

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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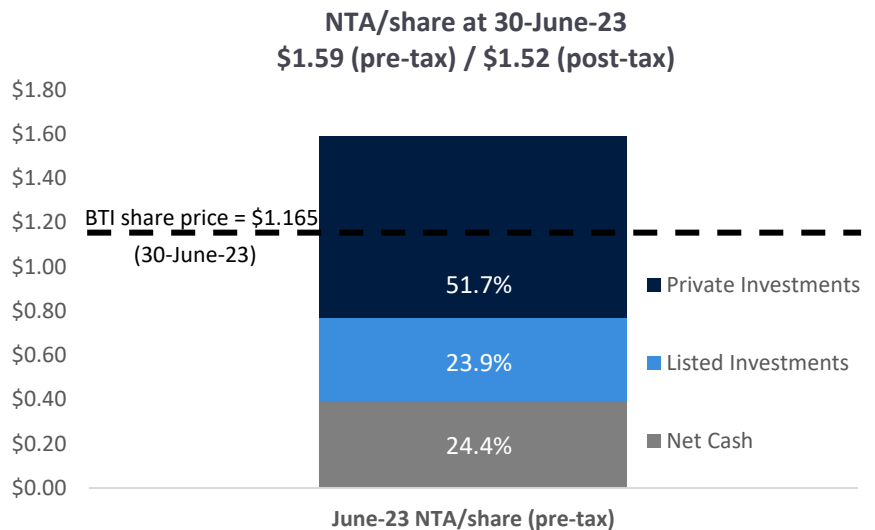
Notes:

¹Portfolio return post-tax calculated as the compound annual growth in NTA per share (post-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 12 July 2023.

Net Tangible Asset Snapshot



Fund Performance

Annual returns to 30 June 2023	1-Year	2 Years	3 Years
Portfolio Return post-tax (%pa) ¹	2.6%	9.8%	12.9%
Shareholder Return (%pa) ²	-12.4%	-1.7%	22.9%
Performance vs Benchmark			
S&P ASX All Tech Index [ASX:XTX]	27.4%	-9.7%	4.3%
Shareholder Return vs Benchmark	-39.8%	+8.0%	+18.6%

Notes: Refer left margin.

Founders' Commentary

A Financial Year in Review

This is the final Founders' Commentary for the 2023 financial year and as usual we provide a commentary on performance in the year just ended and comment on how we see the Fund positioned for the year ahead.

The 2023 financial year BTI Portfolio Return was 2.6%. This return was made up of a gain in the post-tax portfolio (investment gains less expenses) of 4.2 cents per share, after crediting the payment of 10.9 cents per share fully-franked dividends.

Our private company investments performed very well in the year delivering an IRR of 36.3% throughout the course of the year. All of the changes in the value of private investments throughout FY23 were a result of independent third-party transactions, including InstantScripts which has been subsequently realised for cash in July 2023. The private investments contributed an increase of 8% or 12.6 cents in NTA per share post tax.

Our two publicly listed investments SiteMinder and Straker both declined in value during the year. Both are displaying strong operational performance, and are now at undemanding valuations. We have high conviction of both SiteMinder and Straker Translations generating meaningful positive returns in the coming year.

We have held a relatively high cash balance during the year, which acts as something of a drag on overall returns. We have examined many new private investment opportunities, and for much of the year generally found valuations in

the private space to be quite high, particularly against public market benchmarks. We have maintained our disciplined approach to new investments throughout this period, and believe that this practice has served us well. Following the receipt of cash for our InstantScripts investment in July, we have over \$100m in cash available for investment. We are now seeing more reasonable valuations emerge for quality businesses, and feel that this is a great time to have cash available for investment.

At the 30 June 2023 share price, our annualised 4% dividend based on the June pre-tax NTA represents a **dividend yield of 5.5%pa and 7.3%pa when grossed up for franking credits**. These numbers are unaudited and we will formalise and pay our final FY23 dividend of 2% of June pre-tax NTA following release of our full year results.

Investments in 2023

We made five investments in 2023, four of them into current portfolio companies and one investment in a new portfolio company.

In July 2022 we made a follow-on investment of \$5.0 million in InstantScripts, in March 2023 we made a further follow-on investment of \$10 million in InstantScripts and in June 2023 we sold our full investment when the company was acquired by Australian Pharmaceutical Industries (API), a 100% owned subsidiary of Wesfarmers. We realised \$52 million in cash and achieved an IRR of 64%. The cash was paid in July, so the 30 June 2023 NTA Statement and the charts below show our continuing ownership of our investment in InstantScripts at year end.

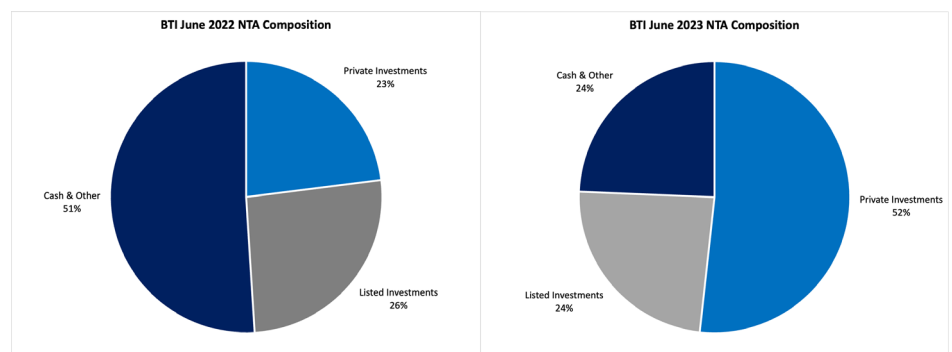
In January 2023 we invested an additional \$3.1 million in Access Telehealth, and in June 2023 we invested an additional \$5.0 million and rolled our previous investment in Rezdy into a new vehicle as part of a buy-in and recapitalisation of the company by a US private equity firm. We remain on the board and excited about the next stage for Rezdy.

The new investee company added to the portfolio in the year was volunteer management software company Rosterfy. Rosterfy joined the portfolio in April 2023 following a \$9.8 million investment.

We are continually on the look-out for new investments for the portfolio but will remain disciplined and focused on quality and the right entry price.

Portfolio growth

Below are two graphs showing the composition of NTA at the end of the 2022 and 2023 financial years.



The striking change is the growth of private company investments, which have grown from 23% to 52% of the portfolio and the reduction in cash, which has reduced from 51% to 24% of the portfolio. These changes, resulting from allocation of capital and growth in the value of the private companies, correspond to an increase from \$60 million at 30 June 2022 to \$119 million at 30 June 2023. This gain of \$59 million in value is shown on the following page.

Event	Amount
Investments	
Investment in Rosterfy	9.8
Investment in InstantScripts	15.0
Investment in Access Telehealth	3.1
Investment in Rezdy	5.0
Portfolio gains / (losses)	
Increase in carrying value of InstantScripts ¹	20.5
Increase in carrying value of Access Telehealth ¹	3.0
Increase in carrying value of Rezdy ^{1,2}	7.1
<i>Write down of Brosa</i>	<i>(4.5)</i>
Total	59.0

Notes: ¹Third-party transaction. ²BTI rolled investment into new vehicle.

This composition will move again in July with the \$52m cash received from InstantScripts and as we progressively make further investments.

Update on the Current Portfolio

Public company investments

For more comprehensive information than we can supply here, we refer shareholders to the public statements, financial results and presentations provided by SiteMinder and Straker Translations. We continue to regard both companies as high-quality investments and look forward to strong performance from them in the years ahead.

SiteMinder

SiteMinder continues to grow annual recurring revenue at around 30% per annum, deliver strong unit economics and add industry-leading functionality to its Smart Commerce Platform for hotels. The company has indicated it is on track to be cashflow neutral in Q4 FY2024.

Straker Translations

Straker Translations delivered steady growth and cash flow profitability, continued new customer acquisition and product enhancements in the financial year ended 31 March 2023. The company delivered product enhancements and integrated its translation solutions into workflow delivery platforms Microsoft Teams and Slack.

Private Company Investments

InstantScripts

InstantScripts was a great success for the portfolio. We first invested in InstantScripts in July 2021. As the company continued to grow very quickly and establish itself as a safe and efficient way for consumers to fill prescriptions without having to re-visit a GP, we were pleased to add to our investment twice during FY23. Australian Pharmaceutical Industries (API) a wholly owned subsidiary of Wesfarmers bought 100% of InstantScripts late in the year. The acquisition was at a 25% uplift to our carrying value and delivered us \$52 million in cash and a 64% IRR. The InstantScripts sale transaction closed in July 2023 with Bailador receiving \$52m in cash proceeds. Accordingly InstantScripts remains in our portfolio list for June.

Rezdy

Rezdy continued to grow fast throughout 2023. Towards the end of the year we concluded a major transaction rolling our shareholding in Rezdy into a new vehicle

established by a US private equity company. The transaction was at a 46% uplift to our carrying value at the time and delivered an IRR of 21%. We have a significant shareholding in the new entity and are excited about the next stage of Rezdy's growth and success.

Access Telehealth

Access Telehealth continued its very rapid growth in 2023 and intensified its focus on the aged care sector. The company refined its operating model during the year and has settled into a high growth, profitable and repeatable model for serving residents in aged care facilities. We invested a further \$3.1 million in the business during the year and remain very excited about the company's prospects.

Rosterfy

Rosterfy joined the portfolio in April and everything we have seen since gives us confidence we have made a good investment. The focus has been on continued product development and scaling up in the US and UK, while continuing to execute well in Australasia. The company has opened an office in Dallas, hired a US head of sales, further developed its partnership with not-for-profit software leader Blackbaud, hired a global head of people and continued its revenue growth momentum.

Nosto

Our investment in Nosto arises from our sale some years back of Stackla into the much larger and profitable digital marketing services businesses Nosto. Nosto continues to perform well. The company is growing profitably in Europe and North America, releasing new product and making small bolt-on acquisitions. Nosto is well-capitalised and cash profitable.

Mosh

Mosh continues to grow well focussing on digitally delivered high quality and easy-to-access hair loss, weight management and sexual health plans for men. The company is well-capitalised and is focused on becoming profitable and cash flow breakeven.

David Kirk & Paul Wilson
Bailador Co-Founders

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.

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 June 2023 was \$1.59 (May 2023 \$1.55). Key movements in NTA are noted below.

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

Increase in value of InstantScripts on sale of InstantScripts	7.1c per share
Decrease in SiteMinder (ASX:SDR) share price to \$2.92 (May 2023 \$3.13)	-2.4c per share
Decrease in Straker Translations (ASX:STG) share price to \$0.67 (May 2023 \$0.69)	-0.1c per share
Operating expenses and interest	-0.6c per share



InstantScripts

As announced in [Bailador's ASX release on 13 June 2023](#), InstantScripts signed an agreement to be acquired by Australian Pharmaceutical Industries Pty Ltd (API), a wholly-owned subsidiary of Wesfarmers Limited, for \$135m. This resulted in BTI's investment being valued at \$52.1m and a 25% uplift to its prior carrying value.

API completed the acquisition of InstantScripts in July 2023 and BTI has received its cash proceeds. Given the InstantScripts sale was not completed until July, InstantScripts remains in our portfolio list for June 2023 and will be removed from future updates.

[Paul Wilson spoke to AusBiz](#) following the announcement, which was also covered by the [Australian Financial Review, Business News Australia and SmartCompany](#).

SiteMinder [ASX:SDR]

SiteMinder expanded its operations in Europe by [opening an office in Barcelona, Spain](#). The new outpost will work alongside its existing offices in Berlin, Galway and London to act as a hub for SiteMinder's sales, support and onboarding operations for Europe. SiteMinder first introduced its software to hotels in Spain more than a decade ago, and currently has more than 60 employees located in Barcelona or working remotely in Spain. SiteMinder now has nine global offices. The latest office has been opened in partnership with Barcelona's Hotel Association, the region's leading industry body, which plans to further amplify SiteMinder's impact for Spain's hotels.

Data from SiteMinder showed [hotels in Spain have had a record-breaking summer](#) for bookings.

SiteMinder's [Chief Product Officer, Leah Rankin, wrote for HospitalityNet](#) on the importance of differentiating between shiny gadgets and truly valuable innovation when looking at the new era of hospitality tech.

Rezdy

As announced in [Bailador's ASX release on 19 June 2023](#), Bailador confirmed the sale agreement of Rezdy with a US PE Fund has completed. Bailador has rolled 100% of its existing investment and invested an additional \$2.5m of cash in the Buyer's acquisition vehicle ("TopCo"). The total value of Bailador's investment at close is \$24.9m, which translates to a 46% valuation uplift and an effective IRR of 21%.

Rezdy CEO Chris Atkin attended the Arival conference in Bangkok this month. Chris took part in the Connectivity and Channel

Management session where he discussed the latest strategies and best practices behind building successful multi-channel management.

 **Rosterfy**

Rosterfy released its [half-year product update for 2023](#). Over the past six months the company has added new capabilities to change the way organisations advertise roles and recruit volunteers, enabled volunteers to use its portal to log their availability and hours worked, and added new event and role approvals for managers.

Rosterfy appointed Pamela Patrick as Global Head of Partnerships and Community Engagement. In her new role Pamela will focus on expanding Rosterfy's relationships with global and local organisations.

**Nosto**

Nosto was awarded Most Innovative Commerce Experience Platform 2023 in the Global Excellence Awards by Acquisition International Magazine. The awards celebrate innovative companies, teams and individuals who are driving change, surpassing expectation and excelling in the corporate world.

Nosto [launched two new AI-backed features](#) thanks to its integration with OpenAI. Generative Synonyms uses a powerful combination of Nosto's proprietary AI filtered through ChatGPT to allow merchants to find other relevant synonyms and achieve heightened search relevancy for their online stores. Generative Copy leverages OpenAI's ChatGPT to give product recommendation titles. Merchants can supply information such as the target language, vertical, and level of creativity, and receive recommendations within seconds. The new tool streamlines the copy creation process and saves time by generating compelling AI-powered copy.

**Straker Translations [ASX:STG]**

Straker [CEO Grant Straker spoke to AusBiz](#) about the impacts of AI for Straker and the opportunities it holds for the business.

Straker [announced Matilda Emmanuel, In House Counsel at Straker, has been appointed as Company Secretary](#). Matilda has more than 20 years' experience in Legal Executive, Legal Advisor, In House Counsel, Commercial Officer and Privacy Officer roles.

BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review ¹
InstantScripts	52.1	73%	▲	0.36	✓	Realisation finalised in July 2023
SiteMinder	48.8	319%	▲	0.34	✓	Mark to market each month end
Rezdy	24.9	98%	▲	0.17	✓	May 2024
Access Telehealth	15.6	0%	▶	0.11	✓	December 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	6.1	(27%)	▼	0.04	✓	Mark to market each month end
Cash	57.8			0.40		
Other ²	-1.7			-0.01		
Net Asset Value / Net Asset Value Per Share (Pre Tax)	230.1			1.59		

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:	InstantScripts	SiteMinder	Rezdy	Access Telehealth
Type:	Digital Healthcare/B2C	SaaS/B2B	SaaS	Digital Healthcare/B2C
About:	Digital platform enabling convenient access to high quality doctor care and routine prescription medication	World leader in hotel channel management and distribution solutions for online accommodation bookings	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:	Melbourne	Sydney	Sydney	Melbourne
Staff:	1-50	750-1000	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