

## BIDENERGY OPERATING REPORT AND DEC-17 APPENDIX 4C

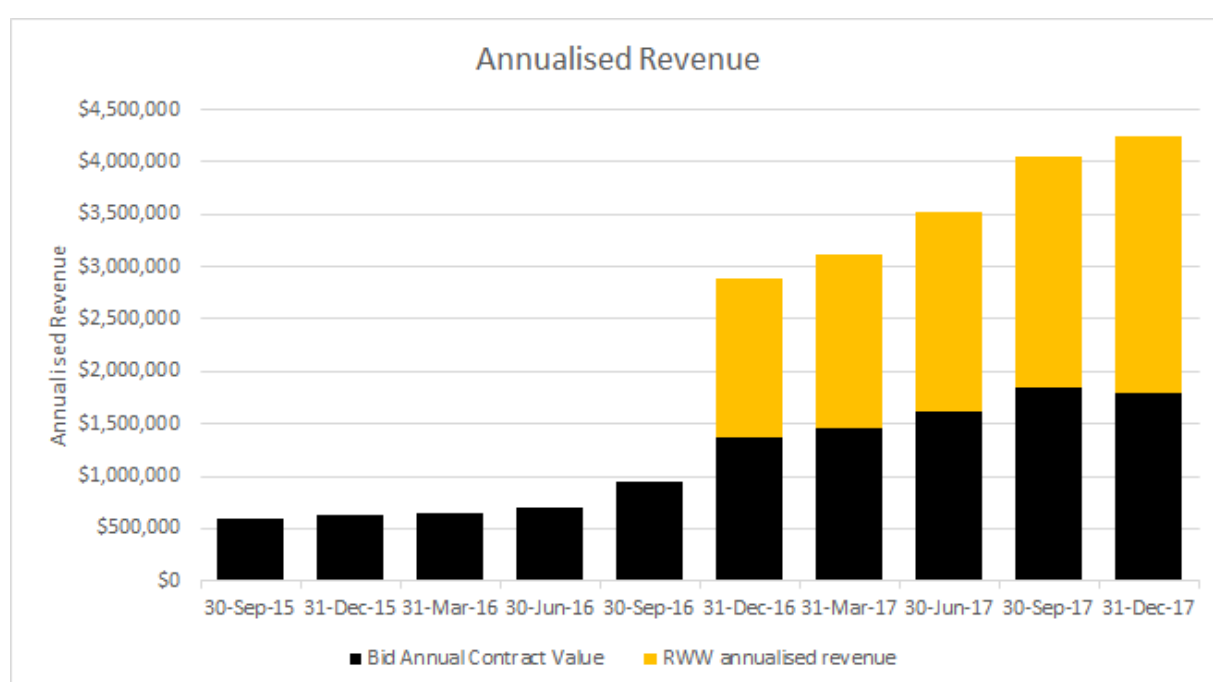
ASX RELEASE

24 January 2018

BidEnergy Limited (ASX: BID) ("BidEnergy" or "the Company"), is an Australian-based technology company servicing customers in Australia, New Zealand, USA and UK. BidEnergy's cloud-based platform simplifies the complex energy spend management process using robotic process automation. Bid is pleased to provide its operations update and quarterly cashflow report for the quarter ended 31 December 2017.

### Highlights

- Restructure complete - average monthly cash outflows has been halved from >\$600K to less than \$300K
- BidEnergy is well funded to execute and deliver on its 2018/19 objectives – cash balance of \$6.4M as at 31 December 2017
- New leadership - Guy Maine appointed as Managing Director, with a proven sales and business-building background, to focus on accelerating sales revenue growth
- BP goes live in the UK
- BidEnergy has built the market leading RPA-based Energy Spend Management platform with operations in Australia, NZ, UK and the USA
- Large untapped market opportunity that has yet to adopt RPA technology - adoption of RPA is accelerating in our key markets, which will drive growth rates
- Significant new revenue streams including BidEnergy's capacity to manage water utility costs set to enter the market during the third quarter of FY18
- \$1.1M of underlying revenue (unaudited) for December 2017 quarter including:
  - \$0.5M BidEnergy platform revenue
  - \$0.6M Real Win Win rebate capture revenue
- \$1.8 million of Subscription Annual Contract Value (ACV) at 31 Dec 2017 and Real Win Win USA annualised revenue run rate of \$2.5 million



## Operating Overview

### Management and Operations restructure

During the December 2017 quarter, BidEnergy focused on reducing its non-essential expenses. Average monthly cash outflow have been halved from >\$600K to a target of below \$300K.

BidEnergy has completed a management and operational restructure, which included terminating the AXIS transaction, internal company streamlining, and the appointment of Mr Guy Maine as Managing Director.

Founding Director and Interim Managing Director, Mr Anthony Du Preez has taken the role of Chief Technology Officer and remains on the board, underpinning the importance of automation and artificial intelligence ("AI") to the Company's future.

Management focus on restructuring efforts temporarily impacted sales velocity in the December 2017 quarter, however with the restructure completed and a revised go-to-market strategy in place, sales velocity is expected to significantly improve over coming quarters.

### Go-to-market strategy

BidEnergy is revitalising its approach to the market, and will position itself as a challenger brand to disrupt the staid energy marketplace. BidEnergy's pricing, target market, and marketing initiatives will refocus on its core customer opportunities where automation matters.

There is a large untapped market and, from Q3 onwards, BidEnergy will:

- Become a focused sales and marketing business that delivers on the automation dividend that our customers expect;
- Broaden its customer target market beyond multi-site and major corporate businesses to include the SME and Consumer & Industrial marketplace, which has more than 2 million customers;
- Provide entry-level pricing across a suite of our services with flexibility on contracts;
- Enable prospective customers to further interact with our solutions;
- Refresh and reinvigorate our presence across the web, social marketing and direct communications;
- Remove barriers to ensure ease of access and simplification of customer relationships; and
- Increase the breadth and geography of sales channels to broaden the reach of our products.

### Continued strong support in the Australian market

The domestic energy crisis – created by shortfalls in gas supply, shut down of coal-fired power stations, and uncertainty in renewables investments - has led to volatile energy prices in Australia. Australian energy prices are amongst the highest in the world, and highlight the inadequacies of traditional manual approaches to energy spend management, with many organisations facing unbudgeted energy price rises. This is

increasing awareness of robotic automation as a significant life cycle solution for energy spend management.

The market is increasingly recognising the relevance of energy spend management as a continuous service, rather than as a one-off consultation. The importance of data integrity underpinning monthly and quarterly energy procurement considerations is also being increasingly accepted.

BidEnergy is setting a new standard for data integrity with its robotic automation technology - removing errors inherent with human intervention. The Company intends to leverage its market leadership in automation and AI technology to build market share as awareness of energy spend management and automation grows.

#### BP goes live in the UK

BidEnergy successfully implemented its RPA solution into the UK market in the quarter, realising a key strategy to further develop its larger relationships globally for Multinationals. Go live eventuated at the end of December with revenue generating activities commencing January. BidEnergy can now utilise its BP experience in the UK to further develop that market.

#### USA market growth opportunities

Whilst the Axis deal was opportunistic, its cessation is not reflective of BidEnergy's underlying organic growth strategy for both the USA and the UK. We intend to deliver the same energy and growth momentum targeted for Australia into those markets with their existing business models. Further, leveraging off Real Win Wins Multisite customer base remains a core opportunity as is further developing our increased entry into the USA.

### **Corporate and Financials**

#### Corporate

The Company advises that it has reached an agreement with the holders of the following options to cancel those options for no consideration which will serve to simplify the Company's capital structure:

- 9,243,759 Class B Options (\$0.125, 31 Dec 2018)
- 25,000,000 Class D Options (\$0.15, 30 June 2019)

#### Financials

During the December 2017 quarter, the Company completed an organisational restructure to reduce labour related to the terminated AXIS transaction. On an annualised basis, with its current revenue base, the Company is targeting average monthly cash burn of less than \$300K, with the intention to further reduce this amount through new customer and revenue acquisition. The robotic process automation technology and software deployed by BidEnergy is now able to be supported with less development resources, whilst still continuing to build new features and AI. This has also contributed to reduced labour force needs.

During the December 2017 quarter, BidEnergy achieved revenue of \$1.1M, consisting of \$0.6M being contributed by energy rebate capture business Real Win Win, and \$0.5M

of subscription fees from BidEnergy's state of the art energy sourcing and management platform. As at 31 December 2017, the Company's total cash balance was \$6.4M.

Gross operating cash payments of \$2.8M were lower than the \$3.4M forecast in the Appendix 4C for the September 2017 quarter, driven by the saving of 2 months planned operating costs for AXIS.

Forecast operating cash payments for the March 2018 quarter are \$2.3M, which includes one-off payments of \$320k relating to termination of outgoing Managing Director, Phil Adams, and \$65K deferred final purchase consideration for the acquisition of Real Win Win.

-ENDS-

Further Information:

Guy Maine  
Managing Director  
[guy.maine@bidenergy.com](mailto:guy.maine@bidenergy.com)  
+61 484 524 815

### **About BidEnergy**

BidEnergy is an Australian-based technology company servicing customers in Australia, New Zealand, UK and the USA. BidEnergy's cloud-based platform simplifies the complex energy spend management process using robotic process 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 organisations. By automatically capturing and validating invoices and meter data, customers can streamline their accounting and payments processes, go to market at short notice to optimise their supply contracts and reduce on-bill charges using sophisticated analytics and reporting.

For more information, please visit [www.bidenergy.com](http://www.bidenergy.com)

## Appendix 4C

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

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

**Name of entity**

BIDENERGY LIMITED

**ABN**

94 131 445 335

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

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,042	2,040
1.2 Payments for		
(a) research and development	(327)	(696)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(88)	(202)
(d) leased assets	-	-
(e) staff costs	(1,519)	(2,764)
(f) administration and corporate costs	(463)	(1,427)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	111
1.8 Other – Axis non-completion payment	(358)	(358)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,692)</b>	<b>(3,265)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(109)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Cash acquired on reverse acquisition	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	-	<b>(109)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	6,707
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(504)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	-	<b>6,203</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,090	3,569
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,692)	(3,265)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(109)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	6,203

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>6,398</b>	<b>6,398</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,898	6,090
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposit)	3,500	2,000
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,398</b>	<b>8,090</b>

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

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	242
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-

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

Consultancy fees and wages paid to director related entities and directors.

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

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-

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

Nil

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

Nil

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(263)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(30)
9.4 Leased assets	-
9.5 Staff costs	(1,528)
9.6 Administration and corporate costs	(408)
9.7 Other (Real Win Win final purchase consideration)	(65)
<b>9.8 Total estimated cash outflows</b>	<b>(2,294)</b>

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

### Compliance statement

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

Sign here: .....  
(Company Secretary)

Date: 24 January 2018

Print name: Erlyn Dale

### Notes

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