

11 February 2020

Ms Maria Clemente

Adviser, Listings Compliance (Sydney)

Dear Ms Clemente,

**Re: BuildingIQ, Inc. ('BIQ'): Appendix 4C Query**

We refer to your letter dated 4 February 2020 concerning BIQ's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX on 31 January 2020.

**Background**

- BIQ has a history of negative operating cash flows per quarter as the company continues to invest in the growth of the business, especially in the greenfield business.
- BIQ's strategy is focused on achieving cash flow positive operations. Customer receipts in the quarter ending 31 December 2019 increased 29% and operating expenses improved 21% relative to the prior corresponding period, validating BIQ's strategy. However, BIQ is not currently profitable, as disclosed in previous financial disclosures.

**Response to Request for Information**

BIQ provides the following information in response:

1. *Does BIQ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

Yes, BIQ expects to continue to have negative operating cash flow – as reported in item 1.9 of the Appendix 4C lodged on 31 January 2020 – while it continues to invest in the growth of its business, especially in the greenfield business in Australia.

Greenfield projects typically require significant cash outlays in the first two or three quarters of the project, and cash outflows exceed cash inflows during that phase. In subsequent quarters, cash inflows typically exceed cash outlays, with cash flow breakeven on a per project basis typically occurring around the fifth quarter of the eight quarter project duration. We refer to the interim results presentation dated 27 August 2019 which outlined the revenue recognition and cash flow timeline in greenfield projects.

The growth in the greenfield business combined with the timing of individual projects has resulted in a spike in working capital requirements, which is expected to ease significantly in the second half of 2020.

2. *Has BIQ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

Yes, BIQ has a history of raising capital through equity and debt as needed – most recently through a placement announced on 15 December 2019 and also from supply chain, project and receivables based financing vehicles.

BIQ's management and board have been in active discussions with several current and potential new investors as well as its lenders in relation to the provision of further funding. As a result, BIQ will shortly announce a significant transaction which includes a short term working capital facility and a proposal to acquire all of the CDI's of BIQ.

3. *Does BIQ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Yes, BIQ believes that it will have the required support of investors and lenders which will enable the company to continue its operations. As mentioned above, BIQ will shortly announce a significant transaction which includes a short term working capital facility .


4. *Please confirm that BIQ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.*

BIQ is complying with Listing Rule 3.1. We note that BIQ has been in trading halt since 7 February 2020. As noted above, BIQ will shortly release an announcement of a significant transaction.

5. *Please confirm that BIQ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIQ with delegated authority from the board to respond to ASX on disclosure matters.*

BIQ confirms that the above responses have been authorised and approved by the BIQ board.

Yours sincerely,

A handwritten signature in black ink, appearing to read "W. Deane".

William Deane  
Chairman



4 February 2020

Reference: 13405

Ms Lisa Jones  
Company Secretary  
BuildingIQ, Inc.

By email: [lisajones@buildingiq.com](mailto:lisajones@buildingiq.com)

Dear Ms Jones

**BuildingIQ, Inc. ('BIQ'): Appendix 4C Query**

ASX refers to BIQ's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (the 'Appendix 4C').

ASX notes that BIQ has reported:

- negative net operating cash flows for the quarter of \$1,163,000;
- cash at the end of the quarter of \$702,000; and
- estimated cash outflows for the next quarter of \$2,905,000.

It is possible to conclude, based on the information in the Appendix 4C, that if BIQ were to continue to expend cash at the rate indicated by the Appendix 4C, BIQ may not have sufficient cash to continue funding its operations.

**Request for Information**

In view of that, ASX asks BIQ to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does BIQ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has BIQ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does BIQ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that BIQ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that BIQ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIQ with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that BIQ considers may be relevant to ASX forming an opinion on whether BIQ is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

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### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AEDT Friday, 7 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in BIQ's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BIQ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to BIQ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BIQ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BIQ's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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## **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Maria Clemente**  
Adviser, Listings Compliance (Sydney)