Asset Value / Net Asset Value Per Share (Pre Tax) | 143.2 | | | 1.19 | | |

Denotes change to valuation in current month

Denotes valuation review in next six months

¹ Next valuation review date refers to the period 12 months since the last valuation movement. Valuation events can also occur in a shorter time frame where there is a third-party investment

Please Note

Figures in this report are unaudited and exclude tax.

The current value for each investment in the table above is consistent with the BTI investment valuation policy, which may be found in the BTI prospectus lodged with ASIC on 3rd October 2014 and available on the ASX website.

Portfolio Company Details



| Name: | SiteMinder | Instaclustr | Stackla | Straker Translations | Lendi |
|--------|---|--|---|--|---|
| Type: | SaaS/B2B | DBaaS/B2B | SaaS/B2B/UGC | Marketplace/Machine Learning | Fintech |
| About: | World leader in hotel channel management and distribution solutions for online accommodation bookings | Open source data platform for cloud-based solutions that require immense scale | Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy | Digital translation services provider and one of the world's fastest growing translation companies | Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry |
| HQ: | Sydney | Canberra | San Francisco | Auckland | Sydney |
| Staff: | 600-650 | 50-100 | 50-100 | 100- 150 | 400-450 |



| Name: | SMI | DocsCorp | Viostream | Rezdy | Brosa |
|--------|---|--|--|--|---|
| Type: | SaaS/Big Data | SaaS/Document Productivity | SaaS/Video | SaaS | Online Retail/B2C |
| About: | Big data aggregation and analysis platform with exclusive access to ad expenditure data | Global leader in the rapidly growing Document Productivity segment | Cloud-based end-to-end platform for the creation, management and distribution of video | Leading, innovative and fast growing online channel manager and booking software platform for tours & activities | Tech-led, vertically integrated furniture brand and online retailer |
| HQ: | New York | Sydney | Sydney | Sydney | Melbourne |
| Staff: | 1-50 | 100-150 | 1-50 | 50-100 | 1-50 |