

FY19 HALF YEAR RESULTS COMMENTARY AND MARCH QTR OPERATIONAL UPDATE

ASX Release

25 February 2019

BidEnergy Limited (ASX: BID) (“BidEnergy” or “the Company”), is pleased to provide its financial and operational highlights for the half year ended 31 December 2018, following release of its Appendix 4D and Half Year Financial Report today.

Half Year Financial Highlights

- \$2.8M revenue from ordinary activities for the half year ended 31 December 2018, up 24% on the previous comparable period, comprising:
 - \$1.4M BidEnergy Platform subscription fees, up 55% on the previous comparable period; and
 - \$1.4M US rebate revenue, up 7% on the previous comparable period (BidEnergy USA had a positive EBITDA contribution of USD\$150k)
- 43% improvement in operating cash outflows compared to the previous comparable period
- 60% growth in customers over calendar year 2018 to 75 customers (from 47) and 106% growth in ASR¹
 - Exit ASR¹ for CY2018 at \$3.7M and AR² at \$2.2M (\$5.9M combined)
- BidEnergy remains well capitalised for future growth with \$4.2M cash (including deposits) as at 31 December 2018

Half Year Operational Highlights

- Significant site growth with over 37,000 meters currently under management
- New client subscriptions in the UK and US - both markets remain a substantial market opportunity
- Continued growth in our core Australian market with the signing of marquee clients

Early March Quarter Operational Update

- Our Philadelphia team was successful in winning the RFP for Aqua America, BidEnergy's first large regional client win. Aqua America is commencing the onboarding of 1,000+ sites, and it is expected that Aqua America will become BidEnergy's largest customer in the USA as additional sites are rolled out.

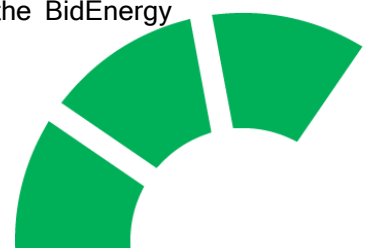
- Aqua America (NYSE: WTR) is the second-largest publicly listed water utility based in the USA, serving more than 3 million customers in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia.
- Despite the summer holiday period in January, momentum continued in BidEnergy's core Australian market with new client wins that include: Banyule Council, ISS facilities, Pacific Smiles, Pacific National, the Hurley Hotel group and a large Australian global packaging company. These client wins highlight the robust pipeline of new client opportunities.
- Banyule City Council is our first client win that includes part of the Simble product suite. The partnership with Simble was only recently initiated.
 - Banyule City Council will commence onboarding with their first 500 gas, water and electricity accounts
 - Commenting on the client win, Simble CEO Fadi Geha stated, "It is exciting to see such an early client outcome delivered through our BidEnergy relationship". BidEnergy CEO Guy Maine added, "We have a number of client opportunities where Simble is part of the platform solution, and this early win validates the combined merit of the relationship with Simble."
- These combined client wins (including further existing account upgrades) will add \$197,000 to BidEnergy's ASR¹. ASR now stands at \$3.9M as at 24th February. Our AR (USA rebate revenues) stands at \$2.2M for a total combined AR² across the business of \$6.1M (exclusive of the full Aqua America opportunity).
- None of the individual accounts referred to above are considered to be material to BID in their own right.

Board changes

The Company makes the following comments regarding the recent changes to the Board of Directors.

- Mr Anthony du Preez resigned as a director of the Company on 13 February 2019. However, his executive duties remain unchanged and he continues to focus on strategic growth opportunities in key UK and US markets. As a founder of the business and significant shareholder, Mr du Preez continues to be an integral part of the BidEnergy

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team and is fully supportive of the current Board and its strategy. Further, Mr du Preez will continue to attend board meetings in his CTO capacity.

- Mr Andrew Dyer has been appointed to the role of Non-Executive Chairman of the Board. Mr Dyer's appointment was announced to the market on 21 February 2019. Mr Dyer has worked closely with the BidEnergy team for nearly two years, initially as a consultant and advisor to the Board, before joining the Board in July 2018. He has been intimately involved in the company's transformation and has a highly effective working relationship with the leadership team. Mr Dyer has deep board experience in both chairman and director roles, and will bring considerable expertise to the Board and governance processes as the Company embarks on its growth trajectory.
- Following Mr Dyer's appointment to the Chairman role, Mr James Baillieu tendered his resignation as a director on 22 February 2019. His resignation followed the Board's decision on 21 February 2019 to appoint a new Non-Executive Chairman of the Board, which was precipitated by a difference of opinion between Mr Baillieu and the remainder of the Board concerning matters relating to the leadership of the Company. The Board thanks Mr Baillieu for his efforts and support of the Company over the last two years.
- The decision to appoint a new Chairman was made with due consideration of the alternatives presented. The Board considered that it was in the best interests of the Company to convey its continued full support of the Managing Director, the role of the Managing Director, and the successful leadership team that Guy has established.

Other

Mr Baillieu's Appendix 3Z was released on the ASX platform today, indicating he had a relevant interest in 9,830,460 shares at the time he ceased to be a director.

Investor enquiries can be made at any time to the Company's Managing Director.



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Appointment of new Chairman – Andrew Dyer

Following his appointment as Non-Executive Chairman of BidEnergy, Andrew Dyer commented, “It is an honour and a privilege to take on the role of BidEnergy’s Chairman. I have worked closely with the BidEnergy team for nearly two years, initially in my capacity as a consultant and advisor to the Board, before joining the Board itself as a Non-Executive Director. During that time, the Company has experienced significant growth and has undergone a successful transformation into a market leader with a considerable number of large enterprise clients globally.

“The Company is now pursuing a plan of substantive expansion, supported by the changes to the Board implemented this week, which reflect the need for a seasoned, experienced board that can govern a dynamic and growing business over the long term.

“Crucial to the Company’s success has been our highly motivated and talented leadership team, led by Guy Maine, as Managing Director, and Anthony du Preez, as Chief Technology Officer. Together, Guy and Anthony have built a world class team that delights our growing list of clients with state-of-the-art technology, attentive services and support.

“Following the Board changes implemented this week, I am very pleased to confirm that both Guy and Anthony remain fully committed to the Company over the long term, and have also commended the Company’s growth strategy and changes to the Board.”

“Our growth strategy provides Anthony du Preez with the opportunity to further drive our business development in the large UK market, where he will be spending much of his time in 2019.

“Guy Maine has successfully led the company’s operations, delivering on the foundations for a scalable business in our core Australian market as well as being instrumental in driving and supporting the USA expansion.

“On behalf of the Board, I congratulate BidEnergy’s leadership team for their significant accomplishments and look forward to supporting them in my new role as Chairman.”

Managing Director’s comments – Guy Maine

Commenting on the strength of the financial result for the half year ended 31 December 2018, BidEnergy Managing Director, Guy Maine said, “These half year results illustrate a strong improvement in top line revenue resulting from our significantly improved sales and marketing focus. Strong fiscal management has seen the company improve its underlying EBITDA and cash flow.”



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“CY2019 is an exciting year ahead for the Company as we look to grow exponentially in Australia, continue to develop and iterate our RPA product suite with emerging revenue streams, and grow our presence in overseas markets, backed by our strong credentials and market leading technology.”

“The investor presentation released on 4 February 2019 highlights the size of the opportunity available to BidEnergy, domestically in Australia and overseas in the UK, USA, and emerging south east Asian markets. We enter 2019 well capitalised with a strong cash balance, high revenue growth capability, and ever-increasing acceptance and adoption of robotic process automation.”

“I am fully committed to the Company, and I thank the Board for their continued support. The business, at an executive and operational level, is exactly the same it was just one week ago. I will continue to deliver upon the growth strategy with my team for the benefit of all shareholders. We expect 2019 to be a breakthrough year for the business, building on the strong fundamentals established in 2018.”

Ends.

Further information:

Guy Maine
Managing Director



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Definitions

¹ ASR or Annualised subscription revenue, refer to the annualized value of client contracts under management by BidEnergy, calculated by reference to the expected monthly fee for BidEnergy's Energy Spend Management Platform.

² Rebate AR or Annualised revenue refers to rebate capture revenues, which are project based and are annualized on a rolling basis on the last 12 months of project activity.





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.



BidEnergy Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: BidEnergy Limited
ABN: 94 131 445 335
Reporting period: For the half-year ended 31 December 2018
Previous period: For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	23.8% to	2,779,897
Loss from ordinary activities after tax attributable to the owners of BidEnergy Limited	down	22.3% to	(2,255,542)
Loss for the half-year attributable to the owners of BidEnergy Limited	down	22.3% to	(2,255,542)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,255,542 (31 December 2017: \$2,902,551).

Please refer to the Review of Operations in the Directors' report in the attached financial report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>6.60</u>	<u>9.54</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

BidEnergy Limited owns two wholly owned subsidiaries, being BidEnergy Ltd (UK) and BidEnergy Inc. (USA). Both of these companies prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

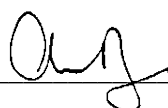
The financial statements were subject to a review by the Company's auditors, RSM Australia Partners, and the review report is attached as part of the Interim Financial Report.

11. Attachments

Details of attachments (if any):

The Interim Financial Report of BidEnergy Limited for the half-year ended 31 December 2018 is attached.

12. Signed

Signed  _____

Date: 25 February 2019

Andrew Dyer
Non-Executive Chairman

BidEnergy Limited

ABN 94 131 445 335

Interim Financial Report - 31 December 2018

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BidEnergy Limited
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BidEnergy Limited
Corporate directory
31 December 2018

Directors

Andrew Dyer (Non-Executive Chairman)
Guy Maine (Managing Director)
Leanne Graham (Non-Executive Director)

Company secretary

Erlyn Dale

Registered office

Suite 5, CPC
145 Stirling Highway
Nedlands, Western Australia 6009
Phone: (08) 9389 3110
Fax: (08) 9389 3199

Principal place of business

Floor 7, Suite 9,
530 Little Collins Street
Melbourne, Victoria 3000
Phone: 1800 319 450

Share register

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace,
Perth, Western Australia 6000
Phone: (03) 9415 4062

Auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Stock exchange listing

BidEnergy Limited securities are listed on the Australian Securities Exchange (ASX code: BID and BIDO)

Website

www.bidenergy.com

BidEnergy Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BidEnergy Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of BidEnergy Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Dyer (Non-Executive Chairman) (appointed as Non-Executive Director on 16 July 2018, becoming Non-Executive Chairman on 21 February 2019)
Guy Maine (Managing Director)
Leanne Graham (Non-Executive Director)
James Baillieu (Non-Executive Chairman) (resigned 22 February 2019)
Anthony Du Preez (Executive Director) (resigned as director on 13 February 2019, continuing as CTO)

Principal activities

During the financial half-year the principal continuing activities of the Consolidated Entity consisted of carrying on its business as a provider of energy spend management services through the deployment of its proprietary cloud-based software platform. In the US only, the entity also earns revenue from its rebate management business whereby fees are earned from clients for managing the submission of information to energy retailers to facilitate the processing of rebates under the 'Energy Efficient Infrastructure Program' applicable in the US.

Review of operations

During the half year period to 31 December 2018, platform subscription fee revenue increased by 55% to \$1,352,722, from \$873,719 in December 2017. The half-year period represented the first six-month period where USA and UK platform subscriptions contributed a meaningful portion of total platform subscription revenues, being \$84,074 and \$23,045 respectively for the half. The key driver behind the growth in platform subscription fee revenue, however, was the 60% growth in subscription customers which increased to 75 at 31 December 2018 from 47 at 31 December 2017. US rebate revenue was steady at \$1,405,595 for the December 2018 half – a 7% increase on the prior comparative period.

Underlying EBITDA for the six months ended 31 December 2018 was a loss of \$1,794,434, an improvement of \$326,061 (15%) on the prior comparative period.

Cash outflow from operations (excluding government grants, December 2017 capital raising and Ameresco break fee) improved 43% on the prior comparative period being \$1,697,996 for December 2018 period compared to \$3,004,568 in December 2017.

The cash balance at 31 December 2018 was \$4,093,509 (30 June 2018: \$5,313,456).

* Underlying EBITDA is a non-IFRS measure calculated as profit before income tax, and before depreciation and amortisation, capitalised salaries, share based payments, reorganisation costs, Ameresco transaction costs, net finance costs and foreign exchange as detailed in note 3 of the financial report.

Significant changes in the state of affairs

In December 2018, the Consolidated Entity completed the consolidation of its ordinary share capital, options and performance rights on a 100 for 680 basis, as approved by shareholders at the Annual General Meeting held on 27 November 2018.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001. On behalf of the directors



Andrew Dyer
Non-Executive Chairman
25 February 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of BidEnergy Limited and Controlled Entities for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

J S CROALL
Partner

Dated: 25 February 2019
Melbourne, Victoria

BidEnergy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Revenue		
Platform subscription fees	1,352,722	873,719
Technology event revenue	21,580	54,810
US rebate revenue	1,405,595	1,317,010
	<u>2,779,897</u>	<u>2,245,539</u>
Other income	114,986	25,125
Expenses		
Third party support costs	(566,896)	(338,330)
Depreciation and amortisation expense	(208,875)	(289,775)
Employee benefits expense	(2,472,675)	(2,574,817)
Reorganisation costs	-	(458,612)
Share based payments	(881,062)	(14,201)
Administration expense	(683,243)	(475,766)
Ameresco breakfee	-	(357,127)
Ameresco transaction costs	-	(212,050)
Marketing expense	(62,146)	(168,606)
Occupancy expense	(184,774)	(202,671)
Travel expense	(107,267)	(88,179)
	<u>(2,272,055)</u>	<u>(2,909,470)</u>
Loss before income tax benefit	(2,272,055)	(2,909,470)
Income tax benefit	16,513	6,919
	<u>16,513</u>	<u>6,919</u>
Loss after income tax benefit for the half-year attributable to the owners of BidEnergy Limited	(2,255,542)	(2,902,551)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	61,458	52,372
	<u>61,458</u>	<u>52,372</u>
Other comprehensive income for the half-year, net of tax	61,458	52,372
Total comprehensive income for the half-year attributable to the owners of BidEnergy Limited	<u>(2,194,084)</u>	<u>(2,850,179)</u>
	Cents	Cents
Basic earnings per share	(2.07)	(3.10)
Diluted earnings per share	(2.07)	(3.10)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

BidEnergy Limited
Statement of financial position
As at 31 December 2018

		Consolidated	
	Note	31 December	30 June 2018
		2018	2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,093,509	5,313,456
Trade and other receivables		327,942	187,861
Financial assets at amortised cost		75,000	-
Other		119,958	65,567
Total current assets		<u>4,616,409</u>	<u>5,566,884</u>
Non-current assets			
Property, plant and equipment		30,081	28,247
Intangibles	5	1,996,718	2,033,759
Other		67,636	51,716
Total non-current assets		<u>2,094,435</u>	<u>2,113,722</u>
Total assets		<u>6,710,844</u>	<u>7,680,606</u>
Liabilities			
Current liabilities			
Trade and other payables		583,338	378,069
Employee benefits		247,523	198,809
Other		438,205	355,880
Total current liabilities		<u>1,269,066</u>	<u>932,758</u>
Non-current liabilities			
Deferred tax		181,988	189,154
Employee benefits		63,347	49,229
Total non-current liabilities		<u>245,335</u>	<u>238,383</u>
Total liabilities		<u>1,514,401</u>	<u>1,171,141</u>
Net assets		<u>5,196,443</u>	<u>6,509,465</u>
Equity			
Issued capital	6	22,360,257	22,360,257
Reserves		2,047,004	1,104,484
Accumulated losses		<u>(19,210,818)</u>	<u>(16,955,276)</u>
Total equity		<u>5,196,443</u>	<u>6,509,465</u>

The above statement of financial position should be read in conjunction with the accompanying notes

BidEnergy Limited
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2017	16,021,604	(12,496,931)	1,017,926	4,542,599
Loss after income tax benefit for the half-year	-	(2,902,551)	-	(2,902,551)
Other comprehensive income for the half-year, net of tax	-	-	52,372	52,372
Total comprehensive income for the half-year	-	(2,902,551)	52,372	(2,850,179)
<i>Transactions with owners in their capacity as owners:</i>				
Payment in lieu of accrued fees	110,000	-	-	110,000
Capital Raising	6,706,773	-	-	6,706,773
Costs of Capital Raising	(478,120)	-	-	(478,120)
Share based payments	-	-	14,201	14,201
Balance at 31 December 2017	<u>22,360,257</u>	<u>(15,399,482)</u>	<u>1,084,499</u>	<u>8,045,274</u>
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2018	22,360,257	(16,955,276)	1,104,484	6,509,465
Loss after income tax benefit for the half-year	-	(2,255,542)	-	(2,255,542)
Other comprehensive income for the half-year, net of tax	-	-	61,458	61,458
Total comprehensive income for the half-year	-	(2,255,542)	61,458	(2,194,084)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	-	881,062	881,062
Balance at 31 December 2018	<u>22,360,257</u>	<u>(19,210,818)</u>	<u>2,047,004</u>	<u>5,196,443</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

BidEnergy Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated	
		31 December 2018	31 December 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,852,767	2,154,251
Payments to suppliers and employees		(4,001,761)	(4,628,767)
Interest received		32,107	25,125
Government grants received		82,880	-
Net cash used in operating activities		(1,034,007)	(2,449,391)
Cash flows from investing activities			
Government grants received		391,575	-
Payments for financial assets at amortised cost		(75,000)	-
Payments for property, plant and equipment		(10,250)	(87,049)
Payments for intangibles (capitalised development costs)	5	(495,859)	(468,128)
Payments for Ameresco breakfee		-	(357,127)
Net cash used in investing activities		(189,534)	(912,304)
Cash flows from financing activities			
Proceeds from issue of shares		-	6,706,773
Payments for costs of capital raising		-	(503,764)
Net cash from financing activities		-	6,203,009
Net increase/(decrease) in cash and cash equivalents		(1,223,541)	2,841,314
Cash and cash equivalents at the beginning of the financial half-year		5,313,456	3,568,969
Effects of exchange rate changes on cash and cash equivalents		3,594	-
Cash and cash equivalents at the end of the financial half-year		<u>4,093,509</u>	<u>6,410,283</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

BidEnergy Limited
Notes to the financial statements
31 December 2018

Note 1. General information

The financial statements cover BidEnergy Limited as a consolidated entity consisting of BidEnergy Limited and its controlled entities at the end of, or during, the half-year period ended 31 December 2018. The financial statements are presented in Australian dollars, which is BidEnergy Limited's functional and presentation currency.

BidEnergy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are located at:

Registered office

Suite 5 CPC
145 Stirling Highway
Nedlands WA 6009

Principal place of business

Floor 7, Suite 9,
530 Little Collins Street
Melbourne, Victoria 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 15: Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard requires:

- contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract;
- determination of the transaction price, adjusted for the time value of money excluding credit risk;
- allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and
- recognition of revenue when each performance obligation is satisfied.

Note 2. Significant accounting policies (continued)

Credit risk is presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as deferred revenue, accrued revenue, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

AASB 15 uses the terms "contract asset" and "contract liability". To maintain consistency in presentation with prior periods, the Consolidated Entity has retained the use of "accrued revenue" and "deferred revenue" respectively. Accrued revenue is presented as part of the other current assets in the Consolidated Entity's statement of financial position, and deferred revenue is presented as part of other current liabilities.

Impact on application of AASB 15 Revenue from Contracts with Customers

The pattern of revenue recognition remains the same under AASB 15 Revenue from Contracts with Customers as it had been recognised under AASB 118 Revenue. Therefore, management believes the application of AASB 15 has not resulted in any adjustments.

AASB 9: Financial instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

To assess for any expected credit losses under AASB 9, there is consideration around the probability of default upon initial recognition of the asset, and subsequent consideration as to whether there have been any significant increases in credit risk on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the consolidated entity compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

In making this assessment, as far as available, the consolidated entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the consolidated entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the consolidated entity's core operations.

In particular, as far as available, the following information is taken into account when assessing significant movements in credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower
- external credit rating
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the consolidated entity and changes in the operating results of the borrower
- macroeconomic information such as market interest rates and growth rates

The consolidated entity assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact on application of AASB 9 Financial instruments

There is no impact to the financial statements on application of AASB 9.

BidEnergy Limited
Notes to the financial statements
31 December 2018

Note 3. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into operating segments based on the business activities in Australia, UK and USA. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Consolidated Entity has disaggregated revenue into the following categories:

- the type of goods and services we provide our customers in our contracts; and
- the key geographic regions where our customers are located, which is consistent with the geographic segment for our segment reporting.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the last annual financial statements of the Combined entity.

For financial year 2019 the entity has altered its accounting segments to align with its three separate operating regions – Australia, the USA, and the UK. The UK was previously reported with Australia as an operating segment, however in financial year 2019 the UK is being managed by UK based employees as distinct from financial year 2018. Also, in financial year 2019, the US is being reported as one segment rather than separately for energy spend management and rebate businesses. USA staff are responsible for jointly servicing energy spend management and rebate clients and as such the USA staff will be reported as one segment going forward.

The principal continuing activities of the entity consisted of carrying on its business as a provider of energy spend management services through the deployment of the Company's proprietary cloud-based software platform in Australia, UK and the USA. In the US only, the entity also earns revenue from its rebate management business whereby fees are earned from clients for managing the submission of information to energy retailers to facilitate the processing of rebates under the 'Energy Efficient Infrastructure Program' applicable in the US.

Operating segment information

Consolidated – 2018	Australia \$	UK \$	USA \$	Total \$
Platform subscription fees	1,245,603	23,045	84,074	1,352,722
Non-subscription revenue	21,580	-	-	21,580
US rebate revenue	-	-	1,405,595	1,405,595
Revenue	1,267,183	23,045	1,489,669	2,779,897
Third party support costs	(484,540)	-	(82,356)	(566,896)
Administration expense	(489,540)	(11,509)	(183,665)	(684,714)
Employee benefits expense	(1,927,919)	(79,072)	(961,543)	(2,968,534)
Marketing expense	(43,442)	(12,821)	(5,883)	(62,146)
Travel expense	(81,875)	(6,845)	(18,547)	(107,267)
Occupancy expense	(100,693)	-	(84,081)	(184,774)
Total operating expenses	(3,128,009)	(110,247)	(1,336,075)	(4,574,331)
Underlying EBITDA from core operations	(1,860,826)	(87,202)	153,594	(1,794,434)
Government grants	82,880	-	-	82,880
Capitalised labour (software)	495,859	-	-	495,859
Amortisation intangibles	(144,308)	-	(64,567)	(208,875)
Share based payments	(881,062)	-	-	(881,062)
Interest – other	31,772	-	334	32,106
Foreign exchange revaluation	(4,091)	5,562	-	1,471
Profit/(Loss) before income tax benefit for the year	(2,279,776)	(81,640)	89,361	(2,272,055)
Income tax	-	-	16,513	16,513
Profit/(Loss) after income tax benefit for the year attributable to the owners of BidEnergy Limited	(2,279,776)	(81,640)	105,874	(2,255,542)

BidEnergy Limited
Notes to the financial statements
31 December 2018

Note 3. Operating segments (continued)

Consolidated – 2017	Australia \$	UK \$	USA \$	Total \$
Platform subscription fees	866,785	-	6,934	873,719
Non-subscription revenue	54,810	-	-	54,810
US rebate revenue	-	-	1,317,010	1,317,010
Revenue	921,595	-	1,323,944	2,245,539
Third party support costs	(338,330)	-	-	(338,330)
Administration expense	(426,074)	(165)	(97,106)	(523,345)
Employee benefits expense	(1,801,710)	-	(1,243,194)	(3,044,904)
Marketing expense	(110,825)	-	(57,781)	(168,606)
Travel expense	(42,837)	-	(45,341)	(88,178)
Occupancy expense	(119,838)	-	(82,833)	(202,671)
Total operating expenses	(2,839,614)	(165)	(1,526,255)	(4,366,034)
Underlying EBITDA from core operations	(1,918,019)	(165)	(202,311)	(2,120,495)
Reorganisation costs	(229,226)	-	(229,386)	(458,612)
Ameresco breakfee	-	-	(357,127)	(357,127)
Ameresco transaction costs	-	-	(212,050)	(212,050)
Government grants	110,955	-	-	110,955
Capitalised labour (software)	470,087	-	-	470,087
Amortisation intangibles	(232,507)	-	(57,268)	(289,775)
Share based payments	(14,201)	-	-	(14,201)
Interest – other	25,112	-	13	25,125
Foreign exchange revaluation	(1,386)	7,784	(69,775)	(63,377)
Profit/(Loss) before income tax benefit for the year	(1,789,185)	7,619	(1,127,904)	(2,909,470)
Income tax	-	-	6,919	6,919
Profit/(Loss) after income tax benefit for the year attributable to the owners of BidEnergy Limited	(1,789,185)	7,619	(1,120,985)	(2,902,551)

Note 4. Share based payments

On 20 July 2018, the Consolidated Entity issued 15,301,277 (2,250,198 post share consolidation) Class E Performance Rights (Rights) to certain eligible employee participants. The Rights will vest and become exercisable into one fully paid ordinary share for nil cash consideration at the election of the holder on or after 20 July 2019. The rights have an expiry date of 20 October 2019, provided the holder remains engaged by the Company as a director, officer, employee or consultant up until the vesting date.

The Consolidated Entity also issued 8,000,000 (1,176,492 post share consolidation) Class K Options to certain Directors of the Company as an equity-based remuneration incentive to align their interest with those of shareholders and promote director retention. Each option will vest and become exercisable over a period of three years, subject to the following vesting conditions:

- One third of the options granted to holders shall vest and become exercisable on 26 November 2019; and
- The remaining options will vest every three months in equal instalments over the subsequent two years following the 26 November 2019.

The above vesting conditions are subject to each holder remaining engaged by the Consolidated Entity as a Director on the relevant dates of vesting. These options have an exercise price of \$1.19 (post share consolidation), expiring on 26 November 2022.

BidEnergy Limited
Notes to the financial statements
31 December 2018

Note 4. Share based payments (continued)

Reconciliation of share based payments expense recorded in the statement of profit or loss and other comprehensive income relating to each class of share based payment:

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Class A ESOP performance rights	11,134	12,922
Class E ESOP performance rights	795,457	-
Directors options	74,471	1,279
	<u>881,062</u>	<u>14,201</u>
Total share based payments	<u>881,062</u>	<u>14,201</u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
Goodwill - at cost	691,262	657,767
Customer list - at cost	155,980	148,422
Less: Accumulated amortisation	(43,325)	(31,332)
	<u>112,655</u>	<u>117,090</u>
Software - at cost	1,644,608	1,534,471
Less: Accumulated amortisation	(794,190)	(631,428)
	<u>850,418</u>	<u>903,043</u>
Brand - at cost	474,043	451,073
Less: Accumulated amortisation	(131,660)	(95,214)
	<u>342,383</u>	<u>355,859</u>
	<u>1,996,718</u>	<u>2,033,759</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Software \$	Brand \$	Customer List \$	Total \$
Balance at 1 July 2018	657,767	903,043	355,859	117,090	2,033,759
Capitalised development costs	-	495,859	-	-	495,859
R&D refund	-	(391,575)	-	-	(391,575)
Foreign exchange differences	33,495	2,958	16,194	6,645	59,292
Amortisation	-	(159,867)	(29,670)	(11,080)	(200,617)
Balance at 31 December 2018	<u>691,262</u>	<u>850,418</u>	<u>342,383</u>	<u>112,655</u>	<u>1,996,718</u>

BidEnergy Limited
Notes to the financial statements
31 December 2018

Note 6. Equity - issued capital

	31 December 2018 Shares	Consolidated 30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Ordinary shares - fully paid	<u>108,923,832</u>	<u>740,677,364</u>	<u>22,360,257</u>	<u>22,360,257</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2018	740,677,364		22,360,257
Share consolidation*	3 December 2018	<u>(631,753,532)</u>	-	<u>-</u>
Balance	31 December 2018	<u>108,923,832</u>		<u>22,360,257</u>

*Following shareholder approval, the company consolidated its issued capital on 100 for 680 shares basis.

Note 7. Events after the reporting period

Since 31 December 2018, BidEnergy has issued 1,161,411 ordinary shares in relation to the exercise of company options and received total cash consideration of \$977,924.

On 13 February 2019, Anthony Du Preez resigned as a director of the company. Anthony continues to hold a senior executive role as Chief Technology Officer.

On 21 February 2019, Andrew Dyer was appointed company chairperson, replacing James Baillieu who became a non-executive director.

On 22 February 2019, James Baillieu resigned as non-executive director of the company.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

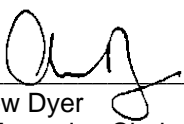
BidEnergy Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Andrew Dyer
Non-Executive Chairman

25 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****BIDENERGY LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of BidEnergy Limited (the Company) and its Controlled Entities (the Group) which comprises the statement of financial position, as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Novita Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BidEnergy Limited and Controlled Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BidEnergy Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

Dated: 25 February 2019
Melbourne, Victoria