

BIDENERGY DEC-19 HALF YEAR RESULTS COMMENTARY

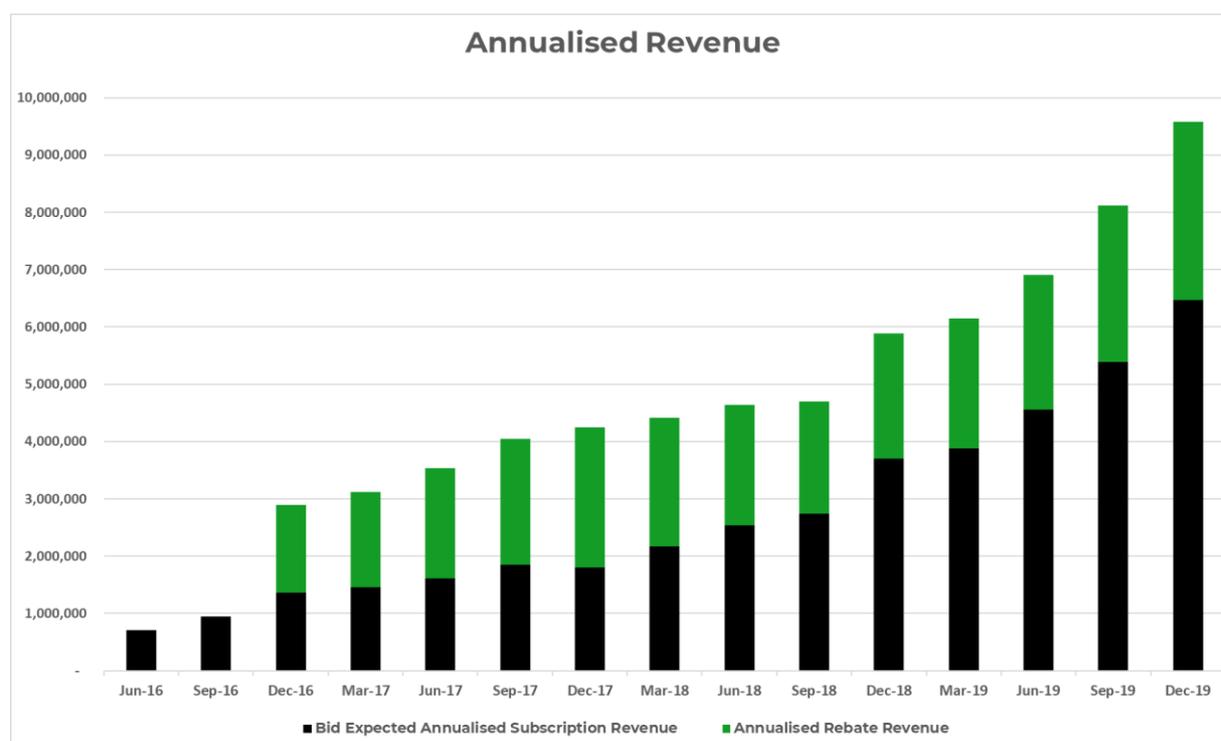
ASX Release

27 February 2020

BidEnergy Limited (ASX: BID) ("BidEnergy" or "the Company"), is pleased to report highlights for the Half Year ended 31 December 2019, following release of its Appendix 4D and Half Year Financial Report today.

Dec-19 Half Year Highlights

- Strong half with overall Expected Group Revenue¹ of \$9.6M, up \$3.7M (63%) on prior comparative period (PCP)
 - 75% PCP growth in annualised subscription revenues (ASR²), from \$3.7M to \$6.5M
 - 42% PCP growth in USA annualised rebate revenue (AR³) from \$2.2M to \$3.1M
- \$4.24M revenue from ordinary activities, up 53% on PCP
 - \$2.08M BidEnergy Platform Fees, up 53% on PCP
 - \$2.16M US rebate revenue, up 54% on PCP
- 61% growth in customers from 69 to 111, Low churn at 3%, with client upsells at 10% (Dec-19)
- \$8.1M cash at 31 December 2019 and well capitalised for future growth
- Significant site growth with over 132,900 meters now under management (Dec-19)
- Strong ASR² growth in the December quarter evenly across all markets - Australia (37%), USA (36%), and the UK (27%)
- Investment in staff sales resourcing complete to drive 2020 growth, with gross cost spend being maintained to drive a pathway to breakeven.



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Managing Director comments – Guy Maine

Commenting on the strength of the results, BidEnergy Managing Director, Guy Maine said:

“2019 was a breakthrough year for the business – we launched our first Facility Management “white label” solution with Cushman & Wakefield and our focus on energy brokers (TPI) in the United Kingdom delivered several new important clients. Our unique Robotic Process Automation (RPA) embedded product suite has delivered us contract wins with iSelect, Origin Energy and a number of other large Australian enterprises and our USA team is executing well.

Having completed some necessary investment through 2019, 2020 will be about targeted and successful execution. We are seeing the positive signs of accelerating sales and revenue growth across all our markets. A broader acceptance and understanding of RPA is creating a tail wind which we expect will increase and enhance our global pipeline.

Finally, we remain focussed on driving ASR & AR growth, implementing contracts efficiently and converting to revenue as quickly as possible. Our “land & expand” strategy remains an important driver of our growth which embeds BidEnergy deep within our customers”.



Further information:

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Investor Relations

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Guy Maine

Managing Director

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This announcement has been authorised for release in accordance with BidEnergy’s Continuous Disclosure Policy: <https://bidenergy.com/wp-content/uploads/2018/08/2018-BID-Corporate-Governance-Plan.pdf>



About BidEnergy

BidEnergy is an Australian-based technology company with offices in Australia, 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 is 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 a guarantee 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.



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Annexure A: Glossary of Terms

¹**Expected Group Revenue** – refers to the sum of total of Annualised Subscription Revenue (ASR) and Annualised Rebate Revenue (AR).

²**Annualised Subscription Revenue (ASR)** – refers to the annualised revenues from BidEnergy platform client accounts, and is comprised of both billable revenue and expected long-tail revenue:

- billable revenue is attributable to active client accounts, which is the annualised monthly fee billed on active accounts; and
- expected long-tail revenue is attributable to:
 - contracted client accounts that are yet to complete the onboarding process for their portfolio of sites; and
 - annualised monthly revenue from meters expected to be onboarded over the next 12 months.

³**Annualised Rebate Revenue or AR** – refers to BidEnergy USA rebate capture revenues, which are project based and are annualised on a rolling basis based on the last 12 months of project activity to allow for seasonality inherent in the rebate business.

⁴**Meters** – Number of energy, gas, and water meters for our subscribers. Meters corresponding to ASR include those meters onboarded and being serviced, those being onboarded from contracts, and those expected to be onboarded in the next twelve months from contracted clients.

⁵**Net Upsell** Calculated as the net revenue improvement for combined contract renewals for the preceding twelve months to date.

⁶**Churn** – Clients loss represented as the net revenue loss of any existing subscriber for the preceding twelve months to date.

BidEnergy (BID) – Utility Bill Management platform (UBM), 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 energy efficiency programs such as LED lighting changeout for clients on a fee for service basis.

BID Clients – Number of Paying subscribers on BIDs utility Bill Management platform, not including rebate clients in the USA.

\$XM – Value in AUD millions of dollars.

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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 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	52.5% to	4,239,508
Loss from ordinary activities after tax attributable to the owners of BidEnergy Limited	up	84.2% to	(4,155,745)
Loss for the half-year attributable to the owners of BidEnergy Limited	up	84.2% to	(4,155,745)

Dividends

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

Comments

For the half year ended 31 December 2019, reported consolidated entity's revenue was \$4,239,508, an increase of 53% on the prior comparative period.

Underlying EBITDA for the six months ended 31 December 2019 was a loss of \$2,795,891, an increase of 56% on the prior comparative period as the company invested in sales, product development and operations to enable it to execute and deliver on growing global opportunities and grow revenue streams whilst maintaining a disciplined approach to costs.

The statutory loss for the consolidated entity after income tax amounted to \$4,155,745 (31 December 2018: \$2,255,542) which included items outside of underlying EBITDA including share based payments expense, depreciation and amortisation, and capitalised salaries. A reconciliation of underlying EBITDA is included in Note 3. Operating Segments.

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

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>5.75</u>	<u>6.60</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 2019 is attached.

12. Signed

Signed  _____

Andrew Dyer
Non-Executive Chairman

Date: 26 February 2020

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BidEnergy Limited

ABN 94 131 445 335

Interim Financial Report - 31 December 2019

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BidEnergy Limited
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**BidEnergy Limited
Corporate Directory**

Directors	Andrew Dyer (Non-Executive Chairman) Guy Maine (Managing Director) Leanne Graham (Non-Executive Director) Geoffrey Kleemann (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	15 William 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)
Website	www.bidenergy.com

BidEnergy Limited **Directors' report**

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 2019.

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)
Guy Maine (Managing Director)
Leanne Graham (Non-Executive Director)
Geoffrey Kleemann (Non-Executive Director) (appointed on 1 September 2019)

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 cloud-based software platform. In the US only, the consolidated 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 2019, platform subscription fee revenue increased by 53% to \$2,067,970, from \$1,352,722 in December 2018. Australian platform subscription fee increased by \$595,444 to \$1,841,047, representing 48% increase from prior year. The USA and UK platform subscriptions also contributed a meaningful portion of total platform subscription revenues, being \$122,763 and \$104,160 respectively. US rebate revenue increased significantly to \$2,162,038 for the December 2019 half – a 54% increase on the prior comparative period.

Underlying EBITDA for the six months ended 31 December 2019 was a loss of \$2,795,891, an increase of 56% on the prior comparative period as the company invested in sales, product development and operations to enable it to execute and deliver on growing global opportunities and grow revenue streams whilst maintaining a disciplined approach to costs.

See Note 3 "Operating Segments" for report on Underlying EBITDA.

AASB 16 Leases was adopted for the first time requiring capitalisation and amortisation of the companies US office lease. The modified retrospective approach was used and as such the comparatives have not been restated. Therefore, the current and comparative EBITDA are not directly comparable, the difference being Dec-18 recorded rent expense of \$51,683 in underlying EBITDA. Dec-19 recorded no rent expense, and lease amortisation of \$54,370 which was included below EBITDA level.

The cash balance at 31 December 2019 was \$8,080,194 (30 June 2019: \$4,198,978).

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

Significant changes in the state of affairs

Placement and Share Purchase Plan ("SPP")

On 14 October 2019, the consolidated entity completed a placement to sophisticated and professional investors ("Placement Participants") under which the company issued a total of 8,750,001 fully paid ordinary shares at an issue price of \$0.58 per share to raise \$5,075,000 (before costs) ("Placement"). On 8 November 2019, the Placement Participants also received one free attaching Class L Option for every share subscribed for under the Placement, in accordance with the terms of the Placement. Each Class L Option has an exercise price of \$0.75 (75 cents), and an expiry date of 8 November 2020.

During November 2019 and December 2019, the Company also raised a further \$1,603,506 (before costs) by the issue of 2,764,665 fully paid ordinary shares at an issue price of \$0.58 per share under a SPP for eligible shareholders. Pursuant to the terms of the SPP Offer, participants under the SPP also received one free attaching Class L Option for every share subscribed for under the SPP. Each Class L Option has an exercise price of \$0.75 (75 cents), and an expiry date of 8 November 2020.

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

BidEnergy Limited
Directors' report

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

26 February 2020

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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 2019, 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: 26 February 2020
Melbourne, Victoria

BidEnergy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Consolidated	
	31 December 2019	31 December 2018
Note	\$	\$
Revenue		
Platform subscription fees	2,067,970	1,352,722
Technology event revenue	9,500	21,580
US rebate revenue	2,162,038	1,405,595
	<u>4,239,508</u>	<u>2,779,897</u>
Other income	4,965	114,986
Expenses		
Third party support costs	(1,078,251)	(566,896)
Depreciation and amortisation expense	(503,460)	(208,875)
Employee benefits expense	(3,906,316)	(2,472,675)
Share based payments	4 (1,423,371)	(881,062)
Administration expense	(786,740)	(683,243)
Marketing expense	(238,547)	(62,146)
Occupancy expense	(329,617)	(184,774)
Travel expense	(151,120)	(107,267)
	<u>(4,172,949)</u>	<u>(2,272,055)</u>
Loss before income tax benefit	(4,172,949)	(2,272,055)
Income tax benefit	17,204	16,513
	<u>17,204</u>	<u>16,513</u>
Loss after income tax benefit for the half-year attributable to the owners of BidEnergy Limited	(4,155,745)	(2,255,542)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(69,902)	61,458
	<u>(69,902)</u>	<u>61,458</u>
Other comprehensive income for the half-year, net of tax	(69,902)	61,458
	<u>(69,902)</u>	<u>61,458</u>
Total comprehensive income for the half-year attributable to the owners of BidEnergy Limited	(4,225,647)	(2,194,084)
	<u>(4,225,647)</u>	<u>(2,194,084)</u>
	Cents	Cents
Basic earnings per share	(3.45)	(2.07)
Diluted earnings per share	(3.45)	(2.07)

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 2019

	Note	Consolidated 31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		8,080,194	4,198,978
Trade and other receivables		530,071	287,745
Financial assets at fair value through profit or loss		37,500	37,500
Right-of-use assets		88,686	-
Other		263,104	662,971
Total current assets		<u>8,999,555</u>	<u>5,187,194</u>
Non-current assets			
Property, plant and equipment		50,423	40,514
Intangibles	5	2,275,870	2,198,309
Other		28,817	70,008
Total non-current assets		<u>2,355,110</u>	<u>2,308,831</u>
Total assets		<u>11,354,665</u>	<u>7,496,025</u>
Liabilities			
Current liabilities			
Trade and other payables		771,661	748,090
Lease liabilities		92,565	-
Employee benefits		387,785	317,362
Other		365,537	182,162
Total current liabilities		<u>1,617,548</u>	<u>1,247,614</u>
Non-current liabilities			
Deferred tax		148,736	165,719
Employee benefits		110,393	92,793
Total non-current liabilities		<u>259,129</u>	<u>258,512</u>
Total liabilities		<u>1,876,677</u>	<u>1,506,126</u>
Net assets		<u>9,477,988</u>	<u>5,989,899</u>
Equity			
Issued capital	6	34,000,568	25,797,430
Reserves		3,154,846	3,714,150
Accumulated losses		<u>(27,677,426)</u>	<u>(23,521,681)</u>
Total equity		<u>9,477,988</u>	<u>5,989,899</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 2019

Consolidated	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>

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Balance at 1 July 2019	25,797,430	(23,521,681)	3,714,150	5,989,899
Loss after income tax benefit for the half-year	-	(4,155,745)	-	(4,155,745)
Other comprehensive income for the half-year, net of tax	-	-	(69,902)	(69,902)
Total comprehensive income for the half-year	-	(4,155,745)	(69,902)	(4,225,647)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 6)	6,290,365	-	-	6,290,365
Share-based payments (note 6)	153,126	-	1,270,245	1,423,371
Conversion of performance rights (note 6)	1,759,647	-	(1,759,647)	-
Balance at 31 December 2019	<u>34,000,568</u>	<u>(27,677,426)</u>	<u>3,154,846</u>	<u>9,477,988</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 2019

	Note	Consolidated	
		31 December 2019	31 December 2018
		\$	\$
Cash flows from operating activities			
Receipts from customers		4,516,504	2,852,767
Payments to suppliers and employees		(6,977,739)	(4,001,761)
Interest received		7,531	32,107
Government grants received		-	82,880
Finance costs paid		(973)	-
Net cash used in operating activities		<u>(2,454,677)</u>	<u>(1,034,007)</u>
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		(27,706)	(10,250)
Payments for intangibles (capitalised development costs)	5	<u>(508,362)</u>	<u>(495,859)</u>
Net cash used in investing activities		<u>(536,068)</u>	<u>(189,534)</u>
Cash flows from financing activities			
Proceeds from issue of shares		7,399,148	-
Payments for costs of capital raising		(474,064)	-
Payments for principal element of lease liabilities		<u>(54,122)</u>	<u>-</u>
Net cash from financing activities		<u>6,870,962</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		3,880,217	(1,223,541)
Cash and cash equivalents at the beginning of the financial half-year		4,198,978	5,313,456
Effects of exchange rate changes on cash and cash equivalents		999	3,594
Cash and cash equivalents at the end of the financial half-year		<u><u>8,080,194</u></u>	<u><u>4,093,509</u></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 2019

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 2019. 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

15 William 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 26 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 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 Accounting Standards and Interpretations adopted

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact on application

The consolidated entity has adopted AASB 16 using the modified retrospective approach whereby the consolidated entity has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of equity as at 1 July 2019. Accordingly, the consolidated entity has not restated comparative balances in this set of financial statements.

Note 2. Significant accounting policies (continued)

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.32%. The associated right-of-use assets for these leases were measured on a retrospective basis as if AASB 16 had always been applied, with the incremental borrowing rate applied as at each lease's commencement date and the assets depreciated on a straight-line basis over the term of the lease. The provisions recognised in respect of onerous lease contracts were netted off against the associated right-of-use assets at the date of transition.

	Adjusted opening as at 1 July 2019 under AASB 16 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	251,030
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.32% (AASB 16)	(1,715)
Short-term leases not recognised as a right-of-use asset (AASB 16)	<u>(111,159)</u>
Right-of-use assets (AASB 16)	<u>138,156</u>
Lease liabilities - current (AASB 16)	<u>(138,156)</u>

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding liability for short term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit and loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the period ended 31 December 2019.

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.

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 – 2019	Australia \$	UK \$	USA \$	Total \$
Platform subscription fees	1,841,047	104,160	122,763	2,067,970
Non-subscription revenue	9,500	-	-	9,500
US rebate revenue	-	-	2,162,038	2,162,038
Revenue	1,850,547	104,160	2,284,801	4,239,508
Third party support costs	(946,355)	(58,831)	(73,065)	(1,078,251)
Administration expense	(670,934)	(6,394)	(145,858)	(823,186)
Employee benefits expense	(2,364,029)	(704,509)	(1,346,140)	(4,414,678)
Marketing expense	(73,123)	(2,966)	(162,458)	(238,547)
Travel expense	(100,516)	(24,723)	(25,881)	(151,120)
Occupancy expense	(298,166)	(7,061)	(24,390)	(329,617)
Total operating expenses	(4,453,123)	(804,484)	(1,777,792)	(7,035,399)
Underlying EBITDA from core operations	(2,602,576)	(700,324)	507,009	(2,795,891)
Capitalised labour (software)	508,362	-	-	508,362
Depreciation and amortisation	(379,647)	-	(123,813)	(503,460)
Share based payments	(1,423,371)	-	-	(1,423,371)
Interest – other	5,319	-	(354)	4,965
Foreign exchange revaluation	(3,632)	40,078	-	36,446
Profit/(Loss) before income tax benefit	(3,895,545)	(660,246)	382,842	(4,172,949)
Income tax benefit	-	-	17,204	17,204
Profit/(Loss) after income tax benefit	(3,895,545)	(660,246)	400,046	(4,155,745)

AASB 16 Leases was adopted for the first time requiring capitalisation and amortisation of the company's US office lease. The modified retrospective approach was used and as such the comparatives have not been restated. Therefore, the current and comparative EBITDA are not directly comparable, the difference being December 2018 recorded rent expense of \$51,683 in underlying EBITDA. December 2019 recorded no rent expense, and lease amortisation of \$54,370 which was included below EBITDA level.

BidEnergy Limited
Notes to the financial statements
31 December 2019

Note 3. Operating segments (continued)

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
Depreciation and amortisation	(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	(2,279,776)	(81,640)	89,361	(2,272,055)
Income tax benefit	-	-	16,513	16,513
Profit/(Loss) after income tax benefit	(2,279,776)	(81,640)	105,874	(2,255,542)

Note 4. Share based payments

On 11 September 2019, the consolidated entity issued 257,354 fully paid ordinary shares at a deemed price of \$0.595 (59.5 cents) per share to certain employees as an equity-based component of their remuneration.

On 3 December 2019, the consolidated entity issued:

- 1,000,000 Class M Options to the Managing Director of the Company. Each option has an exercise price of \$1.93, an expiry date of 29 January 2023, and shall vest and become exercisable over a period of three years, subject to the satisfaction of certain vesting conditions.
- 277,611 Class N Options to the Managing Director of the Company. Each option has an exercise price of \$0.85, an expiry date of 14 October 2023, and shall vest and become exercisable on or before 30 August 2020, subject to the satisfaction of certain vesting conditions.
- 694,027 Class N Options to the Non-Executive Directors of the Company. Each option has an exercise price of \$0.85, an expiry date of 14 October 2023 and vested immediately upon issuance.

The above Options were issued as an equity-based incentive component to the remuneration packages of the Company's directors, as approved by shareholders at the 2019 Annual General Meeting.

BidEnergy Limited
Notes to the financial statements
31 December 2019

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 2019	31 December 2018
	\$	\$
Class A ESOP performance rights	6,643	11,134
Class E ESOP performance rights	91,598	795,457
Directors options	350,617	74,471
Restricted share units	791,732	-
Class F performance rights	29,655	-
Issue of shares to employees as an equity-based component of their remuneration	153,126	-
	<u>1,423,371</u>	<u>881,062</u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December 2019	30 June 2019
	\$	\$
Goodwill - at cost	692,861	693,472
Customer list - at cost	156,341	156,479
Less: Accumulated amortisation	(64,269)	(53,895)
	<u>92,072</u>	<u>102,584</u>
Software - at cost	2,676,887	2,168,632
Less: Accumulated amortisation	(1,465,783)	(1,078,158)
	<u>1,211,104</u>	<u>1,090,474</u>
Brand - at cost	475,139	475,559
Less: Accumulated amortisation	(195,306)	(163,780)
	<u>279,833</u>	<u>311,779</u>
	<u>2,275,870</u>	<u>2,198,309</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 2019	693,472	1,090,474	311,779	102,584	2,198,309
Capitalised development costs	-	508,362	-	-	508,362
Foreign exchange differences	(611)	1,460	(420)	(138)	291
Amortisation	-	(389,192)	(31,526)	(10,374)	(431,092)
	<u>692,861</u>	<u>1,211,104</u>	<u>279,833</u>	<u>92,072</u>	<u>2,275,870</u>

BidEnergy Limited
Notes to the financial statements
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Note 6. Equity - issued capital

	Consolidated			
	31 December		31 December	
	2019	30 June 2019	2019	30 June 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>127,793,003</u>	<u>113,770,785</u>	<u>34,000,568</u>	<u>25,797,430</u>

Movements in ordinary share capital

Details	Ordinary	\$
	Shares	
Balance	113,770,785	25,797,430
Conversion of Class E performance rights	2,250,198	1,759,647
Issue of shares to employees	257,354	153,126
Issue of Placement shares	8,750,001	5,075,001
Issue of shares under Share Purchase Plan Offer	2,764,665	1,603,506
Cost of capital raising	-	(388,142)
Balance	<u>127,793,003</u>	<u>34,000,568</u>

Note 7. Events after the reporting period

From 31 December 2019 up until the date of this report, 1,528,230 Class L Options were exercised at \$0.75 providing \$1,146,173 to the company.

From 31 December 2019 up until the date of this report, 283,737 Class E Options were exercised at \$0.476 providing \$135,039 to the company.

No other matter or circumstance has arisen since 31 December 2019 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

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 2019 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

26 February 2020

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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 consolidated entity) which comprises the statement of financial position, as at 31 December 2019, 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 2019 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 BidEnergy Limited and controlled entities, 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 2019 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*.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

Dated: 26 February 2020
Melbourne, Victoria