

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
L11 6 O'Connell Street
Sydney NSW 2000

☎ +61 2 9223 2344

✉ investorservices@bailador.com.au

Connect to Bailador

🐦 [@bailadorvc](https://twitter.com/bailadorvc)

in [Bailador Technology Investments](https://www.linkedin.com/company/bailador-technology-investments)

📰 medium.com/bailador

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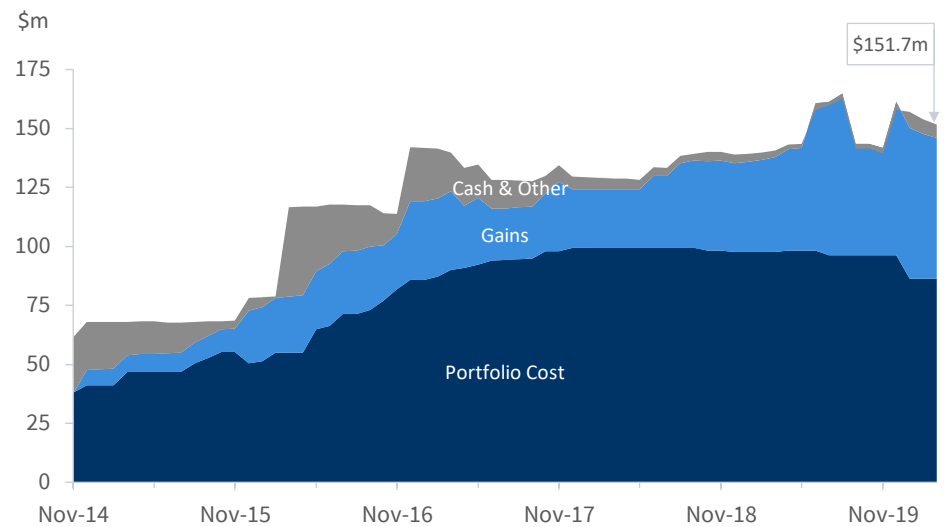
This report was authorised for release to the ASX by Helen Plesek, Company Secretary & Chief Financial Officer, on 9 April 2020.

Bailador Technology Investments [ASX:BTI] Shareholder Update

Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.23
NTA per share post-tax	\$1.15

Net Tangible Asset Breakdown Since Inception



Founders' Commentary

BTI portfolio well positioned to weather the storm

The Bailador portfolio is well positioned, with primarily subscription business models, strong cash balances, and either cashflow positive or low cash burn positions.

The team at Bailador has been working closely with the management of all BTI portfolio companies to ensure each company can weather the storm of the shutdowns associated with COVID-19 and emerge strong and ready to grow quickly again when the storm passes.

Our first task has been to assess the preparedness of each company for the rapid decline in economic activity we are seeing. Our companies on the whole have healthy cash balances and we have worked with the management teams to ensure that the businesses remain in a cashflow positive or low cash burn state. Long term followers of Bailador will know that we tend to avoid high cash burn businesses.

The fundamental challenge for each portfolio company is:

1. Forecasting the amount and duration of any revenue decline it will face as economic activity in its sector slows;
2. Managing the costs of the business to ensure it maintains an adequate cash-in-the-bank buffer at all times; and
3. Retaining the people and resources necessary to take advantage of the growth opportunities that will be available in the future.

For our companies, regardless of their current cash balance, this has meant cost reductions. Of course, all discretionary costs have been radically pared back as necessary. Travel, entertainment, recruiting, consultants and so on have all been rapidly curtailed. In general, landlords and the providers of important computing services (which make up a large part of the cost of goods sold for SaaS businesses) have been supportive and provided reductions or payment holidays. For some of our founders and managers, this has also meant standing down or furloughing employees, which has been very difficult but they have responded magnificently. We admire their courage and decisiveness and like them, hope we will be taking many of the employees stood down or furloughed back before long.

Conservative revenue forecasts and decisive action on operating costs to match projected revenue will, we believe, see each of our companies emerge from the downturn leaner and well positioned to return to strong growth after the worst of the economic effects of COVID-19 have passed.

Maintaining momentum in product development and maintaining customers – even if on reduced prices or paused collections for a period – are the two most important operating priorities we believe will enable our portfolio companies to further strengthen their competitive positions when economic activity picks up again.

There isn't the space here to detail the effects and response of each portfolio company to the COVID-19 economic shutdown, but as SiteMinder is now around 50% of the portfolio value and in the hard-hit travel industry, we discuss SiteMinder's position in some more detail below.

SiteMinder

SiteMinder completed a large capital raise of over \$100m in January 2020 and consequently has a very strong cash position. Over 80% of SiteMinder's revenue is recurring revenue, the vast majority from monthly subscriptions.

SiteMinder provides a mission critical product for its hotel customers. Without SiteMinder's room availability distribution product – connecting hotels to hundreds of sources of potential online bookings – hotels would be cut off from their most important source of customers. In addition, by automating customer acquisition and integrating customer acquisition to booking and customer relationship management systems, SiteMinder's products save hotels hundreds of thousands of dollars a year in staff salaries. The cost of subscribing to the SiteMinder platform is not material for a hotel – usually one or at most two bookings a month pays for the service provided by SiteMinder. It therefore makes no sense for hotels to discontinue the SiteMinder product.

While many smaller hotel operators have not been able to sustain business due to global travel restrictions, most hotels remain open for future bookings, even if local regulations require them to close their doors temporarily. We expect to see subscriptions decline for a period as travel restrictions continue to inhibit hotels, but SiteMinder has made the necessary decisions to adapt and refocus.

The SiteMinder team, led by CEO Sankar Narayan and founder Mike Ford, has moved quickly to reduce costs, redeploy resources to certain areas of the business such as customer success, and leverage all available government assistance.

SiteMinder CEO, Sankar Narayan, said: "While we have had to make some tough decisions, the SiteMinder business will emerge from this period of disruption as the market leader that we are, with a strong balance sheet, primed to take advantage of the resurgence in travel that will inevitably come."

SiteMinder is by far the largest global provider of hotel guest acquisition technology to hotels and other accommodation providers. SiteMinder has three times as many customers as its nearest competitor and has by far the leading product suite. Even in the current environment, SiteMinder is extending its

advantages in product and onboarding. This will position SiteMinder well as economic activity picks up again and hotels look for products that both reduce costs and simplify and streamline customer acquisition.

These are tough times for businesses and employees in every sector of the economy. Our focus on mission critical business-to-business Software-as-a-Service (and Open-Source-as-a-Service and data) is standing us in good stead through these tough times.

Valuations

While public market equity valuations have moved wildly in recent times, we have not made changes to the carrying values of our portfolio companies. Overwhelmingly, we have not seen great impact yet on revenue of our portfolio companies, although there will undoubtedly be some. We have a track record of being conservative in marking up the value of our portfolio as evidenced by the portfolio revenue increasing by 3.5x since investment, but Bailador only increasing valuations by 2.2x. We have historically not increased valuation multiples of our portfolio as broader market multiples have increased, which has given us buffer for times such as now when multiples have contracted. We plan to conduct a deeper portfolio valuation review as impacts of business conditions become more apparent. Our 30 June financial year end process, which always includes an independent valuation review, will form part of this.

Further investment by founders

There is perhaps no greater indication of a person's level of confidence than where they are investing their own money. Both of us have personally bought BTI shares in the last fortnight, to take our combined BTI shareholding to 10.3%.

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.

Movement in NTA

Bailador's NTA per share (pre-tax) fell by 5 cents per share from \$1.28 per share at the end of February 2020 to \$1.23 per share at the end of March 2020. The change is the result of:

- The issue of \$2.6m new shares on completion of the Bailador dividend reinvestment plan and shortfall share issue;
- The payment of Bailador's 2.5c per share dividend in March; and
- Straker Translations' share price dropping to \$0.68 throughout the month (\$0.915 last month).

SMI was due for valuation review in March 2020. The business has performed strongly over the last twelve months, with profitable trading and revenue growth, however we have decided to defer the valuation review while market conditions are so volatile.



SiteMinder

SiteMinder has launched new smart monitoring and reporting capabilities for its hotel customers. The intelligence features will be native to users of the channel management, direct booking and pricing intelligence functions within SiteMinder's platform. The capabilities, called [SiteMinder Insights](#), gives hotels access to clear and actionable data on their local hotel market, business performance and guests. This new product feature was informed by SiteMinder's 2019 study on the biggest concerns of hoteliers around the world.



SMI

SMI has introduced a [range of new features](#) to help clients understand the ongoing impact of COVID-19 on the ad market. It has launched a newsletter providing earlier insights into ad spend in the New Zealand, US and UK markets along with future pacing data which shows upcoming demand across all product categories according to confirmed spend.

James Fennessy, SMI Global CEO, [spoke to Beet.TV](#) about his predictions on how COVID-19 will impact on ad spending.



DocsCorp

DocsCorp has [partnered with RPost](#), the global leader in secure and certified electronic communications, to launch a new Microsoft 365 integration. cleanDocs and RMail will now work together in one Microsoft 365 Outlook interface to create a simple and secure experience for users when sending or receiving sensitive emails.



Straker Translations [ASX:STG]

Straker was [featured by The Australian](#) in an article on listed companies that could see increased demand from the COVID-19 pandemic. It included the news that Straker recently moved away from the consumer market in favour of enterprise clients, including Apple TV and Disney Plus.



Stackla

Stackla has leveraged its platform to create a [real time information hub](#) collating the latest government, health and travel information from verified agencies related to COVID-19. It also includes details on charities and not-for-profits providing relief to those in need.

 **Rezdy**

Rezdy has launched a new initiative to help tourism professionals navigate the COVID-19 pandemic. The company has set up the free resource [#Together4Tourism](#) to provide supportive content, resources, tools and tips.

 **Lendi**

An article in [the Australian Financial Review](#) used data released by Lendi. It showed how the difference between the rates banks charge existing customers and the rates they offer to new customers has fallen to a new low.

David Hyman, Lendi CEO, [spoke to Domain](#) about interest rates, how the banks and regulators are making changes to help borrowers impacted by COVID-19, and how easy it is to refinance online.

 **Instaclustr**

Instaclustr has expanded its managed platform to include support for [managed Elasticsearch](#), one of the most popular search technology solutions for enterprises. Instaclustr is the first in the industry to offer enterprise support contracts for the Open Distro for Elasticsearch.

Ben Bromhead, Instaclustr CTO, wrote a blog post on the [reasons enterprises are increasingly using open source technologies](#).

In response to global restrictions on movement to limit the spread of COVID-19, Instaclustr has launched a programme of virtual workshops and meetups.

 **Bailador**

On Thursday 26th March Bailador [completed its inaugural special fully franked dividend and associated dividend reinvestment plan](#) (DRP) to shareholders. Despite market conditions, approximately 37% of existing shareholders took up the DRP and combined with the shortfall placement has secured an additional \$2.8m in cash for the Bailador fund. We thank all our existing and new shareholders for their strong support through this period.

David Kirk, Bailador co-founder, [updated CommSec TV's Tom Piotrowski](#) on the recent progress and key milestones for the fund, and provided some insights on the current market environment and what lays ahead.

David was also [interviewed by The Australian](#) on proposed changes to R&D tax concessions.

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	82.5	1996%	▲	0.67	✓	June 2020
Instaclustr	19.0	323%	▲	0.15		August 2020
DocsCorp	10.9	119%	▲	0.09		June 2020
Lendi	10.7	112%	▲	0.09	✓	November 2020
SMI	9.6	30%	▲	0.08		June 2020
Rezdy	5.9	64%	▲	0.05		June 2020
Straker Translations	4.4	0%	▶	0.04	✓	Mark to market each month end
Brosa	3.0	0%	▶	0.02	✓	October 2020
Stackla	-	-100%	▼	-		September 2020
Viostream	-	-100%	▼	-		September 2020
Cash	5.1			0.04		
Other ²	0.6			0.00		
Net Asset Value / Net Asset Value Per Share (Pre Tax)	151.7			1.23		

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

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	DocsCorp	Lendi	SMI
Type:	SaaS/B2B	DBaaS/B2B	SaaS/Document Productivity	Fintech	SaaS/Big Data
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	Global leader in the rapidly growing Document Productivity segment	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
HQ:	Sydney	Canberra	Sydney	Sydney	New York
Staff:	750-1,000	100-250	100-250	250-500	1-50



Name:	Rezdy	Straker Translations	Brosa	Stackla	Viostream
Type:	SaaS	Marketplace/Machine Learning	Online Retail/B2C	SaaS/B2B/UGC	SaaS/Video
About:	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	Tech-led, vertically integrated furniture brand and online retailer	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Cloud-based end-to-end platform for the creation, management and distribution of video
HQ:	Sydney	Auckland	Melbourne	San Francisco	Sydney
Staff:	50-100	100-250	1-50	1-50	1-50