

# 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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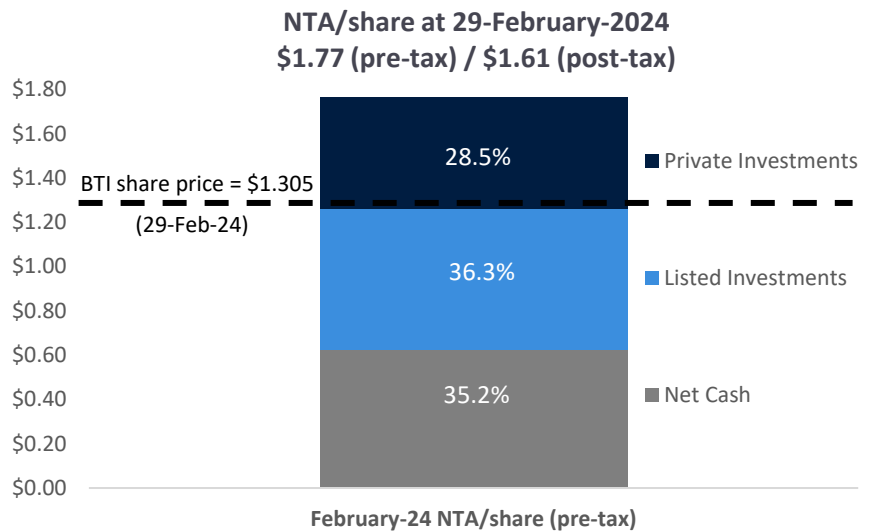
Notes:

<sup>1</sup>Portfolio return post-tax calculated as the compound annual growth in NTA per share (post-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 Foley, Company Secretary & Chief Financial Officer, on 11 March 2024.

## Net Tangible Asset Snapshot



## Fund Performance

Annual returns to 29-Feb-24	1-Year	2-Years	3-Years
Portfolio Return post-tax (%pa) <sup>1</sup>	10.8%	8.8%	12.2%
Shareholder Return (%pa) <sup>2</sup>	15.0%	12.3%	1.1%
<b>Performance vs Benchmark</b>			
S&P ASX All Tech Index [ASX:XTX]	38.7%	14.9%	4.5%
Shareholder Return vs Benchmark	-23.7%	-2.6%	-3.4%

Notes: Refer left margin.

## Founders' Commentary

**SiteMinder included in ASX200 Index; Multiple tailwinds**

S&P Dow Jones Indices has announced that SiteMinder [ASX:SDR] will be included in the ASX200 index, effective 18th March 2024. Index inclusion is a significant milestone for SiteMinder and a reflection of the ongoing strong performance of the company.

SiteMinder is a travel tech world leader serving the hotel industry, and is the largest single holding in the Bailador portfolio. SiteMinder is a successful company that Bailador knows very well, having invested when revenue of the business was just \$5m.

This Founders' Commentary will explore some elements, related to both business performance and capital markets, which we believe will see strong performance by SiteMinder in the short, medium, and long term.

### Short term

We believe that several factors, a number of them capital markets related, may impact SDR share trading in the short term:

- **SiteMinder recently released its half yearly results**  
SiteMinder again delivered on expectations. We believe that a company repeatedly doing what it says it will do helps to generate confidence and support in the financial community. One measure that caught the eye of analysts was LTV/CAC improving to 5.3x.

- **SiteMinder has reiterated its growth and profitability guidance to the market**  
“SiteMinder’s growth guidance is unchanged and continues to target organic revenue growth of 30% pa in the medium term. The Company maintains its expectation to be underlying EBITDA profitable and underlying free cash flow positive for H2FY24.” *Read more [here](#).*
- **Moving into profitability can cause a valuation re-rating**  
Businesses already generating profits are often valued more highly than those yet to become profitable. With SiteMinder providing guidance of moving into underlying profitability this half, we believe there is prospect of valuation re-rating.
- **Moving into profitability opens up investment pools**  
There are a number of institutional investors whose mandate only allows them to invest in profitable businesses. We believe that the move by SiteMinder into profitability could mean an increased pool of available investors.
- **Inclusion in the ASX 200 index**  
The new news. Why does this impact share trading?
  1. The ASX200 index is a key index for passive ‘index tracking’ funds. There will be significant trading of SDR in order for those funds to track the index, noting that there is also often increased trading volume in anticipation of index inclusion, so the impact is unclear.
  2. There are a number of funds whose mandate restricts them to investing only in ASX200 stocks. The pool of investors available to SiteMinder will grow by inclusion in the ASX200 index.
  3. There are many funds whose key benchmark is the ASX200 index, which will form a view on whether to be overweight or underweight SDR compared to index composition.

While it is helpful to have these favourable market factors, the performance of the share price over the medium and longer term will of course be driven by the performance of the business. Here, the news is equally promising.

#### Medium term

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SiteMinder has previously announced two transformational new products which leverage its Smart Platform and industry-leading data assets:

- **Channels Plus**; and
- **Dynamic Revenue Plus**

*These products were profiled in [Bailador’s October 2023 Founders Commentary](#).*

These products aim to redefine how hoteliers approach revenue management by leveraging Artificial Intelligence and SiteMinder’s industry-leading data assets to automate and optimise commercial decisions around pricing, distribution channel activation, and inventory allocation.

Of particular note is that these products will generate **volume based revenue**. SiteMinder has historically generated predominantly subscription based revenue. This type of revenue has proven to be great defensively, and can produce solid growth.

We believe that there is potential upside from SiteMinder generating material revenue from value added products based on volume through its platform. The SiteMinder platform has throughput of more than 115 million reservations worth over \$70 billion in revenue for its hotel customers each year. Capturing even a tiny fraction of that revenue (E.g. 1% is \$700m) could produce a step change financial result for SiteMinder.

SiteMinder expects revenue proof points from these new products to begin in the second half of this calendar year, with financial impact to grow over time.

#### Long term

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SiteMinder has characteristics that we look for in an outstanding business, including:

- Worldwide market leader
- High quality management team
- Market leading products with established product market fit
- Massive addressable market
- Defensible market position
- High gross margins
- Operating leverage
- Reliable strong unit economics
- Predictable growth
- Blue sky breakout opportunity

It is Bailador's assessment that SiteMinder is positioned for sustained growth and improved profitability over a long period of time.

Some BTI shareholders may ask why we continue to hold a material position in a business that has gone past the traditional 'expansion' stage, albeit Bailador first invested when SiteMinder had revenue of \$5m.

Firstly its about returns. The return on SiteMinder this financial year to date is close to 100%, which we think shareholders will be happy with, and we have outlined above some of the factors which give us confidence in future performance.

Another contributing factor is confidence. Having been closely involved over a number of years, we feel that we have a deep understanding of the business and its prospects. It can take time to achieve a level of understanding that provides confidence to allocate a large amount of capital to an investment. Paul Wilson is a Non-Executive Director of SiteMinder, having previously served for six years as Chair of SiteMinder during its period as a private company. David Kirk has also previously served as a Non-Executive Director of SiteMinder.

SiteMinder is at a point where we believe the downside risk is significantly lower than many expansion stage opportunities, while the growth is strong and predictable, with genuine breakout upside potential.

We congratulate the SiteMinder team on inclusion in the ASX200 index, and continue to have confidence in SiteMinder as a cornerstone investment in the Bailador portfolio.

**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.

## 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.

## Highlights

### Movement in NTA

BTI's NTA per share (pre-tax) at close of February 2024 was \$1.77 (January 2024 \$1.80). Key movements in NTA are noted below.

#### Movement in NTA per share (pre-tax) February 2024

Increase in SiteMinder (ASX:SDR) share price to \$5.39 (January 2024 \$5.27)	1.4c per share
Decrease in Straker (ASX:STG) share price to \$0.43 (January 2024 \$0.53)	-0.6c per share
Payment of dividend and issue of shares under company DRP	-3.8c per share

### SiteMinder [ASX:SDR]

SiteMinder will be [included in the S&P ASX 200 Index](#) from 18 March 2024 – a significant milestone for the company.

SiteMinder [released its H1FY24 results](#) which showed SiteMinder sustained strong growth and continued progress towards profitability. Highlights include:

- Total revenue increased 27.9% to \$91.7m
- ARR increased 27.2% to \$182.5m
- Underlying EBITDA improved \$13.4m to (\$1.2m)
- Guidance unchanged targeting organic revenue growth of 30% in the medium term and underlying cash flow positive for H2FY24

[Click here](#) to view the H1FY24 Investor Briefing presentation.

### Rosterfy

Golf Australia began using the Rosterfy platform to manage its volunteer workforce back in 2022. It now has 210 volunteers from 78 clubs across Australia – with an average age of 67 – using the Rosterfy platform. [Click here](#) to read about the successful partnership between Rosterfy and Golf Australia.

### Nosto

BTI completed its annual valuation review of Nosto in February, determining to leave the carrying value unchanged at \$9.2m.

Nosto revealed a new brand identity and redesigned website. It has adopted the tagline Experience Intelligent Commerce, and updated its platform to give a more streamlined user interface.

### Straker [ASX:STG]

Straker [completed its on-market share buyback program](#). The company acquired 3.5m shares through the buyback, representing 5.2% of issued capital.

Straker [announced to the ASX that it has reported four consecutive quarters of net operating cash flow and has been relieved from lodging quarterly cash flow reports](#). Straker is committed to regular shareholder communication and will continue to release quarterly operating updates.

### Bailador

David Kirk [spoke to Lel Smits at The Stock Network](#) about the outlook for the technology sector in 2024.

Bailador's [latest column with Stockhead](#) looks at our strong H1 FY24 result and how we are well positioned to make new and follow on investments.

## BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review <sup>1</sup>
SiteMinder	90.1	538%	▲	0.61	✓	Mark to market each month end
RC TopCo	25.8	91%	▲	0.18	✓	May 2024
Access Telehealth	21.5	25%	▲	0.15		December 2024
Rosterfy	9.8	0%	▶	0.07	✓	April 2024
Nosto	9.2	(18%)	▼	0.06		February 2025
Mosh	7.5	0%	▶	0.05	✓	December 2024
Straker	3.9	(44%)	▼	0.03	✓	Mark to market each month end
Cash	99.8			0.68		
Other <sup>2</sup>	(8.6)			(0.06)		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>259.0</b>			<b>1.77</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 not yet payable.

**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	RC TopCo	Access Telehealth	Rosterfy
Type:	SaaS/B2B	SaaS	Digital Healthcare/B2C	SaaS/B2B
About:	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	Volunteer management software platform that connects communities to events and causes they are passionate about
HQ:	Sydney	Sydney	Melbourne	Melbourne
Staff:	750-1000	100-250	100-250	1-50



Name:	Nosto	Mosh	Straker
Type:	SaaS/B2B	Digital Healthcare/B2C	Marketplace/Machine Learning
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:	Helsinki	Sydney	Auckland
Staff:	100-250	1-50	100-250