

## For immediate release - ASX announcement

27 October 2017

### BuildingIQ (ASX: BIQ) – Q3 FY2017 Market Update

#### Financial Summary

- Q3 FY2017 revenue: A\$1.34 million, up 72% compared with A\$0.78 million in the prior corresponding period (pcp)
- Q3 cash receipts from customers: A\$0.64 million (A\$0.77 million pcp), a 17% decrease
- Q3 net cash payments: A\$1.61 million, (A\$2.48 million pcp), a 35% decrease
- Q3 operating expenses: A\$1.89 million, (A\$2.42 million pcp), a 22% reduction
- Q3 contract bookings: A\$1.21 million, (A\$0.74 million pcp), a 64% increase

#### Operational Summary

- 33 buildings were added in Q3 FY2017 for a total of 1,028 buildings (approx. 80m SF) active on the 5i Platform (Q2 FY2017: 37 buildings added)
- Facility Worksite Service added 49 new sites in Q3 FY2017 for a total of 345 sites, and processed over 45,550 work order requests / transactions on the Platform (Q2 FY2017: over 47,260) for 530 plus users
- Cumulative YTD value of A\$4.30 million delivered to clients through documented operations and energy savings from our 5i Platform (Q3 FY 2016 YTD comparative: A\$3.75 million), an increase of 15%
- Increased business pipeline during the quarter by 25%.

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

**BuildingIQ Inc. (ASX: BIQ)** today released its Q3 FY2017 Market Update for the quarter ending 30 September 2017.

In commenting on the results, BuildingIQ's President & CEO, Michael Nark, indicated that the Company had delivered strong growth financially and operationally in the 3<sup>rd</sup> quarter, which was particularly pleasing following the 1<sup>st</sup> half when stated Business Targets had been exceeded.

"Having exceeded our stated 1H FY2017 Business Targets, the 3<sup>rd</sup> quarter results remain strong and continue to support our future growth strategy. Financially, there was approximately 15% quarter-on-quarter growth in our revenue. This marks the fourth consecutive quarter of recurring revenue growth and the strongest quarterly result since the Company listed. Total revenues increased by 72% from the prior corresponding period."

"The Company's financial position has also benefited from our cost efficiency strategy, which remains a key focus. Fifteen months on, it continues to deliver significant real benefits with our operating expenses down by 22% over the past 12 months."

“Operationally, we continued to strengthen our position in our current markets, North America and Australia, with both territories seeing growth in the number of buildings on the BuildingIQ 5i Platform. Beyond these markets, our international expansion is gaining traction in South East Asia with some recent success in Singapore and Malaysia for EWS and PEO services.”

“Notably, while there are benefits from the 5i Platform in all markets, the significant differences between our markets are increasingly driving the utilisation of different services. In Australia in particular, the reality of high and increasing energy costs means businesses are using our control and optimization services to enable them to use energy more efficiently. In contrast, in North America, where energy costs are comparatively low, the focus is on visualisation and energy analytics allowing businesses to understand how they use energy and how they can manage, tune, and operate buildings better.”

### **Financial Information**

In the 1H FY2017 Interim Financial Results Presentation (*ASX: BIQ 25 August 2017*) BuildingIQ announced its Business Targets for the 2H FY2017, comprising both Financial and Business Model Drivers. The Financial Drivers were:

- A\$0.63m monthly revenue run rate
- Bookings of A\$4.0m (Contracted Revenue)
- Exit 2H2017 with Annual Contracted Revenue<sup>1</sup> > A\$6.0m

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

Total unaudited revenue for Q3 FY2017 was A\$1.34 million, exceeding management expectations, and a 72% increase on our audited revenue of A\$0.78 million in the pcp. The monthly revenue run rate has increased steadily, with A\$0.45m reached in Q3 FY2017, and A\$0.65m targeted for Q4 FY2017.

Cash receipts from customers for the third quarter of FY2017 were A\$0.64 million, 17% lower than the previous comparable period. The result reflects the changing nature of the revenue mix from the services on the 5i Platform and the geographic demand for these services, reflected in relatively lower US-dollar value collections versus the strengthening Australian market and currency.

Net cash payments of A\$1.61 million, including an R&D rebate of A\$0.88m, were A\$0.87 million lower than in Q3 FY2016. R&D tax rebates received in FY2017 total \$2.21 million, an increase of \$0.53 million over the \$1.68 million received in FY2016.

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<sup>1</sup> Annual Contracted Revenue: As previously defined. Historically, ACR figures represent 80% of actual revenue recognised.

The following table summarises the cash receipts and the net and operating cash payments per quarter for FY2017, with the corresponding figures for FY2016:

	<b>Receipts from customers A\$'000</b>	<b>Receipts R&amp;D Rebate A\$'000</b>	<b>Net Cash Payments A\$'000</b>	<b>Operating Cash Payments A\$'000</b>
<b>Q3 FY17</b>	643	883	1,613	2,800
<b>Q2 FY17</b>	759	1,323	1,632*	2,825
<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	1,692	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.

Overall, year-to-date revenues totalled A\$3.47 million, an improvement of 23% over the year-to-date revenues of A\$2.81 million earned in the same period in FY2016. Cash receipts from customers totalled A\$2.12 million, a 6% increase on the A\$2.0 million collected in the same period in FY2016. Bookings have this year surpassed A\$5.24 million driving Annual Contracted Revenue (ACR) to more than A\$5.1 million.

The receipt of R&D tax rebates, worth approximately A\$0.40 million per quarter, are important in supporting BuildingIQ's continued product development. In total they represent approximately 45% of eligible expenditures. The 2018 portion of approximately A\$2.2 million is expected to be received in Q1 FY2018.

Cash held at the end of Q3 FY2017 was A\$3.71 million. The Directors are continuing to explore the various financing options available to replace the cash used for BuildingIQ's NorthWrite acquisition. We expect to be able to announce details shortly.

## **Operational Information**

BuildingIQ's three key Business Model Drivers were reset for 2H FY2017 are follows:

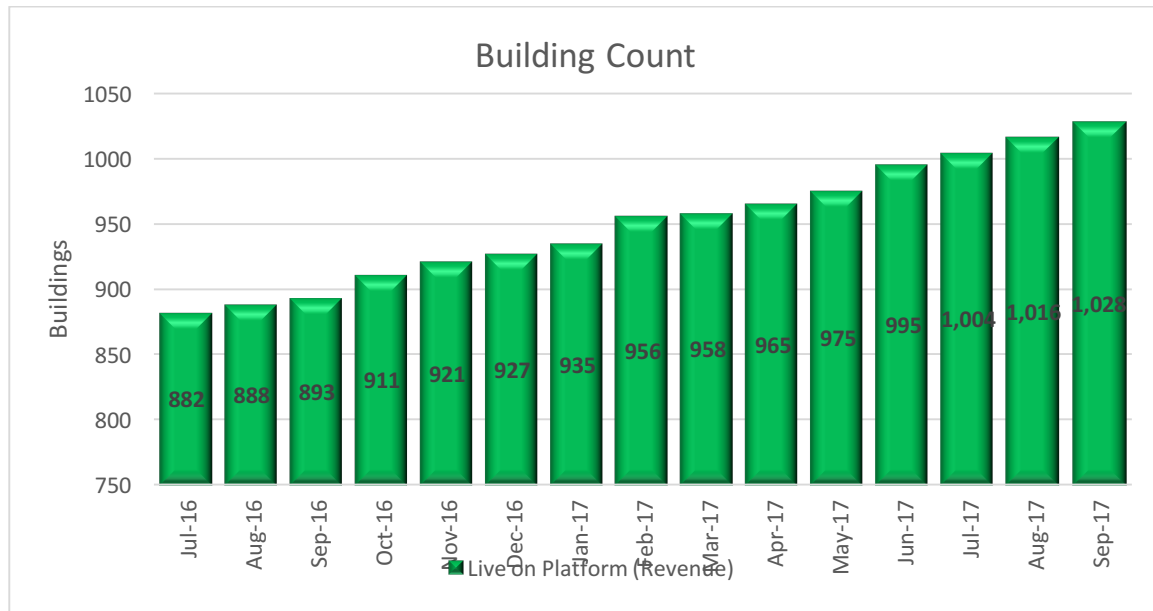
- 65 new buildings under contract;
- An increase in annualised revenue per building 5%; and
- Surpassing 100m SF under contract.

BuildingIQ has achieved five consecutive quarters of solid growth in the number of buildings active on the 5i Platform. As noted in the chart following, the Company now provides services to over 1,028 buildings (101 new buildings under contract year-to-date), representing approximately 80m SF under contract.

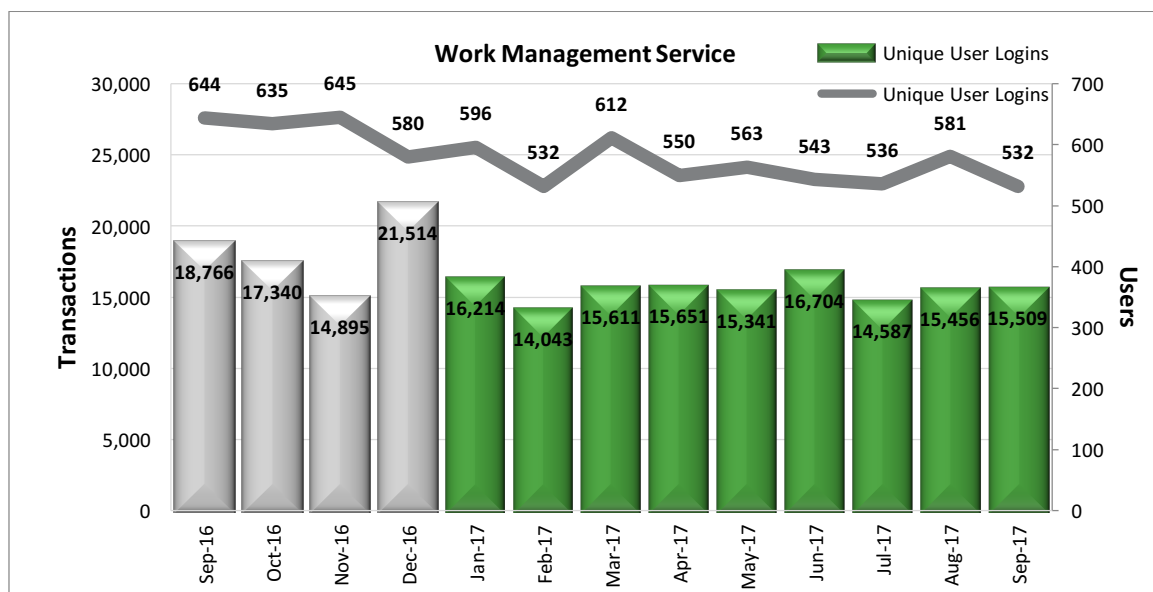
During the third quarter, 33 buildings were added to the portfolio. Whilst we continued to grow the building portfolio, the average SF per booked building decreased by approximately 8% from Q2 FY2017 reflecting the smaller average floorspace of buildings using the visualisation and energy analytics services of the 5i Platform. Significantly, however, we are now gaining traction

from our efforts to expand beyond our established markets of Australia and North America. This is particularly evident in South-East Asian countries, with some initial new customer adoptions in Singapore and Malaysia.

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, (as shown in the chart following) our Facility Worksite Service added 49 new sites in Q3 FY2017 for a total of 345 sites. Users of the Facility Worksite Service pay an annual subscription fee and realise average operational savings of at least A\$4.00 for every work order processed. The volume of work order requests / transactions processed on the Platform in Q3 was over 45,550 (Q2 FY2017: over 47,260).



## Future updates

The Company will hold a conference call at 11am (AEDT) on 27 October 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, October 27, 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/609815309>

### Financial Calendar

2017 Dates*	Details
January 29, 2018	Q4 Market Update
February 23, 2018	FY2017 Annual results

\*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. Over 80M 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")**

30 September 2017

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		643	2,117
1.2 Payments for			
(a) research and development		(435)	(1,242)
(b) product manufacturing and operating costs		(262)	(535)
(c) advertising and marketing		(103)	(315)
(d) leased assets		-	-
(e) staff costs		(1,520)	(4,066)
(f) administration and corporate costs		(480)	(2,003)
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		883	2,206
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,274)</b>	<b>(3,838)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(5)	(50)
(b) businesses (see item 10)		-	(1,612)
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(334)	(725)
	(e) other non-current assets	-	(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
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>(339)</b>	<b>(2,765)</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	4,985	10,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,274)	(3,838)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(339)	(2,765)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	339	(126)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,711</b>	<b>3,711</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	3,711	3,711
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,711</b>	<b>3,711</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**

30  
-

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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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	(415)
9.2 Product manufacturing and operating costs	(340)
9.3 Advertising and marketing	(110)
9.4 Leased assets	-
9.5 Staff costs	(1,303)
9.6 Administration and corporate costs	(610)
9.7 Other (provide details if material)	(1,025) *
<b>9.8 Total estimated cash outflows</b>	<b>(3,803)</b>

\*Maximum final tranche payment for Energy WorkSite and Facility WorkSite acquisition, subject to resolution of contractual matters

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, USD\$350k paid in 2Q17 and USD\$850k due in 4Q17).	
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: .....  
(Company secretary)

Date: 27 October 2017

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.