

## For immediate release - ASX announcement

28 April 2017

### BuildingIQ (ASX: BIQ) – Q1 FY2017 Market Update

#### Financial Summary

- Q1 FY2017 revenue: A\$0.964 million, up 6.8% compared with A\$0.903 million in the prior corresponding period (pcp)
- Q1 cash receipts from customers: A\$0.715 million (A\$0.335 million pcp), a 113% increase
- Q1 net cash payments (including once-off acquisition costs relating to NorthWrite, Inc): A\$3,358 million, (A\$3,118 million pcp)
- Q1 operating expenses: A\$1,745 million, (A\$2,362 million pcp), a 26% reduction
- Q1 contract bookings: A\$2.307 million, (A\$0.033 million pcp)

#### Operational Summary

- 31 buildings were added in Q1 FY2017 for a total of 958 buildings (approx.75m SF) active on the 5i Platform (23 buildings added in Q4 FY2016.)
- Our Facility Worksite Service added 32 additional sites in Q1 FY2017 for a total of 266 sites (Q4 FY2016: 234 sites), and processed over 45,800 work order requests / transactions on the Platform in Q1 FY2017 (Q4 FY2016: over 53,700) for 600 plus users
- Named as a Qualified Vendor for the Real-Time Energy Management (RTEM) Program by the New York State Energy Research and Development Authority (NYSERDA)
- U.S. Patent received for Predictive Energy Optimization™ (PEO) technology

*Note: BuildingIQ is incorporated in Delaware and has a 31 December financial year end.*

**BuildingIQ Inc. (ASX: BIQ)** today released its Q1 FY2017 Market Update for the 3 months ending 31 March 2017.

President & CEO, Michael Nark, noted the improved financial and operational results that were achieved over the first quarter of the 2017 financial year, indicating the Company was tracking well to achieving its 1H FY2017 Business Targets.

“Our financial metrics continue to strengthen. BuildingIQ’s results for the quarter saw a healthy increase in recurring revenue, with approximately 7.3% quarter-on-quarter growth and total revenue increasing 6.8% from pcp. Pleasingly, the ongoing implementation of our cost efficiency strategy is continuing to deliver benefits. Our operating expenses were reduced by approximately 22.3% quarter-on-quarter (with a 26.12% reduction from pcp).

“Operationally, our team continued to grow our customer base and extend our services. Over the first quarter we added 31 buildings to the portfolio in what is traditionally a quieter season, due to the North American post-year end and Australian summer holiday season. Importantly, the cross-sell opportunities across our 5i Platform were increased by implementing Energy Worksite

Services for over 16% of our customers. We also secured renewals and extensions from our existing customer base, and began large system installations for multiple projects in North America and Australia.”

## Financial Information

BuildingIQ’s financial results in the first quarter of 2017 show an improvement on both the prior corresponding period and the financial results in Q4 FY2016 (ASX: *Market Update 30 January 2017*). Total unaudited revenue for Q1 FY2017 was A\$0.964 million, approximately 5% above budget and a 6.8 per cent increase on our audited revenue of A\$0.903 million in the pcq.

Cash receipts from customers for the first quarter of 2017 were A\$0.715 million. The amount reflects the increase in revenue from new customers, partner fees, services, and building management system implementation and optimisation.

Net cash payments in Q1 FY2017 (\$3,358 million) included A\$1,141 million for the 2<sup>nd</sup> tranche of acquisition costs relating to the purchase of NorthWrite, Inc. in FY2016. The final tranche will be settled in Q4 FY2017. Cash payments excluding this non-operating cash flow were 4.27% (A\$0.099 million) lower than Q4 FY2016. Compared with the prior corresponding period, they were A\$0.901 million lower. Cost savings in Q1 FY2017 are the direct result of the cost efficiency strategy, which commenced in 2016 and is ongoing.

In addition to these cost reductions, approximately A\$0.4 million of cash outflows per quarter will be recouped by the receipt of the R&D tax rebate, which is generally received in late Q2 or early Q3 of each year. Management’s current estimate for the 2017 receipt is a total R&D tax rebate of approximately A\$1.968 million.

The following table summarises the cash receipts and net cash payments for FY2016 and FY2017 to date:

	Receipts from customers A\$'000	Net Cash Payments A\$'000	Operating Cash Payments A\$'000
<b>Q1 FY17</b>	715	3,358*	2,536
<b>Q4 FY16</b>	1,006	2,316	2,443
<b>Q3 FY16</b>	770	2,476	2,742
<b>Q2 FY16</b>	890	2,514*	3,189
<b>Q1 FY16</b>	335	3,118	2,700

\*Includes cash flows from investments, related to the purchase of NorthWrite, Inc.

## Operational Information

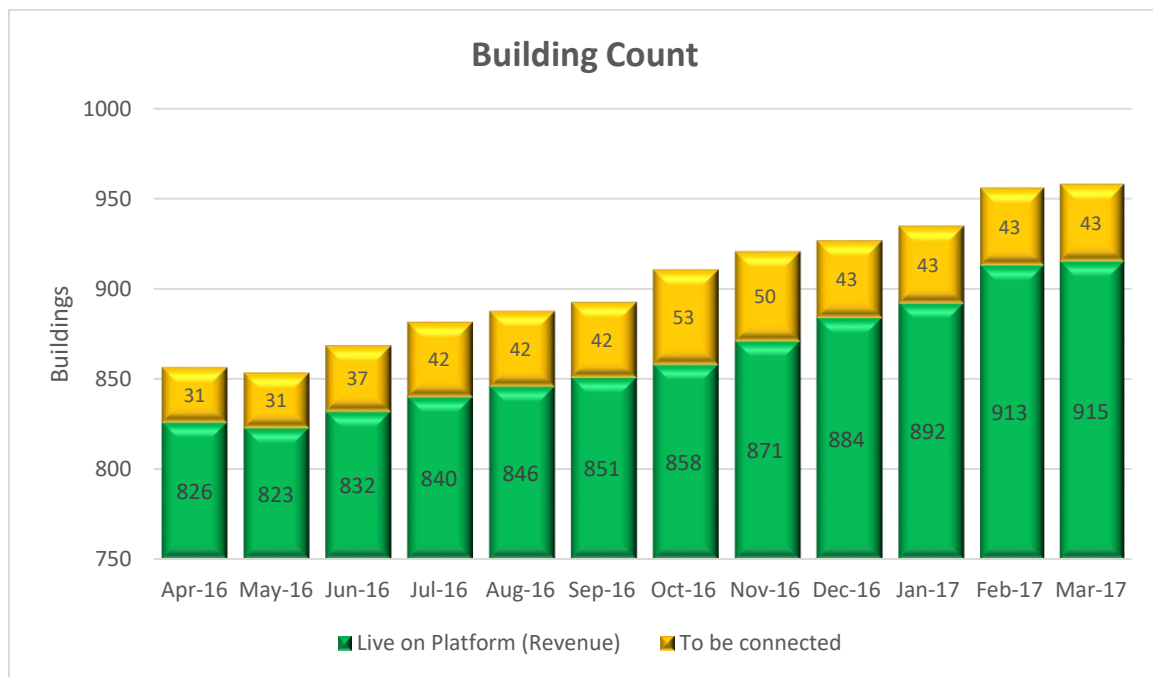
### Initiatives result in building portfolio growth, new partnerships and a U.S. patent

In the 2016 Full Year Financial Results Presentation (ASX: *BIQ* 24 February 2017) BuildingIQ indicated three key Business Model Drivers for 1H FY2017 being:

- 50 new buildings under contract;
- An increase in average booked building SF by 5%; and
- Surpassing 75m SF under contract.

During the first quarter, our initiatives contributed positively to the Company achieving those targets. The following are worth highlighting.

BuildingIQ continued to grow its building portfolio over the quarter securing several new customers in the USA and Australia. The transactions completed will add 31 new buildings to the 5i Platform, bringing the total portfolio of buildings to 958 and approx. 75m SF (as illustrated in the chart following). Average SF per booked building increased by approximately 7.7% from Q4 FY2016. The full financial impact of these new buildings, which are typically contracted for terms of between 12 and 36 months, will be seen in the financial results between now and FY2019.



During the quarter, BuildingIQ was named a Qualified Vendor for the Real-Time Energy Management (RTEM) Program by the New York State Energy Research and Development Authority (NYSERDA), an independent power agency. The RTEM program is designed to promote solutions that use building data to optimise energy usage and provide cost-shared incentives for

deploying services to building owners and managers throughout the state of New York. BuildingIQ's Energy Worksite and Facility Worksite Services will be available under the program.

BuildingIQ was recently granted a United States Patent for its Predictive Energy Optimization™ (PEO) technology that serves as a cornerstone for its 5i Platform. The new patent is a positive development, further validating BuildingIQ's capabilities in commercial buildings, corporate campuses, and in healthcare, education and government facilities.

"In our view, the U.S. patent is just one of many proof points supporting how truly unique and innovative our approach is." Mr. Nark said.

### **Strategic Growth Review Continues**

The Company commenced a strategic review in Q3 FY2016 to consider the best way to accelerate sustainable revenue growth.

The review is ongoing and is focused on expanding the BuildingIQ 5i Platform sales through alternate, cost effective distribution models. The scope considers:

- strategic partnerships, like our recently announced relationship with Springfield Land Corporation (SLC), an IoT smart cities initiative leveraging our platform,
- relationships that will deliver accelerated customer acquisition in markets where the Company has chosen not to establish direct sales capabilities, and
- inorganic opportunities that enable customers to gain the full benefit of the 5i Platform.

### **Future updates**

The Company will hold a conference call at 11am (AEST) on 28 April 2017 to discuss this announcement. Please refer below for the dial-in details. Please use the computer login details below if you wish to submit typed questions via the "chat" functionality.

#### **Quarterly investor call details:**

**Time: 11 am (AEST)**

**Date: Friday, April 28, 2017**

**Phone: +61 2 8355 1038 (AU) or (646) 749-3117 (US)**

**Access code: 232-636-237**

**Optional computer login:** <https://global.gotomeeting.com/join/232636237>

The full Financial Calendar for 2017 is noted below.

**Financial Calendar**

<b>2017 Dates*</b>	<b>Details</b>
April 28, 2017	Q1 Market Update
May 16, 2017	Annual General Meeting
August 25, 2017	FY2017 Interim results
October 27, 2017	Q3 Market Update

\*NOTE: Dates may be subject to change

**Ends.**

**For further information contact:**

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**About BuildingIQ**

BuildingIQ (ASX: BIQ) helps building owners and operators worldwide lower energy use, increase building operations efficiency, and enhance tenant comfort. The company's 5i cloud-based platform and Managed Services deliver on the promise of Internet of Things (IoT) for buildings with none of the drawbacks. Approximately 75M square feet of building space is currently under management with BuildingIQ.

Investors in BuildingIQ include the Venture Capital unit of Siemens Financial Services, Paladin Capital and Exto Partners.

[www.buildingIQ.com](http://www.buildingIQ.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**

BuildingIQ Inc

**ARSN**

605 422 160

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

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	715	715
1.2 Payments for		
(a) research and development	(414)	(414)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(96)	(96)
(d) leased assets	-	-
(e) staff costs	(1,207)	(1,207)
(f) administration and corporate costs	(819)	(819)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,821)</b>	<b>(1,821)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(34)	(34)
(b) businesses (see item 10)	(1,141)	(1,141)
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(362)	(362)
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 (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(1,537)</b>	<b>(1,537)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</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	10,440	10,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,821)	(1,821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,537)	(1,537)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(492)	(492)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>6,590</b>	<b>6,590</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	<b>6,590</b>	<b>10,440</b>
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,590</b>	<b>10,440</b>

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

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

54

-

Payment of Board and Directors' fees

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

N/a,



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.		
N/a.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(404)
9.2 Product manufacturing and operating costs	(172)
9.3 Advertising and marketing	(113)
9.4 Leased assets	-
9.5 Staff costs	(1,329)
9.6 Administration and corporate costs	(530)
9.7 Other (provide details if material)	(465)*
<b>9.8 Total estimated cash outflows</b>	<b>(3,013)</b>

\* Tranche payment for consideration of Energy WorkSite and Facility WorkSite acquisition

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Energy WorkSite & Facility WorkSite	
10.2 Place of incorporation or registration	Oregon	
10.3 Consideration for acquisition or disposal	USD \$3,000,000 (USD \$1m paid in 2Q16, USD\$800k paid in 1Q17)	
10.4 Total net assets	USD \$3,000,000 incl. goodwill	
10.5 Nature of business	SaaS Software	

### **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: ..... Date: 28 April 2017  
(Company secretary)

Print name: Ian Gilmour

### **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.