

# 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.

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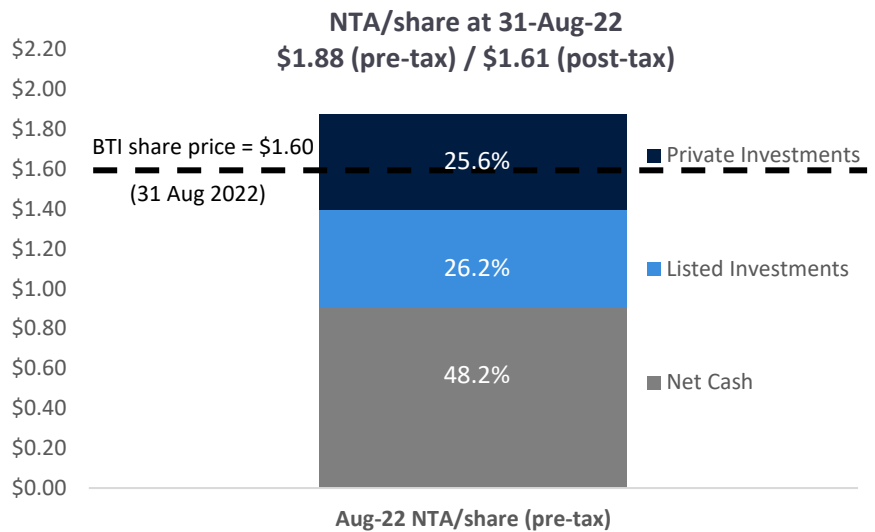
### Notes:

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

<sup>2</sup>Shareholder 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 Plesek, Company Secretary & Chief Financial Officer, on 14 September 2022.

## Net Tangible Asset Snapshot



## Fund Performance

Annual returns to 31 Aug 2022	1-Year	2 Years	3 Years
Portfolio Return (%pa) <sup>1</sup>	28.2%	22.0%	13.4%
Shareholder Return (%pa) <sup>2</sup>	12.4%	27.7%	19.6%
<b>Performance vs Benchmark</b>			
S&P ASX All Tech Index [ASX:XTX]	-31.2%	-6.3%	+4.0%
Shareholder Return vs Benchmark	+43.7%	+34.0%	+15.6%

Notes: Refer left margin.

## Founders' Commentary

**Bailador will pay a dividend of 7.4c per share on 16 September 2022. Take up of the Dividend Reinvestment Plan was 40%. Ongoing dividend payments reflect the scale and balance of the fund; future returns will continue to be driven primarily by investment in private information technology companies.**

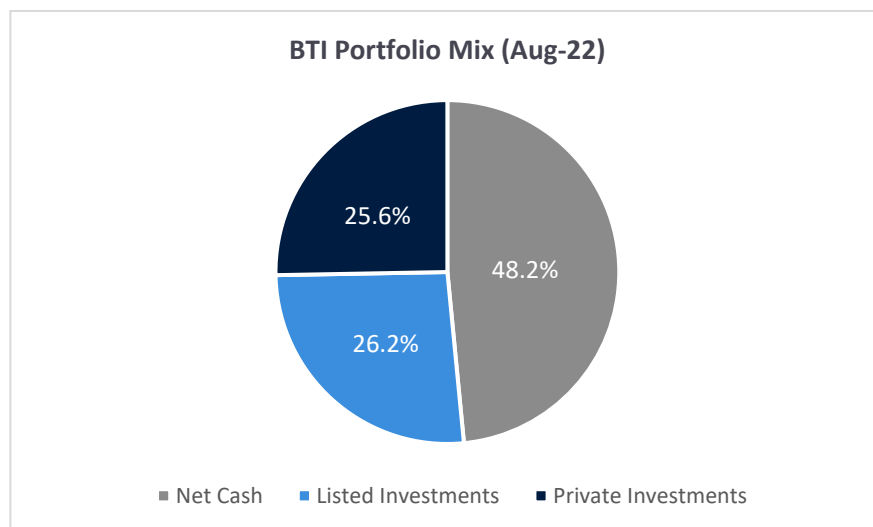
**The initiation of the payment of an ongoing regular dividend of 4% of pre-tax NTA per share per year and the payment of a special dividend of 2% of pre-tax NTA per share reflect the growth, scale and balance of the fund. We take the opportunity this month to explain in more detail what this means for the fund and shareholder returns.**

For many years the BTI fund has been essentially fully invested in private growth stage information technology companies. Up until recently an investment in BTI was an investment in a portfolio of private growth stage information technology companies only. BTI was well diversified within this category by the variation in scale, industry sector, business and revenue model, domestic and international exposure and so on of the companies in the portfolio, but there was no diversification between investment sectors. Shareholder returns were driven solely by an increase in the value of the private companies in the portfolio.

The BTI portfolio today is quite different. We worked very hard in financial years 2021 and 2022 to realise cash from our investments and to have our largest position, SiteMinder, join Straker Translations as a publicly listed company. As shareholders will know we succeeded in realising approximately \$183m of cash in these two years and SiteMinder is now listed on the ASX. This work has resulted

in a fundamental change in the balance of assets in BTI and an important change in the risk-return calculus offered to shareholders at just the right time.

The BTI fund is now balanced across three investment categories: private growth stage information technology companies (26%), publicly listed information technology companies (26%) and cash (48%).



Investors will of course be familiar with the concept of risk-return in investing. The basic concept is the higher the risk, the higher the return which cuts the other way as well, the lower the risk the lower the return. The aim of investors is often to find a risk-return balance that suits their circumstances and is sustainable. Sustainable meaning investors don't have to keep adjusting their portfolios to get their risk-return expectation back into the balance they are looking for.

More technically, risk-return in a portfolio is derived by calculating the average expected return of the portfolio and the average expected variation in that return. Indicative returns and the variation of those returns differ for different investment categories.

For a period, the BTI portfolio, being balanced across the three asset classes, will have a lower expected return than a fund invested only in private information technology companies but crucially also it will have a much lower variation in expected return. Given the uncertainty of current times we think this is just the right place to be for now.

For investors this more certain return is not just a nice theory. The dividend policy we have put in place (paying a fully franked dividend of 4% of pre-tax NTA per share per annum) is a direct consequence of our confidence in the predictability of future returns from the fund. This, in more detail, is what we meant, when we said in our 2022 Annual Report that the dividend payment allows us to "bring forward and de-risk returns" for shareholders.

We want to make it clear to investors that while we are very pleased to have delivered the current portfolio balance at this time, this balance will not be the optimal balance for BTI as market conditions change. It is our intention to redeploy available cash into private information technology companies and over time to re-establish private investments as the largest investment category in the fund by a large margin. Investment cycles being what they are, that is cycles, we are perfectly positioned to do it all again.

**We are delighted that just under 40% of our investors by value have chosen to join us in taking up the opportunity to reinvest their dividends back into the fund.** We have enthusiastically reinvested 100% of our dividends and are looking forward to the next stage of the journey together.

**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 August 2022 was \$1.88 (July 2022 \$1.94). Key movements in NTA per share during August were:

Portfolio valuations	
Decrease in SiteMinder (ASX:SDR) share price to \$3.45 (July 2022 \$4.24)	-9.4c per share
Increase in Straker Translations (ASX:STG) share price to \$1.265 (July 2022 \$1.01)	1.7c per share
Increase in value of InstantScripts following third party transaction	0.8c per share
Other operating expenses	0.9c per share

Operating expenses include provision for performance fee subject to an 8% pa compound hurdle and cash realisations. The performance fee hurdle was reached in FY22 and the balance of the performance fee accrued at 30 June (\$10.6m) was paid during August. Payment of the performance fee did not impact NTA per share, as it had already been accrued.

Throughout 2022, Bailador completed the realisations of Instacluster and Standard Media Index. The realisations have crystallised taxable gains and provide certainty around tax payable on the gains. The tax payable is expected to be paid in March 2023 and is estimated to move 21 cents per share from pre-tax NTA to the company's franking account allowing the company to pay fully franked dividends.

#### SiteMinder

SiteMinder [announced it will acquire GuestJoy](#), a cloud-based app that allows hoteliers to automate personalised, direct, contactless guest communications before, during and after their stay. GuestJoy will further expand SiteMinder's robust hotel commerce offering, allowing hoteliers to automate and digitise their guest communication, drive upsell revenues, and strengthen direct guest acquisition.

SiteMinder [reported its FY22 results](#) including highlights that ARR was up 25.3% on the previous year and 27% higher than pre-COVID ARR at the end of FY19. FY22 revenue was up 15%, and customer count grew 7%. Click [here](#) to read the full announcement.

#### InstantScripts

During the period a secondary share sale was completed amongst other InstantScripts shareholders. This third-party transaction has resulted in BTI's carrying value for InstantScripts increasing by 5% to \$24.4m.

#### Straker Translations

Straker's [AGM was held on 24 August](#) and all resolutions were passed. As previously announced, Phil Norman retired as Chair and Tim Williams retired as an independent Director. Heith Mackay-Cruise and Steve Bayliss were elected as independent Directors, with Heith appointed as the new Chair. Read the Chair and CEO's presentation [here](#).

#### Nosto

Nosto [broadened its segmentation capabilities](#) with customers now able to adapt their stores and campaigns to customers' current and forecast weather conditions. Weather-based targeting can segment shoppers based on their overall weather conditions,

such as 'clear and sunny', the temperature and UV index. The capabilities mean fashion brands, for example, can now highlight beachwear to those in hot, sunny places while showing thermals and scarves to shoppers in colder places.

 **Bailador**

Bailador [announced its FY22 results to the market on 15 August](#). Highlights included NTA per share (pre-tax) up 22% over the prior year, and net profit after tax increased 23% over the prior year. Click [here](#) to read the full announcement and [here](#) to view the presentation.

The Motley Fool [reported that Bailador's share price went up 5%](#) after the FY22 results were released.

Bailador's columns with Stockhead looked at [what it takes for a software company to go big](#), and [why we think the travel sector is about to thrive again](#).

David Kirk [spoke to the Australian Institute of Company Directors magazine](#) about Bailador, rugby and his role as Chairman of KMD Brands.

### 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 or future performance.

<sup>1</sup>The Board reserves the right to amend or suspend the Dividend Policy at any time and neither the Company nor the Board gives any representation, assurance or guarantee that any estimate or forecast or statement of intention in the Dividend Policy will be achieved.

## BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review <sup>1</sup>
SiteMinder	57.7	366%	▲	0.41	✓	Mark to market each month end
InstantScripts	24.4	21%	▲	0.17	✓	August 2023
Rezdy	12.8	69%	▲	0.09	✓	October 2022
Straker Translations	11.6	16%	▲	0.08	✓	Mark to market each month end
Access Telehealth	9.5	(24%)	▼	0.07		June 2023
Nosto	9.2	(19%)	▼	0.06		June 2023
Mosh	7.5	0%	▶	0.05	✓	December 2022
Brosa	4.5	49%	▲	0.03		October 2022
Cash	126.2			0.90		
Other <sup>2</sup>	1.3			0.02		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>264.7</b>			<b>1.88</b>		

Denotes change to valuation in current month

Denotes valuation review in next six months

<sup>1</sup> 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.

<sup>2</sup> 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 3<sup>rd</sup> October 2014 and available on the ASX website.

## Portfolio Company Details



Name:	<a href="#">SiteMinder</a>	<a href="#">InstantScripts</a>	<a href="#">Rezdy</a>	<a href="#">Straker Translations</a>
Type:	SaaS/B2B	Digital Healthcare/B2C	SaaS	Marketplace/Machine Learning
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	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities	Digital language translation services provider and one of the world's fastest growing translation companies
HQ:	Sydney	Melbourne	Sydney	Auckland
Staff:	750-1000	1-50	100-250	250-500



Name:	<a href="#">Access Telehealth</a>	<a href="#">Nosto</a>	<a href="#">Mosh</a>	<a href="#">Brosa</a>
Type:	Digital Healthcare/B2C	SaaS/B2B	Digital Healthcare/B2C	Online Retail/B2C
About:	Specialist telehealth platform connecting Australian communities to high-quality healthcare	Leading AI-powered e-commerce personalisation platform	Digital healthcare brand making men's health and wellness easily accessible via subscription treatment plans	Tech-led, vertically integrated furniture brand and online retailer
HQ:	Melbourne	Helsinki	Sydney	Melbourne
Staff:	100-250	100-250	1-50	50-100