2020 Annual Report

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
(ASX:BTI)

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Bailador provides investors with exposure to expansion-stage technology companies at attractive valuations before they are public.

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).

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.

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 18 of the Financial Report for further information.

Capital Structure

The Company's capital structure comprises 122,859,263 Ordinary Shares which trade on the Australian Securities Exchange (ASX:BTI).

Financial KPIs	30-Jun-20	30-Jun-19
Share Price	0.705	1.05
Earnings per share (cents)	(3.41)	14.18
Total Assets ($000)	171,716	178,370
NAV $ per share (pre-tax)	1.235	1.313
NAV $ per share (post-tax)	1.146	1.207

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 is also a director of the Lord Howe Island board. 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 8,651,466 ordinary shares in BTI and an indirect interest in a further 792,200 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 3,977,041 ordinary shares in BTI and has an indirect interest in a further 420,146 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.

Board of Directors (continued)

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.

Jolanta Masojada

Independent Non-Executive Director

- Jolanta (appointed 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 KwaZulu-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 122,843 ordinary shares in BTI.

Brodie Arnhold

Independent Non-Executive Director

- Brodie (appointed 30 August 2019) is an experienced ASX-listed board member with over 15 years domestic and international experience in private equity, investment banking and corporate finance.
- Brodie is the CEO and Executive Director of iSelect (ASX:ISU) having joined the Board in September 2014 and stepping into the CEO role in April 2018. Prior to his current role with iSelect, Brodie was the CEO of Melbourne Racing Club. He has also worked for Investec Bank from 2010 – 2013 where he was responsible for building a high-net-worth private client business and for Westpac Banking Corporation where he was Investment Director at Westpac's private equity fund. Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong).
- Brodie is also the Chairman and Non-Executive Director of Shaver Shop Group Ltd (ASX:SSG) and is Chairman of private companies Endota Spa Pty Ltd and Industry Beans Pty Ltd.
- Brodie holds a Bachelor of Commerce and MBA for the University of Melbourne and is a member of the Institutes of Chartered Accountants in Australia and New Zealand.
- Brodie holds interest in 55,000 ordinary shares in BTI.

Letter from the Founders

2020 was a year of solid progress and important preparation along with a couple of disappointments. There were two partial cash realisations, resulting in BTI paying its first dividend (fully franked). The NTA per share net of all fees decreased by 5.3% during the year. This compared to an 18.2% increase in 2019. The value of your investment in 10 growth-stage information technology companies in 2020 was essentially flat, down by 1.0%. The remaining decrease in fund NTA per share (4.3%) was largely a result of the dividend payment, which reduces cash in the fund, and the issuing of new shares through the Dividend Reinvestment Plan.

Overall the portfolio continues to grow strongly. Total revenue of the underlying portfolio companies grew by 20% in 2020 to reach $278m. This period included four months of COVID-19 disruption. There are just three SaaS companies listed on the ASX with higher revenue than the Bailador portfolio. Importantly the revenue generated by the Bailador portfolio is high quality revenue. 86% of the revenue generated by the portfolio in 2020 was recurring revenue and the gross margin was over 75%. These numbers have changed little over time. There is a partial causal relationship between these two numbers. Recurring revenue, which is very largely subscription revenue, is revenue that doesn't have to be "re-won" every year. The customer simply continues on the payment arrangements in place and the software continues to be available to drive important activities in the customer's business. The gross margin remains stable, or improves as the business gains economies of scale.

Highlights in 2020

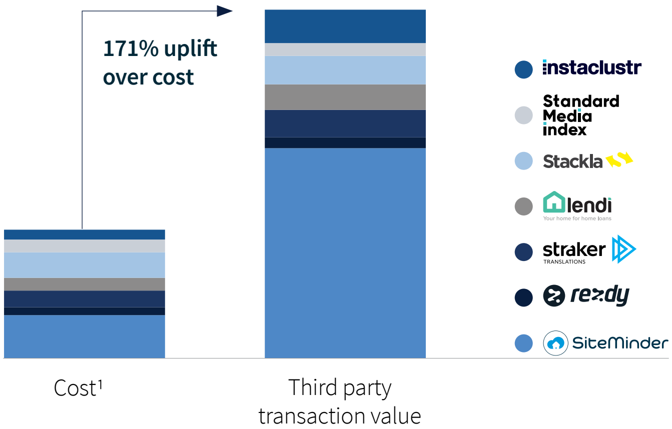
SiteMinder

It seems a long time ago now, but back in December 2019 the fund achieved the milestone of having its first unicorn. A unicorn refers to a technology company valued at more than $1 billion. In a funding round led by highly regarded global investment company, BlackRock, SiteMinder raised over $100 million at a valuation of more than $1 billion. The valuation was a 27% uplift over the carrying value of SiteMinder at the time and took the value of our investment in SiteMinder to $92.4 million. We took the opportunity at the time to realise some cash for investors and sold down $10 million of our position, leaving our investment at $82.5m.

Given the size of SiteMinder in the portfolio – it is now about 54% of the total portfolio – we are now reviewing our valuation of SiteMinder more regularly than our smaller positions. To quickly recap our valuation approach, when there is a third-party cash transaction (realisation or investment) we mark our valuation to that benchmark. Otherwise, if 12 months passes and there has been no cash transaction we review company performance, comparable transactions and the valuation multiples of comparable companies, both listed and unlisted, and consider whether a valuation change is appropriate. We are not consistent in the speed at which we mark investments up and mark investments down. We mark up slowly and always try to leave a margin for error by being conservative. We mark down immediately and try always to ensure a mark down is a one-off event.

This policy is reflected in the track record of our portfolio companies when raising capital. There has never been a capital raising or third-party transaction for a Bailador portfolio company at a valuation lower than the value at which we were holding our investment at the time the capital was raised. We like that record and we are going to try very hard to maintain it.

Figure 1: All 20 third party transactions at or above BTI's valuation



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

Back to SiteMinder. Our policy now is to review the SiteMinder valuation in December and June coinciding with the financial half and full year ends. At the financial year end we have the benefit of an Independent Expert's review of the full portfolio and at both the year end and half year end we have oversight from the Auditor.

Our holding value for SiteMinder was therefore reviewed as at 30 June 2020. This was of course right in the middle of COVID-19 shutdowns and consequent disruptions to travel and the hotel business. We were pleased to report at the time that valuation multiples and SiteMinder's continuing performance fully justified the valuation set in December 2019. SiteMinder's revenue is more than 90% recurring revenue, very largely subscription revenue. This has been sustained through the COVID-19 disruptions in a way that companies that "clip the ticket" on transactions – such as travel agents, car rental companies and hotels themselves – has not.

Instaclustr

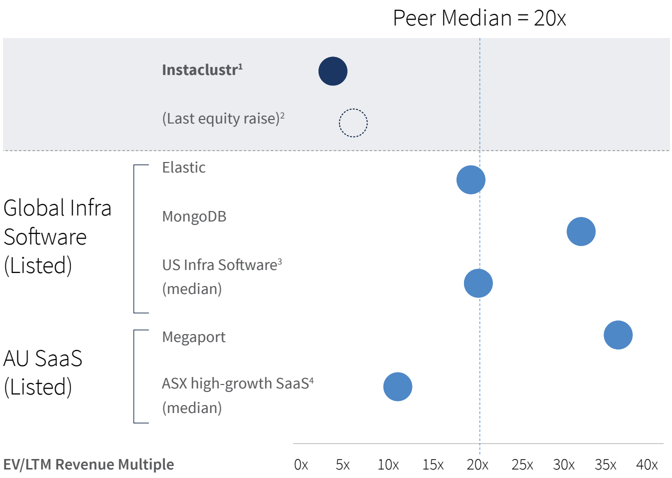
Alongside SiteMinder, Instaclustr has been the standout performer in the portfolio in 2020. We expect the continued fast growth rate of Instaclustr on an increasingly large revenue base to rapidly make Instaclustr a sizable counterweight to SiteMinder in the portfolio and so an important business for investors to understand.

Instaclustr provides a platform for companies to safely and easily utilise a range of open source software solutions in the fundamentally important information technology areas of database selection and management, search, analytics and messaging. Additional functionalities facilitating the use of other open source technologies continue to be developed and added to the Instaclustr portfolio.

Instaclustr was founded in 2013 having emerged from the University of Canberra and is now headquartered in Redwood City, California. Over 90% of Instaclustr's revenue is generated from outside Australia and the company's customers include IBM, Sephora, Atlassian, Sonos, Dream11, GoDaddy, FedEx, Clear Capital, EA Sports and many more. Instaclustr has a subscription based recurring revenue model, high gross margins and a very large addressable market. Instaclustr is the global leader in its space.

In August 2019 we revalued Instaclustr up by 30%, a rate comfortably below the company's revenue growth rate, and continued to apply a conservative revenue multiple. Instaclustr has continued to grow strongly since then and the valuation multiples of peers in the open source database and related technologies space have expanded markedly.

Figure 2: Instaclustr's peers trade on high multiples



[1] *Valuation multiple implied by BTI Carrying value as 30 June 2020.*
[2] *Equity raising undertaken in August 2018.*
[3] *US infrastructure sector SaaS companies include Datadog, Servicenow, Splunk, Dynatrace and vmware.*
[4] *ASX SaaS companies include Xero, Wisetech, Altium, TechnologyOne, Megaport, FINEOS, Nearmap, Elmo, Volpara, Limeade, Infomedia, Class, Pro Medicus and Damstra. Source data: Factsetdata of 30 June 2020, Company Filings, News Reports, Bailador Analysis.*

Bailador's valuation of Instaclustr is due for review in August 2020 with the results to be published in our August NTA Statement in early September.

Disappointments in 2020

Stackla

In September 2019 Stackla suffered a wholly unexpected and wholly unjustified blow when Facebook rescinded Stackla's right to operate on the Facebook and Instagram platforms. Stackla is a world leader in the identification, storage, management and curation of User Generated Content for hundreds of leading global brands. Being removed from the single largest source of user generated content – the Facebook and Instagram platforms – was a body blow for the company. We immediately wrote our investment down to zero. Stackla was reinstated on the Facebook platforms six weeks later but had suffered some customer losses, a shrinking of the sales pipeline and a general loss of business momentum. The business has since traded solidly winning new customers and continuing to develop its technology. We will review Stackla's valuation again at the end of September 2020.

Viostream

Viostream is a small business with a dedicated team doing a great job for its government and corporate customer base. Early in the 2020 financial year, the business lost a couple of important customers and, faced with an unclear growth and cash operating path, we wrote the business down to zero. Since that time Viostream has secured its position as the leading provider of video platform services to federal and state government departments and large corporates while shedding smaller less profitable customers and reducing staff numbers. The business delivered a record cash operating profit in the 2020 financial year on flat growth. Again, we will be slow to write Viostream back up, given the inherent uncertainty in the current operating environment, but there is certainly upside potential for the investment should the business continue on its current path.

> "Alongside SiteMinder, Instaclustr has been the standout performer."

Letter from the Founders

The rest of the portfolio

The remaining six portfolio companies have all performed somewhere between well and very well in 2020. A summary of the performance and prospects of each of the companies in the portfolio can be found in the Review of Operations in this Annual Report. Lendi and Brosa in particular have benefited from the COVID-19 disruptions as consumers have migrated to online solutions for mortgages and furniture. Straker has also benefited from COVID-19 disruption as companies look for more cost-effective translation services. SMI's unique data has been crucial for US media companies to understand their operating environment and DocsCorp's customers simply cannot operate without the document productivity software DocsCorp provides. Rezdy provides booking and customer acquisition-related software for tours and activities providers. Approximately 70% of revenue prior to COVID-19 was subscription based, which has held up well. Cost reductions, a swing to domestic tourism and a small funding round will allow us to position the company well for the recovery when it comes.

Our First Special Dividend

Shareholders will be aware that in March we paid our first dividend. We paid 2.5c per share which was a 2.3% dividend yield at the time it was announced in February. We instigated a Dividend Reinvestment Plan at the same time. Our dividend payment plans remain unchanged but bear repeating. Investors in BTI should be expecting to increase the value of their investment in line with the increase in value of the underlying portfolio companies and should not expect a steady stream of dividends. We will consider special dividends when we have realisations and compare the expected return on reinvestment of cash with the benefits to shareholders of distributions.

Team

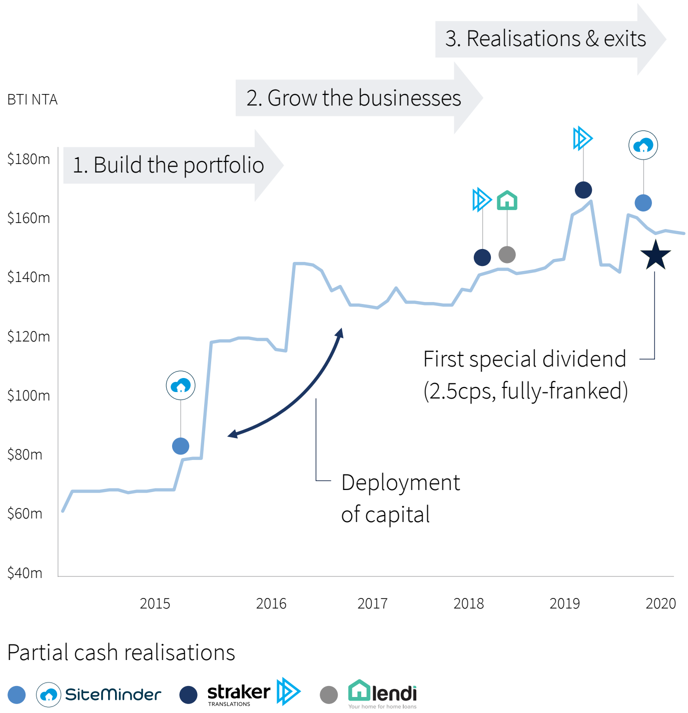
The team at Bailador has worked very hard and very effectively for you during the year. We were very pleased to report that in January 2020 James Johnstone was promoted to Partner. In 2020 James has led our investments in DocsCorp and Lendi, supported on Straker and SiteMinder and picked up the care and consideration of Viostream, guiding the company to its best ever performance in a year. James has certainly earned his promotion and we are delighted to have him join us as a Partner in the firm. In May 2020 Mike Hayes was promoted to Investment Director and is increasingly taking on a leadership role in his engagement with portfolio companies. Mike has been involved with Instaclustr from the beginning and you will have read earlier how well Instaclustr is going. Mike can't claim all the credit, but good things don't happen by accident and Mike has been supporting and guiding the company just as we would wish.

Realisations

We understand that crystallising value for shareholders will come through realisations. That is, through outright sales of portfolio companies that deliver strong money-on-money cash returns and through IPOs at attractive prices. We will typically hold a significant part of our investment position at IPO and expect to be long term owners of companies with strong growth prospects and quite possibly a multiple re-rating.

As you can see from the graph below, we believe we are moving now into the phase of accelerating realisations in the portfolio and we believe this will flow through to significant shareholder value creation.

Figure 3: BTI has begun harvesting profitable cash realisations



Annual Meeting

We look forward to engaging with those of you who are able to attend our Annual General Meeting to be held at 11am on 27 October 2020. This year the AGM will be online only as you would expect with further detail provided in our Notice of Meeting being released to the ASX in September.

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 loss of the Company for the financial year ended 30 June 2020 was $4,118,000 (2019 $17,053,000 profit), after providing for income tax.

Combined revenue growth of the underlying portfolio companies (portfolio weighted) for the financial year ended 30 June 2020 was 20%. 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 2019 and 30 June 2020 (pre-tax, after all fees), was a decrease of 5.3% pa over the year. The Company paid a dividend through the period of 2.5 cents per share and instituted a Dividend Reinvestment Plan (DRP). The Company issued shares under the DRP and completed a shortfall placement under the DRP to a number of investors. The total shares issued under DRP and shortfall placement was 2,611,432 (2.2% of previously issued shares).

Review of Operations

The portfolio continued to perform strongly throughout FY20 with the highlight of the year being SiteMinder's capital raising which saw SiteMinder valued in excess of $1bn and Bailador's valuation increase by 26.8%. The cash realisation that accompanied SiteMinder's capital raising prompted the payment of Bailador's first dividend to shareholders of 2.5 cents per share (fully franked).

Bailador's investment in Instaclustr continued to be a strong performer increasing by 30% in August. Write downs in Viostream and Stackla offset the otherwise strong H1 performance.

The uncertainty surrounding COVID-19 has impacted some of the forward momentum across the portfolio in the second half of the year with portfolio performance in H2 largely flat. The Straker Translations share price was impacted due to COVID-19 but along with the rest of the market, is recovering.

Importantly, Bailador's portfolio companies are well capitalised and are in a strong position to navigate the uncertainty 2020 has presented to businesses worldwide.

Review of Operations (continued)

Realisations

SiteMinder

In December 2019 BTI sold a small proportion of its holding in SiteMinder for proceeds of $9.9m. The realisation was part of a large equity raise by SiteMinder which saw significant demand for SiteMinder shares at a valuation of $1.1bn. The transaction also saw SiteMinder's valuation in the BTI portfolio lift 26.8%.

Straker Translations

In July 2019 BTI sold 1,000,000 Straker Translations shares at a price of $1.95, which was 29.1% above Straker's IPO price.

The Straker Translations share price underperformed throughout FY20 closing FY20 at $0.875, down 48.7% on its June 2019 closing price. At 30 June 2020, BTI held marketable securities in Straker as follows:

	No. of Shares	$ at $0.875 30 June 2020
Current marketable securities:		
Ordinary shares	6,404,201	$5,603,676
Total	6,404,201	$5,603,676

Revaluations

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

- SiteMinder: Increased in value 26.8% during FY20. BTI increased its valuation in SiteMinder in line with the price of an equity raising completed in January 2020. The equity transaction was strongly supported by institutional investors and saw SiteMinder valued at $1.1bn.

The following investments were revalued under BTI's revaluation policy, including independent review, by reference to comparable trading and transaction multiples:

- Instaclustr: increased by 30% ($4.4m) in August 2019 following strong trading performance.
- Rezdy: decreased by 2.5% ($0.1m) in June 2020 due to the impact of COVID-19.
- Stackla: decreased by 100% ($12.6m) in September 2019 due to Facebook platform interruption. See Stackla operating report for details.
- Viostream: decreased by 100% ($7.8m) in September 2019. See Viostream operation report for details.

Valuation of Investments

The Board has reviewed the value of the investment portfolio and the Net Tangible Assets of BTI as at 30 June 2020. 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 19 of the financial statements and in the section below "Operating Reports on Portfolio Companies".

Investments are currently held at fair value via 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 largest player in the hotel guest acquisition platform market servicing over 35,000 hotels in over 160 countries. SiteMinder's platform helps hotels increase online revenue, streamline business processes and drive down the cost of acquiring bookings. SiteMinder seamlessly connects to hundreds of distribution partners, including leading Online Travel Agents (OTAs) such as Booking.com, Expedia, TripAdvisor, Google, and CTrip. It operates a subscription business model and has more than $100m in revenue of which more than 90% is recurring in nature.

Sankar Narayan (ex-Xero COO) joined SiteMinder as the business' first externally appointed CEO who, alongside co-founder Mike Ford, is driving the company's vision, strategy, and product innovation. During FY2020 the company put in place a new three-year plan that focusses on establishing the people, processes and systems to drive and support SiteMinder's strong revenue growth plans.

The SiteMinder product continues to evolve to a true 'platform' whereby SiteMinder offers its core channel manager product to hotels alongside a demand management, yield management, payment, website hosting and Data-as-a-Service plugins. At the end of 2019 SiteMinder launched the Hotel App Store which allows hotels to access a range of hotel apps by utilising the SiteMinder Data-as-a-Service plugin. Product development is underway to streamline and automate the customer onboarding process.

The business' performance has been temporarily impacted by COVID-19 in the last quarter of FY2020 as revenue derived from booking transactions declined. The monthly subscription revenue remains resilient and this accounts for 90% of the business' gross profit. Despite SiteMinder's resilience in the face of the COVID-19 travel restrictions, management took decisive action to make cost savings and selectively reduce staff levels where appropriate.

The business has still been acquiring new customers during the COVID-19 disruption and its technology will be a vital tool for hotels as they recover from the COVID-19 restrictions. The business is now more profitable than it was pre-COVID-19 with a very strong balance sheet and cash position.

Sankar, alongside co-founder Mike Ford, leads a distinguished executive team that includes Jonathan Bedford, the former VP Commercial at Open Text; Inga Latham, the former General Manager of digital experience at Commonwealth Bank; Jonathan Kenny, the former CFO at global online education company 3P Learning; and Mark Renshaw as CMO.

In January 2020 the company completed a $100m+ capital raise led by renowned institutional investor, BlackRock. This investment valued SiteMinder at over $1bn and saw BTI increase the valuation of its stake in SiteMinder to $82.5m, while also realising $9.9m in cash proceeds.

After reviewing SiteMinder's valuation in June 2020 BTI has held its valuation of SiteMinder at $82.5m which is in line with the valuation set by third-parties as part of the BlackRock investment round in January 2020.

Valuation 30 June 2020:	$82.5m (after $9.9m realisation)
Valuation at 30 June 2019:	$72.9m
Realisation since 30 June 2019:	$9.9m
Basis for valuation:	Cost of third-party investment
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 technology 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.

Established in 2013, Instaclustr is trusted by global industry leaders and counts Atlassian, Sonos, Blackberry and many other blue-chip companies as customers. Instaclustr has a diversified customer base spanning multiple industries and geographies, and 90%+ of Instaclustr's revenue comes from outside of Australia. Instaclustr's revenue is high margin and 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 90%+ of total revenue classified as recurring.

Instaclustr has demonstrated excellent operational performance over the 12 months ending 30 June 2020. Despite the overall environment resulting from the COVID-19 crisis, Instaclustr had one of its best quarters ever in June 2020 with major new client wins in May and June.

Since BTI invested in 2016, Instaclustr has also evolved from being a 'Database-as-a-Service' provider, focused on Apache Cassandra, to an 'Open-Source-as-a-Service' provider. Instaclustr's Open-Source-as-a-Service platform now offers additional technologies such as Apache Kafka, Elasticsearch and Redis, and management anticipates that this evolution will generate significant growth for the company.

Building out the multi-tech platform has led to a number of benefits for the company; 1) It has increased revenue and share of wallet per customer, by being able to upsell additional products 2) It has given Instaclustr a competitive advantage vs. single technology companies 3) it has allowed them to have more strategic discussions with large enterprise customers who are looking to solve business problems vs. a specific technology problem. Some of the recent deals won with large customers were driven by Instaclustr's ability to manage multiple technologies.

Over the past 12 months, Instaclustr has built out a strong Go-To-Market team to accelerate the sale of their multi-tech platform and go after a growing addressable market. The new CRO, who was hired in 2019, has had a meaningful impact on the outbound sales engine and Instaclustr's ability to win large enterprise deals. A new CMO and Head of Consulting were hired in early 2020, and they have already helped to increase the size and quality of the pipeline.

The company employs 100+ full-time staff across its three major offices: its headquarters in Palo Alto, California, its founding office in Canberra, Australia, and its office in Boston, Massachusetts.

BTI increased the valuation of its investment in Instaclustr by 30% in August 2019 to reflect the strong operating performance in the 12 months since the third-party Level Equity investment in August 2018.

BTI believes that there is still a long runway of growth ahead of Instaclustr driven by the strong structural tailwinds of big data, applications and databases moving to the cloud, and adoption of open source technologies.

Valuation 30 June 2020:	$19.0m
Valuation 30 June 2019:	$14.6m
Investment since 30 June 2019:	$0m
Basis for valuation:	Revenue multiple
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 Document Productivity segment of the large and growing Enterprise Content Management market. BTI invested in DocsCorp in July 2016.

In FY2019 the company invested in both people and process changes within its sales function which delivered meaningful improvements in new sales momentum in FY2020. These improvements were experienced in all major sales regions, with standout revenue growth in North America prior to the onset of COVID-19.

The vast majority of DocsCorp's revenue is recurring in nature and the business continues to see this recurring revenue mix increase. This has been driven by internal changes implemented by DocsCorp along with the professional services industry increasingly moving away from on-premise to cloud based software solutions.

From a product development perspective, the company has a busy development pipeline and in June 2020 the company launched a major enhancement to its flagship compareDocs product. This, along with other product releases, will present revenue expansion opportunities for the company while also expanding the breadth of its product suite.

In July 2020 the company acquired Verowave Technologies which is a UK-based document production and assembly software product used by professional services firms. This is an important acquisition by the company and will see Verowave's products made available to DocsCorp's customer base and reseller network. Verowave's products are highly complementary with DocsCorp's product suite and further enhance the breadth of DocsCorp's offering to the legal market.

The mission critical nature of DocsCorp's product suite has seen it largely insulated it from the impacts of COVID-19. The company's new sales pipeline has held up very well, but they have experienced delays in sales pipeline conversion in North America and Europe. Management have taken proactive action to reduce costs where appropriate and swiftly implemented remote working arrangements.

DocsCorp now has more than 5,000 customers and 700,000 end users across 70 countries. The company has a loyal customer base with strong net revenue retention of over 100% and customer churn rate of less than 1% in its key enterprise customer segment. The company is cash generative with a strong balance sheet and well positioned to capitalise on the evolving competitive landscape.

While the company performed well in FY2020 and continued to grow its revenue BTI has held DocsCorp's carrying value at $10.9m for FY2020 due to general market uncertainty.

Valuation 30 June 2020:	$10.9m
Valuation 30 June 2019:	$10.9m
Investment since 30 June 2019:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Lendi

Lendi is a disruptive fintech business that has developed an end-to-end online mortgage platform that fundamentally improves the home loan selection and application process for Australian consumers.

Lendi is tackling the $1.7 trillion and highly profitable mortgage sector that is currently dominated by the slow-moving "big four" banks and traditional face-to-face mortgage brokers.

The Lendi platform uses advanced technology to match borrowers with over 1,500+ home loan products offered by a panel of over 35+ lenders. Lendi has implemented a number of operational processes via data connections and innovative partnerships to reduce the time/effort (for both the customer and Lendi's operators) required to complete a home loan application.

FY2020 saw the company benefit from the stabilisation and resurgence of the wider home loan market which was driven by the completion of the Royal Banking Commission findings. These tailwinds have seen the company deliver market leading revenue growth rates with the business' revenue growth continuing to accelerate through the COVID-19 disruptions.

Lendi has been a net beneficiary of the COVID-19 disruptions as a result of consumers becoming increasingly comfortable with digital, rather than face-to-face, distribution. The home loan market has also seen strong competition from the banks as interest rates reach historic lows and consumers seek to take advantage of these low interest rate offers. The main impact of COVID-19 for Lendi was the complex task of migrating multiple domestic and international offices to remote working which the Executive team managed well.

In FY2020 Lendi expanded its product and engineering team which has propelled the development and release of a series of new platform features and integrations that have enabled efficiency gains amongst their home loan specialists or enabled customers to complete their home loan application entirely unassisted and online. An example of one such feature was the launch of Lendi's Approval Confidence indicator which provides consumers an insight into which lenders on Lendi's panel will approve them for a home loan.

The business' JV with Domain continues to perform well and both companies have worked hard to expand Lendi's integration within the Domain marketplace.

Lendi completed a substantial capital raise in December 2019 through the issue of a convertible note linked to future IPO pricing. As the convertible note had no specified valuation BTI has held its valuation of Lendi at $10.7m which is in line with the last third-party equity investment round.

Valuation 30 June 2020:	$10.7m
Valuation 30 June 2019:	$10.7m
Realisation since 30 June 2019:	$0m
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 based on real invoices with the world's largest media buying groups, providing decision-grade ad expenditure and pricing metrics which are used by leading media companies, brands and financial institutions to understand historical and forward trends and assist making fundamental strategic decisions.

Depending on the market, SMI captures between 70 and 95% of all agency spend. By aggregating it, SMI offers detailed ad intelligence across all media types, including Television, Digital, Out-of-Home, Print, and Radio. Data can be broken down by unit cost, media owner, ad type, buy type, advertiser product category, and other dimensions based on your specific needs. SMI sources its data through exclusive arrangements with buying agencies who are represented in more than 32 countries.

SMI's flagship product, *AccuTV*, launched in FY18 provides a comprehensive analytical view of the US TV market for large Enterprise 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 also provides data and analytics products to leading institutional investors, asset managers, hedge funds, family offices, and private equity firms. These groups use SMI data to identify changes to companies' ad revenue and to uncover signals about a company's fundamental performance, track revenue against consensus estimates, and build better models.

FY20 was another period of solid growth for SMI, underpinned by strong performance in the US market which now contributes to over 80% of total revenue. The business has experienced some impact from COVID-19 mainly in Australia but has seen increased demand for its unique data set in the much larger and more competitive US media and financial services markets. In turbulent markets, the clarity of insight produced by the SMI data is even more valuable. Overall, the business is well capitalised and continues to generate profitable growth.

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 such as Canada, which launched in June 2020, (2) increasing its addressable market through new product innovations and (3) continuing to grow sales to the financial services market, which has been a stand-out success.

Bailador has reviewed its investment in SMI and held its valuation constant to be conservative in the absence of a third-party transaction. However, with the majority of the company's financial year budget already achieved (SMI has a December financial year end), a strong pipeline of clients and planned regional and product expansions underway, SMI is well positioned to continue its growth in the coming year.

Valuation 30 June 2020:	$9.6m
Valuation at 30 June 2019:	$9.6m
Investment since 30 June 2019:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible notes and ordinary shares

Rezdy

Rezdy is one of the few global independent technology providers of connectivity technology and tools to a broad cross-section of the estimated $250bn tours and activities industry. Rezdy's B2B marketplace offering combines leading booking software, channel management and in-destination agent tools to drive connectivity of online sales of tours and activities globally.

Rezdy's booking software platform is used by over 3,500 tour and activity operators globally, simplifying back-end operations for customers with inventory, scheduling and reservation engines. Rezdy's booking engine connects operators to both direct to consumer website bookings as well as to hundreds of online distribution channels including leading OTAs and over 8,200 independent agents in over 130 countries.

Rezdy's B2B marketplace offering continues to strengthen with the business securing a large number of enterprise level agreements and strategic partnerships across both supply and demand side channels. During the year, Rezdy also successfully trialled its 'concierge' booking tool through a commercial arrangement with one of the world's leading hotel chains. Rezdy also signed a preferred partnership deal with GetYourGuide who, along with Berlin-based booking software company, BookingKit, have agreed to an exclusive global distribution and marketing arrangement.

Rezdy experienced strong growth in the first half of FY20, however the business' performance has been temporarily impacted by COVID-19. Although Rezdy's customer base and the industry as a whole were severely impacted by widespread shutdowns and travel restrictions, subscription revenue which is the predominate source of revenue for the business remained resilient. While transaction volume went to nearly zero during March and April, volumes began steadily increasing from May onwards.

Despite ongoing challenges relating to COVID-19, we believe Rezdy is very well positioned for continued growth and will become an increasingly leading technology provider to the global experience industry. As a result of the better than expected revenue recovery and a number of cost savings implemented, the business is appropriately capitalised and focussed on domestic demand for tours and activities which is already increasing.

Bailador has reviewed its investment in Rezdy resulting in a 2.5% reduction to its valuation. BTI holds convertible securities with a senior position in the Rezdy capital structure, meaning a relatively modest Enterprise Value is required to redeem face value, and Bailador has marked its valuation of Rezdy to that level.

Valuation 30 June 2020:	**$5.7m**
Valuation 30 June 2019:	$5.9m
Investment since 30 June 2019:	$0m
Basis for valuation:	Revenue multiples and capital structure seniority
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 proprietary, enterprise grade, end-to-end cloud-based translation platform, "Ai RAY", which utilises a combination of AI, machine-learning and a crowd-sourced pool of over 13,000 freelance translators. This AI-driven technology platform allows Straker to achieve high volume translations with superior accuracy and deliver industry leading gross margins.

Straker has scaled up rapidly over the past few years through a combination of organic growth and strategic acquisitions. For Straker, acquisitions provide an opportunity to add revenue, key customer relationships in strategically important categories, geographic diversity, human capital and generate operating leverage as acquired entities are migrated onto the Company's proprietary Ai RAY technology platform.

In October 2018 Straker completed a $20m raising and IPO on the ASX, with funds raised to further Straker's acquisition plans. Since listing, Straker has executed on these plans acquiring three translation businesses including two in Spain and one in New Zealand. With a total of seven acquisitions in the last four years, Straker now has significant acquisition and integration experience enabling a faster integration and margin improvement of the businesses acquired.

The financial year ended 31 March 2020 (FY20) was another successful year with solid revenue growth (up 13% to NZ$27.7m), improved gross profit and stable EBITDA. Importantly, repeat revenues increased 18% during FY20 to NZ$23.9 million and represented 86% of overall revenue. Reflecting the Company's strategy to focus on its Enterprise customers, Straker experienced 70% growth in its Enterprise customer base and 18% growth in average project revenue on FY19. Straker's Media business also rapidly gained momentum increasing 55% on FY19, underpinned by several important customer relationships with U-based global media organisations established during the year.

The prospects for Straker are increasingly strong as the business continues to scale-up their translation platform in the growing US$43.0bn language services market. Straker entered the FY21 financial year in a strong capital position with NZ$11.2 million cash at bank at 31 March 2020 and no debt. Straker's increased focus on Enterprise customers will remain a key element of the Company's growth strategy going forward. Despite some delays in Straker's acquisition plans due to COVID-19, the pipeline remains strong with a number of discussions already underway.

As a publicly listed company, the valuation of BTI's investment in Straker is determined by the change in closing share price for the period. As at 30 June 2020, Straker's share price was $0.875, representing a 49% decrease on 30 June 2019. However, during the year BTI realised $1.95m of its holding in Straker at a share price of $1.95, for an implied IRR of 25%.

Valuation 30 June 2020:	$5.6m
Valuation 30 June 2019:	$12.6m
Realisation since 30 June 2019:	$1.95m
Basis for valuation:	Mark to market
Securities held:	ASX:STG 6,404,201 ordinary shares

BROSA

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 omni-channel retail model, which includes predominantly online sales supported by physical showrooms in Melbourne and Sydney.

Brosa has upgraded its senior management team over the past 18 months and has hired a new COO, CFO, CMO and Head of Merchandising, and this is having a positive impact on operating performance.

Brosa has been a net beneficiary from COVID-19. Demand for furniture is up as people isolate at home, and Brosa's digital-first model is perfectly placed to take advantage of consumers increased willingness to order goods online, driving record results.

BTI has kept the valuation of Brosa flat over FY20 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 2020:	$3.0m
Valuation 30 June 2019:	$3.0m
Basis for valuation:	Third-party transaction
Securities held:	Convertible preference shares

Stackla

Stackla

Stackla is a content discovery platform focused on User Generated Content (UGC) and Digital Asset Management (DAM) that enables brands to feature UGC throughout their marketing stack and content strategy.

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.

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 that revenue has high gross margins.

Stackla is positioned at the higher priced and enterprise-focused end of the UGC landscape and compares favourably to competitors based on the technical depth of the product and the ability to integrate with other software in the marketing ecosystem. It continues to prove its technology leadership in the space.

A new Organic Influencer product was launched in November 2019. The Organic Influencer solution is built to help brands turn their organic advocates into influencers. Another major product release in FY20 was Stackla's enhanced retail capabilities, and recently they overhauled their analytics dashboards and reports.

BTI reduced the valuation of its investment in Stackla to $nil in September 2019 due to uncertainty at that time over access to the Facebook platform. The issue was resolved and the business has performed well since that time. There has been no third-party transaction, and BTI has not increased its valuation, maintaining a conservative approach. However, there is good prospect of value realisation.

Review of Operations (continued)

The Facebook issue combined with COVID-19 has provided a difficult set of circumstances for the business to operate under, but the company continues to win new large enterprise deals with blue chip customers and is still rolling out new product offerings despite the smaller team size.

The business continues to generate high quality recurring revenue and with cost reductions made in FY20 it has been able to operate in a sustainable manner.

Valuation 30 June 2020:	**$0.0m**
Valuation 30 June 2019:	$12.6m
Investment since 30 June 2019:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

VIOSTREAM

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.

In Q2 of FY2020 Viostream was notified of two meaningful customers that would not be renewing their contracts with Viostream. As a result of the decline in revenue and the application of a lower revenue multiple BTI revised its valuation of Viostream down to $nil.

Post Q2 FY2020 the business has performed very well and ended FY2020 both profitable and cash flow positive. This result was underpinned by strong customer renewals, key account expansion wins, combined with disciplined cost management.

The management and wider team have been focussed on Viostream's high quality customer base throughout FY2020, delivering a number of important product releases that contributed to the company's strong renewal rate in H2 FY2020.

The Viostream team continued their relentless focus on cost management and reduced their average operating cost base by 30% in FY2020. These cost reductions have been delivered by continuing to optimise Viostream's infrastructure setup along with moving to a small and very committed organisational structure.

COVID-19 has resulted in the strengthening of Viostream's use case as the use of digital video grows exponentially. Some disruption has been experienced in Viostream's events production business as a result of the restriction on large physical gathering, but this reduction has been offset by increased spend within Viostream's government customer base.

Viostream is now is self-sustaining, boasts a strong roster of blue-chip clients and positioned with a simple capital structure to due-diligence.

Valuation 30 June 2020:	**$0.0m**
Valuation at 30 June 2019:	$7.8m
Investment since 30 June 2019:	$0.0m
Basis for valuation:	Revenue multiples
Securities held:	Ordinary 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

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 2020 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
Brodie Arnhold (appointed 30th August 2019)

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 2020, 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 2020. The information in the preceding operating and financial review forms part of this Directors' Report for the year ended 30 June 2020 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
Brodie Arnhold – appointed 30 August 2019
Sankar Narayan – retired 30 August 2019

Dividends

Dividends paid or declared for payment during the financial year are as follows:

	$
Special dividend of 2.5 cents per share fully franked paid on 26 March 2020 following the partial realisations of SiteMinder (January 2020) and Straker Translations (July 2019)	$3,006,196

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 2020:

	$
Taxation Services	$9,934

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 28 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 implemented AASB 16: *Leases* during the period. There have been no transitional impacts due to the implementation of this standard.

Options

There are no unissued ordinary shares of the Company under options as at 30 June 2020.

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.

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, 10 meetings of directors and five committee meetings were held. Attendances by each director during the period was 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	10	10	3	3	2	2
Paul Wilson	10	10	3	3	2	2
Andrew Bullock	10	10	3	3	2	2
Jolanta Masojada	10	10	3	3	2	2
Brodie Arnhold	8	8	2	2	1	1
Sankar Narayan	2	1	1	1	1	1

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, Jolanta Masojada and Brodie Arnhold, 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 not reached in FY20 and as such there is no performance fee payable for the period. The FY19 performance fee of $4,035,242 was paid to the Manager following cash realisations from Straker Translations and SiteMinder.

Amounts paid or payable to the Manager relating to the year ended 30 June 2020 are as follows:

Base management fee	$2,693,880
Reimbursement of portfolio management expenses	$289,514

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	60,000
Brodie Arnhold	Non-executive Director (appointed 30 August 2019)	50,000
Sankar Narayan	Non-executive Director	10,000
	Non-recoverable GST incurred on director payments	12,000
		192,000

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 2019	Net number of shares acquired	Shares issued under Company DRP	Net number of shares disposed	Balance at 30 June 2020
David Kirk	8,387,841	64,900	198,725	-	8,651,466
Paul Wilson	3,461,802	501,779	13,460	-	3,977,041
Andrew Bullock	410,422	-	-	-	410,422
Jolanta Masojada	60,000	60,000	2,843	-	122,843
Brodie Arnhold	-	55,000	-	-	55,000
	12,320,065	**681,679**	**215,028**	**-**	**13,216,772**

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 2019 to 30 June 2020, David Kirk earned $50,000 from DocsCorp and $30,000 from Instaclustr. Paul Wilson earned $50,000 from SiteMinder, $80,000 from Stackla and $59,500 from Straker Translations.

The Manager receives directors' fees in relation to directorships of portfolio companies. For the year 1 July 2019 to 30 June 2020, the Manager earned (net of GST) $50,000 from DocsCorp.

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
Director

Paul Wilson
Director

Dated this 14th day of August 2020

Auditor's Independence Declaration

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

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

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 2020, 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 (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 14 August 2020

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2020

	Note	30 June 2020 $000	30 June 2019 $000
(Decrease)/Increase in value of financial assets	2	(1,648)	32,038
Interest income		23	44
Accounting fees		(237)	(203)
ASX fees		(74)	(57)
Audit fees	6	(68)	(67)
Costs of realisation of financial assets		(285)	(52)
Directors' fees		(192)	(196)
Due diligence costs		–	(33)
Independent valuations		(83)	(84)
Insurance		(179)	(148)
Investor relations		(261)	(145)
Legal fees		(29)	(41)
Manager's fees	5	(2,694)	(2,507)
Manager's performance fees		–	(4,035)
Registry administration		(54)	(27)
Other expenses		(100)	(121)
(Loss)/Profit before income tax		(5,881)	24,366
Income tax benefit / (expense)	3	1,763	(7,313)
(Loss)/Profit for the year		(4,118)	17,053
Other comprehensive income		–	–
Total comprehensive (loss)/income for the year		(4,118)	17,053
Earnings per share			
– basic earnings per share (cents)	8	(3.41)	14.18
– diluted earnings per share (cents)	8	(3.41)	14.18

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2020

	Note	As at 30 June 2020 $000	As at 30 June 2019 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	4,612	1,423
Current marketable securities	4	5,604	2,805
Trade and other receivables	10	147	107
TOTAL CURRENT ASSETS		10,363	4,336
NON-CURRENT ASSETS			
Financial assets	4	141,594	157,882
Deferred tax assets	12	19,759	16,152
TOTAL NON-CURRENT ASSETS		161,353	174,034
TOTAL ASSETS		171,716	178,370
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	197	4,327
TOTAL CURRENT LIABILITIES		197	4,327
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	30,783	28,939
TOTAL NON-CURRENT LIABILITIES		30,783	28,939
TOTAL LIABILITIES		30,980	33,266
NET ASSETS		140,736	145,104
EQUITY			
Issued capital	13	119,231	116,475
Retained earnings		21,505	28,629
TOTAL EQUITY		140,736	145,104

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2020

	Note	Ordinary Share Capital $000	Retained Earnings $000	Total $000
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
Balance at 1 July 2019		116,475	28,629	145,104
Comprehensive income				
Loss for the year		–	(4,118)	(4,118)
Total comprehensive income for the period		–	(4,118)	(4,118)
Transactions with owners, in their capacity as owners, and other transfers				
Dividend paid	7	–	(3,006)	(3,006)
Shares issued under company DRP and associated placement	13	2,756	–	2,756
Total transactions with owners and other transfers		2,756	(3,006)	(250)
Balance at 30 June 2020		119,231	21,505	140,736

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2020

	Note	30 June 2020 $000	30 June 2019 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(8,410)	(3,632)
Interest received		22	46
Net cash used in operating activities	15	(8,388)	(3,586)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		–	450
Sale of financial assets at fair value through profit and loss		11,828	1,686
Proceeds from / (net cash used in) investing activities		11,828	1,236
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,658	–
Dividends paid		(1,909)	–
Net cash provided by financing activities		(251)	–
Net increase/(decrease) in cash held		3,189	(2,350)
Cash and cash equivalents at beginning of year		1,423	3,774
Cash and cash equivalents at end of year		4,612	1,423

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 30 June 2020

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.

Impacts of COVID-19

The company has given particular concern to the impacts of COVID-19 on the operations of the business and the impacts of valuation of the portfolio. The Manager has worked closely with the portfolio throughout the period and has provided regular briefings to the Board on the impact of COVID-19 on the portfolio of investments.

- To date, COVID-19 has slowed the otherwise rapid growth of some companies in the portfolio. This has meant some companies did not grow at the rates expected in the March – June period. One business, exposed to the travel industry has had its valuation reduced by $144,000. No other adjustments to valuation as a result of COVID-19 have been required or made.
- Businesses in the portfolio are well capitalised and where appropriate have implemented cost-cutting strategies to ensure cash reserves. The Board is not anticipating cash/capital requirements from any of the portfolio businesses in calendar year 2020 but does not rule out raising money into portfolio companies to accelerate growth or otherwise improve the market position of a company.
- Marketable securities in Straker Translations have been impacted by market volatility. The Board considers the underlying performance of ASX:STG to be strong.
- The timetable for cash realisations may be delayed due to COVID-19 but the level of uncertainty in the market makes any prediction difficult. The Board is committed to ensuring realisations maximise shareholder value.

Other than the items noted above, the Company has been largely unaffected by COVID-19 and the Board remains confident of the Company's operation as a going concern.

These financial statements were authorised for issue on 14th August 2020.

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 (i.e. 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.

Note 1: Summary of Significant Accounting Policies (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. 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 (i.e. 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 19.

The Board has given consideration to detailed analysis and up to date information that may impact the fair value of the portfolio due to the impacts of COVID-19. In doing so, the Board also considered special COVID-19 valuation guidance issued by the International Private Equity and Venture Capital Valuation Guidelines Board (IPEV).

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.

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 (i.e. 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.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 19 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 2018 to 30 June 2019.

m. New Accounting Standards Implemented

The Company has implemented one new Accounting Standard that is applicable for the current reporting period:

AASB 16: *Leases* has been applied retrospectively, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*. As the company has no leases, this standard has had no impact on the company.

Note 2: (Loss)/Profit For The Year

	30 June 2020 $000	30 June 2019 $000
The following revenue and expense items are relevant in explaining the financial performance for the year:		
Fair value (losses)/gains on financial assets and marketable securities at fair value through profit or loss	(1,648)	32,038

(in '000s)

- SiteMinder increased $19,557 (27%)
- Instaclustr increased $4,394 (30%)
- Straker Translations decreased $5,070 (40%)
- Rezdy decreased $144 (2.5%)
- Stackla ($12,577) and Viostream (7,821) were written down to zero

Note 3: Tax Expense

	30 June 2020 $000	30 June 2019 $000
a. The components of tax expense comprise:		
Current tax	(778)	9,482
Deferred tax	2,541	(16,795)
	1,763	(7,313)
b. The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to income tax payable as follows:		
(Loss)/Profit for the period before income tax expense	(5,880)	24,366
Prima facie tax on (loss)/profit from ordinary activities before income tax at 30%	1,764	(7,310)
Tax effect of:		
– Other deductions	(1)	(3)
Income tax attributable to entity	1,763	(7,313)
The weighted average effective tax rate is as follows:	30%	30%

Note 4: Marketable Securities Financial Assets

	As at 30 June 2020 $000	As at 30 June 2019 $000
Current Marketable Securities		
Straker Translations	5,604	2,805
Total Current Marketable Securities	5,604	2,805
Financial Assets		
SiteMinder	82,536	72,857
Instaclustr	19,041	14,647
DocsCorp	10,936	10,936
Lendi	10,727	10,727
SMI	9,638	9,638
Rezdy	5,716	5,861
Brosa	3,000	3,000
Straker Translations	–	9,819
Stackla	–	12,577
Viostream	–	7,807
Total Financial Assets	141,594	157,882
Total Financial Assets & Marketable Securities	**147,198**	**160,688**

During the year Straker Translations shares previously in escrow were reclassified as Current Marketable Securities.

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 $2,693,880 of management fees payable to the Manager, of which $65,704 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 $289,514 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 5 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 did not meet the performance fee hurdle, so no performance fee is payable for the period. In addition, as there has not been a positive movement in net tangible assets during the period, the Company has not accrued any contingent performance fee. The Performance fee payable from FY19 of $4,035,242 (including $98,721 non-recoverable GST) was paid to the Manager during the period. In line with performance fee policy, payment of performance fee may only be made from the proceeds of cash realisations. Throughout the period, the Company realised $1.95m from its investment in Straker Translations and $9.9m from its investment in SiteMinder.

Note 6: Auditor's Remuneration

	30 June 2020 $000	30 June 2019 $000
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	68	67
Taxation services	10	33
	78	100

Note 7: Dividends

	30 June 2020 $000	30 June 2019 $000
Special fully franked dividend of 2.5 cents per share franked at the tax rate of 27.5%. This is Bailador's first dividend.	3,006	–

At 30 June 2020, Bailador's franking account balance is $656,649.

Note 8: Earnings per Share

	30 June 2020 $000	30 June 2019 $000
(Loss)/Profit after income tax	(4,118)	17,053

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	120,934,673	120,247,831

	Cents	Cents
Basic earnings per share	(3.41)	14.18
Diluted earnings per share	(3.41)	14.18

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 9: Cash and Cash Equivalents

	As at 30 June 2020 $000	As at 30 June 2019 $000
Cash at bank	4,612	1,423
	4,612	1,423

Note 10: Trade and Other Receivables

	As at 30 June 2020 $000	As at 30 June 2019 $000
CURRENT		
GST receivable	56	51
Interest receivable	1	1
Other prepayments	90	55
	147	107

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 2020 all receivables and prepayments were within expected terms.

Note 11: Trade and Other Payables

	As at 30 June 2020 $000	As at 30 June 2019 $000
CURRENT		
Trade creditors	101	180
Performance fee payable	–	4,035
Other payables	96	112
	197	4,327

Note 12: Income Tax

	As at 30 June 2020 $000	As at 30 June 2019 $000
CURRENT		
Income tax payable	–	–

	Balance at 30 June 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**

	Balance at 30 June 2019 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2020 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	26,481	1,844	–	28,325
Tax on acquisition assets on opening	2,458	–	–	2,458
	28,939	**1,844**	**–**	**30,783**

Note 12: Income Tax (continued)

	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**

	Balance at 1 July 2019 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2020 $000
Deferred tax asset				
Provisions	1,235	(1,215)	–	20
Transaction costs on acquisitions	80	(3)	–	77
Transaction costs on equity issue	129	(87)	–	42
Deferred losses on financial assets	2,083	5,692	–	7,775
Losses carried forward	12,624	(779)	–	11,845
	16,151	**3,608**	**–**	**19,759**

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 13: Issued Capital

Movements in share capital are set out below:

	No.	$
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
Opening balance at 1 July 2019	120,247,831	116,475,156
Ordinary shares issued	2,611,432	2,755,697
Closing balance at 30 June 2020	122,859,263	119,230,853

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 14: 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 and marketable securities held at fair value through profit or loss.

Note 15: Cash Flow Information

	30 June 2020 $000	30 June 2019 $000
Reconciliation of Cash Flow from Operation with (Loss)/Profit after Income Tax		
(Loss)/Profit after income tax	(4,118)	17,053
Non-cash flows in profit:		
Unrealised fair value losses/(gains) on financial assets at fair value through profit or loss	1,648	(32,038)
Decrease in trade and other receivables	(25)	(38)
(Decrease)/Increase in trade and other payables	(4,130)	4,123
(Decrease)/Increase in deferred tax	(1,763)	7,311
Cash flow from operating activities	(8,388)	(3,586)

Note 16: Contingent Liabilities

There were no contingent liabilities at 30 June 2019 and 30 June 2020.

Note 17: Events After the Reporting Period

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 18: 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 2020 $000	30 June 2019 $000
Financial assets			
Cash and cash equivalents	8	4,612	1,423
Current marketable securities	4	5,604	2,805
Financial assets at fair value through profit or loss	4	141,594	157,882
Trade and other receivables	9	147	107
Total financial assets		151,957	162,218
Financial liabilities			
Financial liabilities at amortised cost	10	197	4,327
Total financial liabilities		197	4,327

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.

Note 18: Financial Risk Management (continued)

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 2020	Profit $000	Equity $000
+/- 5% in gain on equity investments	47	47

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 19: 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.

Note 19: Fair Value Measurement (continued)

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.

In addition to the AVCAL Valuation Guidelines, the Board has given consideration to detailed analysis and up to date information that may impact the fair value of the portfolio due to the impacts of COVID-19. In doing so, the Board also considered special COVID-19 valuation guidance issued by the International Private Equity and Venture Capital Valuation Guidelines Board (IPEV).

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.

Note 19: Fair Value Measurement (continued)

c. Financial Instruments

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

	30 June 2020	
	Carrying Amount $000	Fair Value $000
Financial assets:		
Cash and cash equivalents	4,612	4,612
Current marketable securities	5,604	5,604
Financial assets	141,594	141,594
Trade and other receivables	147	147
	151,957	151,597
Financial liabilities:		
Trade and other payables	197	197
	197	197

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 2020 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	5,604	–	–
Financial assets at fair value through profit or loss	–	96,263	45,331
	5,604	96,263	45,331

Note 19: Fair Value Measurement (continued)

	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			
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

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

	Fair Value at 30 June 2020 $000	Valuation Techniques	Range of Observable Inputs
SiteMinder	82,535	Price of third-party transaction	Price of third-party transaction
Lendi	10,727	Price of third-party transaction	Price of third-party transaction
Brosa	3,000	Price of third-party transaction	Price of third-party transaction

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

	Fair Value at 30 June 2020 $000	Valuation Techniques	Significant Unobservable Inputs	Range of Unobservable Inputs
Instaclustr	19,041	Revenue multiple	Revenue multiple	3.5x – 4.5x
DocsCorp	10,936	Revenue multiple	Revenue multiple	2.3x – 3.1x
SMI	9,639	Revenue multiple	Revenue multiple	1.5x – 2.5x
Rezdy	5,716	Revenue multiple Interest on Convertible Instruments	Revenue multiple Interest on Convertible Instruments	1.5x – 2.5x
Stackla	–	Revenue multiple	Revenue multiple	–
Viostream	–	Revenue multiple	Revenue multiple	–

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

Note 19: Fair Value Measurement (continued)

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 2019	107,114
Transfers out to Level 2 (SiteMinder $72.9m)	(72,857)
Transfer in from Level 2 (Instaclustr $14.6m & Stackla $12.6m)	27,223
Gains and losses recognised in profit or loss	(16,148)
Closing balance 30 June 2020	45,332

Note 20: Related Party Transactions

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

- Management Fees of $2,693,880 (including $65,704 unclaimable GST).
- Directors fees of $192,000 (including $12,000 unclaimable GST).
- Salary and director's fees paid to KMP by portfolio companies on arms-length terms of $319,500.
- FY19 performance fee payable to the Manager of $4,035,242 (including $98,421 unclaimable GST) was paid in cash during the year following cash realisations from SiteMinder and Straker Translations.
- Reimbursement of expenses to the Manager of $289,514.

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 2020.

Note 21: Company Details

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

Suite 3, Level 20
20 Bond 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 29-48, 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 2020 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 14th day of August 2020

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 2020, 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 2020 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.

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 $147 million **Refer to:** **Note 4 - Financial Assets & Marketable Securities** **Accounting policy Note 1(d) & Note 19 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 and Marketable Securities 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, $5.6 million were classified as 'level 1', $96 million were classified as 'level 2' financial instruments and $45 million were classified as 'level 3' 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 $45 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: • Discussed with management to assess the impact of COVID-19 implications on the valuation. • Evaluated the manager's valuation approach to value the investments; cross checking with growth achieved and comparable market data. • Assessed the valuation range to the manger's valuation and implied revenue multiple. • Assessed the scope, expertise and the independence of external valuer engaged by the Company. • Evaluated 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 assessed and compared 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. • Assessed 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 2020, 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.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 27 of the directors' report for the year ended 30 June 2020.

In our opinion the remuneration report of Bailador Technology Investments Limited for the year ended 30 June 2020 complies with s 300A of the *Corporations Act 2001*.

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

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 (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 14 August 2020

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 2020.

Holder Name	Ordinary Shares Held	% of Issued Shares
Washington H Soul Pattinson and Company Limited	23,169,763	18.86%
David Kirk	8,651,466	7.04%
Citicorp Nominees Pty Limited	6,361,314	5.18%
HSBC Custody Nominees (Australia) Limited	6,098,912	4.96%
JP Morgan Nominees Australia Limited	4,709,822	3.83%
Paul Wilson	3,977,041	3.24%
Patagorang Pty Ltd	1,954,033	1.59%
National Nominees Limited	1,886,412	1.54%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Services Ltd	1,644,323	1.34%
Pepstock II Pty Ltd	1,435,274	1.17%
Paul Lewis	1,428,312	1.16%
Ladybird Limited	1,253,088	1.02%
Mr Simon Fenwick	1,126,061	0.92%
Mrs Virginia Hancock	1,000,000	0.81%
Mr Paul Kendrick	999,978	0.81%
Mr Paul Meehan	926,545	0.75%
Mr Alan Draper and Mrs Evelyn Draper	818,953	0.67%
Macareus Pty Ltd	802,114	0.65%
Merrill Lynch (Australia) Nominees Pty Limited	778,679	0.63%
Mr Sam Morgan	776,057	0.63%
Total	**69,798,147**	**56.81%**

Substantial Shareholders

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

	Ordinary Shares
Washington H Soul Pattinson and Company Limited	23,169,763
David Kirk	8,651,466

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding as at 30 June 2020.

Holding	Numbers of Shareholders	Ordinary Shares Held	% of Issued Shares
1 – 1,000	210	105,194	0.09%
1,001 – 5,000	396	1,191,250	0.97%
5,001 – 10,000	273	2,268,805	1.85%
10,001 – 100,000	692	22,832,192	18.58%
100,001 and over	150	96,461,822	78.51%
	1,721	**122,859,263**	**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 2020 is 137.

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 3, Level 20
20 Bond Street
Sydney NSW 2000
www.bailador.com.au

Directors
David Kirk (Chairman)
Paul Wilson
Andrew Bullock
Jolanta Masojada
Brodie Arnhold

Company Secretary
Helen Plesek

Manager
Bailador Investment Management Pty Ltd
Suite 3, Level 20
20 Bond 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 Codes
Shares : BTI

Bailador Technology Investments Limited
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