2019 Annual Report

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
(ASX:BTI)

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Bailador provides investors with exposure to **expanision-stage technology** companies with **global addressable markets** and a **high growth** trajectory.

Corporate Summary

The Company

Bailador Technology Investments Limited (ACN 601 048 275) is a listed investment company and its shares are listed on the Australian Securities Exchange (ASX:BTI).

Risk

The company invests in expansion stage internet-related businesses. The value of the shares and the income derived may fall or rise depending on a range of factors. Refer to Note 17 of the Financial Report for further information.

Objective

Bailador invests in internet-related businesses in Australia and New Zealand that require growth capital. In particular, Bailador focuses on software, internet, mobile data and online market-places with proven revenue generation and management capability, demonstrated business models and expansion opportunities.

Capital Structure

The Company's capital structure comprises 120,247,831 Ordinary Shares which trade on the Australian Securities Exchange (ASX:BTI).

Financial KPIs	30-Jun-19	30-Jun-18
Share Price	1.05	0.74
Earnings per share (cents)	14.18	3.04
Total Assets ($000)	178,370	147,963
NAV $ per share (pre-tax)	1.313	1.110
NAV $ per share (post-tax)	1.207	1.065

Investment Manager

The Company has outsourced its investment management function to Bailador Investment Management Pty Ltd (A.C.N. 143 060 511)(AFSL 400811). The Manager is a Sydney based privately owned investment manager which commenced trading in 2010.

Management Agreement

The Company has an agreement with Bailador Investment Management Pty Ltd for the provision of management services, the details of which are contained in Note 5 of the Financial Report.

Board of Directors

David Kirk

Chairman and Executive Director

- David (appointed 2014) has been Chief Executive of two ASX-listed companies, including diversified media company, Fairfax Media Limited, where he led a number of successful internet sector investments. David is currently Chairman of ASX-listed company Kathmandu Holdings Limited and is Chairman of Forsyth Barr Limited, a privately owned investment firm and the Sydney Festival. David holds several BTI portfolio directorships as Chairman of Rezdy and SMI and a director each of Instaclustr, DocsCorp and Viostream.
- David is a Rhodes Scholar with degrees in Medicine from Otago University and Philosophy, Politics and Economics from Oxford University. David enjoyed a highly successful rugby career, captaining the All Blacks to win the World Cup in 1987. He was awarded an MBE in 1987.
- David holds 8,387,841 ordinary shares in BTI and an indirect interest in a further 773,887 ordinary shares.
- David is a Director and shareholder of Bailador Investment Management Pty Ltd which holds a contract with Bailador Technology Investments Limited to act as Manager. Further details pertaining to this agreement can be found in Note 5 of the Financial Report.

Paul Wilson

Executive Director

- Paul (appointed 2014) has had extensive private equity investment experience as a previous director of CHAMP Private Equity in Sydney and New York and with MetLife in London. Paul was also previously Executive Director at media focused investment group, Illyria Pty Ltd. Paul is a Director of Bailador investee companies SiteMinder, Straker Translations and Stackla. Paul is also a director of ASX-listed Vita Group Limited and the Rajasthan Royals IPL cricket franchise.
- Paul holds a Bachelor of Business, Banking and Finance from QUT and is a Fellow of FINSIA. He is a member of the Institute of Chartered Accountants and of the Australian Institute of Company Directors.
- Paul holds 3,461,802 ordinary shares in BTI and has an indirect interest in a further 410,423 ordinary shares.
- Paul is a Director and shareholder of Bailador Investment Management Pty Ltd which holds a contract with Bailador Technology Investments Limited to act as Manager. Further details pertaining to this agreement can be found in Note 5 of the Financial Report.

Andrew Bullock

Independent Non-Executive Director

- Andrew (appointed 2014) is a Managing Director at Adamantem Capital, a private equity firm based in Sydney. Prior to joining Adamantem, Andrew was for many years the head of the corporate advisory and private equity practice of Gilbert + Tobin, one of Australia's leading law firms. He was also previously a partner of Minter Ellison and spent three years in the London office of Freshfields Bruckhaus Deringer.
- Andrew has a Bachelor of Arts from Sydney University and a Bachelor of Laws from the University of New South Wales.
- Andrew is the Chair of Bailador's Audit and Risk Committee.
- Andrew holds interest in 410,422 ordinary shares in BTI.

Sankar Narayan

Independent Non-Executive Director

- Sankar (appointed 2014) commenced as CEO and Executive Director at SiteMinder in early 2019. He was previously the Chief Financial Officer and Chief Operating Officer of Xero, and Chief Financial Officer of Virgin Australia Holdings Limited, Fairfax Media and Foxtel.
- Sankar has an MBA from the University of Chicago Booth School of Business and is an FCPA (Australia). He also holds a masters degree in electrical engineering from the State University of New York.
- Sankar holds 200,000 ordinary shares in BTI.

Jolanta Masojada

Independent Non-executive Director

- Jolanta (appointed 5 September 2018) is Principal of MasMedia Advisers, providing strategic investor relations and communications advice to listed companies. She has more than 25 years' experience in financial markets and equity research in the media and technology sectors in Australia and the US. Jolanta was formerly Director Equity Research at Credit Suisse and Deutsche Bank, with previous roles at Macquarie Bank and Pierson Sal. Oppenheim in New York.
- Jolanta is a graduate of the University of Natal and Cambridge University. She is a fellow of the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors.
- Jolanta is the Chair of Bailador's Nomination and Remuneration Committee.
- Jolanta holds interest in 60,000 ordinary shares in BTI.

Letter from the Founders

2019 was a good year for BTI. The increase in NTA per share, net of all fees, was 18.2%.

The gain in the value of the investments in the BTI portfolio was led by SiteMinder but was broad based. Seven of the 10 companies in the portfolio were revalued upwards during the year. There were no downward revaluations.

We said in our Letter to Shareholders last year that we believed we were at the end of the Establishment Phase of a successful publicly listed expansion-stage information technology fund. Last year we said growth in funds under management from $62m to $134m, growth in the portfolio from 3 investments to 10 and growth in the investment team from 2 to 6 constituted important milestones in the establishment of the Bailador Technology Investments fund.

We said further that we expected 2019 and the years to come to be characterised by "consistent investment value growth, increasing numbers of partial and full sales of investee companies, and management of some public company positions resulting from partial sales when we list companies." These expectations have all come to pass in 2019.

Realisations

Since listing in November 2014, there have been 4 realisations from the BTI portfolio, as set out in Figure 1.

Figure 1

SiteMinder

$ Realised	IRR
$5.0m in Dec-15	78.9%

lendi
Your home for home loans

$ Realised	IRR
$0.4m in Dec-18	35.4%

straker TRANSLATIONS

$ Realised	IRR
$1.2m in Oct-18	21.5%

straker TRANSLATIONS

$ Realised	IRR
$1.95m in Jul-19	25.0%

Three of the 4 realisations have been in the last 9 months and we expect to continue to realise further investments in the months ahead. All 4 realisations so far have been partial, and these types of realisation will continue, but we also expect increasingly to realise our full investment in some portfolio companies.

Straker Translations IPO

Straker Translations (ASX:STG) was successfully listed on the ASX in October 2018 and became BTI's first IPO. Straker has performed very well since listing, reporting 44% revenue growth in the year to 31 March 2019, comfortably beating the prospectus forecast of 38% revenue growth. The share price has traded up from $1.51 to $1.93 at the time of writing.

We expect to hold companies we publicly list for extended periods of time if we have confidence the business will continue growing strongly after listing. We expect that in some cases, there may be a valuation uplift as the company establishes a track record as a public company, and any private company valuation discount is reduced or eliminated.

SiteMinder

The largest investment in the BTI portfolio is SiteMinder which now makes up 46% of the value of the BTI portfolio. SiteMinder continues to grow strongly and strengthen its world leading position in the online distribution of hotel room inventory. SiteMinder has at least 3 times as many hotel connections, 3 times the number of connections to online travel agents and 3 times the number of connections to hotel property management systems as any competitor.

Founder Mike Ford stepped up to the role of Executive Chairman during the year and the former COO and CFO of Xero, Sankar Narayan, was appointed CEO. Sankar has made good progress since joining. SiteMinder is a software-as-a-service business with a subscription-based revenue model. Businesses such as SiteMinder with proven premium unit economics are widely valued on a multiple of recurring revenue. During the year SiteMinder passed $100 million in Annual Recurring Revenue. If we were to apply the valuation multiples at which comparable companies listed on the ASX currently trade, SiteMinder would be valued at more than A$1 billion. We hold our position in SiteMinder at a significantly lower valuation than this, but the upside potential is clear.

Portfolio performance

With the exception of Straker Translations, all the companies we are invested in are private companies. We are a party to Shareholders Agreements in each company and in all cases these agreements preclude us from disclosing detailed financial information about the performance of the companies. There are good reasons for this, and we accept these limitations willingly. They do however prevent us from sharing information we think would be helpful to shareholders in understanding the performance and prospects of individual companies in the BTI portfolio.

What we are able to do is share the consolidated performance of the whole Bailador portfolio. Figure 2 opposite sets this out. As readers can see, as at 30 June 2019 the portfolio of 10 companies had revenue of $232 million. Revenue weighted by the carrying value of the companies grew at 30% in the year. 83% of the revenue is recurring, which is a consequence of our focus on software-as-a-service and marketplace business models, and more than 65% of revenue is generated in markets outside Australia.

This last statistic is important for a number of reasons. The internet and cloud computing allow every business and consumer on the planet access to global best-in-class technology simply by logging on. Accordingly, all software providers, including our portfolio companies, have to be as good or better than competitors in Europe, the United States and everywhere else in the world. At the end of the 2019 financial year the revenue derived from international markets grew to more than 65%. Our portfolio companies are winning in international markets. They are world class companies. A second important consequence of rapid international growth is the proving-out of large addressable markets. Premium valuations in the global information technology business accrue to companies with large addressable markets, market leading competitive positions, high gross margins, profitable growth economics and of course great founders and management. The BTI portfolio's growth in revenue from international markets rising to more than 65% is a strong indicator of attractive valuation potential.

Figure 2

$232m portfolio company revenue[1]	30% portfolio company revenue growth[2]	83% recurring revenue[2]
>65% international revenue[2]	>70% gross margin[2]	98% organic revenue

[1]*Revenue for the year ended 30 June 2019 for the underlying companies in the BTI portfolio*

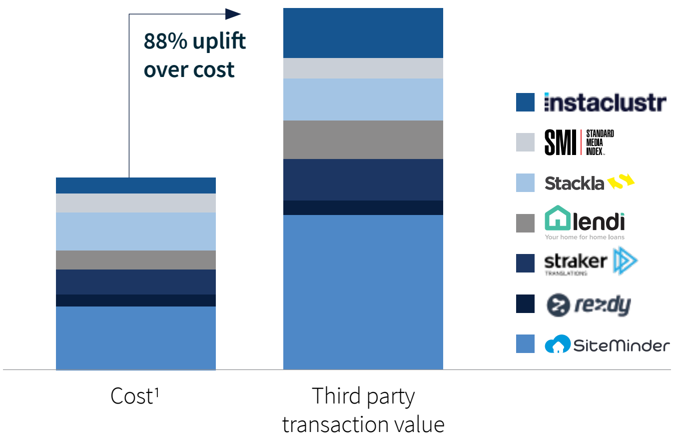
[2]*Based on revenue for the year ended 30 June and weighted based on carrying value in the portfolio*

Valuation

We have always maintained that we value our investee companies conservatively and in previous Letters we have explained why we have every incentive to do so. Figure 3 below sets out the third-party investments into the BTI portfolio companies.

There have been 18 third party investments into the various BTI portfolio companies since we listed and every single one has been at or above the holding value at the time. The average valuation gain of the eighteen third-party investments has been 88%.

Figure 3: Our NTA growth is validated by third party transactions



[1] *Cost is the total original cash cost of investment*

Team Changes

In 2019, 2 members of our investment team moved on. Andrea Kowalski, who joined us soon after listing and who had a hand in a number of investments for us, moved to New York 18 months ago and has decided to set up her own investment fund. Georgina Turner had a hankering to move back into an operating role at a fast-growing technology company and then into investing at an earlier stage. We wish both Andrea and Georgina well in their next endeavours.

During the year, Bevin Shields joined us from listed tech company Catapult. Bevin has a successful background in investment banking, corporate development, fund raising and investor relations and is a perfect fit for our stage and priorities. Bevin has already added great value. We are delighted to have him.

Shareholder register

One of our aims in founding the first publicly listed expansion-stage information technology fund was to give retail investors an opportunity to invest in what has always been the domain of big cheque writing institutional investors and wealthy individuals. We were very pleased to see that the number of smaller investors in BTI has grown strongly in 2019. The total number of investors in the fund has grown by about 15% in the year to over 1,500. Growth in the number of shareholders is good for liquidity, which helps all shareholders.

Annual Meeting

We look forward to seeing those that are able to make it at our AGM at 11am on Tuesday 22 October 2019 at Level 40, 2 Park Street, Sydney.

David Kirk
Chairman and Executive Director

Paul Wilson
Executive Director

Operating and Financial Review

Principal Activities

Bailador Technology Investments Limited (BTI) invests in information technology businesses in Australia and New Zealand that are seeking growth capital. The target businesses typically have an enterprise valuation between $10 million and $200 million. In particular, the Company focuses on software, internet, mobile, data and online market-place businesses with proven revenue generation and management capability, demonstrated successful business models and expansion opportunities.

There have been no significant changes in the nature of the Company's principal activities during the financial year.

Our Business Model and Objectives

Providing satisfactory returns to shareholders is our primary objective. Our success in achieving this objective is determined by total shareholder return (TSR) over time. The TSR we deliver will, over time, be directly related to the return on invested capital we achieve.

Our business model is to identify, buy and hold investments in a number of private internet-related businesses with strong growth prospects. Returns to shareholders will be delivered by growth in the value of investments held and through potential distributions to shareholders following the sale of investments. Following sales, we will continue to make new investments to maintain a portfolio of investments.

Investments made by BTI are typically structured to provide a level of contractual protection superior to that available to investors in ordinary shares, thereby reducing risk. Thorough due diligence is carried out before investments are made and BTI representation on most portfolio company boards ensures BTI's close involvement with operational decisions.

BTI continues to assess a strong pipeline of potential investments, and will continue to make investments as attractive opportunities arise.

The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position.

Operating Results

The profit of the Company for the financial year ended 30 June 2019 was $17,053,000 (2018 $3,654,000), after providing for income tax.

Combined revenue growth of the underlying portfolio companies (portfolio weighted) for the financial year ended 30 June 2019 was 30%. Further information on individual investee company growth can be found in the portfolio operating reports.

The underlying investment performance of the Bailador portfolio, measured as the change in the Net Tangible Assets (NTA) per share between 1 July 2018 and 30 June 2019 (pre-tax, after all fees), was an increase of 18.2% pa over the year. Seven of the companies in the portfolio have had positive revaluations in the year, with three investments held constant. No new shares were issued in the period.

Review of Operations

FY19 was a year of consolidation and focus on portfolio company growth for Bailador with a number of investments moving closer to maturity. There were no new investments throughout the year and only one small follow-on investment of $450,000 into Viostream to fund the completion of a new product. There were two partial realisations of Straker Translations and Lendi (see below for details) with Straker Translations notably completing its listing on the ASX.

There were gains across the portfolio with seven of the ten investments increasing in value throughout the year. Three investments were held constant and there were no impairments during the year.

Realisations

Straker Translations

Straker Translations listed on the ASX in October 2018. As part of the IPO, BTI sold 10% of its holding at a price 11.4% above the previous carrying value and at 1.9x original cost. Cash proceeds on realisation were $1.2m.

At 30 June 2019, BTI held marketable securities in Straker as follows:

	No. of Shares	$ at $1.705 30 June 2019
Current marketable securities: Ordinary shares	1,645,378	$2,805,369
Financial assets: Ordinary shares held in escrow until after the release of Straker's FY20 half year results in October 2019.	5,758,823	$9,818,793
Total	7,404,201	$12,624,163

Since 30 June 2019, BTI has sold a further 1,000,000 shares in Straker Translations at a price of $1.95, which is 29.1% above the IPO price.

Review of Operations (continued)

Lendi

BTI sold a small portion ($0.4m) of its investment in Lendi in December 2018 at a price 18% above its previous carrying value and 2.2x BTI's original investment cost. The sale was part of a broader transaction which saw ANZ bank invest $40m in Lendi.

"Our portfolio companies are winning in international markets. They are world class companies."

Revaluations

The following investments were re-valued upwards during the year to a new market value set by third party investment:

- Straker Translations: Increased in value 26% during FY19. BTI increased its valuation of Straker Translations by 11% to IPO price upon issue of Straker's prospectus in September 2018. The Straker Translations investment was marked to market after listing on the ASX and closed FY19 a further 13% higher than its IPO price.
- Instaclustr: Was revalued upwards by 58% in August 2018 following a USD$15m investment in Instaclustr led by US private equity firm Level Equity.
- Lendi: Was revalued upwards by 18% in November 2018 following a $40m investment in Lendi by ANZ Bank.

The following investments were revalued under BTI's revaluation policy, including independent review, by reference to comparable trading and transaction multiples, following strong performance and twelve months since a third party transaction.

- SiteMinder: increased by 30% ($17.0m) in June 2019
- DocsCorp: increased by 19% ($1.8m) in June 2019
- SMI: increased by 30% ($2.2m) in March 2019
- Rezdy: increased by 29% ($1.3m) in February 2019

Valuation of Investments

The Board has reviewed the value of the investment portfolio and the Net Tangible Assets of BTI as at 30 June 2019. In conducting their valuation review, the Board has had regard to the BTI investment portfolio Valuation Review Report prepared by BDO Corporate Finance (Qld) Ltd.

Information regarding the valuation of the investment portfolio is set out in Note 18 of the financial statements and in the section below "Operating Reports on Portfolio Companies".

Investments are currently held at a mark to market, the valuation implied by the latest third-party investment or at a price determined by globally benchmarked revenue multiples and trading performance.

Review of Operations (continued)

Operating Reports on Portfolio Companies

SiteMinder

SiteMinder is the world leader in hotel channel management and distribution solutions for online accommodation bookings, seamlessly connecting to hundreds of distribution partners, including leading Online Travel Agents (OTAs) such as Booking.com, Expedia, TripAdvisor, Google, and CTrip. Established in 2006, SiteMinder has developed a suite of products used by accommodation providers in over 160 countries to help increase online revenue, streamline business processes and drive down the cost of acquisition of bookings. SiteMinder facilitates transactions in the fast-growing market of online accommodation booking.

SiteMinder is a software-as-a-service (SaaS) business, licencing all products on its software platform on a monthly basis to over 35,000 customers worldwide, making it the largest hotel channel management and distribution solution in the world. It operates a subscription business model with greater than 90% of revenue being recurring in nature.

The company's flagship product is The Channel Manager, an online distribution platform. The SiteMinder Platform also includes The Booking Button (a booking engine enabling direct hotel bookings via the web), Canvas (an intelligent website creator for hoteliers), Insights (a real-time rate intelligence tool) and GDS by SiteMinder (a single point of entry to a network of travel agents and the world's leading global distribution systems). SiteMinder's Little Hotelier product also offers a Property Management System (PMS) for boutique hotels.

SiteMinder's market leading position has allowed it to more recently launch SMX Marketplace (a marketplace enabling data exchange between PMS's and other hotel applications). SiteMinder Pay (a payments solution that enables monetisation of transaction value processed by the Little Hotelier product) is a product launched last year which allows SiteMinder to further monetise some of the $38 billion in hotel reservations it processed last year.

During the year, co-founder Mike Ford moved to the position of Executive Chairman, which allowed the recruitment of Sankar Narayan as Chief Executive Officer. Sankar brings tremendous relevant experience, most recently as COO/CFO of ASX listed Xero. The team was also bolstered by the recruitment of Jonathan Kenny as CFO, Inga Latham as Chief Product Officer, Jonathan Bedford as Chief Sales Officer, and Mark Renshaw as Chief Marketing Officer.

In the year to 30 June 2019, SiteMinder continued to deliver strong top line revenue growth passing $100m in Annual Recurring Revenue at very attractive gross margins. The company employs approximately 650 people across its six offices in Sydney (global headquarters), Dallas, Galway, London, Bangkok and Cape Town.

Valuation 30 June 2019:	**$72.9m**
Valuation at 30 June 2018:	$55.9m
Investment since 30 June 2018:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Review of Operations (continued)

Instaclustr

Instaclustr is a global platform that manages the most powerful open source technologies empowering customers to deliver big data applications at scale. The company addresses a multi-billion dollar fast growing industry underpinned by the growing adoption of open source technologies and strong growth in Big Data Analytics investment.

Instaclustr enables companies to focus their in-house development resources on building proprietary software applications, whilst it manages complex database, analytics, search and messaging applications that are critical to success. Instaclustr also enables companies to de-risk their investment in open-source based technology, knowing that the back-end of their application infrastructure meets stringent SLAs and is secure, scalable and reliable.

> "Instaclustr addresses a multi-billion dollar fast growing industry."

Established in 2013, Instaclustr is trusted by global industry leaders and counts Atlassian, Sonos and Blackberry, amongst its customers. The revenue model is highly recurring, with customers on either annual contracts (very similar to a Software-as-a-Service business model) or paying monthly amounts that vary slightly with usage. Revenue is sticky with 80%+ of total revenue classified as recurring. Instaclustr has demonstrated excellent operational performance over the twelve months ending 30 June 2019, with revenue growth in excess of 200% over the past two years and significant improvement in core margins as the business scales.

In FY19, Instaclustr evolved from being a 'Database-as-a-Service' provider to an 'Open-Source-as-a-Service' provider that offers support for multiple Open Source big data technologies. Instaclustr recently launched its expanded Open-Source-as-a-Service platform covering additional technologies such as Apache Kafka, and we anticipate this evolution will generate significant growth for the company.

The dedicated Apache Kafka offering, the second major technology after Apache Cassandra, launched in September 2018 and has already gained meaningful traction with customers. Some of the recent deals that were won with large customers were driven by Instaclustr's ability to manage multiple technologies.

The company employs 80+ full-time staff across its three major offices: its headquarters in Palo Alto, California, its founding office in Canberra, Australia and its new office in Boston, Massachusetts.

BTI increased the valuation of its investment in Instaclustr by 58% in August 2018 following a $15m USD funding round led by NYC-based growth equity fund, Level Equity. Instaclustr has utilised the funding to invest in sales and marketing, build out support for additional technologies and make key hires. The company has recently hired a VP of North American Sales from VMWare to help build out the sales team and go after the large market opportunity.

Valuation 30 June 2019:	$14.6m
Valuation 30 June 2018:	$9.3m
Investment since 30 June 2018:	$0m
Basis for valuation:	Third-party transaction
Securities held:	Convertible preference shares

Review of Operations (continued)

Straker Translations

Straker Translations (Straker) is a world-leading AI data-driven language translation platform powering the global growth of businesses. Straker has developed a hybrid translation platform that utilises a combination of AI and machine-learning through its proprietary '*RAY Translation Platform*', together with a crowd-sourced pool of over 13,000 crowd-sourced freelance translators. This AI-driven technology platform allows Straker to achieve high volume translations at 95% accuracy and deliver industry leading gross margins.

In October 2018 Straker completed a $20m raising and IPO on the ASX at $1.51 per share. The funds from IPO were to further Straker's acquisition plans and since listing, Straker has executed on these plans purchasing two Spain-based companies, '*Com Translations Online S.L.*' and '*On-Global*'. Straker has a strong integration process following business acquisition and has proven out the compelling economics of this strategy.

In April 2019, Straker released its first full year financial results for FY2019, beating its prospectus forecasts and delivering 44% revenue growth in the financial year (vs forecast 38% growth). This outperformance was driven by significant organic growth from enterprise customers with repeat revenue reaching 83% for the financial year. Straker's *RAY Translation Platform* is highly scalable, accounting for over 71% of all FY19 translations and collecting over 100 billion new AI data points as part of its continued development.

The prospects for Straker are increasingly strong as they continue to scale-up their translation platform in the growing US$43.0bn language services market. Straker entered the FY20 financial year with its largest ever pipeline of corporate sales and a growing M&A pipeline with a number of advanced conversations already underway.

As a publicly listed company, BTI's investment in Straker is determined by the change in closing share price for the period. As at 30 June 2019 the value of BTI's investment in Straker has increased by 26% over the prior year to $12.6m.

Valuation 30 June 2019:	$12.6m
Valuation 30 June 2018:	$11.2m
Realisation since 30 June 2018:	$1.2m
Basis for valuation:	Mark to market
Securities held:	ASX:STG 1,645,378 ordinary shares 5,758,823 ordinary shares held in escrow until after the release of Straker's FY20 half year results in October 2019

Stackla

Stackla is a content discovery platform that is focused on User Generated Content (UGC) and Digital Asset Management (DAM) enabling brands to feature UGC throughout their marketing stack and content strategy. UGC is aggregated from over 30 data sources such as Facebook, Twitter, Instagram, YouTube, Wordpress and Twitch. Stackla leverages predictive intelligence and automation to identify authentic and compelling content for each of a brand's consumer segments, delivering personalised experiences at scale.

The use of UGC in a brand's marketing strategy has two core benefits: (1) it provides a source of trusted third-party validation, increasing customer conversion to sale through greater authenticity, and (2) it reduces the cost to the company of content creation.

Stackla offers customisable displays, plugins for a brand's marketing tech stack, and a suite of APIs for developing deep integrations and custom activations. The platform also offers brands the tools required to obtain 'rights for use' from the content creator.

Established in 2012, Stackla is trusted by more than 350 brands across travel & hospitality, consumer goods, retail, sport and not-for-profit sectors. Stackla is designed to meet the needs of enterprise-level organisations including Ford, Sony, Disney and McDonalds. Stackla employs ~65 FTEs across its offices in Sydney, San Francisco (headquarters), New York, Austin and London.

The business model is software-as-a-service (SaaS), licensing its platform to customers on an annual basis. Over 90% of Stackla's revenue is recurring in nature and 60% of the company's revenue is generated outside of APAC.

Following the launch of Co-Pilot and the Digital Asset Manager (DAM), Stackla is now positioned as an AI-powered visual content engine that combines the power of UGC with DAM for the enterprise marketer.

The launch of the Stackla DAM product has also allowed the company to move further up the marketing stack, which will make the company an integral part of the marketing tech stack and further differentiate Stackla from its competitors.

In FY19 Stackla launched a number of new product features that marketing professionals use as part of their daily workflow. This has helped to improve the experience for customers and will increase the stickiness of the Stackla product over time.

Valuation 30 June 2019:	$12.6m
Valuation 30 June 2018:	$12.6m
Investment since 30 June 2018:	$0m
Basis for valuation:	Third-party transaction
Securities held:	Convertible preference shares

Review of Operations (continued)

DocsCorp

DocsCorp provides on-premise and cloud-based document productivity software for law firms, accounting firms and document management professionals. The company operates within the Enterprise Content Management (ECM) market. BTI invested in DocsCorp in July 2016.

Having invested in both new product development and a series of new senior sales hires in FY2018 the business spent FY2019 executing its growth plans. This focus delivered pleasing results for the company with booked revenue growing 21% and the business increasing its recurring revenue mix to 70% of total revenue.

The company continued to invest in new hires and added two senior hires to its North American sales team including a new head of North American sales. The business recently appointed its first Global Partner Manager to drive further revenue growth from its reseller channel in North America and Europe.

FY2019 saw the successful launch of DocsCorp's *Content Crawler Cloud* partnership with Netdocuments which in a short period of time is making a meaningful contribution to the business' revenue. This marks an exciting development for DocsCorp as enterprise content management platforms leverage its technology via cloud integrations.

The company's Worldox partnership will launch soon with the company also pursuing other interesting integration opportunities.

DocsCorp has more than 3,750 customers in 32 countries deploying over 575,000 licences. The company has market leading customer churn and net revenue churn metrics highlighting the sticky nature of its customer base and the successful execution of its land and expand sales strategy. The company is cash generative and is well positioned to capitalise on its evolving competitive landscape.

BTI revalued its investment in DocsCorp up by 19% to $10.9m in June 2019 based on the business' revenue growth and improved recurring revenue mix.

Valuation 30 June 2019:	$10.9m
Valuation 30 June 2018:	$9.2m
Investment since 30 June 2018:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Lendi

Lendi is a disruptive Fintech business that is addressing the $1.7 trillion and highly profitable mortgage market in Australia. The company has developed an end-to-end online mortgage platform that fundamentally improves and simplifies the process of obtaining a home loan.

Lendi's online platform searches through 1,600 different home loans from 35 lenders to match prospective borrowers with the right home loan. Lendi's platform utilises technology to radically simplify the home loan search and application process.

The completion of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Banking Royal Commission) in 2019 had important ramifications for Lendi and the mortgage industry and resulted in a general contraction in home loan lending. Despite the contraction in home loan lending, the business performed well which is a testament to both Lendi's market leading consumer proposition and its investment in technology. The company is well positioned to capitalise on the post Banking Royal Commission home loan environment.

During FY2019 the company continued to scale-up its operations and the business now has over 400 team members operating from offices in Sydney, Melbourne and Brisbane. A substantial component of the team's growth has been front line sales staff.

The company's joint venture with Domain, *Domain Loan Finder*, continues to perform well with both Domain and Lendi continuing to launch new product integrations across the Domain platform. There is strong potential for Lendi's Domain home loan JV to grow considerably.

BTI is pleased with the progress that the Lendi team continue to make and the team's continued ability to deliver market leading revenue growth rates in FY2019.

BTI increased the valuation of its investment in Lendi by 18% to $10.7m in November 2018 based on a third-party investment round. At this time the company also conducted a share buyback through which BTI realised $440,000 in cash proceeds. This represented a 2.2x return on BTI's original investment.

Valuation 30 June 2019:	$10.7m ($11.2m pre-realisation)
Valuation 30 June 2018:	$9.5m
Realisation since 30 June 2018:	$0.4m
Basis for valuation:	Recent third-party investment
Securities held:	Ordinary shares

Review of Operations (continued)

Standard Media Index

SMI is a market leading data and analytics platform specialising in the management and distribution of media and advertising data. SMI is the only company in the world that aggregates actual ad spend data which is used by leading media companies, brands and financial institutions to understand advertising performance and make fundamental strategic decisions. SMI sources its advertising spend data through exclusive arrangements with buying agencies who are represented in more than 32 countries.

FY19 was another period of strong growth for SMI, with continued growth in sales of its full market TV product *AccuTV*, launched in FY18. *AccuTV* provides a comprehensive analytical view of the US TV market for clients such as ABC/Disney, MGM, Fox, Turner and Discovery Channel. The success of *AccuTV* has established SMI as the gold standard for understanding and analysing television media spend in the US. SMI plans to enter new markets with *AccuTV* in the coming year.

SMI's growth prospects remain promising, underpinned by three continuing initiatives: (1) continuing to grow the revenue of *AccuTV* in the US market and in new markets including Canada and the UK, (2) launching a beta-version of a digital video advertising spend product in the US and (3) continuing to grow sales to the financial services market, which has been a stand-out success in 2019.

Revenue growth has been strong for SMI in 2018 and 2019 and resulted in BTI increasing its carrying value by 30% in March 2019. With the majority of the company's financial year budget already achieved (SMI has a December financial year end) and a strong pipeline of clients and planned product developments, SMI is well positioned to continue its growth in the coming year.

Valuation 30 June 2019:	$9.6m
Valuation at 30 June 2018:	$7.4m
Investment since 30 June 2018:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible notes and ordinary shares

Viostream

Viostream is a cloud-based video platform for the creation, management and distribution of live and on-demand video. Viostream's platform is used by corporate and government enterprises to manage digital video for business communications such as marketing, internal employee engagement and corporate relations.

Viostream's revenue was flat in FY2019 as a result of new business being secured later than forecast. Customer renewals for FY2019 remained solid.

During FY2019 Viostream's Managing Director and management team were focussed on cost management, growth through product development and a focussed government sales push. Progress was made in all three areas setting up Viostream well for FY2020.

Management was able to continue to reduce the operating cost base of the business. Costs were reduced by approximately 10% in FY2019. This continued cost reduction puts the business in the position to be operating cash flow positive in FY20.

The business is now able to launch to market a beta version of its new live streaming product when the time is right. The product is currently being tested by select Viostream customers.

Viostream was successful in securing a number of key government and commercial customers in the latter part of FY2019 through a deliberate strategy of focussing on the company's experience in the government sector.

During the course of FY2019 BTI invested $450,000 into Viostream to fund the finalisation of the company's new product development and transition costs to operating cash flow profitability.

In June 2019 BTI, along with all other convertible note and preference shareholders converted their securities to ordinary shares. This was completed to simplify Viostream's balance sheet and capital structure. This process has positive implications for BTI and simplifies the structure of Viostream for prospective due diligence.

Valuation 30 June 2019:	$7.8m
Valuation at 30 June 2018:	$7.4m
Investment since 30 June 2018:	$0.45m
Basis for valuation:	Revenue multiples
Securities held:	Ordinary shares

Review of Operations (continued)

Rezdy

Rezdy is one of the few global independent technology providers of connectivity and tools to a broad cross-section of the estimated US$150bn tours and activities industry. Rezdy's B2B marketplace strategy combines leading booking software, channel management and in-destination agent tools to enable online and mobile sales of tours and activities and facilitate greater reach for tours and activities providers by connecting them to leading global distribution partners such as Booking.com, Viator, GetYourGuide, C-Trip and Expedia.

Rezdy currently connects over 3,200 tour and activity operators to online distribution channels and connects to over 3,800 independent agents in 92 countries. Rezdy's booking software platform enables tours and activities providers to sell directly to consumers online, simplifying back-end operations for customers with inventory, scheduling and reservation engines.

Rezdy experienced strong growth in FY19, processing more than $1.4bn in bookings through its platform. Over half of Rezdy's revenue was generated outside of Australia with the US being Rezdy's second largest market. During the year, Rezdy aligned its revenue model more closely with its global marketplace strategy, resulting in significant growth in ARPU (Average Revenue Per Customer) by adding transaction and commission fees to its established software-as-a-service (SaaS) subscription revenue model, in which subscription fees are paid on a monthly or annual basis.

As a result of the continued strong growth in FY19, our investment in Rezdy was revalued upwards by 29% in February 2019. We believe Rezdy is very well positioned for continued growth and will become an increasingly leading technology provider to the global experience industry.

Valuation 30 June 2019:	$5.9m
Valuation 30 June 2018:	$4.5m
Investment since 30 June 2018:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Brosa

Brosa is a technology-led, vertically integrated furniture brand and online retailer. Digitally-native brands like Brosa have an advantage over typical retailers, with access to data across the consumer purchasing lifecycle that can inform and optimise future investment in inventory and pricing.

The management of Brosa believes there is an opportunity for digitally native retailers to utilise technology to optimise all parts of the furniture purchase and delivery supply chain, from design to delivery. Brosa is a next generation retailer with a digitally-native mindset and full vertical integration across the supply chain, enabling superior control of the customer experience.

Established in 2014, Brosa is based in Melbourne. The business operates an online/offline retail model, which includes predominantly online sales supported by two appointment-only physical showrooms in Melbourne and Sydney.

In the time since BTI's investment in October 2017, Brosa has built its management team in product range development, merchandising strategy and marketing. Brosa has not grown its revenue materially in the past year and has focussed on achieving growing profitability.

BTI has kept the valuation of Brosa flat over FY19 in line with the price of a small funding round Brosa completed in October 2018. This valuation also recognises BTI's position in the capital structure of the company.

Valuation 30 June 2019:	$3.0m
Investment October 2018:	$3.0m
Basis for valuation:	Third-party transaction
Securities held:	Convertible preference shares

Significant Changes in State of Affairs

There was no significant change in the Company's state of affairs during the year.

Events after the Reporting Period

In July 2019, BTI sold 1,000,000 shares in Straker Translations at $1.95 per share with the proceeds received in cash.

Other than the above, no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Future Developments, Prospects and Business Strategies

The BTI portfolio is well positioned for continued growth. In addition, the pipeline of potential new investment opportunities remains strong.

Likely developments, future prospects and the business strategies and operations of the portfolio companies and the economic entity and the expected results of those operations have not been detailed in this report as the directors believe the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Business Risks

The following exposures to business risk may affect the Company's ability to deliver expected returns:

Market Risk

Investment returns are influenced by market factors such as changes in economic conditions, the legislative and political environment, investor sentiment, natural disasters, war and acts of terrorism.

The investment portfolio is constructed so as to minimise market risks, but those risks cannot be entirely eliminated and the investment portfolio may underperform against the broader market.

Liquidity Risk

There is a risk that the investment portfolio's underlying investments or securities may not be easily converted to cash. Even when the Company does have a significant cash holding, that cash will not necessarily be available to Shareholders.

General Investee Company Risks

There are risks relating to the growth stage internet-related Businesses in which the Company invests including:

- The business model of a particular investee company may be rendered obsolete over time by competition or new technology;
- Some investee companies may not perform to the level expected by the Manager and could fail to implement proposed business expansion and/or product development, reduce in size or be wound up;
- Some investee companies may fail to acquire new funding, whether by way of debt funding or third-party equity funding;
- There is no guarantee of appropriate or timely exit opportunities for the Company, and accordingly the timeframe for the realisation of returns on investments may be longer than expected.

The Company uses a combination of strategies to minimise business risks, including structural and contractual protections, a clear investment strategy and representation on portfolio company boards.

Environmental Regulation

The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Corporate Governance Statement

Bailador Technology Investments Limited's Corporate Governance Arrangements

The objective of the Board of Bailador Technology Investments Limited is to create and deliver long-term shareholder value through a range of diversified investments.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between Board members, management and investee companies.

Bailador Technology Investments Limited and its subsidiaries operate as a single economic entity with a unified Board. As such, the Board's corporate governance arrangements apply to all entities within the Company.

Bailador Technology Investments Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2019 and have been approved by the Board.

Board Composition

The Board comprises five directors, three of whom are non-executive and meet the Board's criteria, and ASX Guidelines, as to be considered independent. The names of the non-executive/independent directors are:

Andrew Bullock
Jolanta Masojada (appointed 5 September 2018)
Sankar Narayan
Heith Mackay-Cruise (retired 18 September 2018)

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. For a director to be considered independent, they must meet all of the following materiality thresholds:

- Not hold, either directly or indirectly through a related person or entity, more than 5% of the company's outstanding shares;
- Not benefit, either directly or through a related person or entity, from any sales to or purchases from the company or any of its related entities; and
- Derive no income, either directly or indirectly through a related person or entity, from a contract with the company or any of its related entities.

A list of the Board's directors for the year ended 30 June 2019, along with their biographical details, is provided in the Directors' Report.

The Board considers the current board composition reflects an appropriate balance between executive and non-executive directors that promotes both the generation of shareholder value and effective governance.

The Board also considers that the current board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The diverse range of investments the company is involved in necessitates the Board having a correspondingly diverse range of skills, experience and expertise. As BTI invests in internet-related businesses, directors are required to have a strong working knowledge of this sector. In addition, directors need to have a strong understanding of a range of other business requirements, including finance and contract law. To this end, the Board considers its current composition to be appropriate and has in place an active program for assessing whether individual directors and the Board as a whole have the skills and knowledge necessary to discharge their responsibilities in accordance with the Board's governance arrangements. Details of the skills, expertise and experience of each director are provided in the Directors' Report.

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management and portfolio companies. These values are enshrined in the Board's Code of Conduct policy which is available at www.bailador.com.au.

The Code of Conduct policy requires all directors to at all times:

- Act in good faith in the best interests of the Company and for a proper purpose;
- Comply with the law and uphold values of good corporate citizenship;
- Avoid any potential conflict of interest or duty;
- Exercise a reasonable degree of care and diligence;
- Not make improper use of information or position; and
- Comply with the company's Code of Conduct and Securities Trading Policy.

Directors are required to be independent in judgment and ensure all reasonable steps are taken to ensure the Board's core governance values are not compromised in any decisions the Board makes.

Share Ownership and Share Trading Policy

Details of directors' individual shareholdings in Bailador Technology Investments Limited are provided in the remuneration report.

The Bailador Technology Investments Limited Securities Trading Policy is set by the Board. The policy restricts directors from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the company's share price. A detailed description of the Board's policy regarding directors trading in Bailador Technology Investments Limited shares is available from the Board's Code of Conduct and Securities Trading Policy, both of which are available at www.bailador.com.au.

Directors are prohibited from trading for short term speculative gain.

Board Committees

To facilitate achieving its objectives, the Board has established two sub-committees comprising Board members – the Audit and Risk Committee and the Nomination and Remuneration Committee. Each of these committees has formal terms of reference that outline the committee's roles and responsibilities, and the authorities delegated to it by the Board. Copies of these terms of reference are available at www.bailador.com.au.

Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board by advising on the establishment and maintenance of a framework of internal controls and to assist the Board with policy on the quality and reliability of financial information prepared for use by the Board. Specifically, the Audit and Risk Committee oversees:

- The appointment, independence, performance and remuneration of the external auditor;
- The integrity of the audit process;
- The effectiveness of the internal controls; and
- Compliance with applicable regulatory requirements.

Information on the Board's procedures for the selection and appointment of the external auditor, and for the rotation of the external audit engagement partners, is available from the company's website www.bailador.com.au.

The Audit and Risk Committee comprises five directors (including the Chair of the Board), three of whom are non-executive/independent directors. Consistent with ASX's Corporate Governance Principles and Recommendations, the Chair of the Audit and Risk Committee is independent and does not hold the position of Chair of the Board.

The names and qualifications of the Audit and Risk Committee members and their attendance at meetings of the Committee are included in the Directors' Report.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist the Board by making recommendations to it about the appointment of new directors of the company and advising on remuneration and issues relevant to remuneration policies and practices including for non-executive directors. Specifically, the Nomination and Remuneration Committee oversees:

- Developing suitable criteria for Board candidates;
- Identifying, vetting and recommending suitable candidates for the Board;
- Overseeing Board and director performance reviews;
- Developing remuneration policies for directors; and
- Reviewing remuneration packages annually.

The Nomination and Remuneration Committee comprises five directors (including the Chair of the Board), three of whom are non-executive/independent directors. Consistent with ASX's Corporate Governance Principles and Recommendations, the Chair of the Nomination and Risk Committee is independent and does not hold the position of Chair of the Board.

The names and qualifications of the Nomination and Remuneration Committee members and their attendance at meetings of the committee are included in the Directors' Report.

There are no schemes for retirement benefits for directors.

Performance Evaluation

The Board assesses its performance, the performance of individual directors and the performance of its committees annually through internal peer review. The Board also formally reviews its governance arrangements on a similar basis annually. The Board, along with the Nomination and Remuneration Committee have met throughout the year and have found the current board performance and composition to be appropriate.

Further remuneration policy for non-executive/independent directors is provided at www.bailador.com.au.

Board Roles and Responsibilities

The Board is accountable to the shareholders for creating and delivering shareholder value through governance of the Company's business activities. The discharge of these responsibilities is facilitated by the Board delivering to shareholders timely and balanced disclosures about the Company's performance.

As a part of its corporate governance arrangements, the Board has established a strategy for engaging and communicating with shareholders that includes:

- Monthly updates to the ASX and the Company website with the Company's net asset backing;
- Presentations to investors and media briefings, which are also placed on the Company website; and
- Actively encouraging shareholders to attend and participate in the Company's Annual General Meeting.

A detailed description of the Board's communication policy is provided at www.bailador.com.au.

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board has delegated to the Manager, Bailador Investment Management, all authorities appropriate and necessary to achieve the Board's objective to create and deliver long-term shareholder value. A complete description of the functions reserved for the Board and those it has delegated to the Manager along with guidance on the relationship between the Board and the Manager is available from the Board Charter available at www.bailador.com.au. Notwithstanding, the Manager remains accountable to the Board and the Board regularly monitors the decisions and actions of the Manager.

The Board Charter requires all directors to act with integrity and objectivity in taking an effective leadership role in relation to the Company.

The Chair is responsible for ensuring individual directors, the Board as a whole and the Manager comply with both the letter and spirit of the Board's governance arrangements. The Chair discharges their responsibilities in a number of ways, primarily through:

- Setting agendas in collaboration with other directors and the Manager;
- Encouraging critical evaluation and debate among directors;
- Managing board meetings to ensure all critical matters are given sufficient attention; and
- Communicating with stakeholders as and when required.

The Board Charter provides independent directors the right to seek independent professional advice on any matter connected with the discharge of their responsibilities at the Company's expense. Written approval must be obtained from the Chair prior to incurring any such expense on behalf of the Company.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. The Board actively encourages shareholders to attend and participate in the Annual General Meetings of Bailador Technology Investments Limited, to lodge questions to be responded to by the Board and/or the Manager, and to appoint proxies.

The Company ensures its statutory auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to creating and delivering long-term shareholder value.

The main risks that could negatively impact on the performance of the Company's investments include:

- General market risk, particularly in worldwide tech sector stocks;
- General interruption to the Australian venture capital sector;
- The ability of the Manager to continue to manage the portfolio, particularly retention of the Manager's key management personnel;
- Minority holdings risk where other larger investors in our portfolio companies may make decisions the Company disagrees with; and
- Other operational disruptions within portfolio companies due to changes in competition or technology, key management personnel, cash-flow and other general operational matters.

There have been no changes to the risk profile of the Company.

The Manager has been delegated the task of implementing internal controls to identify and manage risks for which the Audit and Risk Committee and the Board provide oversight. The effectiveness of these controls is monitored and reviewed regularly.

A summary of the Board's risk management policy is available at www.bailador.com.au.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the company website www.bailador.com.au.

Directors' Report

Your directors submit the financial report of the Company for the financial year ended 30 June 2019. The information in the preceding operating and financial review forms part of this Directors' Report for the year ended 30 June 2019 and is to be read in conjunction with this report:

Directors

The names of directors who held office during or since the end of the year:

- David Kirk (Chairman)
- Paul Wilson
- Andrew Bullock
- Jolanta Masojada – appointed 5 September 2018
- Sankar Narayan
- Heith Mackay-Cruise – retired 18 September 2018

Dividends

There have been no dividends paid or declared during the year.

Indemnifying Officers or Auditor

During the year, Bailador Technology Investments Limited paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied the services disclosed below did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to audit independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board. All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2019:

	$
Taxation Services	$32,095
	$32,095

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 24 of the Financial Report.

Rounding of Amounts

The Company has applied the relief available to it under *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly certain amounts in the financial report and the Directors' Report have been rounded off to the nearest $1,000.

New Accounting Standards Implemented

The Company has implemented two new accounting standards that have come into effect.

AASB 15: *Revenue from Contracts with Customers* effective 1 July 2018. As the Company does not have any contracts with customers there have been no transitional adjustments or impact from the application of this standard.

AASB 9: *Financial Instruments* effective 1 July 2018. The adoption of this standard did not have an impact on the Company's financial instruments and therefore there have been no transitional adjustments or impact from the application of this standard. The company has made amendments to its financial instruments accounting policies in Note 1 of the financial statements in line with the new standard.

Options

There are no unissued ordinary shares of the Company under options as at 30 June 2019.

No shares or options are issued to directors of Bailador Technology Investments Limited as remuneration.

Information Relating to Directors and Company Secretary

Information on directors is located on pages 4 and 5 of this report.

Heith Mackay-Cruise Independent Non-Executive Director	• Heith (retired 18 September 2018) is the independent Chairman of UP Education in New Zealand and the Vision Australia Foundation. Heith is also a member of the Adara Partners Advisory Board. He is the immediate past Chairman of both hipages and Literacy Planet. • Heith has a Bachelor of Economics from the University of New England and is a Fellow of the Australian Institute of Company Directors. • Heith holds interest in 502,592 ordinary shares in BTI.
Helen Plesek Company Secretary	• Helen has over 20 years of experience in finance, corporate development and governance holding senior roles at Inchcape Motors Australia, Tubemakers of Australia and BRW Fast 100 winner and technology company, LX Group. In addition, Helen has consulted on best practice finance systems across a range of companies and government bodies. • Helen holds a Bachelor of Commerce in Accounting and a Masters in Politics and Public Policy. She is a Certified Practicing Accountant.

Meetings of Directors

During the period, 8 meetings of directors and 4 committee meeting were held. Attendances by each director during the period were as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Kirk	8	8	3	3	1	1
Paul Wilson	8	8	3	3	1	1
Andrew Bullock	8	8	3	3	1	1
Jolanta Masojada	6	6	2	2	1	1
Sankar Narayan	8	7	3	3	1	1
Heith Mackay-Cruise	3	2	1	1	0	0

Remuneration Report (Audited)

Remuneration Policy

Bailador Technology Investments Limited does not employee any personnel. The Board has delegated management of the investment portfolio to the Manager, Bailador Investment Management Pty Ltd.

David Kirk and Paul Wilson are directors of Bailador Technology Investments Limited and are also directors and owners of Bailador Investment Management Pty Ltd.

The Manager is responsible for managing the Investment Portfolio in accordance with the Company's investment strategy. The Manager was appointed in 2014 for an initial term of 10 years and will automatically extend after that term until it is terminated in accordance with the agreement's terms.

The Board has recognised the Manager as Key Management Personnel (KMP) given it has the authority and responsibility for planning, directing and controlling the activities of the Company. At least one of David Kirk or Paul Wilson are required to continue to be directors of the Manager and must continue to be actively involved in the management of the investment portfolio during the initial term of the agreement.

The Board has agreed that the independent Directors, Andrew Bullock, Sankar Narayan and Jolanta Masojada, are to receive $60,000 per annum. The Executive Directors do not receive any remuneration.

Bailador Technology Investments Limited pays a management fee of 1.75% per annum (plus GST) of the portfolio NAV. Fees are calculated and paid at the beginning of each quarter in advance. The management fee for a quarter is then adjusted and paid at the end of the quarter based on increases or decreases in the NAV. All the costs of the Manager, including staff, rent, training, and other costs are paid for from this fee.

In addition, the Manager is entitled to receive a performance fee equal to 17.5% per annum (plus GST) of the investment portfolio's gain each year subject to outperforming a hurdle of 8.0% per annum (compounded). The performance fee is only payable from realised gains. The hurdle was reached in FY19 and a provision for performance fee payable of $4,035,242 has been taken to account in June 2019. This includes $98,421 of non-recoverable GST payable to the ATO.

Amounts paid or payable to the Manager relating to the year ended 30 June 2019 are as follows:

Base management fee	$2,506,960
Performance fee payable	$4,035,242
Reimbursement of portfolio management expenses	$65,079

Key Management Personnel (KMP) Remuneration

Remuneration paid or payable to each KMP of the Company during the financial year is as follows:

	Position	Directors' Fees
David Kirk	Chairman and Executive Director	–
Paul Wilson	Executive Director	–
Andrew Bullock	Non-executive Director	60,000
Jolanta Masojada	Non-executive Director (appointed 5 September 2018)	48,333
Sankar Narayan	Non-executive Director	60,000
Heith Mackay-Cruise	Non-executive Director (retired 18 September 2018)	15,000
	Non-recoverable GST incurred on director payments	12,333
		195,666

KMP Shareholdings

The number of ordinary shares in Bailador Technology Investments Limited held by each KMP of the Company during the financial year is as follows:

	Balance at 30 June 2018	Net number of shares acquired	Net number of shares disposed	Balance at 30 June 2019
David Kirk	8,387,841	–	–	8,387,841
Paul Wilson	3,201,513	260,289	–	3,461,802
Andrew Bullock	410,422	–	–	410,422
Sankar Narayan	200,000	–	–	200,000
Jolanta Masojada	–	60,000	–	60,000
Heith Mackay-Cruise	502,592	–	–	502,592
	12,702,368	**320,289**	**–**	**13,022,657**

KMP Option Holdings

There were no options on issue to KMP at any point during the financial year.

Other Transactions with KMP and their Related Parties

David Kirk and Paul Wilson receive directors' fees in relation to directorships of portfolio companies. For the year 1 July 2018 to 30 June 2019, David Kirk earned $50,000 from DocsCorp and $5,000 from Instaclustr. Paul Wilson earned $50,000 from SiteMinder, $46,667 from Stackla and $48,233 from Straker Translations.

The Manager receives directors' fees in relation to directorships of portfolio companies. For the year 1 July 2018 to 30 June 2019, the Manager earned (net of GST) $50,000 from DocsCorp, $25,000 from Instaclustr, $33,333 from Stackla and $9,117 from Straker Translations.

Paul Wilson purchased $250,000 shares in Straker Translations at IPO. David Kirk purchased 100,000 shares in Straker Translations at IPO and Jolanta Masojada purchased 20,000 shares in Straker Translations at IPO. All purchases were on the same terms as those with unrelated persons.

Paul Wilson was issued 50,000 options in Straker Translations at IPO exercisable at $1.51. The terms of the issue were the same as those of other directors of the board of Straker Translations at IPO.

Sankar Narayan was appointed CEO of SiteMinder in January 2019. Sankar's package was negotiated at arm's length terms. In the period to 30 June 2019, Sankar received $195,901 from SiteMinder.

There were no other transactions conducted between the Company and related parties, (other than those disclosed above with the Manager), relating to equity, compensation and loans, that were conducted other than in accordance with normal supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

David Kirk

David Kirk
Director

P. Wilson

Paul Wilson
Director

Dated this 15th day of August 2019

Auditor's Independence Declaration

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bailador Technology Investments Limited. As the lead audit partner for the audit of the financial report of Bailador Technology Investments Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
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Dated: 15 August 2019

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2019

	Note	30 June 2019 $000	30 June 2018 $000
Increase/(Decrease) in value of financial assets	2	32,038	8,384
Interest income		44	115
Accounting fees		(203)	(224)
ASX fees		(57)	(57)
Audit fees	6	(67)	(63)
Costs of sell down of financial assets		(52)	–
Directors' fees		(196)	(192)
Due diligence costs		(33)	(9)
Independent valuations		(84)	(111)
Insurance		(148)	(90)
Investor relations		(145)	(86)
Legal fees		(41)	(29)
Manager's fees	5	(2,507)	(2,285)
Manager's performance fees		(4,035)	–
Registry administration		(27)	(27)
Other expenses		(121)	(103)
Profit before income tax	2	24,366	5,223
Income tax expense	3	(7,313)	(1,570)
Profit for the year		17,053	3,654
Other comprehensive income		–	–
Total comprehensive (loss)/income for the year		17,053	3,654
Earnings per share			
– basic earnings per share (cents)	7	14.18	3.04
– diluted earnings per share (cents)	7	14.18	3.04

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2019

	Note	As at 30 June 2019 $000	As at 30 June 2018 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,423	3,774
Current marketable securities	4	2,805	–
Trade and other receivables	9	107	69
TOTAL CURRENT ASSETS		4,336	3,843
NON-CURRENT ASSETS			
Financial assets	4	157,882	129,886
Deferred tax assets	11	16,152	14,234
TOTAL NON-CURRENT ASSETS		174,034	144,120
TOTAL ASSETS		178,370	147,963
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	4,327	205
TOTAL CURRENT LIABILITIES		4,327	205
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	28,939	19,708
TOTAL NON-CURRENT LIABILITIES		28,939	19,708
TOTAL LIABILITIES		33,266	19,913
NET ASSETS		145,104	128,051
EQUITY			
Issued capital	12	116,475	116,475
Retained earnings		28,629	11,576
TOTAL EQUITY		145,104	128,051

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2019

	Note	Ordinary Share Capital $000	Retained Earnings $000	Total $000
Balance at 1 July 2017		116,475	7,922	124,397
Comprehensive income				
Profit for the year		–	3,654	3,654
Total comprehensive income for the period		–	3,654	3,654
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners and other transfers		–	–	–
Balance at 30 June 2018		116,475	11,576	128,051
Balance at 1 July 2018		116,475	11,576	128,051
Comprehensive income				
Profit for the year		–	17,053	17,053
Total comprehensive income for the period		–	17,053	17,053
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners and other transfers		–	–	–
Balance at 30 June 2019		116,475	28,629	145,104

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2019

	Note	30 June 2019 $000	30 June 2018 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,632)	(3,284)
Interest received		46	124
Net cash used in operating activities	14	(3,586)	(3,160)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		(450)	(5,583)
Sale of financial assets at fair value through profit and loss		1,686	–
Proceeds from / (net cash used in) investing activities		1,236	(5,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of payouts		–	–
Payments relating to costs of capital raising		–	–
Net cash provided by financing activities		–	–
Net decrease in cash held		(2,350)	(8,743)
Cash and cash equivalents at beginning of period		3,774	12,517
Cash and cash equivalents at end of year		1,423	3,774

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 30 June 2019

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. It is recommended that this financial report be read in conjunction with any public announcements made during the period. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements were authorised for issue on 15th August 2019.

Accounting Policies

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Investments

The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position.

Investments held at fair value through profit or loss are initially recognised at fair value. Transaction costs related to acquisitions are expensed to profit and loss immediately. Subsequent to initial recognition, all financial instruments held at fair value are accounted for at fair value, with changes to such values recognised in the profit or loss.

In determining year-end valuations, the board considers the annual valuation review by an independent valuation expert and the valuation report prepared by the Manager along with other material deemed appropriate by the board in arriving at valuations.

In determining valuations, whilst considering individual portfolio company valuations, the board determines the overall value of the investment portfolio and determines company revenue as the change in the total value of financial assets held at fair value through profit or loss. The board will, if relevant, give consideration to any commercial negotiations underway at the time of valuation and may maintain the value of an investment if a change in valuation would prejudice the interests of the company.

Investments are recognised on a trade date basis.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements.

b. Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in Note 18.

c. Taxation

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

No deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost or fair value through profit or loss.

A financial asset that is managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest is measured at amortised cost.

All financial assets that are not measured at amortised cost are measured at fair value through profit or loss.

(i) Financial assets at fair value through profit or loss

A financial asset is classified at “fair value through profit or loss” when it eliminates or reduces an accounting mismatch or to enable performance evaluation where a group of financial assets is managed on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(ii) Financial liabilities

Financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Impairment losses are recognised in the profit or loss immediately.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, to the asset’s carrying amount. Any excess of the carrying amount over its recoverable amount is recognised immediately in the profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset and the Company no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of consideration received and receivable is recognised in profit or loss.

An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less.

f. Trade and Other Receivables

Trade and other receivables include amounts due from government authorities and prepayments for services performed in the ordinary course of business. Receivables expected to be collected (or utilised) within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

g. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

h. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

i. Interest Income

Interest revenue is recognised using the effective interest method.

j. Rounding of Amounts

The Company has applied the relief available to it under *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

k. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Detailed information about each of these estimates and judgements is included in Note 18 in the financial statements.

l. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative period represents the period from 1 July 2017 to 30 June 2018.

m. New Accounting Standard for Application in Future Periods

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The company does not have any leases and the implementation of AASB16 will not impact the company.

Note 2: Profit For The Year

	30 June 2019 $000	30 June 2018 $000
The following revenue and expense items are relevant in explaining the financial performance for the year:		
Fair value gains on financial assets and marketable securities at fair value through profit or loss	32,038	8,384

There were strong gains in a number of portfolio companies, in particular (in '000s)

- SiteMinder increased $16,972 (30%)
- Instaclustr increased $5,365 (58%)
- Straker Translations increased $2,711 (24%)
- SMI increased $2,224 (30%)
- DocsCorp increased $1,768 (19%)
- Lendi increased $1,683 (18%)
- Rezdy increased $1,314 (29%).

Note 3: Tax Expense

	30 June 2019 $000	30 June 2018 $000
a. The components of tax expense comprise:		
Current tax	9,482	3,140
Deferred tax	(16,795)	(1,570)
	7,313	1,570
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax payable as follows:		
Profit for the period before income tax expense	24,366	5,223
Prima facie tax payable on profit from ordinary activities before income tax at 30%	7,310	1,567
Tax effect of:		
– Other deductions	3	3
Income tax attributable to entity	7,313	1,570
The weighted average effective tax rate is as follows:	30%	30%

Note 4: Marketable Securities Financial Assets

	As at 30 June 2019 $000	As at 30 June 2018 $000
Current Marketable Securities		
Straker Translations	2,805	–
Total Current Marketable Securities	2,805	–
Financial Assets		
SiteMinder	72,857	55,885
Instaclustr	14,647	9,281
Stackla	12,577	12,577
Straker Translations	9,819	11,155
DocsCorp	10,936	9,168
Lendi	10,727	9,488
SMI	9,638	7,414
Viostream	7,807	7,371
Rezdy	5,861	4,547
Brosa	3,000	3,000
Total Financial Assets	157,882	129,886
Total Financial Assets & Marketable Securities	**160,688**	**129,886**

During the year Straker Translations was listed on the ASX. As Bailador's shares are now marketable securities tradeable on the ASX, this holding has been reclassified as Marketable Securities (previously Financial Assets).

Note 5: Management Fees

The Company has outsourced its investment management function to Bailador Investment Management Pty Ltd. Bailador Investment Management Pty Ltd is a privately owned investment management company and is a related party of Bailador Technology Investments Limited.

a. Management fees

The Manager is entitled to be paid a management fee equal to 1.75% of the portfolio Net Asset Value (NAV) plus GST per annum. The management fee is calculated and paid quarterly in advance. Each quarter the average of the opening and closing NAV for the quarter is calculated and an adjustment to the pre-paid fee is made depending on whether NAV has increased or decreased during the quarter.

During the period, the Company incurred $2,506,960 of management fees payable to the Manager, of which $61,298 was unclaimable GST the manager remitted as GST to the ATO.

b. Reimbursement of portfolio management expenses

Under the management agreement, the Manager is also entitled to be reimbursed for certain out of pocket expenses incurred in the acquisition and disposal of portfolio assets and in the management of portfolio assets.

During the period, the Company reimbursed the Manager $65,079 for travel and other expenses incurred in the management of the investment portfolio.

c. Performance fees

At the end of each financial year, the Manager is entitled to receive a performance fee from the Company, the terms of which are outlined below:

The performance fee will be calculated as 17.5% of the NAV gain per annum plus GST, being the amount by which the portfolio NAV at the end of a financial year exceeds or is less than the portfolio NAV at the start of the financial year and where that gain exceeds a compound hurdle rate of 8%.

The performance fee will be accrued on an annual basis in arrears and will only be paid at times when proceeds received from realisation of investments is available to the Company and will be paid in respect of the whole amount of the gain (not just the amount over the 8% hurdle), subject to the following caveats:

- If the performance fee for a financial year is a positive amount but the investment return for the financial year does not exceed the hurdle return for the financial year, no performance fee shall be payable to the manager in respect of that financial year, and the positive amount of the performance fee shall be carried forward to the following financial year;
- If the performance fee for a financial year is a negative amount, no performance fee shall be payable to the manager in respect of that financial year, and the negative amount shall be carried forward to the following year; and
- Any negative performance fee amounts from previous financial years that are not recouped in a financial year shall be carried forward to the following financial year.

The performance fee can be fully or partially paid by the issue of shares in Bailador Technology Investments Limited or in cash at the Manager's election, the details of which are outlined below:

If the Manager elects at least five business days prior to the performance fee payment date that all or part of the performance fee is to be applied to the issue of shares in the company, the company must, if permitted by applicable laws (including the Listing Rules and the Corporations Act) without receiving any approvals from the shareholders of the Company, apply the cash payable in respect of the relevant amount to the issue of shares to the Manager or its nominee on the performance fee payment date where

N = PF / Issue Price

Where

N is the number of shares issued

PF is the cash value of the performance fee to be paid in shares

Issue Price is the lesser of:

- The volume weighted average price of shares traded on the ASX during the period of 30 calendar days up to but excluding the performance fee payment date; and
- The last price on the last day on which the shares were traded on the ASX prior to the performance fee payment date.

During the period, the Company met the performance fee hurdle and accrued $4,035,242 in performance fees (of which $98,421 is non-recoverable GST expense forwardable to the ATO). The performance fees will only be payable to the Manager out of proceeds on realisation of investments.

Note 6: Auditor's Remuneration

	30 June 2019 $000	30 June 2018 $000
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	67	63
Taxation services	33	10
	100	73

Note 7: Earnings per Share

	30 June 2019 $000	30 June 2018 $000
Profit/(Loss) after income tax	17,053	3,654

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	120,247,831	120,247,831

	Cents	Cents
Basic earnings per share	14.18	3.04
Diluted earnings per share	14.18	3.04

In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

Note 8: Cash and Cash Equivalents

	As at 30 June 2019 $000	As at 30 June 2018 $000
Cash at bank	1,423	3,774
	1,423	3,774

Note 9: Trade and Other Receivables

	As at 30 June 2019 $000	As at 30 June 2018 $000
CURRENT		
GST receivable	51	44
Interest receivable	1	3
Other prepayments	55	22
	107	69

The Company does not have Trade Receivables. The Company uses the approaches in Note 1(d) in assessing credit losses on GST, interest receivable and other prepayments. At 30 June 2019 all receivables and prepayments were within expected terms.

Note 10: Trade and Other Payables

	As at 30 June 2019 $000	As at 30 June 2018 $000
CURRENT		
Trade creditors	180	118
Performance fee payable	4,035	–
Other payables	112	87
	4,327	205

Note 11: Income Tax

	As at 30 June 2019 $000	As at 30 June 2018 $000
CURRENT		
Income tax payable	–	–

	Balance at 1 July 2017 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2018 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	9,401	7,849	–	17,250
Tax on acquisition assets on opening	2,458	–	–	2,458
	11,859	**7,849**	**–**	**19,708**

	Balance at 1 July 2018 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2019 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	17,250	9,231	–	26,481
Tax on acquisition assets on opening	2,458	–	–	2,458
	19,708	**9,231**	**–**	**28,939**

Note 11: Income Tax (continued)

	Balance at 1 July 2017 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2018 $000
Deferred tax asset				
Provisions	27	(3)	–	24
Transaction costs on acquisitions	83	3	–	86
Transaction costs on equity issue	470	(171)	–	299
Deferred losses on financial assets	3,729	6,954	–	10,683
Losses carried forward	3,646	(504)	–	3,142
	7,955	**6,279**	**–**	**14,234**

	Balance at 1 July 2018 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2019 $000
Deferred tax asset				
Provisions	24	1,211	–	1,235
Transaction costs on acquisitions	86	(6)	–	80
Transaction costs on equity issue	299	(170)	–	129
Deferred losses on financial assets	10,683	(8,600)	–	2,083
Losses carried forward	3,142	9,482	–	12,624
	14,234	**1,917**	**–**	**16,151**

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(c) occur. These amounts have no expiry date.

The Board has considered the deferred tax balances and is confident there will be sufficient future profits to utilise the deferred tax asset.

Note 12: Issued Capital

Movements in share capital are set out below:

	No.	$
Opening balance at 1 July 2017	120,247,831	116,475,156
Ordinary shares issued	–	–
Closing balance at 30 June 2018	120,247,831	116,475,156
Opening balance at 1 July 2018	120,247,831	116,475,156
Ordinary shares issued	–	–
Closing balance at 30 June 2019	120,247,831	116,475,156

Note 12: Issued Capital (continued)

Capital Management

The Company's objectives for managing capital are as follows:

- to invest the capital in investments meeting the description, risk exposure and expected return of the investment strategy of the Company;
- to maximise the returns to shareholders while safe-guarding capital by investing in a portfolio in line with investment strategies of the Company; and
- to maintain sufficient liquidity to meet the ongoing expenses of the Company.

Note 13: Operating Segments

The Company has one operating segment: Internet-related Businesses in Australia. It earns revenue from gains on revaluation of financial assets held at fair value through profit or loss, interest income and other returns from investment. This operating segment is based on the internal reports that are reviewed and used by the directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Company invests in securities recorded as financial assets held at fair value through profit or loss.

Note 14: Cash Flow Information

	30 June 2019 $000	30 June 2018 $000
Reconciliation of Cash Flow from Operation with Profit after Income Tax		
Profit after income tax	17,053	3,654
Non-cash flows in profit:		
Unrealised fair value gains on financial assets at fair value through profit or loss	(32,038)	(8,384)
(Increase)/Decrease in trade and other receivables	(38)	36
Increase/(Decrease) in trade and other payables	4,123	(36)
Increase in deferred tax	7,311	1,569
Cash flow from operating activities	(3,586)	(3,160)

Note 15: Contingent Liabilities

There were no contingent liabilities at 30 June 2018 and 30 June 2019.

Note 16: Events After the Reporting Period

In July 2019, BTI sold 1,000,000 shares in Straker Translations at $1.95 per share with the proceeds received in cash.

Other than the above, no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 17: Financial Risk Management

The Company's financial instruments consist mainly of cash (cash at bank) and financial assets designated at fair value through profit or loss, accounts receivable and payable.

The total for each category of financial instrument, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements are as follows:

	Note	30 June 2019 $000	30 June 2018 $000
Financial assets			
Cash and cash equivalents	8	1,423	3,774
Current marketable securities	4	2,805	–
Financial assets at fair value through profit or loss	4	157,882	129,886
Trade and other receivables	9	107	69
Total financial assets		162,218	133,729
Financial liabilities			
Financial liabilities at amortised cost	10	4,327	205
Total financial liabilities		4,327	205

Financial Risk Management Policies

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (price risk), credit risk, and liquidity risk. The Company's risk management investment policies, approved by the directors of the responsible entity, aim to assist the Company in meeting its financial targets while minimising the potential adverse effects of these risks on the Company's financial performance.

Specific Financial Risk Exposures and Management

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is currently exposed to the following risks as it presently holds financial instruments measured at fair value and short-term deposits:

i. Price Risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position as financial assets at fair value through profit or loss.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple investments and through use of structural and contractual protections in its investments such as investing in preference shares or convertible notes, requiring minority protections in investment documentation and maintaining active directorships in its investment companies.

The portfolio is monitored and analysed by the Manager.

The Company's net equity exposure is set out in Note 4 of the financial statements.

Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposures to changes in equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management consider to be reasonably possible.

30 June 2019	Profit $000	Equity $000
+/- 5% in gain on equity investments	905	905

Note 17: Financial Risk Management (continued)

2. Credit Risk

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred mainly on trade and other receivables.

Credit risk is managed by the Company through maintaining procedures that ensure, to the extent possible, that counterparties to transactions are of sound credit worthiness. As the Company generally does not have trade receivables, receivables are usually in the order of prepayments for particular services. The Company ensures prepayments are only made where the counterparty is reputable and can be relied on to fulfil the service.

The Company's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. None of these assets are past due or considered to be impaired.

The cash and cash equivalents are all held with one of Australia's reputable financial institutions.

3. Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. As the Company's major cash outflows are the purchase of investments, the level of this is managed by the Manager. The Company also manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to operating, investing and financing activities;
- managing credit risk related to financial assets;
- maintaining a clear exit strategy on financial assets; and
- investing surplus cash only with major financial institutions.

Note 18: Fair Value Measurement

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measure can be categorised into, as follows:

Level 1 Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

b. Valuation Techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities including ongoing discussions with potential purchasers.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Australian Private Equity and Venture Capital Association (AVCAL) has prepared the International Private Equity and Venture Capital Guidelines (Valuation Guidelines). The Valuation Guidelines set out recommendations on the valuation of private equity investments which are intended to represent current best practice. The directors have referred to the Valuation Guidelines in order to determine the "fair value" of the Company's financial assets.

Note 18: Fair Value Measurement (continued)

The “fair value” of financial assets is assumed to be the price that would be received for the financial asset in an orderly transaction between knowledgeable and willing but not anxious market participants acting at arm’s length given current market conditions at the relevant measurement date. Fair value for unquoted or illiquid investments is often estimated with reference to the potential realisation price for the investment or underlying business if it were to be realised or sold in an orderly transaction at the measurement date, regardless of whether an exit in the near future is anticipated and without reference to amounts received or paid in a distressed sale.

AVCAL suggests that one or more techniques should be adopted to calculate a private equity investment based on the valuer’s opinion of which method or methods are considered most appropriate given the nature, facts and circumstances of the particular investment. In considering the appropriateness of each technique, AVCAL suggests the economic substance of the investment should take priority over the strict legal form.

AVCAL provides guidance on a range of valuation methodologies that are commonly used to determine the value of private equity investments in the absence of an active market, including:

- price of recent investments;
- earnings multiples;
- revenue multiples;
- net asset values;
- discounted cash flows of the underlying assets;
- discounted cash flows of the investment; and
- industry valuation benchmarks.

The “price of recent investment” methodology refers to the price at which a significant amount of new investment into a company has been made which is used to estimate the value of other investments in the company, but only if the new investment is deemed to represent fair value and only for a limited period following the date of the investment. The methodology therefore requires an assessment at the measurement date of whether any changes or events during the limited period following the date of the recent investment have occurred that imply a change in the investment’s fair value.

A “revenue multiple” methodology is often used as the basis of valuation for early and development stage businesses. Under this method, the enterprise value is derived by multiplying the normalised historical or projected revenue of the business with a multiple or range of multiples. The multiple or range of multiples applied should be an appropriate and reasonable indication of the value of each company, given the company’s size, risk profile and growth prospects. The multiple or range of multiples is usually derived from market data observed for entities considered comparable to the companies being valued.

c. Financial Instruments

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	30 June 2019	
	Carrying Amount $000	Fair Value $000
Financial assets:		
Cash and cash equivalents	1,423	1,423
Current marketable securities	2,805	2,805
Financial assets	157,882	157,882
Trade and other receivables	107	107
	162,218	162,218
Financial liabilities:		
Trade and other payables	4,327	4,327
	4,327	4,327

Note 18: Fair Value Measurement (continued)

d. Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are Categorised

	Fair Value Measurements at 30 June 2019 Using:		
Description	Quoted Prices in Active Markets for Identical Assets $000 (Level 1)	Significant Observable Inputs Other than Level 1 Inputs $000 (Level 2)	Significant Unobservable Inputs $000 (Level 3)
Recurring fair value measurements			
Current marketable securities	2,805	–	–
Financial assets at fair value through profit or loss	9,819	40,950	107,114
	12,624	40,950	107,114

	Fair Value Measurements at 30 June 2018 Using:		
Description	Quoted Prices in Active Markets for Identical Assets $000 (Level 1)	Significant Observable Inputs Other than Level 1 Inputs $000 (Level 2)	Significant Unobservable Inputs $000 (Level 3)
Recurring fair value measurements			
Marketable securities	–	–	–
Financial assets at fair value through profit or loss	–	28,190	101,696
	–	28,190	101,696

e. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

	Fair Value at 30 June 2019 $000	Valuation Techniques	Range of Observable Inputs
Stackla	12,577	Price of recent third party transaction	Price of recent third party transaction
Instaclustr	14,647	Price of recent third party transaction	Price of recent third party transaction
Lendi	10,727	Price of recent third party transaction	Price of recent third party transaction
Brosa	3,000	Price of recent third party transaction	Price of recent third party transaction

Straker Translations (2018 $11,155) was transferred to L1 during the year following its IPO and listing on the ASX in October 2018. Straker Translations is now also split between current marketable securities and financial assets.

Note 18: Fair Value Measurement (continued)

f. Valuation Techniques and Inputs Used to Determine Level 3 Fair Values

	Fair Value at 30 June 2019 $000	Valuation Techniques	Significant Unobservable Inputs	Range of Unobservable Inputs
SiteMinder	72,857	Revenue multiple	Revenue multiple	6.0x – 8.5x
DocsCorp	10,936	Revenue multiple	Revenue multiple	2.5x – 4.0x
SMI	9,639	Revenue multiple	Revenue multiple	1.5x – 2.5x
Viocorp	7,821	Revenue multiple	Revenue multiple	2.0x – 3.0x
Rezdy	5,861	Revenue multiple	Revenue multiple	3.0x – 5.0x

There were no changes during the year in the valuation techniques used by the Company to determine Level 3 fair values.

g. Sensitivity Information

The relationships between the significant unobservable inputs and the fair value are as follows:

Inputs	Impact on Fair Value from Increase in Input	Impact on Fair Value from Decrease in Input
Revenue multiple	Increase	Decrease

There were no significant interrelationships between unobservable inputs except as indicated above.

h. Reconciliation of Recurring Fair Value Measurement Amounts (Level 3)

	Financial Assets $000
Opening balance 30 June 2018	101,696
Transfers out to Level 2	(21,858)
Transfer in from Level 2	4,547
Additions/purchases made during the period	450
Gains and losses recognised in profit or loss	22,279
Closing balance 30 June 2019	107,114

Note 19: Related Party Transactions

Remuneration paid or payable to key management personnel (KMP) of the Company during the period are:

- Management Fees of $2,506,960 (including $61,298 unclaimable GST).
- Directors fees of $195,666 (including $12,333 unclaimable GST).
- Salary and directors fees paid to KMP by portfolio companies on arms length terms of $513,251.
- Performance fee payable to the Manager, only payable out of realised gains on investments, of $4,035,242 (including $98,421 unclaimable GST).
- Reimbursement of expenses to the Manager of $65,079.

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's KMP for the year ended 30 June 2019.

Note 20: Company Details

The principal place of business and registered office of the company is:

Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000

Directors' Declaration

In accordance with a resolution of the directors of Bailador Technology Investments Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 25–44, are in accordance with the *Corporations Act 2001*, and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the period ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations required by s295A of the *Corporations Act 2001*.

David Kirk
Director

Paul Wilson
Director

Dated this 15th day of August 2019

Independent Auditor's Report

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Opinion

We have audited the financial report of Bailador Technology Investments Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Bailador Technology Investments Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

KEY AUDIT MATTER	***HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER***
Valuation of Investments $161 million **Refer to:** **Note 4 - Financial Assets & Marketable Securities** **Accounting policy - Note 18 Fair Value Measurement** The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position. In determining year-end valuations, the board considers the annual valuation review by an independent valuation expert and the valuation report prepared by the Manager. Of these financial assets, $13M were classified as 'level 1' and $41 million were classified as 'level 2' financial instruments in accordance with AASB 13 Fair Value Measurement. The measurement of level 1 marketable securities are based on quoted prices in active markets. The measurement of level 2 financial assets are based on inputs other than quoted prices that are observable for the asset, either directly or indirectly. The valuation of the level 2 financial instruments therefore requires a higher level of judgement. The remaining financial assets of $107 million were classified as 'level 3' in accordance with AASB 13 Fair Value Measurement. The measurements of level 3 financial assets are based on unobservable inputs for the asset. This requires a higher level of judgement. We have focussed on this area as a key audit matter due to the company being an investment entity; amounts involved being material; and the inherent judgement involved in determining the fair value of investments.	Our procedures included amongst others: • Evaluating the manager's valuation approach to value the investments; cross checking with growth achieved and comparable market data. • Assessing the valuation range to the manger's valuation and implied revenue multiple. • Assessing the scope, expertise and the independence of external valuer engaged by the Company. • Evaluating the appropriateness of the valuation methodologies selected by the manager and separately by the external valuer to determine fair value of the investment to accepted market practices and our industry experience. • Independently assessing and comparing the key inputs adopted by the manager and the external valuer to available market information relating to similar transactions. We involved our valuation specialist to assess that the market data used seperately by the manager and the valuer is reasonable in comparison to a credible external source; the rationale for selected multiples; reference to market data; revenue growth rates and other business characteristics that are reasonable. • Assessing the adequacy of disclosure of level 1, level 2 and level 3 finacial assets in accordance with AASB 13 Fair Value Measurement.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and these are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 23 of the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Bailador Technology Investments Limited for the year ended 30 June 2019 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, Nsw 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 15 August 2019

Shareholder Information

Additional Information

The additional information required by the Australian Stock Exchange Limited Listing Rules is set out below.

20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 30 June 2019.

Holder Name	Ordinary Shares Held	% of Issued Shares
Washington H Soul Pattinson and Company Limited	23,000,000	19.13%
David Kirk	8,387,841	6.98%
HSBC Custody Nominees (Australia) Limited	5,660,047	4.71%
National Nominees Limited	5,394,445	4.49%
Citicorp Nominees Pty Limited	4,823,801	4.01%
Paul Wilson	3,461,802	2.88%
Citicorp Nominiees Pty Limited <DPSL A/C>	2,587,500	2.15%
Patagorang Pty Ltd	1,908,810	1.59%
Pepstock II Pty Ltd	1,435,274	1.19%
Paul Lewis	1,428,312	1.19%
Ladybird Limited	1,253,088	1.04%
Gwynville Trading Pty Ltd	1,113,782	0.93%
Mr Paul Meehan	1,101,545	0.92%
Mr Simon Fenwick	1,100,000	0.91%
BNP Paribas Nominees Pty Ltd	1,050,263	0.87%
JP Morgan Nominees Australia Limited	1,019,779	0.85%
Mrs Virginia Hancock	1,000,000	0.83%
Mr Paul Anthony Kendrick	999,978	0.83%
Macareus Pty Ltd	802,114	0.67%
Mr Alan Draper and Mrs Evelyn Draper	800,000	0.67%
Total	**68,328,381**	**56.82%**

Substantial Shareholders

The names of the substantial shareholders in the Company's register are:

	Ordinary Shares
Washington H Soul Pattinson and Company Limited	23,000,000
David Kirk	8,387,841

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding as at 30 June 2018.

Holding	Numbers of Shareholders	Ordinary Shares Held	% of Issued Shares
1 – 1,000	136	60,668	0.05%
1,001 – 5,000	333	1,058,783	0.88%
5,001 – 10,000	273	2,285,249	1.90%
10,001 – 100,000	648	21,931,215	18.24%
100,001 and over	138	94,911,916	78.93%
	1,528	**120,247,831**	**100%**

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 30 June 2019 is 59.

Other Stock Exchanges Listing

Quotation has been granted for all ordinary shares and options of the Company on all member exchanges of the ASX.

Restricted Securities

The Company has no restricted securities.

Unquoted Securities

There are no unquoted securities on issue by the Company.

Buy-Back

There is currently no on market buy-back.

Use of Funds

For the purposes of ASX Listing Rule 4.10.19, the Company confirms that it has used its cash and assets in a form readily convertible to cash, that it had at the time of admission, in a manner consistent with its business objectives, for the financial year.

Corporate Information

Registered Office

Bailador Technology Investments Limited
Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000
www.bailador.com.au

Directors

David Kirk (Chairman)
Paul Wilson
Andrew Bullock
Sankar Narayan
Jolanta Masojada

Company Secretary

Helen Plesek

Manager

Bailador Investment Management Pty Ltd
Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000
(AFSL 400811)

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
www.linkmarketservices.com.au

Auditor

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000
www.hallchadwick.com.au

Australian Stock Exchange Code

Shares : BTI

BAILADOR

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