

# 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](mailto:investorservices@bailador.com.au)

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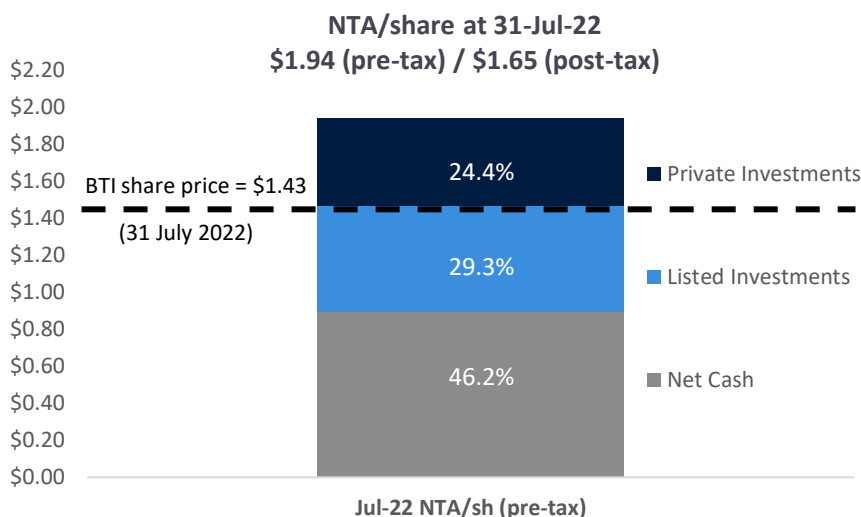
Notes:

<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 9 August 2022.

## Net Tangible Asset Snapshot



## Fund Performance

Annual returns to 31 July 2022	1-Year	2 Years	3 Years
Portfolio Return (%pa) <sup>1</sup>	29.6%	25.6%	14.4%
Shareholder Return (%pa) <sup>2</sup>	18.5%	30.1%	11.9%
<b>Performance vs Benchmark</b>			
S&P ASX All Tech Index [ASX:XTX]	-21.5%	-0.2%	+4.8%
Shareholder Return vs Benchmark	+40.1%	+30.3%	+7.1%

Notes: Refer left margin.

## Founders' Commentary

### Bailador performance metric updates

Keen observers will notice that the graphic and table above are new additions. We are updating our NTA Statement format to include:

- Summary of annual fund returns measuring Portfolio Return and Shareholder Return; and
- Chart showing the composition of the Bailador portfolio split between Net Cash, Listed Investments, and Private Company Investments, as well as overlaying the BTI share price.

**Portfolio Return** is the compound annual growth in Net Tangible Assets per share (pre-tax) plus dividends paid. This is the primary measure for our investment performance as a manager. Movements in Net Tangible Assets take into account any gains or losses in the portfolio, showing a net return after all fees and costs. Dividends paid each year reduce the NTA, so are added back to accurately calculate the Portfolio Return. By presenting this measure on a per share basis, we also take into account the impact of any capital raising.

**Shareholder Return** reflects the compound annual growth in BTI share price plus dividends paid. The BTI share price does not always track the underlying NTA at a consistent discount/premium, so this measure is the most accurate to show the direct investment return for investors, as opposed to the investment return generated on the portfolio. The calculations are not grossed up for franking credits (which would enhance returns further) – but all dividends paid to date have been fully franked and we intend that future dividends will be fully franked.

The returns are shown over 1-year, 2 years, and 3 years so that investors can gauge the performance of these metrics over a range of time periods.

We are also showing the S&P All Tech Index [ASX:XTX] to provide investors a benchmark of our performance. Individual investors may have their own benchmarks, or total return thresholds by which to measure our performance. The S&P All Tech Index has been chosen as it is an existing independently administered benchmark reflecting the performance of the sector in which we exclusively operate. **We are quite pleased to have outperformed the S&P All Tech Index over 1, 2, and 3 years, including 40.1% outperformance in the 12 months to 31 July 2022.**

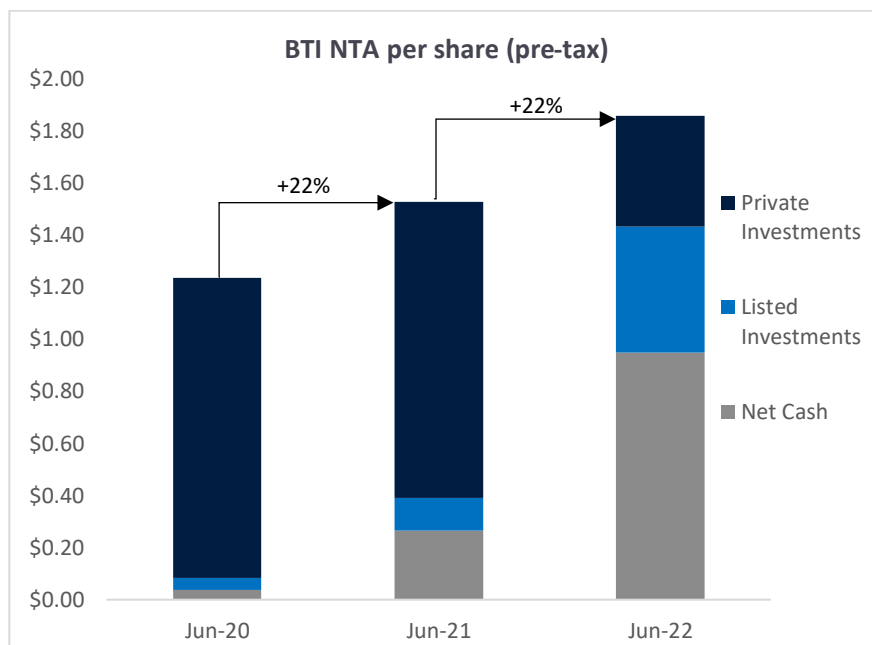
The **Net Tangible Asset Snapshot Chart** is one that we have shown on occasion in our NTA Statements. We think it is worth making this chart a regular feature of our monthly NTA to give investors an immediate sense of the composition of the portfolio, and how that compares to the prevailing share price.

Currently the portfolio comprises:

- Net Cash 46.2%
- Listed Investments 29.3%
- Private Investments 24.4%

This month the graphic shows that Net Cash and Listed Investments alone comprise \$1.46 per share, which is above the BTI share price as at 31 July. This means that investors acquiring shares at this price are effectively getting the entire portfolio of Private Investments for free. We have valued these Private Investments at \$0.47 per share, and take pride in our track record of consistently outperforming these valuations when realising cash.

The composition of the portfolio has changed substantially over the past few financial years:



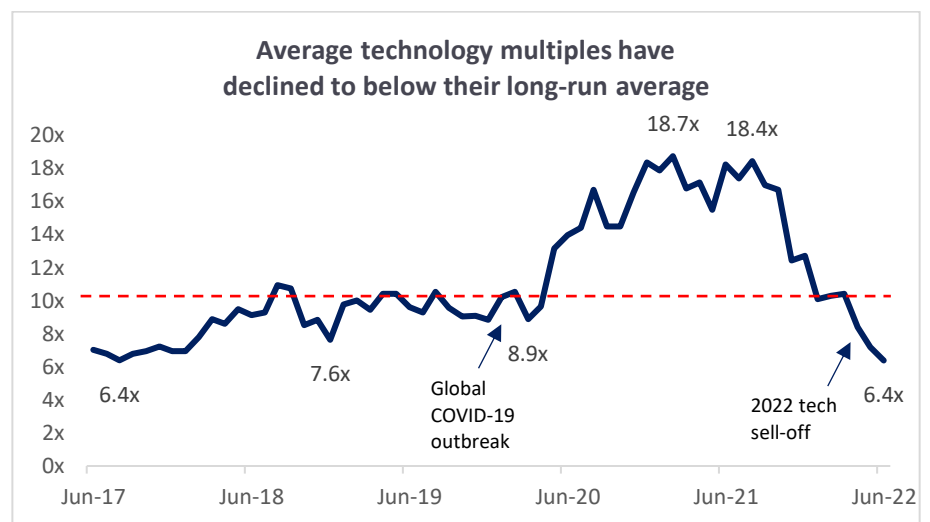
The portfolio has moved from being predominantly Private Investments, which is the focus of new investments made by the fund, to one which comprises significant elements of cash and Listed Investments. This is due to a number of successful cash realisations over the last two years, as well as the IPO of our largest holding SiteMinder (in which we made our \$5m investment when it was a private company).

Another way of understanding the manner in which we have built the cash balance is to look at the cash realised, raised and invested over the past two years:

**BTI cash realised, raised and invested – 1 July 2020 to 30 June 2022**

Realisations and capital raises (cash in)		New and follow-on investments (cash out)	
Cash realisations	\$182.9m	New cash investments	\$22.5m
Cash raised on market	\$24.0m	Cash follow-on investments	\$22.8m
<b>Total</b>	<b>\$206.9m</b>	<b>Total</b>	<b>\$48.3m</b>

We have felt for some time that valuations generally were becoming aggressive, so our focus has been more on realising investments, and we have been particularly selective when making new investments.



Source: Bessemer NASDAQ Cloud Index (EV/LTM Revenue multiple); <https://cloudindex.bvp.com/>

The chart above shows the average EV/LTM Revenue multiple of NASDAQ-listed technology companies over the last five years. It clearly shows that public market valuation multiples lifted to unusually high levels, and have now retreated – in fact to levels below the five year average. While these are public company metrics and Bailador primarily invests in private companies, and the correlation is not exact, there are nevertheless similar trends observable.

Which all means that now is a great time to have cash to invest. That is the position that the Bailador portfolio is in having generated strong cash returns, and we are working diligently to identify and execute on investments in high quality private companies in the high growth information technology sector to create further value for shareholders.

**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 July 2022 was \$1.94 (June 2022 \$1.86). Key movements in NTA per share during June were:

Portfolio valuations	
Increase in SiteMinder (ASX:SDR) share price to \$4.24 (June 2022 \$3.51)	8.7c per share
Increase in the valuation of InstantScripts as a result of the valuation set by follow-on investment in July	1.2c per share
Other operating expenses	-1.9c 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) will be payable to the Manager on completion of the FY22 audit. As it is fully accrued, payment of the performance fee does not impact NTA per share.

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 released its Q4 FY22 results, reporting its highest growth quarter to date post-IPO. Highlights included ARR up 25.3%, revenue up 23.4% and its number of properties up 7%. [Click here](#) to read the full ASX release.

SiteMinder [partnered with Harvest Elite](#), an app which allows hotels to be bookable on WeChat. Through SiteMinder, hotels can automatically update rates and availability on Harvest Elite, gain insight into market rates and availability, and connect to a variety of apps.

### InstantScripts

Bailador [completed a \\$5.0m follow-on investment in InstantScripts](#). The valuation of the investment has resulted in a 10% (\$1.7m or \$0.01 per share) uplift to the valuation of Bailador's existing \$16.6m investment in InstantScripts. InstantScripts' revenue has grown over 120% year-on-year and the business now has over 500,000 users registered on its platform.

Business News Australia reported on [Bailador's follow on investment in InstantScripts](#).

### Access Telehealth

Access Telehealth announced it will host its first inaugural Geriatrician Dinner on 21 September 2022. The event will be held in person in Melbourne and virtually on Zoom for any graduating, graduated or qualified Geriatricians interested in alternative career options.

### Straker Translations

Straker announced [Heith Mackay-Cruise and Steve Bayliss have been nominated to join its board as Non-Executive Directors](#), with Mr Mackay-Cruise assuming the post of Chairman. The pair will seek election at the Annual Shareholders Meeting on 24 August. Current

Independent Chairman Phil Norman and Independent Non-Executive Director Tim Williams have notified the company of their intention to step down at the meeting.

Straker reported a strong and profitable Q1 FY23 result. Revenue was up 66% on Q1 FY22 and up 8% on Q4 FY22. Adjusted EBITDA was \$1.5m and positive for the third consecutive quarter. The result was underpinned by growing sales to multinational organisations and the contribution from the Belgium-based translation provider IDEST Communications acquired in Q4 FY22. [Click here](#) to read the full ASX release.

In the [second episode of Straker's new podcast series](#), Just Sayin' with Straker Translations, host Gianluca Savenije interviews David McNamee, Solutions Engineer. The pair discuss the history of machine translation, how companies should use machine translations in their workflows, and what the future looks like with advancements in AI.

#### **Bailador**

Bailador began a new fortnightly column with Stockhead and The Australian. The first article focused on [how David and Paul became tech investors](#), and the second on [how Bailador picks tech companies to invest in](#).

Paul also [spoke to the Australian Financial Review](#) about tech valuations.

#### **Date of Annual General Meeting and closing date for Director Nominations**

Bailador will be holding its Annual General Meeting on 11 October 2022. Details of the meeting will be advised in the Notice of Meeting to be sent to shareholders in September.

For the purposes of ASX Listing Rule 3.13.1 and under listing rule 14.3 Bailador advises the closing date for nominations for directors will be 23 August 2022.

Nominations may only be made by a shareholder entitled to attend and vote at the Annual General Meeting and should be accompanied by consent in writing of the person nominated and contain sufficient information to enable shareholders to make an informed decision as to whether or not to elect the candidate.

Nominations should be addressed to Bailador's Company Secretary, Helen Plesek, and may be emailed to [investorservices@bailador.com.au](mailto:investorservices@bailador.com.au) or posted to Bailador Technology Investments Limited at Suite 3 Level 20, 20 Bond Street, Sydney NSW 2000.

#### **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	70.9	436%	▲	0.50	✓	Mark to market each month end
InstantScripts	23.3	15%	▲	0.17		July 2023
Rezdy	12.8	69%	▲	0.09	✓	October 2022
Access Telehealth	9.5	(24%)	▼	0.07		June 2023
Straker Translations	9.3	(2%)	▼	0.07	✓	Mark to market each month end
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	138.4			0.98		
Other <sup>2</sup>	-12.4			-0.08		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>273.0</b>			<b>1.94</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. The performance fee hurdle has been reached in FY22 and performance fee will be payable on completion of the FY22 audit.

**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:	SiteMinder	InstantScripts	Rezdy	Access Telehealth
Type:	SaaS/B2B	Digital Healthcare/B2C	SaaS	Digital Healthcare/B2C
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	Specialist telehealth platform connecting Australian communities to high-quality healthcare
HQ:	Sydney	Melbourne	Sydney	Melbourne
Staff:	750-1000	1-50	100-250	100-250



Name:	Straker Translations	Nosto	Mosh	Brosa
Type:	Marketplace/Machine Learning	SaaS/B2B	Digital Healthcare/B2C	Online Retail/B2C
About:	Digital language translation services provider and one of the world's fastest growing translation companies	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:	Auckland	Helsinki	Sydney	Melbourne
Staff:	250-500	100-250	1-50	50-100