

Bailador Technology Investments [ASX:BTI] Shareholder Update

About Bailador

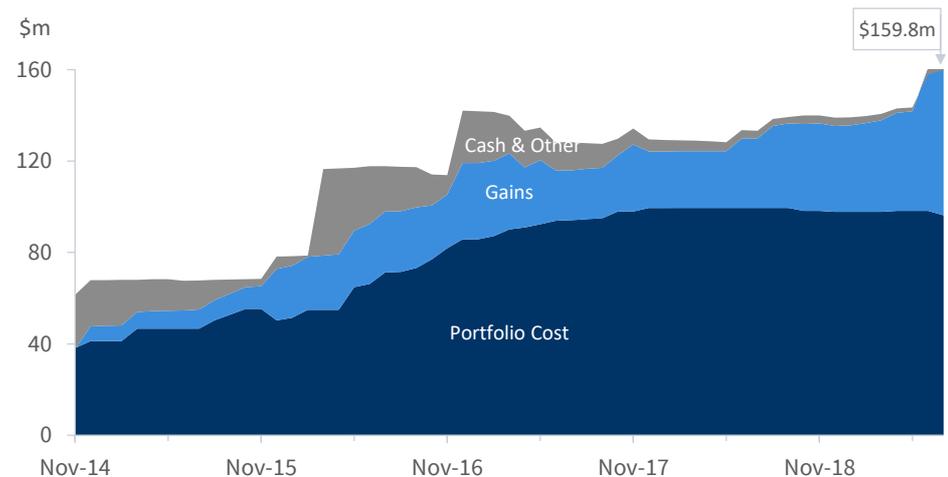
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

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	\$1.33
NTA per share post-tax	\$1.22

Net Tangible Asset Breakdown Since Inception



Founders' Commentary

Straker cash realisation generates strong return, reinforcing Bailador approach

On 31 July 2019, BTI sold \$1.95m (13.5%) of its holding in Straker Translations Limited (Straker, ASX:STG) at \$1.95 per share. The sale price represents a 29.1% uplift to Straker's IPO price in October 2018 and an effective 25.1% internal rate of return (IRR) on BTI's investment.

BTI continues to hold 6,404,201 shares or 12.1% of Straker which reflects our ongoing support for the Straker team and our continued confidence in the performance of Straker going forward.

Technology portfolio with scale & quality

Last month's NTA Statement was notable for the valuation increases of portfolio companies SiteMinder and DocsCorp. In August, Instacluster, our very successful open-source platform-as-a-service investment, is due for valuation review and we will be announcing any changes in our next NTA Statement. This month we have an opportunity to consider the performance of the whole BTI portfolio over the last financial year.



¹Revenue for the year ended 30 June 2019 for the underlying companies in the BTI portfolio.

²Based on revenue for the year ending 30 June and weighted based on carrying value in the portfolio.

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These are excellent numbers and above all speak to the quality of the BTI portfolio. These statistics are in the realm of the premium technology names listed on the ASX, and investors can get access through BTI at a much less demanding valuation.

As a whole, the portfolio has:

- Organic growth higher than WiseTech;
- Recurring revenue higher than Altium; and
- International revenue proportion higher than Xero.

The very high and increasing percentage of recurring revenue is a result of our decision to focus on software-as-a-service business models which are characterised by subscription-based revenue and a demonstrated ability to add on other revenue streams in areas such as transactions and payments. In addition, Lendi generates recurring revenue from trailing commissions and Straker Translations, another marketplace business, has repeating revenue of over 75%.

The high gross margin of the portfolio indicates the quality of the revenue produced, allowing strong profitability improvement as the businesses scale.

A high percentage of international revenue indicates that the businesses are not just 'local champions', they are competing and winning on a global stage. It is a particularly important indicator that the businesses have very large addressable markets. This means that they can grow to be very large companies themselves, can do so at attractive growth rates, and can ultimately be realised at valuations which reflect these characteristics.

More than 98% of portfolio revenue over the last two years has been organic. The small amount of non-organic revenue growth was a result of successful acquisitions by Straker Translations. The strong organic growth shows that our portfolio companies have established strong market positions. They are either growing into new markets created by the new digital products they have developed or are disrupting and replacing the outmoded products of traditional competitors.

Very high organic revenue growth combined with recurring revenue models gives us confidence in the future performance of the portfolio.

David Kirk & Paul Wilson
Bailador Co-Founders

Highlights

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

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.



Straker Translations

As mentioned earlier in the Founders' Commentary, [Bailador sold 1 million shares in Straker Translations](#) in July. The sale was at a price of \$1.95 per share, which is a 29.1% uplift on the Straker IPO price in October 2018 and represents 2.1x BTI's entry price.

[Straker released its update for the June 2019 quarter](#). Highlights included a 38% growth in cash inflows to NZ\$6.1 million; successful integration of COM Translations; acquisition of On-Global, expanding Straker's European footprint and immediately EBITDA accretive; largest ever enterprise sales pipeline; M&A pipeline continuing to grow; and a cash balance of NZ\$15.1 million, keeping the company in a strong position to progress its successful growth strategy.

• DocsCorp DocsCorp

[DocsCorp announced record breaking EoFY results](#), delivering a fifth consecutive record year. Sales growth was up by 20% driven by companies looking for ways to reduce unintentional data leaks.

The company also rolled out its [integration with NetDocuments](#), the leading secure cloud-based content services platform for law firms, corporate legal teams and compliance departments, to Australian and Asia Pacific clients.



Rezdy

Rezdy announced a [new preferred partnership with GetYourGuide](#), the B2C booking platform for travel experiences with a global team of over 500 travel and tech experts and offices in 14 countries. As one of only two preferred partners, Rezdy will collaborate with GetYourGuide to improve cross-platform connectivity, drive innovation and develop new features to improve user experience on both sides.

Rezdy announced a [new distribution partnership with online travel agent, Lulutrip and B2B Distributor World++](#). The move will connect thousands of existing suppliers across Rezdy's network with the top Chinese outbound travel distributors and is scheduled to be complete by the end of the year.



SiteMinder

SiteMinder is [working with Berjaya Hotels & Resorts](#) to better influence and manage how its inventory is shared. The company offers travellers more than 3,000 rooms per night across Asia-Pacific and the UK.

CEO [Sankar Narayan wrote for Forbes](#) on confidence in a company, and James Bishop, Senior Director for Global Demand Partnerships, spoke to Eat Drink Sleep website about the lifetime value of hotel guests.



Lendi

Lendi CEO and Co-Founder David Hyman was crowned Fintech Leader of the Year at the 4th Annual FinTech Awards. The company was also a finalist in the FinTech Innovation in Lending and Best FinTech Communications Campaign categories.

Lendi revealed [new data showing that consumers are turning away from the big four banks](#) to look for home loans with small lenders offering competitive rates.

Continued over

Bailador

David Kirk joined a panel of ASX listed directors at the [AFR Innovation Summit 2019](#). The discussion hosted by AFR journalist Paul Smith focused on the key challenges and responsibilities of boards in the pursuit of innovation.

David was also [interviewed by the Sydney Morning Herald](#) this month on listed technology stocks.

Bailador co-founder Paul Wilson will be [presenting at the ASX Small and Mid-Cap Conference](#) at Sydney International Convention Centre on 5 September. Grant Straker, Co-Founder of Straker Translations, will also be speaking.



...and one more thing

If you're taking to the skies with Air New Zealand you will be in safe hands – look out for the airline's new World Cup safety video featuring our own David Kirk alongside his fellow All Blacks legends!

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.

BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review ¹
SiteMinder	72.9	427%	▲	0.61		June 2020
Instaclustr	14.6	225%	▲	0.12	✓	August 2019
Straker Translations	13.3	207%	▲	0.11	✓	Mark to market each month end
Stackla	12.6	13%	▲	0.11	✓	October 2019
DocsCorp	10.9	119%	▲	0.09		June 2020
Lendi	10.7	112%	▲	0.09	✓	November 2019
SMI	9.6	30%	▲	0.08		March 2020
Viostream	7.8	-72%	▼	0.06		June 2020
Rezdy	5.9	64%	▲	0.05		February 2020
Brosa	3.0	0%	▶	0.02	✓	October 2019
Cash	2.4			0.02		
Other ²	-4.0			-0.03		
Net Asset Value / Net Asset Value Per Share (Pre Tax)	159.8			1.33		

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

² Includes Performance Fee accrual

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	Straker Translations	Stackla	DocsCorp
Type:	SaaS/B2B	DBaaS/B2B	Marketplace/Machine Learning	SaaS/B2B/UGC	SaaS/Document Productivity
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	Digital language translation services provider and one of the world's fastest growing translation companies	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Global leader in the rapidly growing Document Productivity segment
HQ:	Sydney	Canberra	Auckland	San Francisco	Sydney
Staff:	700-750	50-100	100- 150	50-100	100-150



Name:	Lendi	SMI	Viostream	Rezdy	Brosa
Type:	Fintech	SaaS/Big Data	SaaS/Video	SaaS	Online Retail/B2C
About:	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry	Big data aggregation and analysis platform with exclusive access to ad expenditure data	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:	Sydney	New York	Sydney	Sydney	Melbourne
Staff:	400-450	1-50	1-50	50-100	1-50

