

## **For immediate release - ASX announcement**

31 October 2016

### **BuildingIQ (ASX: BIQ) – Q3 FY2016 Market Update**

#### **Financial Summary**

- Total Q3 revenue: A\$0.78 million
- YTD revenue: A\$2.81 million
- Cash receipts from customers: A\$0.77 million
- Cash payments reduced 14% from Q2
- Operating expenses reduced 13% from 1H FY2016 & expect to reduce 20% by year end

#### **Operational Summary**

- 36 buildings added in Q3 for a total of 904 buildings (approx. 65m SF)
- Navigant Research recognised BuildingIQ as a leading contender in BEMS market
- BuildingIQ launched its new Automated M&V service

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

BuildingIQ Inc. (ASX: BIQ) today announced its Q3 Market Update for the 3 months ending 30 September 2016.

President & CEO, Michael Nark indicated that there are positive signs that the energy, operational and tenant comfort benefits of BuildingIQ's 5i Platform are increasingly being recognised in the firm's key markets.

"We are pleased with the sales momentum generated, which has seen 36 buildings added in the last quarter (Q2: 28 buildings). The ongoing management focus on cost efficiencies coupled with the doubling of the sales pipeline since the beginning of 2016 will provide impetus for the end of the financial year and into 2017", said Mr Nark.

#### **Financial Information**

Consistent with the earlier market update (ASX 22 August 2016), total unaudited revenue for the quarter was A\$0.78 million. Unaudited revenue for the nine months year-to-date was A\$2.81 million.

Cash receipts from customers for the quarter were A\$0.77 million. The amount, which is in line with management expectations, reflects traditional seasonality for the US business as well as the impact of the delay in the finalisation of the Nevada Energy contract (A\$0.2 million).

The cost growth in 1H FY2016 reflected the build-out of the management team, an increase in the salesforce and the cost base acquired with Energy Worksite and Facility Worksite.

Since 30 June 2016, management has taken significant steps to reduce the cost base. Cash payments were reduced by 14% or A\$0.45 million over the quarter. The key contributor to this reduction was lower employment costs, primarily due to a reduction in headcount.

A portion of the impact is seen in the reduction in cash payments during the quarter although the full benefit of these measures will be seen in the month of December. Overall, this will result in the monthly operating expenses being lowered by almost 20% from the half year results.

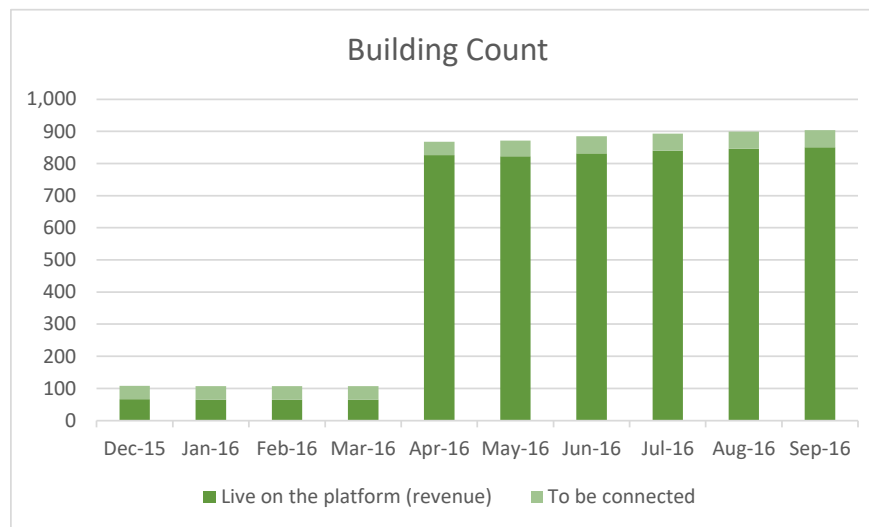
In addition to these cost reductions, approximately \$0.4 million of cash outflows per quarter will be recouped by the receipt of the R&D tax rebate, which is generally received in the June quarter of each year.

	Receipts from customers '000	Cash Payments '000
Q3	770	2,742
Q2	890	3,191
Q1	335	2,700

## Operational Information

### 36 buildings added in Q3 for a total of 904 buildings (approx. 65m SF)

Over the quarter, deals were entered for 36 buildings to be added to BuildingIQ's 5i Platform, with 18 buildings in September alone. The full impact of these, which are typically for terms between 12 and 36 months, will flow through in the 2017 financial results.

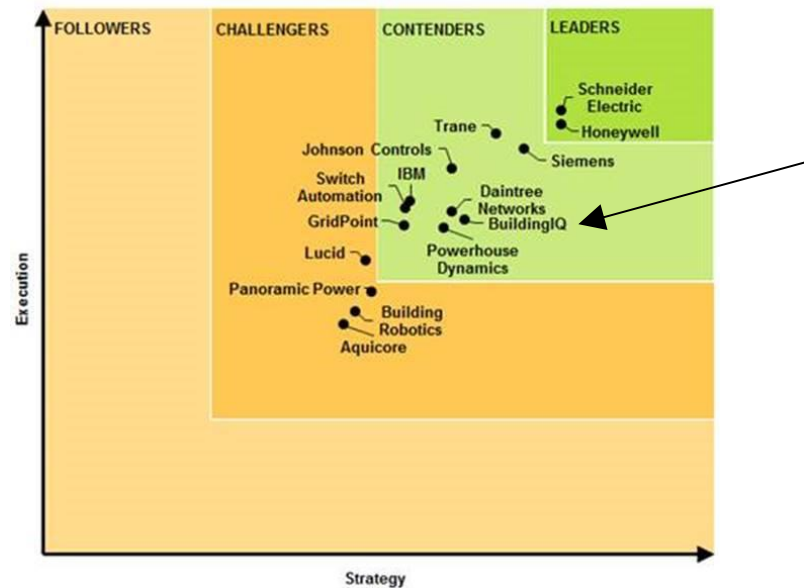


Significant progress has been made with deployments during the quarter. The average deployment is now down to 2.5 months, which has reduced the deployment pipeline by 33%.

## Navigant Research recognises BuildingIQ as a leading contender in Building Energy Management Systems (BEMS)

Navigant Research, which provides in-depth analysis of global clean technology markets, recently released its “Building Energy Management Systems Leaderboard”.

BuildingIQ was recognised as a leading contender in the research. The research rated BuildingIQ technology as the top ranked supplier in the BEMS sector, excluding the large traditional manufacturers of BEMS (overall, BuildingIQ ranked 6<sup>th</sup> behind the likes of Schneider Electric, Honeywell and Siemens). For the Company, this is great external validation of the strength of the Company’s vision in using the 5i Platform to drive a value proposition based on energy savings, tenant comfort & operational efficiency.



Source: “Navigant Research Leaderboard Report: Building Energy Management Systems”  
by [Navigant Research](#), Q3 2016.

## BuildingIQ launched its new Automated M&V service

In a further initiative to assist building owners /operators, BuildingIQ announced a new service, Automated Measurement & Verification (AM&V) last quarter. AM&V, which is compliant with the International Performance Measurement and Verification Protocol, allows automatic measurement and verification of the effectiveness and impact of all types of energy saving measures.

Pleasingly this new service offering has already led to an arrangement with Energy Conservation & Supply to deploy our 5i Platform with both AM&V and Predictive Energy Optimization services in 8 sites in New York and New Jersey.

## Strategic growth review in progress

The Company recently commenced a strategic review to consider the best way to accelerate sustainable revenue growth.

The review is considering options to expand the BuildingIQ 5i Platform sales through alternate, cost effective distribution models. The scope will consider:

- strategic partnerships with industry participants servicing an established building install base,
- relationships that will deliver accelerated customer acquisition in markets where the Company has chosen not to establish direct sales capabilities, and
- inorganic opportunities.

### **Looking towards year-end with early Q4 indicators**

As an early stage company, revenue is variable from month to month. The Company is in the final stages of negotiating a number of new sales agreements. The timely closing of these transactions is necessary to ensure that revenue for 2H FY2016 is consistent with the first half.

The launch of the 5i Platform facilitated the signing of a 5-year agreement with BuildingSense in Western Australia to provide 5i Platform based services to its customers. Under this agreement, BuildingIQ will be providing managed services on 3 properties by the end of the year. The impact of this agreement in the current year is nominal.

Q4 cashflows will include payments to the CSIRO for the purchase of core technology (\$0.5m) and the settlement of 2015 royalty obligations (\$0.1m). Similarly, there is more than \$0.2m of receipts expected in respect of the Nevada Energy agreement. Previously these cashflows had been anticipated in Q3. Cash flow forecasts will be impacted by movements in FX rates and the finalisation of IT capitalisation, which is estimated on a monthly basis.

### **Future updates**

The Company will hold a conference call at 11am on 31 October 2016 to discuss this announcement. Please refer to announcement headed “BuildingIQ Investor Call” dated 27 October 2016 for the dial in details. Please use the computer login (web link) set out in the ASX release (27 October 2016) if you wish to submit typed questions via the “chat” functionality.

BuildingIQ will announce its Full Year Results for 2016 in February 2017.

**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. Approximately 65M 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

#### ABN

605 422 160

#### Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	770	2,130
1.2 Payments for		
(a) research and development	(431)	(1,230)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(155)	(547)
(d) leased assets	-	-
(e) staff costs	(1,319)	(4,388)
(f) administration and corporate costs	(837)	(2,601)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,692
1.8 Other (provide details if material)	-	(329)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,971)</b>	<b>(5,263)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(47)	(93)
(b) businesses (see item 10)	-	(1,305)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(451)	(1,322)
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	(7)	(7)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(505)</b>	<b>(2,727)</b>

<b>3. 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	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Capital raising costs: capitalised)	-	(119)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(119)</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	14,988	20,935
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,971)	(5,263)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(505)	(2,727)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(119)
4.5	Effect of movement in exchange rates on cash held	(263)	(577)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>12,249</b>	<b>12,249</b>



<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1	Bank balances	12,249	14,988
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,249</b>	<b>14,988</b>

**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

27

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 Director's 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.

<b>8. 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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(428)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(128)
9.4 Leased assets	-
9.5 Staff costs	(1,276)
9.6 Administration and corporate costs	(787)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>2,598</b>

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

## 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: 31 October 2016

Print name: Rob Goss

## 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.