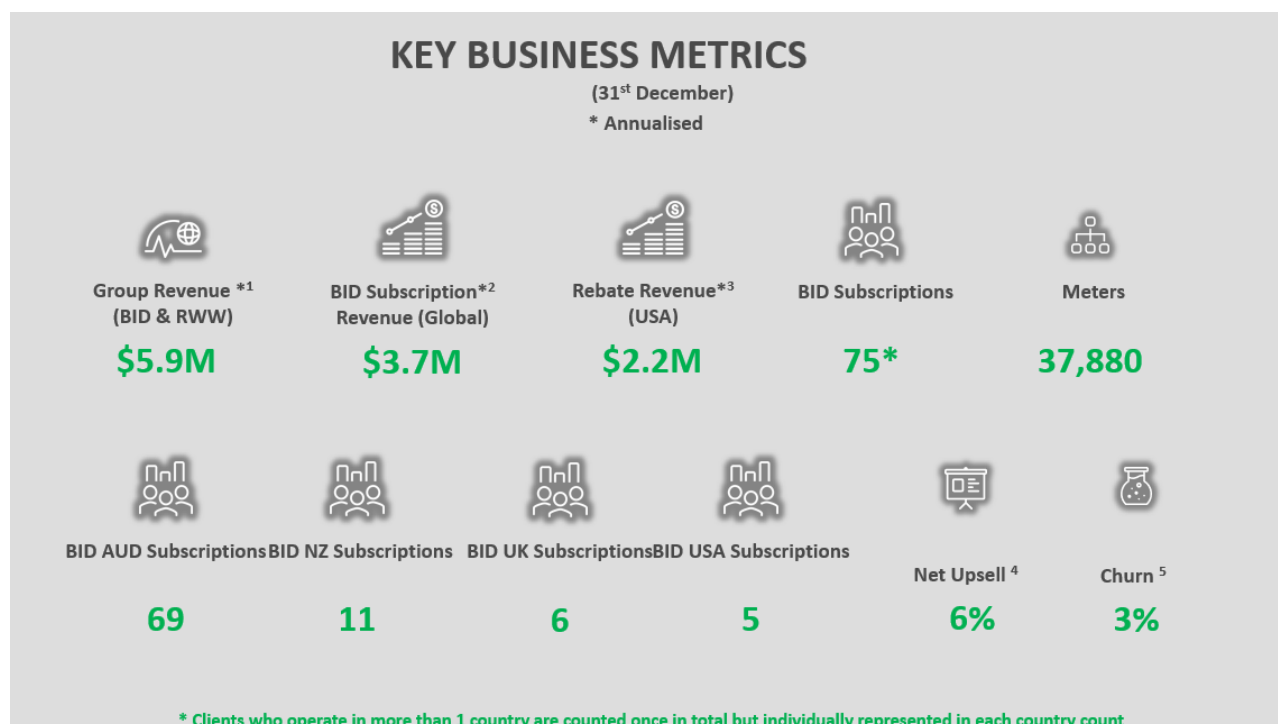


## BIDENERGY OPERATING REPORT AND DEC-18 APPENDIX 4C

ASX Release

30 January 2019

BidEnergy Limited (ASX: BID) (“BidEnergy” or “the Company”), is pleased to provide its operations update and quarterly cashflow report for the quarter ended 31 December 2018.



### Highlights for the Quarter

Underlying revenue (unaudited) of \$1.5 million for the December 2018 quarter, up from \$1.3 million in the September 2018 quarter, comprised of:

- \$0.7 million in BidEnergy subscription revenue; and
- \$0.8 million in BidEnergy USA rebate capture revenue.

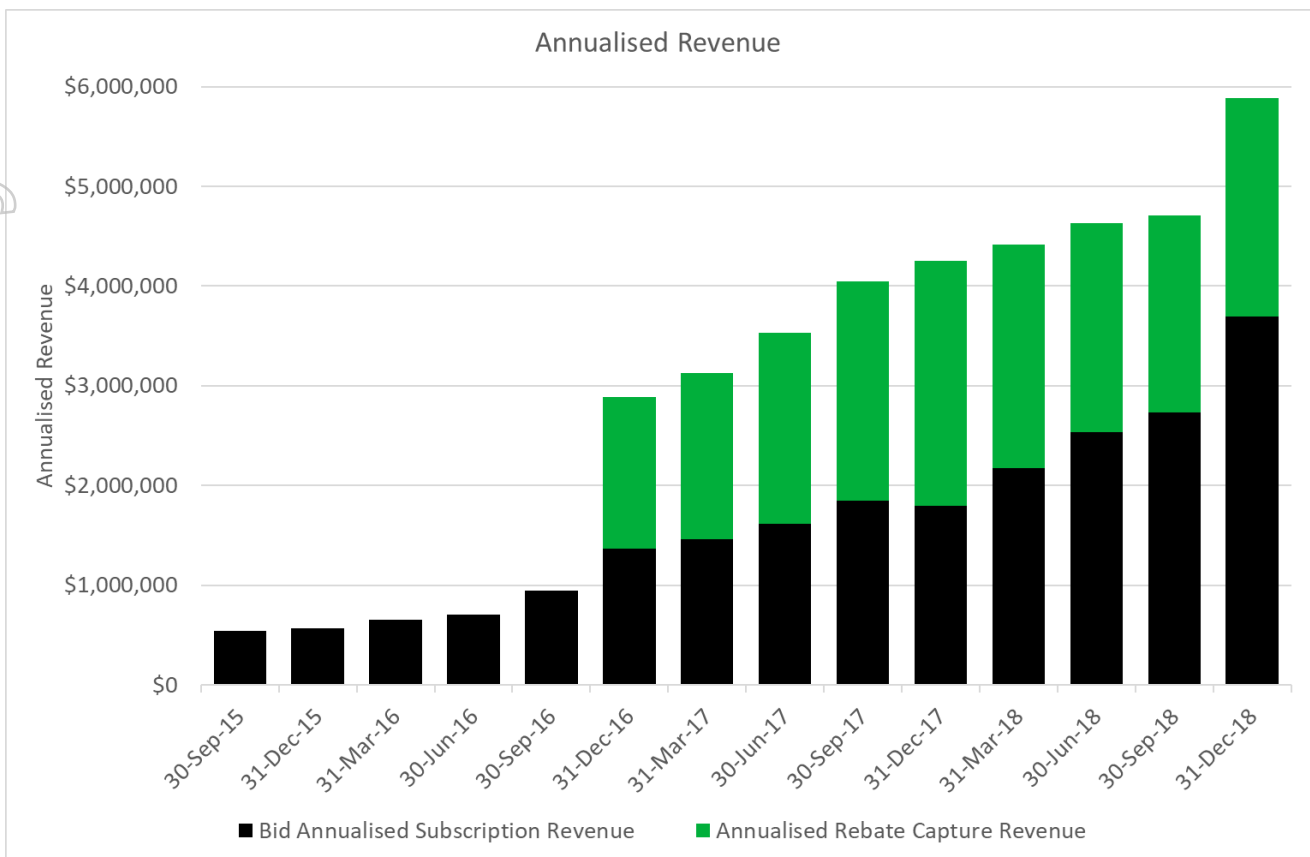
Total annualised group revenue was \$5.9 million, comprised of:

- Platform subscriptions: \$3.7 million (+106% CY18) of Annualised Subscription Revenue (ASR); and
- US Rebate capture: \$2.2 million of Annualised Rebate Revenue (AR).

Cash at 31 December 2018 was \$4.2 million, down from \$4.6 million as at 30 September 2018.

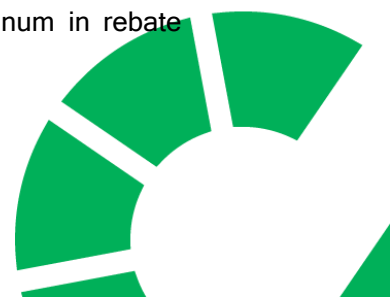


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### Operational Highlights

- Annualised subscription revenue (ASR) increased by \$1.0 million (up 35% quarter on quarter) from the September 2018 quarter, and has more than doubled over CY18, reflecting accelerating sales activity.
- 13 new client additions, four of these in the UK, highlighting strong acceptance of our ability to solve real world energy management problems using our Robotic Process Automation (RPA) platform in new markets. Overall Meters under management increased to 37,880 including an increase in the number of Meters under management in the UK, to over 4,000 (these sites are currently being onboarded).
- Signed Cushman & Wakefield master services agreement, our largest client win in Australia, bringing a further 16 major Australian enterprise clients who will be supported through a white label solution.
- A major Fortune 50 company in the USA has awarded BidEnergy a 2-year agreement (with 2 further 1 year options) for the provision of rebate capture services across its national store network. Once fully operational it will add approximately USD\$350,000 per annum in rebate capture revenues.



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- Shareholders will note our new brand 'look and feel', which is being progressively rolled out over January 2019. After a turnaround year (CY18) we have refreshed and revitalised our brand for the journey ahead.

### Financial Highlights

- Cash on hand at 31 December 2018 was \$4.2 million. Net cash burn reduced to an average of \$187,000 pcm in CY18 from \$506,000 pcm in CY17. Management's focus on operational discipline and sustained sales growth were key factors in the substantially improved performance, in conjunction with the receipt of 2 financial years R&D payments in CY18.
- US Annualised Rebate Revenue (AR) of \$2.2 million has increased by \$0.2 million since the September 2018 quarter (excluding the new rebate capture client win).
- Forecast gross cash operating costs for the March 2019 quarter are \$2.6 million (\$2.4 million December 2018 quarter actual), with sales growth accelerating and the RPA platform solution rapidly gaining traction. It is management's view that a small number of additional sales, operational and development resources in Australia, the USA and the UK are necessary to capture opportunities presenting in these markets.

### Update - Australia

- During the quarter, sales momentum continued with BidEnergy securing nine new enterprise clients including:
  - Cushman and Wakefield (and associated enterprise clients);
  - Kestrel Coal;
  - QMS Media - a leading outdoor billboard media business in Australia and New Zealand
  - Specsavers (for an initial 25 sites);
  - A state based paid trial for a global supermarket company;
  - Greenshill Framing;
  - NRMA Insurance;
  - Consortium Clemenger.
- Further, the Company has added its first "Parser as a service" client with Bill Cap (<https://billcap.com/>). Bill Cap utilises BidEnergy's core intellectual property and robotic functionality to "parse" bills for its own clients. Bill parsing is the extraction of core data from a bill robotically, which can be sent immediately as a data file for third party use. Revenues from this activity have commenced from mid-November 2018.

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- Further opportunities for this service and extensions into bill validation and portal building and management for interested local and global energy retailers are progressing. The Company believes that through CY19, this service can evolve into a substantial revenue category in its own right, and will update accordingly.
- BidEnergy has been working closely with a significant Australian third-party consumer brand over the last three months to negotiate a partnership for launching BILLY into the residential marketplace. These discussions are progressing well and key commercial terms are being discussed. If an agreement is reached, BidEnergy will provide a further update on this opportunity.

#### Update - UK

- On 12 September 2018, energy industry specialist, Simon Farmer, joined BidEnergy as Country Manager of UK and Europe to help drive the Company's UK and European expansion efforts and assist with further customisation of the RPA platform for the UK market. Simon has made significant progress in building a portfolio of pipeline opportunities, whilst winning four new accounts in just a few months.
- In addition to our existing relationship with BP, and the addition of TOLL during the last quarter, we have added four new clients, Walkers non-such Toffee, Carbon Numbers, Catalyst Commercial and Bellrock. We now have in excess of 4,000 Meters being onboarded in the UK.
- The UK market is rapidly evolving as a strong potential market for the Company. The market is almost five times the size of Australia with over 46 million Meters, and we are rapidly finding it is more predisposed to accepting and embracing RPA as a solution for energy spend management. We have been invited to present our solution to large global enterprise companies, and with UK's number 1 brand (BP) as our key partner in the UK, we enter discussions with a solid backdrop of market experience. We intend to invest in the UK market adding sales resources in CY19 and beyond to capture the opportunities available to us.

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### Update - Asia

- As a result of strong interest from a number of existing enterprise customers, we are exploring opportunities to enter new markets in Asia commencing with Japan, Malaysia and Singapore in the next three to six months. The market opportunity in total reported Meters is estimated at over 80 million Meters in Japan, 9.7 million Meters in Malaysia and 2.3 million Meters in Singapore.
- New country additions start with the training of robots to read existing client bills. This process requires little capital and is essential to establishing our initial capability so we can seek customers, as highlighted with our CY17 rollout with BP into the UK.
- As a benchmark, Australia has in excess of 11.5 million Meters, NZ has 1.4 million Meters, the UK has 46.3 million Meters, and the USA has approximately 150 million Meters. Upon entry into these markets the overall addressable market across all our product streams is expected to reach over 300 million Meters (this does not include Gas or Water).

### Update – USA

- As described above, the BidEnergy Philadelphia team won a request for proposal for the provision of rebate capture services for a major Fortune 50 company in the USA on a 2-year agreement (with 2 further 1 year options), across its national store network, and will add over USD\$350,000 per annum in rebate capture revenues. As Annualised Rebate Revenues (AR) are retrospectively calculated, this contract win has not impacted AR as yet, and will only do so as revenues start to be received in ensuing quarters.
- Our new Business Development Manager, Kelley DeLara, has come on board in the USA and is delivering a steady pipeline covering a number of new rebate capture and RPA platform opportunities. Primarily she is focused on potential clients over the Northeast region (PJM) of which Philadelphia is a part.
- We have made some progress in the USA with five clients including Toll and Cotton-On who have taken BidEnergy to the USA. We have successfully on boarded JOANN, and are managing their approximately 1,000 energy retailers in 49 states. JOANN has recently notified us that they are prepared to act as a strong reference for future US client pitches.
- We are also only just beginning to use the BidEnergy USA rebate capture business as a channel, tapping their Fortune 500 clients.

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- We intend to invest in the US market by adding sales resources and building out our platform capability to support on boarding of larger organisations, and capture the opportunities open to us.

### Executive remuneration

- BidEnergy underwent significant change during CY18 and despite the challenges, including management and sales team changes during the year, the Company has grown ASR from \$1.8 million to \$3.7 million during CY18, being an increase of 106%.
- At the commencement of CY19, the Company has a diverse and growing sales pipeline and a dedicated and effective sales team.
- The Board has agreed to the following updates to the Executive Services Agreement between the Company and Guy Maine, effective from 1 January 2019, to reward and motivate Guy Maine in his role as Managing Director of the Company:
  - Base salary to be increased to \$300,000 per annum;
  - Annual cash bonus entitlement for CY2019 of up to \$300,000 and a grant of up to 1,000,000 share options, subject to the achievement of performance targets as set out in Annexure B.
  - The granting of any share options is subject to shareholder approval.
- The Board has also agreed the following updates to the Executive Services Agreement between the Company and Chief Technology Officer, Anthony Du Preez, effective from 1 February 2019:
  - Base salary to be increased to \$250,000 per annum; and
  - Annual cash bonus entitlement for the period 1 July 2019 to 30 June 2020 of up to \$100,000, subject to the achievement of performance targets to be defined by the Board.
- The Board would like to take this opportunity to thank Guy and Anthony for their respective contributions in rebuilding the business of the Company.

### Management Commentary

Commenting on BidEnergy's progress to date, Managing Director Guy Maine said:

"The December 2018 quarter was a major breakthrough for BidEnergy. We saw our biggest ever increase quarter on quarter for ASR, up \$1.0 million, and a large jump in Meters under management to 37,880, with more than 4,000 being on boarded in the UK already.



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We won our largest ever account in Australia with Cushman and Wakefield and will soon be supporting their client list with major Australian enterprise brands. We started to deliver on the UK market opportunity through our new Country Sales Manager who won four new client accounts in his first few months in the role, with a large pipeline ahead. We delivered a major win in the USA with the aforementioned large Fortune 50 company subscribing to our rebate capture solution, a great follow-up to our major BidEnergy platform win with JOANN in the USA in mid-2018.

Further, the business and its people are executing and have the utmost confidence in not only our product and platform, but most importantly our capability to deliver. I am proud of how the team has excelled through the previous twelve months, building a Company platform that readies itself for substantial growth. We are a vastly different Company to the one I joined just a year ago. CY19 will be an exciting time and on behalf of the board and management I thank the shareholders for their support thus far.”

Further information:

**Guy Maine**  
Managing Director



Level 7, Suite 705, 530 Little Collins Street  
Melbourne VIC 3000  
+61 484 524 815  
[www.bidenergy.com](http://www.bidenergy.com)

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## About BidEnergy

BidEnergy is an Australian-based technology company with additional offices overseas in the USA and UK. BidEnergy's cloud-based platform simplifies the complex energy spend management process by using automation, enabling organisations to have complete control over their energy spend. Unlike manual consulting and business services, the platform automates the management of every component of the process for multi-site companies. By automatically capturing and validating invoices and meter data, BidEnergy clients can streamline their accounting and payments processes, go to market at short notice to optimise their supply contracts and reduce billing charges using sophisticated analytics and reporting.

BidEnergy's innovative Robotic Process Automation ("RPA") platform gives small to large enterprises greater control over the full energy spend lifecycle, particularly where there is a national multi-site configuration. Further, under these agreements, BidEnergy's RPA platform will be utilised to automatically capture and validate invoices, automating the payable function, discovering cost reduction opportunities and providing real-time Energy information and accurate financial capabilities at the touch of a button, as and when they need it.

### Disclaimer

This announcement may contain forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. From time to time, the Company may also use industry-specific terminology such as "Annualised Subscription revenue" which refers to the annualised value of active client contracts under management by BidEnergy at a particular point in time and should not be interpreted as a financial forecast. Such statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Announcement, except where required by law.

The Company cannot and does not give assurances that any results, performance or achievements expressed or implied in any forward-looking statements contained in this Announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.





## Annexure A: Glossary of Terms

<sup>1</sup> **Annualised Group Revenue** - refers to the total of Annualised Subscription Revenue (ASR) and Annualised Rebate Revenue (AR)

<sup>2</sup> **Annualised Subscription Revenue** or **ASR** - refers to the annualised value of active client contracts under management by BidEnergy, calculated by reference to the expected monthly fee for BidEnergy's Energy Spend Management Platform. To the extent a monthly fee is varied (including by reason of services being added or removed, or the numbers of meters managed under the contracted being increased or decreased) this may impact BidEnergy's ASR. To the extent that BidEnergy's ASR is materially impacted, BidEnergy will provide a market update.

<sup>3</sup> **Annualised Rebate Revenue** or **AR** - refers to RealWinWin rebate capture revenues, which are project based and are annualised on a rolling basis on the last 12 months of project activity. To the extent that any single month's rebate capture performance may vary, the corresponding AR will be affected and updated quarterly. This allows for seasonality inherent in the RWW business.

<sup>4</sup> **Net Upsell** - Calculated as the net revenue improvement for combined contract renewals for the preceding twelve months to date.

<sup>5</sup> **Churn** - Clients loss represented as the net revenue loss of any existing subscriber for the preceding twelve months to date.

**BidEnergy (BID)** - Energy Spend Management platform (ESM), utilising Robotic Process automation (RPA) charged on a monthly or annual subscription basis in Australia, NZ, UK and the USA.

**BidEnergy Inc. USA (Formerly RWW)** - Rebate Capture Business operating in the USA (Philadelphia based) that manages the process of claiming rebates from Energy retailers for LED lighting changeout for clients on a fee for service basis.

**BID Subscriptions** - Number of Paying subscribers on BIDs Energy Spend Management platform.

**BID US/UK Subscriptions** - Number of paying subscribers on BIDs ESM internationally. N.B. In the case of BP, they are counted in both Aus. and the UK and NZ.

**Meters** - Number of energy, gas and water meters for our paying subscribers. As our charges vary based on a client's meter portfolio, this is an important data point. Where clients are in a rollout phase, we include all expected Meters in this number prior to completion of rollout.



## Annexure B: Managing Director Annual Bonus and Key Performance Targets

The following details relate to Guy Maine's annual bonus entitlement for the period 1 January 2019 to 31 December 2019 (the "Period"):

1. The maximum cash bonus amount is set at \$300,000, subject to the achievement of the key performance indicators listed below.
2. Key performance indicators ("KPIs") and corresponding weightings are set out below. The KPIs have been designed to motivate the Managing Director to pursue value accretive objectives for the Company and to align his interests with those of shareholders. The KPIs do not constitute earnings guidance or financial forecasts and should not be interpreted as such.

Key Performance Indicator	Threshold	Target	Weighting / Maximum Bonus
1. ASR as at 31 December 2019	\$10.8 million	\$18.0 million	70% / \$210,000
2. Customer Churn rate for CY2019	5.0%	3.0%	30% / \$90,000

3. In respect of **KPI 1**:
  - 3.1 Where the actual ASR is greater than or equal to the Target ASR, the bonus payable will be the maximum bonus of \$210,000 (ie \$300,000 x 70%);
  - 3.2 Where the actual ASR falls between the Threshold ASR and Target ASR, a bonus will be payable on a fully weighted pro-rata basis, based on the following formula:

$$\frac{(\text{Actual ASR Achieved} - \$10.8\text{m})}{\$7.2\text{m}} \times (\$300,000 \times 70\%)$$

- 3.3 Where the actual ASR is less than the Threshold ASR, no bonus will be payable.

4. In respect of **KPI 2**:
  - 4.1 Where the actual Customer Churn Rate is less than or equal to the Target Customer Churn Rate of 3%, the bonus payable will be the maximum bonus of \$90,000;
  - 4.2 Where the actual Customer Churn Rate is between the Threshold and Target Churn Rates, a bonus will be payable on a fully weighted pro-rata basis, based on the following formula:

$$\frac{(2 - (\text{Actual Churn Rate Achieved}^* - 3))}{2} \times (\$300,000 \times 30\%)$$

2

\* where churn achieved is expressed as a number, not a percentage (ie churn of 4.5% would be expressed as 4.5 in the calculation above).

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4.3 Where the actual Customer Churn Rate is greater than or equal to the Threshold Rate of 5%, no bonus will be payable.

5. In addition to the above, the Board confirms its intention to seek approval from shareholders at or before the Company's 2019 AGM, to issue up to 1,000,000 options on the following terms and conditions:

5.1 Exercise price equal to 145% of the 5-day volume weighted average price of BID shares trading on the ASX as at today's date;

5.2 Expiry date of 30 January 2023;

5.3 Vesting over 3 years, subject to the achievement of the KPIs set out above (on a pro rata sliding scale on outcomes between threshold and target), and continuous employment by the Company over the vesting period. A quarter of the options will vest on 30 January 2020, with the remaining options to vest quarterly in equal installments over the remaining two years.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BIDENERGY LIMITED

**ABN**

94 131 445 335

**Quarter ended ("current quarter")**

31 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,471	2,816
1.2 Payments for		
(a) research and development	(346)	(607)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(24)	(35)
(d) leased assets	-	-
(e) staff costs	(1,222)	(2,341)
(f) administration and corporate costs	(759)	(1,486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	474	474
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(390)</b>	<b>(1,144)</b>

**2. Cash flows from investing activities**

2.1 Payments to acquire:

- (a) property, plant and equipment
- (b) businesses (see item 10)
- (c) investments

	-	-
	-	-
	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	-

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,559	5,313
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(390)	(1,144)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,169</b>	<b>4,169</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,744	1,234
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposit)	2,425	3,325
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,169</b>	<b>4,559</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter  
\$A'000**

165

-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter  
\$A'000**

-

-

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Nil

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Nil

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(450)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(50)
9.4 Leased assets	-
9.5 Staff costs	(1,400)
9.6 Administration and corporate costs	(740)
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,640)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

..........  
(Company Secretary)

Date: 30 January 2019

Print name: Erlyn Dale

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.