

## For immediate release - ASX announcement

27 August 2019

### **BuildingIQ (ASX: BIQ) – Interim Results Reflect Greenfield Projects Growth**

**BuildingIQ Inc. (ASX: BIQ)**, a tech-enabled services business, today announced its interim financial and operational results for the six months to 30 June 2019.

#### **Financial Summary: 1H FY19 compared to 1H FY18**

- 69% increase in customer receipts to A\$3.99m (A\$2.36m pc<sup>1</sup>)
- 26% increase in Annual Contracted Revenue<sup>1</sup> to A\$10.12m, demonstrating the continued adoption of BuildingIQ's services
- Revenue from ordinary activities of A\$2.89m, 21% lower than A\$3.66m in 1H FY18 impacted by the completion of one-time utility and incentive rebate programs and by delays in the commencement and ramp-up of major Greenfield projects (ASX 19 July 2019)
- Operating expenses improved 9% to A\$3.72m (A\$4.09m pc<sup>1</sup>)
- EBITDA loss of A\$2.29m, an increased loss of A\$0.81m influenced by increased COGS from Greenfield projects (EBITDA loss of A\$1.48m pc<sup>1</sup>)

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

#### **Operational Summary**

- 59 net new buildings were added during the half, including 29 Greenfield building contracts
- Over 1,325 buildings now active on the 5i Platform, up 12.8% from 1H FY18
- Approximately 140 million square feet under management
- Established Buildings customer contract renewal rates held firm at greater than 97%\*
- Analytics Service Engine (Epiphany) released
- All geographies and sectors contributed to the positive growth, while market differences continue to influence the services utilised

*\* There are significant variances in individual contract values*

Reflecting on the first half results, President & CEO Michael Nark, said that BuildingIQ's focus on its global strategy was delivering positive growth, albeit with the associated short-term challenges of the Greenfield project cycle.

"Our interim results demonstrate the positive momentum of the business. Customer receipts of A\$3.99 million and Annual Contracted Revenue of A\$10.12 million were both up strongly, when compared with the previous corresponding period.

"The volume of new Greenfield projects available to BuildingIQ, through our subsidiary Buildingsense, continues to be the most significant contributor with our first half results reflecting this. There were 29 new contracts signed for projects across a number of sectors and, at reporting date, over 20 other projects pending or in the pipeline. However, as previously announced, while contracts remain in place and scheduled completion dates at this stage remain unchanged, delays

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<sup>1</sup> Annual Contracted Revenue is a measure of expected future revenue over the next 12-month period from existing contracts and assumes project commencement as scheduled at time of contract booking.

in the commencement and ramp-up of major Greenfield projects impacted our first half revenue, which was down by 21% on the pcip to A\$2.89 million.

“In North America, whilst the new business growth is not as strong, it is steady, and our Established Buildings customer contract renewal rates are holding firm. However, revenue in the half was impacted by the completion of one-time utility and incentive rebate programs. Pleasingly, in our newer regions, we are increasingly seeing positive results from the partnerships we have established, in particular in the United Arab Emirates.”

BuildingIQ also accelerated its leadership in artificial intelligence (AI) solutions with the release of Epiphany in the first half of the year. Epiphany is an AI-driven engine that uncovers how operational data in a building is interconnected, dependent and influenced within its building system. Epiphany is used to create foundational knowledge about a building system that can enable insights like root cause analysis of anomalies; predictive failure and maintenance of equipment; better capital planning; and prioritization of service based on the real, hidden impact of issues versus simplistic cost-to-replace estimates. The Company is excited about the opportunity to deliver greater customer benefits using Epiphany.

## **2019: Next 6 Months**

### **Financial and Operational Business Targets**

Our focus remains on financially astute growth delivered through a multi-faceted strategy. Our second half business targets are as follows:

- A\$1.1m December Month Revenue
- Bookings (Contracted Revenue) of A\$5.0m
- Exit FY19 with Annual Contracted Revenue > A\$11.5m
- Finish the December quarter EBITDA positive
- Add 35 New Buildings under Contract
- Increase Annualised Revenue per Building 10%
- Surpass 150m sqft under Contract
- Add 2 new Brownfield Buildings under Contract in North America

### **Financing BuildingIQ's Greenfield Growth**

The current Australian construction boom, which is expected to continue for at least 15 years to meet the demands of a growing population, is underpinning our 5i services growth, long-term.

While this growth is positive for the Company longer-term, with Greenfield projects transitioning to the services available on the platform post-construction, the delays evident from the construction boom are impacting our short-term revenue and cash position.

The Board intends to finance this Greenfield growth and the Company's working capital requirements through private placements and a share purchase plan as follows:

- 2019 Private Placement: Total funds raised A\$2.15 million (*ASX announcements: 30 April 2019 and 25 June 2019*) with Tranche 2 commitments received in August 2019
- Security Purchase Plan (up to A\$15,000) for eligible securityholders whose registered address is in Australia or New Zealand
- An intention to raise up to a further A\$1.5 million via a placement in Q4 FY19

## Future Updates

The Company will hold a conference call tomorrow at 10am (AEST) to discuss the interim results. Please refer below for the dial-in details.

## Interim results investor call details

**Time:** 10 am (AEST)

**Date:** Wednesday 28 August, 2019

**Phone:** +61 2 9087 3604 (AU) or +1 (312) 757-3126 (US) or +852 3071 3169 (HK)

**Access code:** 983-247-749

**Please note:** For investors wanting to ask questions via the “chat” functionality, please use the computer login below.

**Computer login:** <https://global.gotomeeting.com/join/983247749>

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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. Approximately 140M square feet of building space is currently under management with BuildingIQ. [www.buildingiq.com](http://www.buildingiq.com)

## Foreign Ownership Restrictions

BuildingIQ's CHES Depositary Interests (CDIs) rely on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of BuildingIQ's CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.