

**BuildingIQ, Inc.**  
**Appendix 4E**  
**Preliminary Final Report**

**1. Company details**

Name of entity:	BuildingIQ, Inc.
ARBN:	605 422 166
Reporting period:	For the year ended 31 December 2018
Previous period:	For the year ended 31 December 2017

**2. Results for announcement to the market**

	Change			2018
	\$	%		\$
2.1 Revenues from ordinary activities	2,095,118	40%	to	7,358,880
2.2 Revenue and other income	1,792,817	26%	to	8,817,475
2.3 Profit/(loss) from ordinary activities after tax attributable to the members of BuildingIQ, Inc.	(1,052,978)	(30%)	to	(4,588,561)
2.4 Total comprehensive income for the year attributable to the members of BuildingIQ, Inc.	811,576	17%	to	(3,910,284)
2.5 Earnings before interest, tax & depreciation (EBITDA)	(1,219,231)	(63%)	to	(3,148,947)
2.6 Dividends				
<i>Nil</i>				

**3. Statement of profit or loss and other comprehensive income**

	Consolidated	
	2018	2017
	\$	\$
Revenue	7,358,880	5,263,762
Other income	1,458,595	1,760,896
<b>Revenue &amp; other income</b>	<b>8,817,475</b>	<b>7,024,658</b>
Cost of sales	(3,876,423)	(1,815,086)
<b>Gross profit</b>	<b>4,941,052</b>	<b>5,209,572</b>
Interest income	4,247	1,367

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

	Consolidated	
	2018	2017
	\$	\$
<b>Expenses</b>		
Sales and marketing	(2,090,723)	(1,573,051)
Research costs	(480,882)	(687,350)
Administrative expenses	(5,518,394)	(4,878,887)
Depreciation & amortisation	(1,323,216)	(1,607,234)
	<u>(4,467,916)</u>	<u>(3,535,583)</u>
<b>Loss before income tax expense</b>		
Income tax expense	-	-
	<u>(4,467,916)</u>	<u>(3,535,583)</u>
<b>Loss after income tax expense for the year</b>		
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	678,277	(1,186,277)
	<u>678,277</u>	<u>(1,186,277)</u>
Other comprehensive income for the year, net of tax		
	<u>678,277</u>	<u>(1,186,277)</u>
<b>Total comprehensive income for the year</b>	<b>(3,789,639)</b>	<b>(4,721,860)</b>
<b>Net profit attributable to;</b>		
Owners of the parent entity	(4,588,561)	(3,535,583)
Non-controlling interest	120,645	-
	<u>(4,467,916)</u>	<u>(3,535,583)</u>
<b>Total comprehensive income attributable to;</b>		
Owners of the parent entity	(3,910,284)	(4,721,860)
Non-controlling interest	120,645	-
	<u>(3,789,639)</u>	<u>(4,721,860)</u>

#### 4. Statement of financial position

	Consolidated	
	2018	2017
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,975,777	2,418,874
Trade and other receivables	4,610,097	3,687,012
R&D grant receivable	2,570,796	2,008,418
Other current assets	811,380	703,070
<b>Total current assets</b>	<b>9,968,050</b>	<b>8,817,374</b>
<b>Non-current assets</b>		
Property, plant and equipment	106,707	104,464
Goodwill	6,130,022	3,538,376
Other Intangible assets	2,554,241	2,065,032
<b>Total non-current assets</b>	<b>8,790,970</b>	<b>5,707,872</b>
<b>Total assets</b>	<b>18,759,020</b>	<b>14,525,246</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,026,409	522,492
Employee benefits	1,084,607	1,098,127
Deferred revenue	140,818	175,774
R&D Borrowings	2,028,935	-
Other current liabilities	798,436	1,192,660
<b>Total current liabilities</b>	<b>5,079,205</b>	<b>2,989,053</b>
<b>Non-current liabilities</b>		
Total non-current liabilities	-	-
<b>Total liabilities</b>	<b>5,079,205</b>	<b>2,989,053</b>
<b>Net assets</b>	<b>13,679,815</b>	<b>11,536,193</b>
<b>Equity</b>		
Issued capital	51,006,884	44,632,556
Reserves	456,411	(291,625)
Non-controlling interest	(390,181)	-
Accumulated losses	(37,393,299)	(32,804,738)
<b>Total equity</b>	<b>13,679,815</b>	<b>11,536,193</b>

## 5. Statement of cash flows

	Consolidated	
	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (including GST)	6,680,563	3,025,562
Payments to suppliers (including GST)	(6,882,719)	(4,428,710)
Payments to employees	(6,700,670)	(5,817,493)
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R&D tax refund received	2,027,793	2,205,632
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Net cash used in operating activities	(4,815,033)	(5,015,009)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(64,066)	(41,475)
Payments for intangible assets	(2,571,384)	(2,138,037)
Cash acquired on business acquisition	331,605	-
Payments for business acquisition	(1,143,040)	(1,612,120)
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Net cash used in investing activities	(3,446,885)	(3,791,632)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,028,935	-
Proceeds from issues of shares	5,931,097	568,903
Capital raising costs (capitalised)	(146,798)	(167,018)
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Net cash generated by/(used in) financing activities	7,813,234	401,885
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Net decrease in cash and cash equivalents	(448,684)	(8,404,756)
Cash and cash equivalents at the beginning of the financial year	2,418,874	10,439,188
Effects of exchange rate changes on cash and cash equivalents	5,587	384,442
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Cash and cash equivalents at the end of the financial year	1,975,777	2,418,874
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## 6. Statement of changes in equity

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total Equity \$
<b>Consolidated</b>					
Balance at 1 January 2018	44,632,556	(291,625)	(32,804,738)	-	11,536,193
Loss after income tax expense for the year	-	-	(4,588,561)	120,645	(4,467,916)
Other comprehensive income for the year, net of tax	-	678,277	-	-	678,277
<b>Total comprehensive income for the year</b>	-	678,277	(4,588,561)	120,645	(3,789,639)
<i>Transactions with owners in their capacity as owners:</i>					
Recognition of non-controlling interest on acquisition	-	-	-	(510,826)	-
Contributions of equity, net of transaction costs	6,374,328	-	-	-	5,863,502
Share option expenses	-	69,759	-	-	69,759
<b>Balance at 31 December 2018</b>	<b>51,006,884</b>	<b>456,411</b>	<b>(37,393,299)</b>	<b>(390,181)</b>	<b>13,679,815</b>

## 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	4	11

Net tangible assets increased by \$1.15m to \$10.07m as at 31 December 2018. However, net tangible assets per security have decreased as a result of issuance of 152.30m new shares during FY 2018.

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

On 17 September 2018, the consolidated entity, through a 70% interest in BIQSense Pty Ltd acquired 100% of Buildingsense Pty Ltd. Refer to 12 for more details.

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**11. Details of associates and joint venture entities**

*Nil*

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**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) received by 30 January 2018.

**12. Any other significant information (continued)**

On 26 January 2018, the consolidated entity settled the deferred NorthWrite acquisition liability for US\$750,000 (A\$1,063,040), US\$50,000 less than initially anticipated.

On 17 September 2018, the consolidated entity through a 70% interest in BIQSense Pty Ltd, acquired 100% of Buildingsense Australia Pty Ltd, for a total consideration of \$1,025,000, which was executed through an issue of 13,636,364 shares @ \$0.0605 and deferred settlement of \$200,000 as per below details:

First deferred settlement of \$80,000 paid on 15 December 2018

Second deferred settlement of \$90,000 payable on 15 August 2019

Third and final deferred settlement of \$30,000 payable on 17 September 2020

The consolidated entity recognised \$2,216,928 as goodwill on acquisition, being excess of the purchase consideration paid over the fair value of net assets of Buildingsense Pty Ltd, which is provisional at 31 December 2018, pending an assessment of "other intangible assets" present on acquisition.

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.

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**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').

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## 14. Commentary on the results for the period

### 14.1 EPS & Dilutive Aspects

	Reporting Period (Cents)	Prior Period (Cents)
Basic earnings per share	(2.0)	(4.2)
Diluted earnings per share	(2.0)	(4.2)

There were no dilutive instruments issued in 2018 or 2017.

### 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 to 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 our cloud based 5i Platform, and culminated in the seamless integration/expansion of those deployments to other 5i

### 14.3 Significant features of operating performance (continued)

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 our optimisation service which utilises our 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 26% to \$8,817,475 (2017: \$7,024,658). 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 our control services which includes deployment and commissioning of building management systems (BMS) and IoT devices from our cloud based 5i Platform. Cost of goods sold grew by 114% to \$3,876,423 (2017: \$1,815,086) in support of the revenue growth. These costs did include an additional \$0.40m to reflect the accounting change from straight line to % completion cost recognition. Installation costs are now recognised based on % completion.

Total expenses increased by 8% to \$9,413,215 (2017: \$8,746,522) primarily due to one-off costs of \$0.73m related to training, employment severance, legal and ancillary costs associated with the acquisition of Buildingsense Pty Ltd. The overall result of these factors was that the loss before income tax expense for the year increased to \$4,467,916 (2017: \$3,535,583).

### 14.4 Results of segments

	Sales to external Customers		Geographical non-current assets	
	2018 \$	2017 \$	2018 \$	2017 \$
Australia	3,721,705	2,393,560	4,412,763	2,077,224
USA	3,637,705	2,870,202	4,378,207	3,630,648
	<u>7,358,880</u>	<u>5,263,762</u>	<u>8,790,970</u>	<u>5,707,872</u>

#### **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 2018 (all AUD):

- Revenue from ordinary activities grew 40% to \$7.36m (2017: \$5.26m);
- Revenue and other income grew 26% to \$8.82m (2017: \$7.02m);
- Achieved an average monthly revenue run rate of \$0.70m (2017: \$0.60m);
- New contract bookings amounting to \$9.6m for the year (2017: \$10.0m);
- Future annual contracted revenue reached \$8.48m (2017: \$6.77m);
- Operating expenses increased by 13% to \$8.09m (2017: \$7.14m), including \$0.73m from one-off costs
- Building count increased to 1,265 buildings (2017: 1,085); and
- 125m square feet (2017: 101m) under contract was reached.

#### **14.6 Other factors**

No other factors noted.

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#### **15. Statement relating to the status of the audit**

This report is based on financial statements which are in the process of being audited.

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#### **16. Expected audit opinion**

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