

For immediate release - ASX announcement

28 July 2017

BuildingIQ (ASX: BIQ) – Q2 FY2017 Market Update

Financial Summary

- Further growth in recurring revenue, with approximately 21% quarter-on-quarter growth
- Q2 FY2017 revenue: A\$1.17 million, up 5% compared with A\$1.12 million in the prior corresponding period (pcp)
- Q2 cash receipts from customers: A\$0.76 million (A\$0.89 million pcp)
- Q2 net cash payments: A\$1.63 million, (A\$2.51 million pcp), a 35% decrease. Both quarters included once-off acquisition costs for NorthWrite, Inc.
- Q2 operating expenses: A\$2.03 million, (A\$3.74 million pcp), a 46% reduction
- Q2 contract bookings: A\$1.73 million, (A\$1.70 million pcp)

Operational Summary

- 37 buildings were added in Q2 FY2017 for a total of 995 buildings (approx.77m SF) active on the 5i Platform (Q1 FY2017: 31 buildings added)
- Facility Worksite Service added 30 new sites in Q2 FY2017 for a total of 296 sites, and processed over 47,260 work order requests / transactions on the Platform (Q1 FY2017: over 45,800) for 540 plus users
- Surpassed A\$2.00 million of documented operations and energy savings delivered to the client base in Q2 FY2017 from our 5i Platform (Q1 FY 2017: A\$1.68 million), an increase of 35%
- Increased business pipeline during the quarter by more than 20%. Significant contribution (12 buildings were booked in Q2 FY 2017) driven by the continued take-up of the new 5i Platform offering in Western Australia via our partnership with BuildingSense.

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

BuildingIQ Inc. (ASX: BIQ) today released its Q2 FY2017 Market Update for the 3 months ending 30 June 2017.

President & CEO, Michael Nark, highlighted the Company's growth in financial performance and operational metrics, which resulted in BuildingIQ exceeding its stated 1H FY2017 Business Targets (ASX: 2016 Full Year Results Presentation 24 February 2017).

"BuildingIQ continues to realise the benefits of a commitment to our strategic plan. The results delivered in the first half showed further growth in recurring revenue, with approximately 21% quarter-on-quarter growth. Pleasingly, this marks the third consecutive quarter of recurring revenue growth. Total revenues also increased, by 5% from the prior corresponding period, with receipts from customers increasing 6% quarter-on-quarter.

“Operationally, we have continued to strengthen our position in our current markets, the US and Australia. Both territories have shown an increase of buildings on the BuildingIQ 5i Platform. Moreover, the release of the next evolution of our work management service led to an increase in Facility Worksite subscriptions. “

“The cost efficiency strategy, which commenced in 2H FY2016 (*Q4 Market Update ASX: 30 January 2017*), remains a key focus and is continuing to deliver significant benefits. Over the past 12 months, our operating expenses have been reduced by 46%.”

Financial Information

BuildingIQ’s financial results in the second quarter of FY2017 show improvements on both the prior corresponding period and the previous quarter’s results (*ASX: Market Update 28 April 2017*).

Total unaudited revenue for Q2 FY2017 was A\$1.17 million, and a 5% increase on our audited revenue of A\$1.12 million in the pcq.

Cash receipts from customers for the second quarter of FY2017 were A\$0.76 million. The amount reflects the increase in revenue from a mix of sources - new customers, partner fees, services, and building management system implementation and optimisation.

The net cash payments in Q2 FY2017 of A\$1.63 million included A\$0.47 million for the 3rd tranche of acquisition costs relating to the purchase of NorthWrite, Inc. in FY2016. This is an acquisition that continues to deliver both regular transactions and the potential to upsell services. The final tranche will be settled in Q4 FY2017, for US\$0.80 million. Cash payments, excluding this non-operating payment, were A\$0.37 million lower than in Q2 FY2016 and 11% lower than the previous quarter. The cost savings were a direct result of our cost efficiency strategy.

The domestic portion of the R&D tax rebate, A\$1.32 million, was received in Q2 FY2017. The balance of the 2017 R&D tax rebate, estimated to be approximately A\$0.85 million, relates to the overseas portion of the tax rebate and is expected to be received in Q3 FY2017.

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

	Receipts from customers A\$'000	Net Cash Payments A\$'000	Operating Cash Payments A\$'000
Q2 FY17	759	1,632*	2,825
Q1 FY17	715	3,358*	2,536
Q4 FY16	1,006	2,316	2,443
Q3 FY16	770	2,476	2,742
Q2 FY16	890	2,514*	3,189
Q1 FY16	335	3,118	2,700

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

Finally, our first half FY2017 revenues total of A\$2.14 million showed a 6% increase over the A\$2.02 million earned in the prior corresponding period. Cash receipts from customers totalled A\$1.47 million, a 20% increase over the A\$1.23 million collected in the prior corresponding period and bookings surpassed A\$4.00 million, driving Annual Contracted Revenue (ACR) to more than A\$4.80 million.

Operational Information

Successfully grew and exceeded key first half business drivers

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

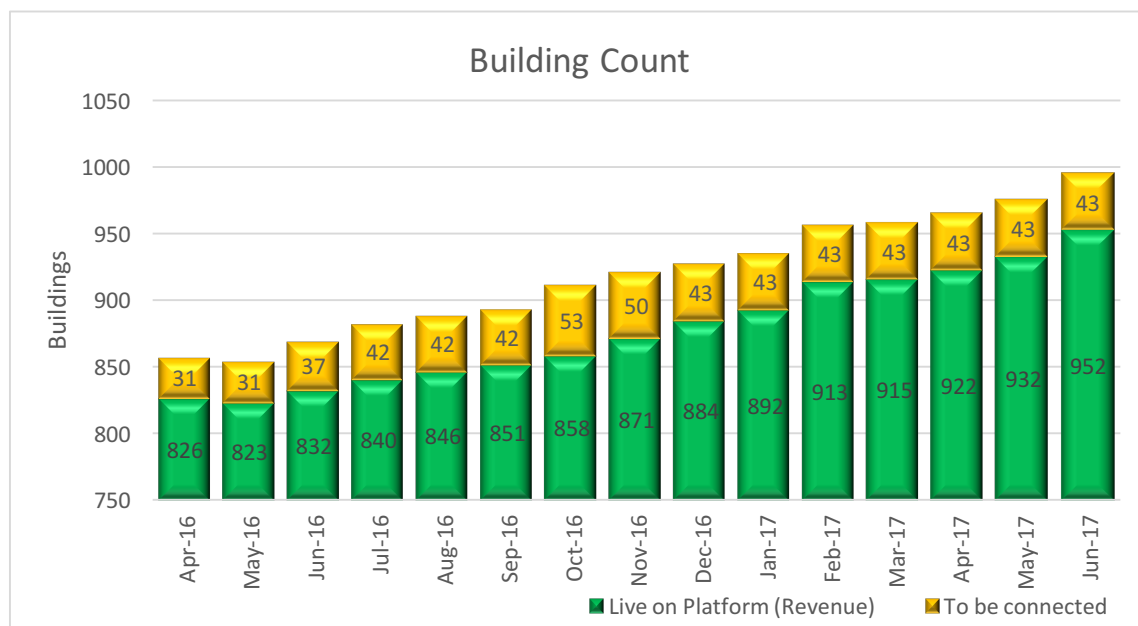
- 50 new buildings under contract;
- An increase in average booked building SF by 5%; and
- Surpassing 75m SF under contract.

BuildingIQ achieved consecutive quarters of solid growth in the number of buildings active on the 5i Platform, which resulted in the Company exceeding our stated Business Model Drivers for 1H FY2017.

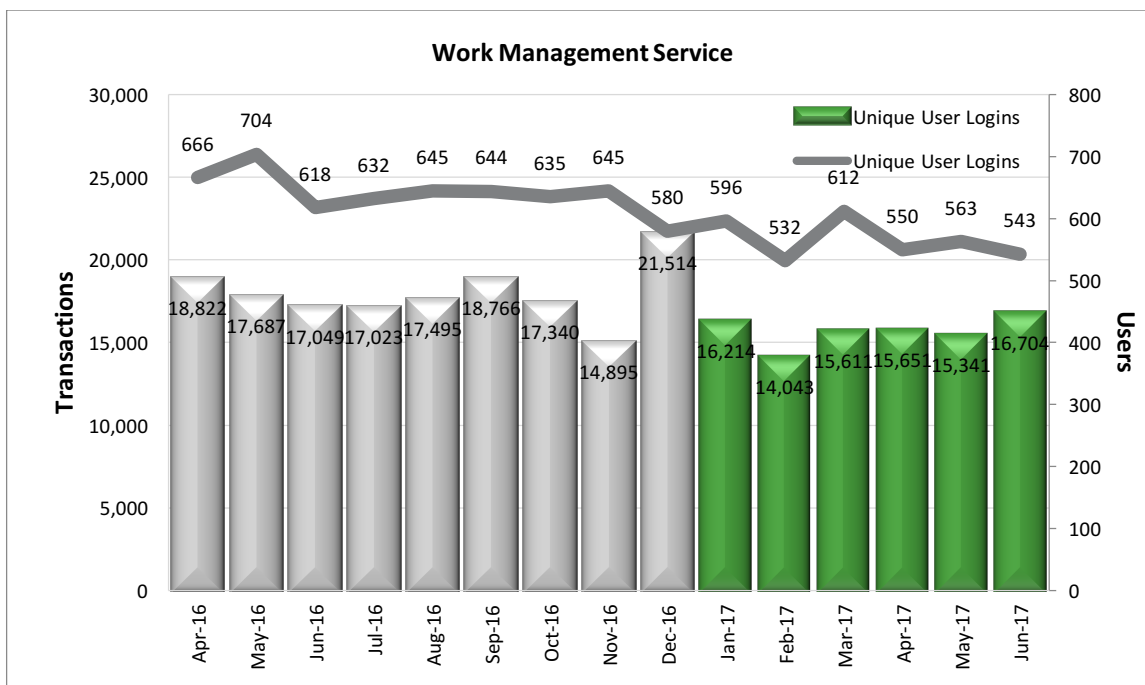
As noted in the chart following, BuildingIQ now provides services to over 995 buildings (68 new buildings under contract in 1HFY2017), representing approximately 77m SF under contract.

BuildingIQ continued to grow its building portfolio over the second quarter securing several new customers in the USA and Australia. 37 buildings were added in Q2 FY2017. Average SF per booked building increased by approximately 14% from Q1 FY2017.

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.



Additionally, our Facility Worksite Service added 30 new sites in Q2 FY2017 for a total of 296 sites and grew the volume of work order requests / transactions processed on the Platform to over 47,260 (Q1 FY2017: over 45,800). For every work order processed on the Platform, on average at least A\$4.00 of operational savings is realised by the user.



Future updates

The Company will hold a conference call at 11am (AEDT) on 28 July 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 (AEDT)

Date: Friday, July 28, 2017

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

Access code: 609-815-309

Optional computer login: <https://global.gotomeeting.com/join/609823263623715309>

The Financial Calendar for the remaining FY2017 dates is noted below.

Financial Calendar

2017 Dates*	Details
August 25, 2017	FY2017 Interim results
October 27, 2017	Q3 Market Update
January 29, 2018	Q4 Market Update
February 23, 2018	FY2017 Annual results

*NOTE: Dates may be subject to change

Ends.

For further information contact:

Lisa Jones
Company Secretary
Ph: +61 2 9360 0602
E: lisajones@buildingiq.com

Christine Bowen
communicaterelate
Ph: +61 414 861 629
E: christine@communicaterelate.com.au

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. Over 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

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

Quarter ended ("current quarter")

605 422 160

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	759	1,474
1.2 Payments for		
(a) research and development	(393)	(807)
(b) product manufacturing and operating costs	(273)	(273)
(c) advertising and marketing	(116)	(212)
(d) leased assets	-	-
(e) staff costs	(1,339)	(2,546)
(f) administration and corporate costs	(704)	(1,523)
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)		
R&D Tax Rebate received	1,323	1,323
1.9 Net cash from / (used in) operating activities	(743)	(2,564)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(11)	(45)
	(b) businesses (see item 10)	(471)	(1,612)
	(c) investments	-	-
	(d) intellectual property	(391)	(391)
	(e) other non-current assets	(19)	(381)
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	3	3
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(889)	(2,426)
3.	Cash flows from financing activities		
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,590	10,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(743)	(2,564)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(889)	(2,426)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	27	(465)
4.6	Cash and cash equivalents at end of quarter	4,985	4,985

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	4,985	6,590
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,985	4,985

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	41
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	

Payment of Board and Directors' fees

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	

N/a,

8.	Financing facilities available <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.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(404)
9.2	Product manufacturing and operating costs	(235)
9.3	Advertising and marketing	(113)
9.4	Leased assets	-
9.5	Staff costs	(1,371)
9.6	Administration and corporate costs	(617)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(2,740)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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, \$350k paid in 2Q17)	
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 July 2017

(Company secretary)

Print name: Lisa Jones

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.