

BuildingIQ, Inc.
Appendix 4E
Preliminary Final Report

1. Company details

Name of entity: BuildingIQ, Inc.
 ARSN: 605 422 166
 Reporting period: For the year ended 31 December 2017
 Previous period: For the year ended 31 December 2016

2. Results for announcement to the market

	Change			2017
	\$	%		\$
2.1 Revenues from ordinary activities	1,305,420	33%	to	5,263,762
2.2 Revenue and other income	2,017,815	40%	to	7,024,658
2.3 Loss from ordinary activities after tax attributable to the members of BuildingIQ, Inc.	4,235,317	55%	to	(3,535,583)
2.4 Total comprehensive income for the year attributable to the members of BuildingIQ, Inc.	3,307,626	41%	to	(4,721,860)
2.5 Earnings before interest, tax & depreciation (EBITDA)	5,168,791	73%	to	(1,929,716)

2.6 Dividends

Nil

2.7 Comments

The total comprehensive loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,721,860 (31 December 2016: \$8,029,486).

3. Statement of profit or loss and other comprehensive income

	Consolidated	
	2017	2016
	\$	\$
Revenue	5,263,762	3,958,342
Other income	1,760,896	1,048,501
Revenue & other income	7,024,658	5,006,843
Cost of sales	(1,815,086)	(1,590,082)
Gross profit	5,209,572	3,416,761
Interest income	1,367	12,393

3. Statement of profit or loss and other comprehensive income (continued)

	Consolidated	
	2017	2016
	\$	\$
Expenses		
Sales and marketing	(1,573,051)	(3,017,615)
Research costs	(687,350)	(968,000)
Administrative expenses	(4,878,887)	(5,689,169)
Depreciation & amortisation	(1,607,234)	(684,786)
Transaction advisory costs	-	(121,091)
Write-off of accrued income	-	(719,393)
	(8,746,522)	(11,200,054)
Loss before income tax expense	(3,535,583)	(7,770,900)
Income tax expense	-	-
Loss after income tax expense for the year	(3,535,583)	(7,770,900)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(1,186,277)	(258,586)
Other comprehensive income/(loss) for the year, net of tax	(1,186,277)	(258,586)
Total comprehensive income for the year attributable to owners of BuildingIQ, Inc.	(4,721,860)	(8,029,486)

4. Statement of financial position

	Consolidated	
	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,418,874	10,439,188
Trade and other receivables	3,687,012	1,509,848
R&D grant receivable	2,008,418	1,805,556
Other current assets	703,070	495,849
Total current assets	8,817,374	14,250,441

4. Statement of financial position (Continued)

	Consolidated	
	2017	2016
	\$	\$
Non-current assets		
Property, plant and equipment	104,464	157,047
Goodwill	3,538,376	3,830,806
Other Intangible assets	2,065,032	2,010,286
Total non-current assets	5,707,872	5,998,139
Total assets	14,525,246	20,248,580
Liabilities		
Current liabilities		
Trade and other payables	522,492	567,422
Employee benefits	1,098,127	876,570
Deferred revenue	175,774	133,854
Other current liabilities	1,192,660	2,938,613
Total current liabilities	2,989,053	4,516,459
Non-current liabilities		
Total non-current liabilities	-	-
Total liabilities	2,989,053	4,516,459
Net assets	11,536,193	15,732,121
Equity		
Issued capital	44,632,556	44,078,685
Reserves	(291,625)	922,591
Accumulated losses	(32,804,738)	(29,269,155)
Total equity	11,536,193	15,732,121

5. Statement of cash flows

	Consolidated	
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (including GST)	3,025,562	3,135,734
Payments to suppliers (including GST)	(4,428,710)	(4,215,926)
Payments to employees (including GST)	(5,817,493)	(7,103,014)
Interest received	-	12,393
Transaction advisory costs paid	-	(328,844)
R&D tax refund received	2,205,632	1,679,797
Net cash used in operating activities	(5,015,009)	(6,819,860)
Cash flows from investing activities		
Payments for plant and equipment	(41,475)	(114,912)
Payments for intangible assets	(2,128,037)	(2,111,483)
Payments for business acquisition	(1,612,120)	(1,304,917)
Net cash used in investing activities	(3,781,632)	(3,531,312)
Cash flows from financing activities		
Proceeds from issues of shares	568,903	-
Capital raising costs (capitalised)	(167,018)	(119,485)
Net cash generated by/(used in) financing activities	401,885	(119,485)
Net decrease in cash and cash equivalents	(8,404,756)	(10,470,657)
Cash and cash equivalents at the beginning of the financial year	10,439,188	20,982,621
Effects of exchange rate changes on cash and cash equivalents	384,442	(72,776)
Cash and cash equivalents at the end of the financial year	2,418,874	10,439,188

6. Statement of changes in equity

	Issued capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
Consolidated				
Balance at 1 January 2017	44,078,685	922,591	(29,269,155)	15,732,121
Loss after income tax expense for the year	-	-	(3,535,583)	(3,535,583)
Other comprehensive income for the year, net of tax	-	(1,186,277)	-	(1,186,277)
Total comprehensive income for the year	-	(1,186,277)	(3,535,583)	(4,721,860)

6. Statement of changes in equity (continued)

	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	553,871	-	-	553,871
Net movement in share options	-	(27,939)	-	(27,939)
Balance at 31 December 2017	44,632,556	(291,625)	(32,804,738)	11,536,193

7. Details of individual and total dividends or distributions and dividend or distribution payments

Nil

8. Details of dividend or distribution reinvestment plans in operation

Nil

9. Net tangible assets per ordinary security

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary security	6	12

Net tangible assets decreased as a result of the increase in other Intangible Assets, including R&D activities and settlement of the deferred acquisition of NorthWrite. Refer to 12.

10. Details of entities over which control has been gained or lost during the period

No changes from previous period.

11. Details of associates and joint venture entities

Nil

12. Any other significant information

On 15 December 2017, BuildingIQ announced that it was undertaking a capital raising of up to A\$6.5m through a combination of an Institutional Placement, Existing Securityholder Placement and pro-rata Entitlement Offer. On 21 December 2017, funds for the Existing Securityholder Placement (\$568,903 before transaction costs) were received, with funds for the Institutional Placement and Entitlement Offer (\$5,931,097) being received by 30 January 2018. The \$5,931,097 received in January 2018 is not reflected in cash and cash equivalents in the above statement of financial position or in the above statement of cash flows.

12. Any other significant information (continued)

On 26 January 2018, the consolidated entity settled the deferred NorthWrite acquisition for US\$750,000 (A\$929,114), US\$50,000 less than initially anticipated.

There have been no other transactions or events of a material or unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the directors, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

There were no other significant changes to the affairs of BuildingIQ, Inc.

13. Accounting Standards Used

BuildingIQ, Inc.'s financial statements are prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

14. Commentary on the results for the period

14.1 EPS & Dilutive Aspects

	Reporting Period (Cents)	Prior Period (Cents)
Basic earnings per share	(3.6)	(9.2)
Diluted earnings per share	(3.6)	(9.2)

There were no dilutive instruments issued in 2017 or 2016.

14.2 Returns to shareholders including distributions and buy-backs

Nil

14.3 Significant features of operating performance

Starting in December 2016, BuildingIQ expanded its service offering to include turn-key solutions for its clients, taking them on the 5i Platform journey. This began with strategic partnerships in Western Australia, that enabled deployment and commissioning of building management systems (BMS) from its cloud based 5i Platform, and culminated in the seamless integration/expansion of those deployments to other 5i Platform SaaS (Software-as-a-Service) subscription services. These services ensure that BuildingIQ is able to design to specification all components in a building to help serve the ultimate goal, delivery of energy savings through optimisation service which utilises Predictive Energy Optimisation (PEO) software algorithms. These activities resulted in increased revenue, as well as increased costs relating to hardware and labour.

Revenue and other income increased from last year by approximately 40% to \$7,024,658 (2016: \$5,006,843). The key reason for this increase was the growth in services delivered from BuildingIQ's 5i Platform which includes visualisation, analytics, control and optimisation. While growth was achieved across all services, significant growth was seen in control services which includes deployment and

14.3 Significant features of operating performance (continued)

commissioning of building management systems (BMS) and IoT devices from the cloud based 5i Platform. Other income increased to \$1,760,896 (2016: \$1,048,501), reflecting an increased pattern of activity in the current year for the R&D tax incentive programs managed by BuildingIQ, as well as alignment with the expected rebate timing.

Operating expenses decreased by 32% to \$7,139,228 (2016: \$10,515,268) primarily due to efficiency strategies employed by the consolidated entity, as well as currency fluctuations impacting US operations. The overall result of these factors was that the loss before income tax expense for the year decreased to \$3,535,583 (2016: \$7,770,900).

14.4 Results of segments

	Sales to external Customers		Geographical non-current assets	
	2017 \$	2016 \$	2017 \$	2016 \$
Australia	2,393,560	288,868	1,324,313	1,636,340
USA	2,870,202	3,669,474	3,982,793	4,361,799
	5,263,762	3,958,342	5,307,106	5,998,139

14.5 Trends in performance

BuildingIQ is in a strong competitive position as the 5i Platform is the market's only integrated offering that brings visualisation, analytics, control and optimisation services together enabling a complete building portfolio benefit.

The financial highlights for 2017 (all AUD):

- Revenue from ordinary activities grew 33% to \$5.26m;
- Revenue and other income grew 40% to \$7.02m;
- New contract bookings amounting to \$10.04m for the year;
- Future annual contracted revenue reached \$6.77m;
- Building count increased to more than 1,085 buildings; and
- 101.72m square feet under contract was reached.

14.6 Other factors

No other factors noted.

15. Statement relating to the status of the audit

This report is based on the financial report for the year ended 31 December 2017 which is in the process of being audited.

16. Expected audit opinion

The independent audit report is expected to contain an unqualified, unmodified opinion.