

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.

Contact Bailador

✉ Bailador Technology Investments
Level 20, 20 Bond Street
Sydney NSW 2000

☎ +61 2 9223 2344

✉ investorservices@bailador.com.au

Connect to Bailador

in [Bailador Technology Investments](#)

🌐 www.bailador.com.au

Subscribe to Bailador

📧 [Click here to sign up for updates](#)

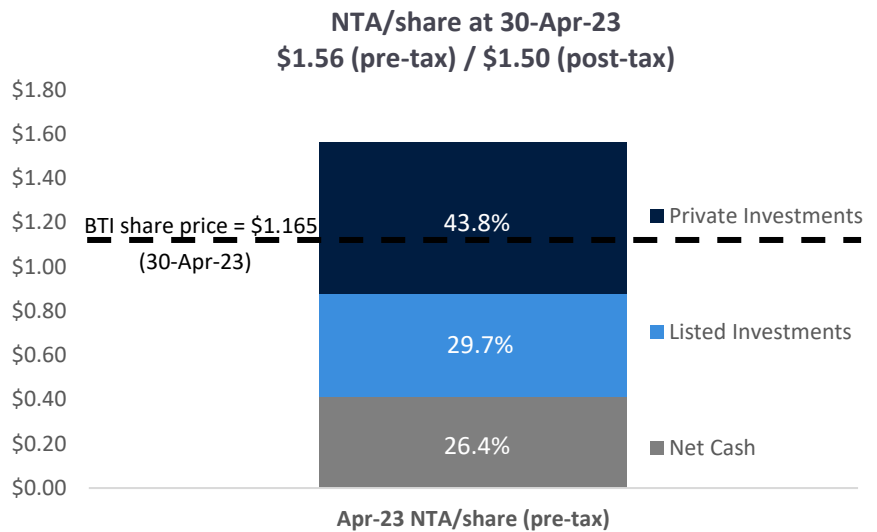
Notes:

¹Portfolio return calculated as the compound annual growth in NTA per share (pre-tax) plus dividends paid.

²Shareholder return calculated as the compound annual growth in BTI share price plus dividends paid.

This report was authorised for release to the ASX by Helen Foley, Company Secretary & Chief Financial Officer, on 9 May 2023.

Net Tangible Asset Snapshot



Fund Performance

Annual returns to 30 Apr 2023	1-Year	2 Years	3 Years
Portfolio Return (%pa) ¹	-16.6%	5.0%	10.9%
Shareholder Return (%pa) ²	-4.4%	-3.7%	17.1%
Performance vs Benchmark			
S&P ASX All Tech Index [ASX:XTX]	-1.7%	-11.1%	+9.0%
Shareholder Return vs Benchmark	-2.7%	+7.4%	+8.1%

Notes: Refer left margin.

Founders' Commentary

Capital efficient growth

One of the most important qualities we look for in new investments is the capacity for capital efficient growth. So, since you pay us to spend our time profitably, we thought this month we would explain why we spend so much time assessing and working on capital efficient growth.

The growth in the fundamental value of companies always has been and always will be determined by the company's ability to generate growing profits and free cash flow. However, growth in value for expansion stage information technology companies has for many years been focused on revenue growth as a proxy for future cash profitability. The accuracy of revenue growth as a proxy for future cash profit growth depends on a lot of things. One of the most important is capital efficiency.

Highly capital efficient companies grow cash inflows (be they revenue, gross margin or cash profit) faster than less capital efficient businesses and accordingly require less capital to achieve the same scale. Which is another way of saying highly capital efficient businesses deliver a better return on investment than less capital efficient businesses. And since our primary aim is to deliver you the best possible return on your investment, you can see the importance of capital efficient growth in our portfolio.

Businesses that achieve capital efficient growth, invariably in our experience, have many, but not necessarily all, of the following characteristics:

1. *High gross-margins*

Gross margins vary widely in information technology businesses but the costs of developing products and acquiring customers are less variable, so a business with a higher gross margin has an immediate head-start in capital efficiency.

2. *Low costs to acquire customers compared to the lifetime value of the customer*

Marketing and sales costs are typically a third to 40% of the costs that drive growth in any fast-growing company. Efficient marketing and sales, that is low-cost acquisition of high value long term customers, is a boon for capital efficiency.

3. *Efficient product development*

Product costs are typically another third of operating costs of an expansion stage information technology company. Efficient product development requires a burning understanding of product-market fit, excellent design, highly productive engineering, a fit-for-purpose mentality and high-quality product and functional management.

4. *Efficient working capital arrangements*

It is hard to grow with capital efficiency if a big chunk of your capital is tied up in inventory or is held by your customers for 30-60 days. Getting paid on delivery of the product or service, recovering implementation costs or better still not incurring implementation costs, are two of the best ways to achieve working capital efficiency.

5. *Founders who get it*

2021 and 2022 were terrible years for the development of founders who understand the importance of capital efficient growth. This low interest rate environment saw a flood of money entering the venture space and founders could raise capital with (relative) ease. This easy access to capital fostered a more relaxed approach to capital deployment, rooted in the belief that more capital will always be available in the future. The environment has now changed, capital is scarcer and this is no longer the case. The founders best placed to handle this new reality are those that understand the importance of capital efficient growth.

Another consideration in assessing the 'lifetime of our hold' capital efficiency of an investee is the need for continuing capital deployment as the company grows. Some companies, such as software-as-a-service businesses build their product and then, with continuing less expensive upgrades, sell the same product to thousands and millions of customers. Compare this to an e-commerce business where capital is consistently required to buy stock and more of it as the company grows, or a bank – a big leo or a little neo – which requires a ton of capital to back its loans, which also must continue to grow with revenue growth.

Our latest investment, Rosterfy is a great example of the capital efficiency we look for. Bennett, Shannan, Chris and the team have done a wonderful job of building their product and acquiring a high-quality customer base, including many global names – FIFA, UEFA, Lifeline Australia, the St Vincent de Paul Society, British Heart Foundation – and progressed to the scale that fits our focus on expansion stage companies, raising just ~\$2m of external capital prior to our investment last month.

David Kirk & Paul Wilson
Bailador Co-Founders

Highlights

Investment Focus

Bailador typically invests \$5 - 20 million 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

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

Movement in NTA

BTI's NTA per share (pre-tax) at close of April 2023 was \$1.56 (March 2023 \$1.55). Key movements in NTA are noted below.

Movement in NTA per share (pre-tax) April 2023

Increase in SiteMinder (ASX:SDR) share price to \$3.64 (March 2023 \$3.43)	2.4c per share
Decrease in Straker Translations (ASX:STG) share price to \$0.695 (March 2023 \$0.775)	-0.5c per share
Other operating expenses (including provision for performance fee)	-0.9c per share

SiteMinder

SiteMinder surpassed \$150m in annualised recurring revenue, along with further growth to its total revenue and an increased number of platform users. The announcement of the milestone achievement was made in [SiteMinder's Q3 FY23 activities report](#).

Every year SiteMinder releases a Hotel Booking Trends report giving an insight into the industry. James Bishop, Vice President for Ecosystem and Strategic Partnerships, [shared his thoughts on the latest report](#).

rosterfy Rosterfy

Following last month's announcement that Bailador had invested in Rosterfy, the news of our latest portfolio company was reported by [Business News Australia](#), [Yahoo Finance](#) and [Startup Daily](#).

Straker

Straker Translations [released its Q4 FY23 results](#) to the market. Highlights included a strong cash flow and margin result. CEO Grant Straker and CFO David Ingram gave a virtual update, [click here](#) to view their presentation.

Bailador

David Kirk [spoke to Tess Bennett at the Australian Financial Review](#) about the latest news in tech industry and Bailador's most recent investment.

Important Notice

Bailador Investment Management Pty Ltd ACN 143 060 511 ('Manager') has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in BTI, nor does it constitute financial product or investment advice, nor take into account your investment, objectives, taxation situation, financial situation or needs. Any investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of BTI and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.

BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review ¹
SiteMinder	60.8	383%	▲	0.42	✓	Mark to market each month end
InstantScripts	41.8	38%	▲	0.29	✓	March 2024
Access Telehealth	15.6	0%	▶	0.11	✓	December 2023
Rezdy	15.3	52%	▲	0.11	✓	October 2023
Rosterfy	9.8	0%	▶	0.07	✓	April 2024
Nosto	9.2	(18%)	▼	0.06	✓	February 2024
Mosh	7.5	0%	▶	0.05	✓	December 2023
Straker Translations	6.4	(25%)	▼	0.04	✓	Mark to market each month end
Cash	59.3			0.41		
Other ²	0.4			0.00		
Net Asset Value / Net Asset Value Per Share (Pre Tax)	226.1			1.56		

Denotes change to valuation in current month

Denotes valuation review in next six months

¹ Next valuation review date refers to the date of the next formal valuation review. Valuation events can also occur in a shorter time frame where there is a third-party investment or a valuation change material to BTI.

² Includes provision for performance fee.

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	InstantScripts	Access Telehealth	Rezdy
Type:	SaaS/B2B	Digital Healthcare/B2C	Digital Healthcare/B2C	SaaS
About:	World leader in hotel channel management and distribution solutions for online accommodation bookings	Digital platform enabling convenient access to high quality doctor care and routine prescription medication	Specialist telehealth platform connecting Australian communities to high-quality healthcare	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities
HQ:	Sydney	Melbourne	Melbourne	Sydney
Staff:	750-1000	1-50	100-250	100-250



Name:	Rosterfy	Nosto	Mosh	Straker Translations
Type:	SaaS/B2B	SaaS/B2B	Digital Healthcare/B2C	Marketplace/Machine Learning
About:	Volunteer management software platform that connects communities to events and causes they are passionate about	Leading AI-powered e-commerce personalisation platform	Digital healthcare brand making men's health and wellness easily accessible via subscription treatment plans	Digital language translation services provider and one of the world's fastest growing translation companies
HQ:	Melbourne	Helsinki	Sydney	Auckland
Staff:	1-50	100-250	1-50	100-250