2019

Annual Report

Annual Report for the financial year ended 31 December 2019

BuildingIQ, Inc.
ARBN 605 422 160

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Dear Shareholders,

It gives us great pleasure to present the BuildingIQ, Inc. ("BuildingIQ") 2019 Annual Report.

The Annual Report summarises the Fiscal Year 2019, a year in which we focused our efforts on expanding our capabilities to address the energy needs of our clients, their comfort and operational needs. The technology enabled services that we deliver from the 5i Platform have given us the ability to expand our reach and target not only buildings that are in the operational phase of their lifecycle but also those under construction. This is a key driver for future growth and further solidifies our role in supporting the entire lifecycle of a building.

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 summary for 2019 (all AUD):

- Revenue from ordinary activities fell 14% to $6.37m (2018: increased 40% to $7.36m);
- Revenue and other income fell 11% to $7.84m (2018: increased 26% to $8.82m);
- Receipts from customers increased 14% to $7.46m (2018: increased 121% to $6.68m);
- Cost of sales increased 35% to $5.24m (2018: increased 114% to $3,88m);
- Operating expenses decreased by 8% to $7.45m (2018: increased by 13% to $8.09m);
- Impairment of goodwill assets by $3,936,016;
- Provision for expected credit losses increased by $627,653 to $946,557;
- Total comprehensive loss increased 204% to $11.54m (2018: decreased 20% to $3.79m);
- New contract bookings amounting to $11.8m for the year (2018: $8.0m);
- Building count increased to 1,355 buildings (2018: 1,265 buildings); and
- BuildingIQ now has over 144 million (2018: 121 million) square feet under contract.

Operationally 2019 was a transition year, during which the company strengthened its execution capabilities in the greenfield business and invested in the advancement of its 5i technology platform, which will provide financial benefits for BuildingIQ in the 2020 financial year and beyond.

The revenue decline is attributable to the closure of utility, incentive and rebate programs in the US and the delay of commencement of major greenfield projects. While revenue from ordinary activities decreased 14%, receipts from customers (incl. GST) increased 12% to $7,455,340, and net cash used in operating activities decreased 52% to $2,322,531.

The board resolved to replace the 'value in use' calculation method for assessing the recoverable amount of the Company's goodwill and other intangible assets with the 'fair value less costs of disposal' method, based on the effective valuation a pending transaction placed on the Company. This has resulted in the Company recognising an impairment charge of $3,936,019 on its goodwill assets.

In addition, the consolidated entity has increased its provision for expected credit losses on receivables, to a total of $945,004.

The two above events have negatively impacted total comprehensive income for the year attributable to members of BuildingIQ, Inc by $4,473,668. Additionally, the net result for the period included an interest expense of $816,222, due to the increase in borrowings to finance the greenfield projects.

On 23 March 2020, BuildingIQ announced that it had executed a Letter of Strategic Intent from SNAPS Holdings Company providing for an investment of $5.9m including $2.0m in promissory convertible notes and $3.9m by way of private placement of CDIs and options, subject to obtaining the required shareholder approval.

On behalf of the Board, our thanks go to the team at BuildingIQ for their collective contributions. While the financial results fell short of expectations, our continued focus on client adoption, cost management and cash flow positions BuildingIQ well for a successful 2020.

Looking ahead, BuildingIQ will continue to focus on optimizing its cash flows and achieving financially astute growth. We will strengthen our position in current markets through new greenfield and established buildings growth and leverage partnerships to accelerate our business in North America. We will also continue to drive more of our services to existing clients while exploring new geographies.

We look forward to meeting many of our shareholders at the Company's Annual General Meeting on 28 April 2020.

Yours sincerely,

William Deane
Interim Chairman

Gerd Goette
President & Interim CEO

Directors	William Deane Gerd Goette
Company secretary	Lisa Jones
Notice of annual general meeting	The details of the Annual General Meeting of BuildingIQ, Inc. are: Level 4, 60 Carrington Street (Offices of Computershare) Sydney NSW 2000 2.00 pm (AEDT) on 28 April 2020
US Company Registered office	251 Little Falls Drive, Wilmington, Delaware 19808-1674, USA
US Principal place of business	2121 South El Camino Real, Suite 200 San Mateo, CA 94403, USA
Australian Registered Office & Principal Place of Business	Suite 1102, 46 Market Street, Sydney, NSW, 2000
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street, Abbotsford, VIC, Australia, 3067 www.computershare.com
Auditor	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
Stock exchange listing	BuildingIQ's CDIs (CHESS Depository Interests) are quoted on the Australian Securities Exchange (ASX code: BIQ)
Website	www.BuildingIQ.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'BuildingIQ') consisting of BuildingIQ, Inc. (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alan Cameron, AO (resigned 30 June 2019)
Tanya Cox (resigned 30 November 2019)
William Deane
Gerd Goette
Michael Nark (resigned 21 February 2020)
Gregory Pynt (appointed 20 December 2019, resigned 24 January 2020)

Principal activities

BuildingIQ is a leading provider of energy efficiency services for facilities throughout the United States, Canada and Australia, with sales and partnership activities in the Middle East and parts of South East Asia. BuildingIQ's principal service is the development, design, engineering and installation of integrated software solutions that reduce the energy, operations and maintenance costs of customers' facilities. These solutions typically include a variety of measures deployed for each facility and are designed to improve the efficiency of major building systems, such as heating, ventilation and air conditioning systems.

Dividends

No dividends were paid during the year or subsequent to the year end.

Review of operations

BuildingIQ's revenues consist primarily of software license fees, software implementation, hardware sales, project management services, installation, consulting and post-sale maintenance and support. BuildingIQ also receives grants and tax incentives in Australia.

In summary, 2019 was a transition year during which the company strengthened its execution capabilities in the greenfield business and invested in the advancement of its 5i technology platform. A moderate decline in revenue is attributable to the closure of utility, incentive and rebate programs in the US. Also, the commencement of major greenfield projects were delayed by several months, scheduled to commence or complete in FY2019; these will now occur in FY2020.

Operationally, revenue and other income decreased from last year by approximately 11% to $7,836,142 (2018: increased 26% to $8,817,475). Revenue from ordinary activities decreased 14% to $6,366,602 (2018: increased 40% to $7,358,880). While revenue from ordinary activities decreased 14%, receipts from customers (incl. GST) increased 12% to $7,455,340, and net cash used in operating activities decreased 52% to $2,322,531.

Operating expenses decreased by 8% to $7,456,271 (2018: $8,086,511) primarily due to decrease in administrative, sales and marketing costs, as well as currency fluctuations impacting US operations.

The expansion into the greenfield segment via partnership and subsequent acquisition of Buildingsense solidified the go to market strategy for the company in Australasia. Although greenfield business declined by 4% from $5.2m in 2018 to $5.0 in 2019, it is expected that BuildingIQ will see continued growth in the future from this business and it has a very healthy backlog of $8.83m and a strong bid pipeline of potential clients. This growth will drive moderate cost of sales increases as it strives to deliver EBITDA profitability in the coming years. In order to continue to support further revenue growth increase, the company will continue to access supply chain, project and receivables based financing vehicles.

On 11 February 2020, the Company announced it had executed an expression of interest ("EOI") with mCloud Technologies Corp (TSX: MCLD), under which mCloud had offered to acquire the CDIs of the Company and provide a working capital facility of $1,500,000 (see item 12, below for more details).

The board resolved to replace the 'value in use' calculation method for assessing the recoverable amount of the Company's goodwill and other intangible assets with the 'fair value less costs of disposal' method, based on the effective valuation the EOI placed on the Company. This has resulted in the Company recognising an impairment charge of $3,936,019 on its goodwill assets. The Company subsequently announced on 23 March that the EOI had been terminated.

In addition, the Company has increased its provision for expected credit losses on receivables within the US business, to a total of $945,004.

The above events have negatively impacted Total Comprehensive Income for the year attributable to members of BuildingIQ, Inc by $4,473,668. Additionally, the net result for the period included an interest expense of $816,222, due to the increase in borrowings to finance the greenfield business.

On 23 March 2020, BuildingIQ announced that it had accepted a Letter of Strategic Interest from SNAPS Holdings Company providing for investment through promissory notes, a private placement and options.

Changes in the state of affairs

There have been no other significant changes in the state of affairs of the consolidated entity, in addition to those already disclosed as matters subsequent to the end of the financial year.

Matters subsequent to the end of the financial year

On 22 January 2020, BuildingIQ announced the departure of the Company's President and Chief Executive Officer, Michael Nark, with his last day of employment on 21 Feb 2020.

On 28 January 2020, BuildingIQ announced the departure of Mr Gregory Pynt from the Company's board of directors (Mr Pynt joined the board on 20 December 2019).

On 11 February 2020, the Company announced it had executed an expression of interest ("EOI") with mCloud Technologies Corp (TSXV:MCLD & OTCQB:MCLDF), under which mCloud offered to acquire 100% of the CDIs of the Company and provide a working capital facility. On 23 March 2020, the Company announced the EOI had been terminated.

On 23 March 2020, BuildingIQ announced that it had accepted a Letter of Strategic Intent from SNAPS Holdings Company providing for investment through promissory convertible notes, a private placement and options. The non-binding LOI is subject to a period of due diligence and contingent on the execution of definitive agreements between the parties. Its main elements are:

- A$2m of the funds will be provided in the form of convertible promissory notes as follows:

(i) A$424,780, to be drawn immediately, convertible into 23,598,914 CDIs (approx. $0.018 per CDI) under similar terms to the Company's private placement announced on 13 December 2019.

(ii) Subject to shareholder approval, to be drawn as soon as possible and maturing on 31 May 2020:
   - (a) A$475,220 convertible at maturity into 26,401,086 CDIs (approx. $0.018 per CDI), to be drawn as soon as possible following the receipt of shareholder approval
   - (b) A$100,000 convertible at maturity into 10,000,000 CDIs (approx. $0.010 per CDI)
   - (c) A$1,000,000 convertible at maturity into 100,000,000 CDIs (approx. $0.010 per CDI) to be drawn as required up to 31 May 2020 (with approval from SNAPS).

(iii) In each case, the above is subject to interest at 6.0% per annum to be converted to CDIs at the same price per CDI as the relevant tranche. They are also convertible, at the discretion of SNAPs, at any time up until maturity.

- A$3.9m will be provided in a private placement for 390,000,000 CDIs (approx. $0.010 per CDI) following the successful completion of a pilot of BuildingIQ technology by 31 May 2020.

- SNAPS will also be issued 178,000,000 options to acquire additional CDIs, exercisable at a price of approx. A$0.010 per CDI within 12 months from issuance.

- BuildingIQ will remain listed on the Australian Securities Exchange (ASX).

Assuming shareholders approve the proposed transaction, and the full exercise of the options, SNAPS will acquire a 66.67% ownership position in BuildingIQ. The transaction, as outlined above, is estimated to be completed by 31 May 2020.

COVID-19

Beginning in February 2020, governments worldwide have issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response BuildingIQ has established a work-from-home policy for all employees with the exception of staff working on greenfield project sites. Travel has been reduced to an absolute minimum.

Support for 5i subscription customers is provided remotely, therefore the impact on customers is largely limited to changing regular account management meetings from in-person to virtual meetings. To date only a limited number of construction sites have been affected by shutdowns or other restrictions due to cases of Covid-19. However, if such measures were broadly implemented by governments, BuildingIQ's revenue and customer receipts are likely to be at risk of significant delay. This shortfall would be partly compensated by an offsetting delay in COGS for third party equipment and services. In case of a prolonged shutdown of construction activities there is an increased risk of insolvency of customers, suppliers and subcontractors. The directors have reviewed their financial forecasts in response to COVID-19 and, where possible, adjusted for potential impacts to revenue, expenses and cash flows. However, the quantum of any such impact is currently unable to be accurately estimated and, as such, no adjustments to the financial statements have been made as a result of the COVID-19 situation.

The board and management will continue to assess the impact of Covid-19 on BuildingIQ's business including the impact on existing projects, its pipeline and the collection of receivables. The board and management emphasis at this time BuildingIQ cannot make accurate forecasts and any assumptions about future prospects are likely to be erroneous.

Matters subsequent to the end of the financial year (continued)
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.

Likely developments and expected results of operations
BuildingIQ will continue to focus on expanding beyond the 1,355 buildings currently deployed on the 5i Platform. This will be achieved via a combination of existing sales channels and alternate, cost effective distribution channels including strategic partnerships with industry participants and relationships that will deliver accelerated customer acquisition in new markets. Revenue from greenfield projects is expected to grow significantly throughout 2020, based on implementation schedules for projects in execution and new orders on hand. Gross profit is anticipated to also increase significantly, even though the gross margin percentage is expected to decrease as the revenue mix in the consolidated entity continues to shift towards greenfield buildings.

The company anticipates significant benefits from the relationship with SNAPS, including a boost to its revenue in the medium and long term.

Environmental regulation
The consolidated entity is not directly subject to any significant environmental regulation.

Corporate Governance
The company, as a Delaware incorporated corporation, seeks to achieve substantive compliance with the governance recommendations set out in the 'Corporate Governance Principles and Recommendations 3rd Edition' and 4th Edition for financial year 2020, published by the ASX Corporate Governance Council (the ASX Principles). The company's Corporate Governance Statement can be viewed at www.buildingiq.com/investor-relations.

Company secretary
Lisa Jones was appointed Company Secretary of the consolidated entity, based in Australia, on 17 May 2017. Lisa is an experienced corporate lawyer and corporate governance professional with more than 20 years' experience in commercial law and corporate affairs, working with both public and private companies in Australian and in Europe.

Foreign exchange
All 31 December 2019 figures translated from Australian Dollars to U.S. Dollars use an exchange rate of A$1.425690 (2018: A$1.417386) to US$1.000000, unless otherwise noted.

Information on directors

Name:	**William Deane**
Title:	Non-Executive Director, Interim Chairman
Qualifications:	LL.B., BA
Experience and expertise:	William is a Managing Director of Exto Partners Pty Ltd, a venture capital firm based in Sydney. He has successfully managed IPOs, mergers and acquisitions for Exto's portfolio companies. Prior to joining Exto Partners, William was a corporate lawyer in New York with Sidley Austin LLP and Skadden, Arp, Slate, Meagher and Flom LLP, and in Australia with Ashursts (formerly Blake Dawson Waldron). Will joined the Board of the company in October 2012 and was previously a director of BuildingIQ Pty Ltd from 2009.
Other current directorships:	Non-Executive Director of RedHill Education (ASX:RDH)
Former directorships (last 3 years):	None
Special responsibilities:	Interim Chairman, member of the Nominations Committee and member of the Audit & Risk Management Committee and the Remuneration Committee
Interests in shares:	4,634,796, held as a beneficial interest in CDIs through Exto Partners Australia Pty Ltd. William does not control Exto Partners Australia but he holds greater than 20% of its voting securities.
Interests in options:	None
Contractual rights to shares:	None

Name:	**Gerd Goette**
Title:	Non-Executive Independent Director, Interim President & CEO (appointed on 23 Feb 2020)
Qualifications:	M.S. Electrical Engineering
Experience and expertise:	Gerd is a seasoned venture capital investor, board member and strategic advisor with deep domain expertise in energy, transportation and the built environment. He is the Managing Director of Lupine Growth Advisors, an advisory firm helping start-ups navigate the growth challenges from minimum viable product to tens of millions in revenue. Gerd serves on the board of directors of Sunverge Energy, Rhombus Energy Solutions and Zen Ecosystems; he also serves on the Investment Committee of the Clean Energy Trust (CET) and the Investor Advisory Board of the National Renewable Energy Laboratory (NREL). Previously, Gerd spent 18 years at Siemens Venture Capital, where as a Managing Partner he was the global head of the energy practice. Gerd joined the Board of the company in December 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration Committee and the Nomination Committee, Chair of the Audit & Risk Management Committee
Interests in shares:	2,091,482
Interests in options:	None
Contractual rights to shares:	None

Information on directors (continued)

Name:	**Alan Cameron, AO**
Title:	Non-Executive Independent Chairman (retired 30 June 2019)
Qualifications:	BA, LLM (Syd), FAICD, FAAL
Experience and expertise:	Alan was a partner in a major law firm for 12 years before becoming Commonwealth Ombudsman in 1991, and was chairman of the Australian Securities Commission (ASC) and its successor, the Australian Securities and Investments Commission (ASIC), from January 1993 to November 2000. Since leaving ASIC in 2000, Alan has been a company director and consultant on regulatory projects and governance reviews of various kinds. He is currently chair of Property Exchange Australia Limited. He was appointed a Member of the Order of Australia in 1997, and an Officer in 2011. Alan joined the Board of the company in April 2015 as Chairman and retired on 30 June 2019.
Other current directorships:	Non-Executive Director of Property Exchange Australia Limited (since January 2010)
Former directorships (last 3 years):	None
Special responsibilities:	Former Chairman, Chair of Nomination Committee and member of the Audit & Risk Management Committee and the Remuneration Committee
Interests in shares:	880,000
Interests in options:	None
Contractual rights to shares:	None

Name:	**Tanya Cox**
Title:	Non-Executive Independent Director (retired 30 November 2019)
Qualifications:	M.B.A., FAICD, FGIA, FCIS
Experience and expertise:	Tanya has more than 15 years' experience as a non-executive director and is currently Chair of Equiem Holdings Ltd, Deputy Chair of the World Green Building Council, a director of ASX listed OtherLevels Holdings and the Green Building Council of Australia. Tanya is also a member of the NSW Climate Change Council, and the CSIRO Property Strategy Advisory Committee. In her executive career, Tanya was most recently Chief Operating Officer of the DEXUS Property Group from 2003 to 2014. Tanya joined the Board of the company in August 2015 and retired on 30 November 2019.
Other current directorships:	Non-Executive Director of Other Level Holdings (ASX:OLV) (since February 2015)
Former directorships (last 3 years):	None
Special responsibilities:	Former Chair of the Audit & Risk Management Committee and the Remuneration Committee and member of the Nomination Committee
Interests in shares:	80,000
Interests in options:	None
Contractual rights to shares:	None

Name:	**Michael Nark**
Title:	Executive Director, President & CEO (resigned 21 February 2020)
Qualifications:	B.S. Engineering
Experience and expertise:	Michael brings over 25 years' experience in software and technology-enabled service delivery businesses. He recently served as President and CEO of Power Analytics. He has a proven track record of building successful, efficient organisations and experience in leading companies to profitable growth. Michael was appointed President and CEO and joined the Board of the company in October 2014 and resigned effective 21 February 2020.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Former President and CEO, member of the Nomination Committee
Interests in shares:	552,000
Interests in options:	3,203,089
Contractual rights to shares:	None

Information on directors (continued)

Name:	**Gregory Pynt**
Title:	Non-Executive Independent Director (appointed 20 December 2019, resigned 24 January 2020)
Qualifications:	
Experience and expertise:	Greg is a highly experienced corporate financial adviser and businessman, with over 40 years' professional experience. Early in his career, Greg worked in accounting and general management roles in public companies. He then moved into merchant banking where he was involved in IPOs, including inter alia significant roles in many of the Government floats such as Qantas and Telstra. Greg serves on the board of directors of VeroGuard Systems Holdings Limited. Greg resigned on 24 January 2020.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Former Member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.
Interests in shares:	3,440,639 CDIs held directly and 7,113,522 held indirectly
Interests in options:	None
Contractual rights to shares:	None

'Other current directorships' noted above are current directorships for ASX listed entities only and exclude directorships of all other types of entities.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for ASX listed entities only and exclude directorships of all other types of entities.

'Interest in shares' is in accordance with the Appendix 3X/3Y lodged with the ASX in respect of each director.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Board		Remuneration		Nomination		Audit & Risk	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Alan Cameron, AO[1]	14	14	4	5	0	0	5	5
Tanya Cox[2]	25 + 2*	25	5	5	1	1	7	7
William Deane	30	30	5	5	1	1	7	7
Gerd Goette[3]	29	30	4	5	1	1	2 + 3*	2
Michael Nark	29	30	3*	5	1	1	7*	7
Gregory Pynt[4]	1	1	0	0	0	0	0	0

** Attended as an observer*
[1] Resigned 30 June 2019
[2] Resigned 30 November 2019
[3] Joined Audit and Risk Committee on 19 July 2019 and attended other meetings as an observer
[4] Independent director from 20 December 2019 to 24 January 2020

Remuneration Report – audited

This remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the consolidated entity for Non-executive and Executive Directors, and executives determined by the Board to be Key Management Personnel ("KMP").

The information provided in this Remuneration Report has been audited.

A Key Management Personnel disclosed in this report

Key Management Personnel (KMP) include those personnel who have the authority and responsibility to plan, direct and control the major activities of the consolidated entity.

Alan Cameron, AO	Independent Chair (Non-executive) (resigned 30 June 2019)
Tanya Cox	Independent Director (Non-executive) (resigned 30 November 2019)
William Deane	Interim Chair (since 1 July 2019, before that non-executive Director)
Gerd Goette	Independent Director (Non-executive); Interim CEO since 23 February 2020
Michael Nark	Executive Director, President and Chief Executive Officer (resigned 21 February 2020)
Gregory Pynt	Director (Non-executive) (joined 20 December 2019, resigned 24 January 2020)

B Remuneration governance

BuildingIQ Pty Ltd was founded in Sydney, Australia in 2009. BuildingIQ, Inc. a U.S based entity was formed in 2012 as a Delaware Corporation, and is now headquartered in San Mateo, CA. BuildingIQ Pty Ltd was acquired in the same year and since that time has been operated as a wholly owned subsidiary of BuildingIQ Inc. As a consequence, BuildingIQ's executive remuneration framework is international in flavour.

The Remuneration Committee's objectives for BuildingIQ's remuneration framework are for the framework to be:

- competitive and reasonable, enabling BuildingIQ to attract and retain key talent in the jurisdictions in which it operates;
- aligned to BuildingIQ's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood, and
- acceptable to shareholders.

The objectives of BuildingIQ's remuneration policies are to ensure that remuneration packages for executive KMP reflect their duties, responsibilities and level of performance - as well as to ensure that all executive KMP are motivated to pursue the long-term growth and success of the consolidated entity.

Fundamental to all remuneration arrangements is that executive KMP must contribute to the achievement of short and long-term objectives, enhance shareholder value, avoid unnecessary or excessive risk taking and discourage behaviour that is contrary to BuildingIQ's values.

Details of the short and long-term incentive schemes are set out below in the "Executive remuneration policy and framework" section C of the Remuneration Report.

Securities Trading Policy

The trading of CHESS Depository Interests & shares issued to eligible employees under any of BuildingIQ's employee equity plans is subject to, and conditional upon, compliance with BuildingIQ's Securities Trading Policy. KMP must not use BuildingIQ securities in connection with a margin loan or similar financing arrangement, nor are they permitted to engage in hedging activities, deal in derivatives or enter into other arrangements that limit the economic risk associated with BuildingIQ securities. US Persons are subject to additional restrictions in accordance with US regulations and per the FOR US restriction imposed by ASX.

Remuneration Report – audited (continued)

C Executive remuneration policy and framework

The Board reviews the remuneration packages for executive KMP annually by reference to performance against individual objectives and BuildingIQ's consolidated results. The performance review of the President and Chief Executive Officer is undertaken by the Board.

BuildingIQ aims to reward executive KMP with a level of remuneration commensurate with their responsibilities and position within the consolidated entity and their ability to influence shareholder value creation. The remuneration framework links rewards with the strategic objectives and performance of the consolidated entity.

The executive KMP remuneration framework has three components:

- fixed base pay and benefits, including superannuation (where applicable);
- short-term incentives (STIs); and
- long-term incentives (LTIs) through participation in the 2012 Equity Incentive Plan (EIP).

The combination of these components comprise the total remuneration package of executive KMP.

Base pay

Base pay may be delivered as a combination of cash and prescribed non-financial benefits at the discretion of the KMP. Executive KMP are offered a modest base pay that comprises cash salary, superannuation and non-monetary benefits. Base pay for executive KMP is reviewed annually by the Remuneration Committee, which takes into account capability, experience, value to the organisation and performance of the individual.

There has been no change in base pay for the President and Chief Executive Officer during the financial year.

Retirement benefits for KMP

There are no retirement benefits made available to KMP, other than as required by law.

Short-term incentive (STI)

To ensure that remuneration for executive KMP is aligned to BuildingIQ's performance, a significant component of each executive KMP's remuneration package is performance based and therefore "at risk".

Executive KMP have the opportunity to earn an annual STI if pre-defined targets are achieved. 50% of each executives' total STI opportunity is tied to corporate performance. The remaining 50% is tied to personal Key Performance Indicators (KPIs). The maximum STI opportunity for each KMP is based on the role, responsibility and ability to influence the performance of the consolidated entity.

KPI's for executive KMP to 31 December 2019 included:

KMP	Key Performance Indicators
Michael Nark	● 50% based on the consolidated entity's financial performance, comprising bookings, revenue and EBITDA targets ● 50% based on individual KPIs linked to the consolidated entity's strategic plan, including business growth, profitability, cash and capital management targets

The target remuneration mix for executive KMP to 31 December 2019 was:

KMP	Fixed	STI	Total
Michael Nark	67%	33%	100%

Details of the performance based remuneration awarded and forfeit during the period were:

KMP	Performance	Target	Awarded	Forfeit
Michael Nark	Financial KPIs	$98,016	-	$98,016
	Strategic KPIs	$98,016	-	$98,016
	Discretionary		$nil	

Remuneration Report – audited (continued)

With respect to KPIs based on the consolidated entity's financial performance, the stretch financial targets were not met.

With respect to KPIs based on the President and Chief Executive Officer's individual contribution to the achievement of BuildingIQ's strategic objectives, the board concluded that targets were not met.

***Prior Period 2018*:**

Details of the performance based remuneration awarded and forfeit during the prior period were:

KMP	Performance	Target	Awarded	Forfeit
Michael Nark	Financial KPIs	$97,445	$32,482	$64,968
	Strategic KPIs	$97,445	$64,314	$33,131
	Discretionary		$35,435	

Long-term incentive (LTI)

The objective of the LTI scheme is to deliver long-term shareholder value by incentivising executive KMP to achieve sustained financial performance. BuildingIQ grants directors and key employees options under its:

- 2012 Equity Incentive Plan ('EIP'), and
- Employee Share Option Plan ('ESOP')

No additional LTIs were awarded to KMP during 2019.

***Prior Period 2018*:**

The President and Chief Executive Officer was offered, subject to shareholder approval, options exercisable for 500,000 shares of common stock, at exercise prices of 10.0, 12.5, 15.0 and 17.5 cents, with vesting subject to continued service over a three year period from the first vesting date (estimated to be 28 March 2019) as announced to the ASX on 27 April 2018. The Board had elected not to convene a general meeting of stockholders for the sole purpose of seeking approval for the issue of these options; approval was requested and granted at the Annual General Meeting scheduled for 28 March 2019.

During 2018 the Remuneration Committee had reviewed the effectiveness of the 2012 Equity Incentive Plan, which was designed to provide the opportunity for KMP to acquire an interest in the company and align those interests and efforts with the long-term interests of shareholders. As the Plan has generally not achieved this objective the Remuneration Committee had determined to grant a once-off award of up to 5,000,000 Stock Units to the President and Chief Executive Officer under the Company's 2012 Equity Incentive Plan for which shareholder approval was requested and obtained at the AGM on 28 March 2019. However, these performance rights were never granted.

D Relationship between remuneration and the consolidated entity's performance

The overall level of reward for executive KMP takes into account the performance of the consolidated entity. 50% of STI awards for KMP are based on performance against predetermined financial targets. For this component of STI in 2019 the President and Chief Executive Officer was awarded a total of $nil (2018: A$32,482), as achievement of target bookings were not met. The Company did not achieve stretch EBITDA or revenue targets.

Earnings of the consolidated entity for the five years to 31 December 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	6,366,602	7,358,880	5,263,762	3,958,342	4,272,887
Other income	1,469,540	1,458,595	1,760,896	1,048,501	893,401
EBITDA	(4,861,946)	(3,148,947)	(1,929,716)	(7,098,507)	(4,503,817)
EBIT	(10,696,234)	(4,472,163)	(3,536,950)	(7,783,293)	(5,278,898)
Loss after income tax	(11,511,446)	(4,467,916)	(3,535,583)	(7,770,900)	(5,273,890)

Remuneration Report – audited (continued)

The factors considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end	$0.02	$0.04	$0.14	$0.09	$1.02
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(3.9)	(2.0)	(4.2)	(9.2)	(8.4)

E Non-executive Director remuneration policy

Non-executive Director's fees are determined within an aggregate Directors' fee pool limit.

The maximum annual aggregate Directors' fee pool limit is A$427,707 (US$300,000) per annum. Aggregate total Directors' fees for 2019 were $100,000 (2018: $125,000).

Fees earned vary for the Board's Chair and for the Chair of each Board Committee, as follows:

Base fees	**2019**
Chair	$40,000
Other Non-executive Directors	$20,000
Committee fees	
Audit and Risk Management Committee Chair	$10,000
Audit and Risk Management Committee Member	Nil
Remuneration Committee Chair	$10,000
Remuneration Committee Member	Nil
Nomination Committee Chair/Member	Nil

During 2019 the Remuneration Committee had reviewed the remuneration of Non-executive Directors and acknowledged that the Company's Non-executive directors' fees were significantly below that of similar sized ASX listed companies. Given the Board's focus on cash retention and profitability, the Committee deemed it inappropriate to increase the cash remuneration of Non-executive Directors in 2020.

Retirement allowance for Directors

There are no retirement allowances paid to Non-executive Directors.

F Details of remuneration of Directors and Key Management Personnel

Current Period - 2019

		Short-term benefits			Post-Employment Benefits	Option-based	
Key Management Personnel		**Salary and fees $**	**Cash Bonus[1] $**	**Other $**	**Super $**	**payments $**	**Total $**
Alan Cameron	2019	20,000	-	-	-	-	20,000
Tanya Cox	2019	36,667	-	-	-	-	36,667
William Deane	2019	20,000	-	-	-	-	20,000
Gerd Goette	2019	20,000	-	-	-	-	20,000
Michael Nark	2019	392,065	126,958	-	-	12,599	531,622
Gregory Pynt[2]	2019	3,333	-	-	-	-	3,333
Total		**492,065**	**126,958**	**-**	**-**	**12,599**	**631,622**

[1] *STI was earned/awarded in 2018 and paid in 2019.*
[2] *Mr. Pynt joined the board on 20 December 2019 and resigned on 24 January 2020.*

Remuneration Report – audited (continued)

Prior period – 2018

Key Management Personnel		Short-term benefits Salary and fees $	Cash Bonus[1] $	Other $	Post-Employment Benefits Super $	Option-based payments $	Total $
Alan Cameron	2018	40,000	-	-	-	-	40,000
Tanya Cox	2018	40,000	-	-	-	-	40,000
William Deane	2018	20,000	-	-	-	-	20,000
Gerd Goette	2018	20,000	-	-	-	-	20,000
Michael Nark	2018	389,781	166,998	-	-	21,386	578,165
Ken Pentimonti[2]	2018	5,000	-	-	-	-	5,000
Total		**514,781**	**166,998**	**-**	**-**	**21,386**	**703,165**

[1] STI was earned/awarded in 2017 and paid in 2018.
[2] Mr. Pentimonti resigned on 20 March 2018.

G Service agreements

Remuneration and other employment benefits for executive KMP are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Michael Nark	Annual base salary	US$275,000 plus health insurance
	Performance bonus	US$137,500
	Options	First Options – 5% of fully diluted capital of the company as at the date of hire
	Termination	Accrued wage and leave entitlements are paid. Unvested options lapse. Consistent with US employment arrangements employment may be terminated at any time, with or without cause and with or without notice at the option of either the company or the CEO. In either case a four month severance obligation is payable on termination.

H Share-based compensation

Options

In the current year, 500,000 options over common stock were issued to Michael Nark, Executive Director, upon receiving shareholder approval at the Annual General Meeting on 28 March 2019. Further information on options and performance rights are set out in note 34 of the financial statements.

The assessed fair value at the grant date of options awarded to individuals is allocated over the period from grant date to expiry date, and the amount for the current period is included in the remuneration table in this report. Fair values are determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option.

Remuneration Report – audited (continued)

I Equity instruments held by Key Management Personnel (options)

Current Period – 2019

The number of options exercisable for shares of common stock in the company held during the 2019 period by each Key Management Personnel of the company are set out below.

Key Management Personnel	Balance at start of period	Granted as compensation	Exercised	Other changes	Balance at end of period	Vested and exercisable to date	Unvested at 31 Dec 2019
Alan Cameron	-	-	-	-	-	-	-
Tanya Cox	-	-	-	-	-	-	-
William Deane	-	-	-	-	-	-	-
Gerd Goette	-	-	-	-	-	-	-
Michael Nark[1]	2,703,089	500,000	-	-	3,203,089	1,962,059	1,241,030
Gregory Pynt[2]	-	-	-	-	-	-	-

[1]500,000 options were granted to Mr. Nark as compensation during the Annual General Meeting on 28 March 2019. Mr. Nark had 615,829 options expired till 29 March 2020 and the balance as at 29 March 2020 is 2,587,260.

[2] Mr. Pynt joined the board on 20 December 2019 and resigned on 24 January 2020.

Prior Period - 2018

The number of options exercisable for shares of common stock in the company held during the 2017 period by each Key Management Personnel of the company are set out below.

Key Management Personnel	Balance at start of period	Granted as compensation	Exercised	Other changes[2]	Balance at end of period	Vested and exercisable to date	Unvested at 31 Dec 2018
Alan Cameron	50,000	-	-	(50,000)	-	-	-
Tanya Cox	40,000	-	-	(40,000)	-	-	-
William Deane	-	-	-	-	-	-	-
Gerd Goette	-	-	-	-	-	-	-
Michael Nark	2,703,089	-	-	-	2,703,089	1,111,370	1,591,719
Ken Pentimonti[1]	-	-	-	-	-	-	-

[1] Mr. Pentimonti resigned on 20 March 2018

[2] Number of options which expired during the year

Share holdings

The number of shares in the company held during the period by each director of BuildingIQ, Inc. including their personally related parties, are set out below.

Current Period – 2019

Key Management Personnel	Balance at start of the period	Received during the period on exercise of options	Other changes during the period[2]	Balance at end of the period
Alan Cameron	880,000	-	-	880,000
Tanya Cox	80,000	-	-	80,000
William Deane[1]	4,634,796	-	-	4,634,796
Gerd Goette	-	-	2,091,482	2,091,482
Michael Nark	552,000	-	-	552,000
Gregory Pynt	10,554,161	-	-	10,554,161

[1]William Deane holds the beneficial interest in CDIs through Exto Partners Australia Pty Ltd. William does not control that company but holds greater than 20% of its voting securities and due to its ownership structure claims an interest in 50% of these CDIs.

[2]Gerd Goette acquired 2,091,482 CDIs in a private placement, upon receiving shareholder approval at an Extraordinary General meeting on 27 September 2019.

Remuneration Report – audited (continued)

Prior Period – 2018

Key Management Personnel	Balance at start of the period	Received during the period on exercise of options	Other changes during the period	Balance at end of the period
Alan Cameron	440,000	-	440,000	880,000
Tanya Cox	40,000	-	40,000	80,000
William Deane[1]	1,598,782	-	3,036,014	4,634,796
Gerd Goette	-	-	-	-
Michael Nark	276,000	-	276,000	552,000

[1]William Deane holds the beneficial interest in CDIs through Exto Partners Australia Pty Ltd. William does not control that company but holds greater than 20% of its voting securities and due to its ownership structure claims an interest in 50% of these CDIs.

J Additional information

Loans to Directors and Executives

There were no loans to Directors or other KMP during the period.

Remuneration Report – audited (continued)

Shares under option

Unissued common stock of BuildingIQ Inc. under option at the date of this report are as follows.

Grant date	Expiry date	Fair value	Exercise Price	2019 Share options
Mar-13	Feb-23	US 2.0 cents	AUD 6.7 cents	188,300
Jun-13	Jun-23	US 2.0 cents	AUD 6.7 cents	10,658
Oct-13	Oct-23	US 10.4 cents	AUD 6.7 cents	1,111,370
Jan-14	Jan-24	US 0.3 cents	AUD 6.7 cents	5,328
Aug-14	Aug-24	US 0.3 cents	AUD 6.7 cents	28,420
Nov-14	Nov-24	US 0.3 cents	AUD 6.7 cents	10,658
Jun-15	Jun-25	US 0.3 cents	AUD 6.7 cents	716,067
Oct-15	Oct-25	US 0.3 cents	AUD 6.7 cents	87,042
Dec-15	Dec-20	AUD 76.2 cents	AUD 115.0 cents	2,092,500
Feb-16	Feb-26	AUD 75.4 cents	AUD 100.0 cents	85,000
Apr-16	Apr-26	AUD 60.9 cents	AUD 100.0 cents	90,000
May-16	May-26	AUD 47.2 cents	AUD 100.0 cents	500,000
Feb-17	Feb-27	AUD 7.6 cents	AUD 10.0 cents	50,000
Feb-17	Feb-27	AUD 7.6 cents	AUD 12.5 cents	50,000
Feb-17	Feb-27	AUD 7.6 cents	AUD 15.0 cents	50,000
Feb-17	Feb-27	AUD 7.6 cents	AUD 17.5 cents	50,000
Feb-17	Feb-27	AUD 7.6 cents	AUD 100.0 cents	75,000
Apr-17	Apr-27	AUD 4.6 cents	AUD 10.0 cents	206,250
Apr-17	Apr-27	AUD 4.6 cents	AUD 12.5 cents	345,000
Apr-17	Apr-27	AUD 4.6 cents	AUD 15.0 cents	206,250
Apr-17	Apr-27	AUD 4.6 cents	AUD 17.5 cents	227,500
May-17	May-27	AUD 3.9 cents	AUD 10.0 cents	125,000
May-17	May-27	AUD 3.9 cents	AUD 12.5 cents	130,000
May-17	May-27	AUD 3.9 cents	AUD 15.0 cents	125,000
May-17	May-27	AUD 3.9 cents	AUD 17.5 cents	125,000
Jan-18	Dec-20	AUD 13.0 cents	AUD 13.5 cents	6,861,792
Mar-18	Mar-28	AUD 6.8 cents	AUD 10.0 cents	193,218
Mar-18	Mar-28	AUD 6.8 cents	AUD 12.5 cents	353,218
Mar-18	Mar-28	AUD 6.8 cents	AUD 15.0 cents	193,218
Mar-18	Mar-28	AUD 6.8 cents	AUD 17.5 cents	193,218
Aug-19	Aug-29	AUD 1.2 cents	AUD 10.0 cents	125,000
Aug-19	Aug-29	AUD 1.1 cents	AUD 12.5 cents	125,000
Aug-19	Aug-29	AUD 0.9 cents	AUD 15.0 cents	125,000
Aug-19	Aug-29	AUD 0.8 cents	AUD 17.5 cents	125,000
Total				**14,985,007**

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No common stock of the company was issued during the year ended 31 December 2019 and up to the date of this report on the exercise of options granted.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers
As permitted under Delaware law, the company has agreements whereby officers and directors are indemnified for certain events or occurrences while the officer or director is, or was, serving at the company's request in such capacity. The maximum potential amount of future payments the company could be required to make under these indemnification agreements is not limited; however, the company has directors' and officers' insurance coverage that reduces the exposure and may enable the company to recover a portion of any future amounts paid. The company has determined that estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements. There were no non-audit services provided by BDO East Coast Partnership in 2019.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

On behalf of the directors

William Deane
Interim Chairman
31 March 2020
Sydney

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www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF BUILDINGIQ, INC.

As lead auditor of BuildingIQ, Inc. for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BuildingIQ, Inc. and the entities it controlled during the period.

Clayton Eveleigh
Partner

BDO East Coast Partnership

Sydney, 31 March 2020

General information

The financial statements cover BuildingIQ, Inc. as a consolidated entity consisting of BuildingIQ, Inc. and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is BuildingIQ, Inc.'s presentation currency.

BuildingIQ, Inc. is incorporated in Delaware USA. Its principal place of business is:

2121 South El Camino Real, Suite 200
San Mateo CA 94403 USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2020. The directors have the power to amend and reissue the financial statements.

BuildingIQ, Inc.
Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	4	6,366,602	7,358,880
Other income	5	1,469,540	1,458,595
Revenue & other income		7,836,142	8,817,475
Cost of sales		(5,241,817)	(3,876,423)
Gross Profit		2,594,325	4,941,052
Interest income		1,010	4,247
Sales and marketing		(1,793,467)	(2,090,723)
Research costs		(368,030)	(480,882)
Administrative expenses		(5,294,774)	(5,518,394)
Depreciation & amortisation		(1,898,269)	(1,323,216)
Impairment expense	13	(3,936,019)	-
Finance costs		(816,222)	-
Expenses	6	(14,106,781)	(9,413,215)
Loss before income tax expense		**(11,511,446)**	**(4,467,916)**
Income tax expense	7	-	-
Loss after income tax expense for the year		**(11,511,446)**	**(4,467,916)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(23,565)	678,277
Other comprehensive income for the year, after tax		(23,565)	678,277
Total comprehensive income for the year		**(11,535,011)**	**(3,789,639)**
Net (loss) / profit attributable to;			
Owners of the parent entity		(11,184,5890)	(4,588,561)
Non-controlling interest		(326,856)	120,645
		(11,511,446)	**(4,467,916)**
Total comprehensive income attributable to;			
Owners of the parent entity		(11,208,155)	(3,910,284)
Non-controlling interest	30	(326,856)	120,645
		(11,535,011)	**(3,789,639)**
		Cents	**Cents**
Basic earnings per share	35	(3.9)	(2.0)
Diluted earnings per share	35	(3.9)	(2.0)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

BuildingIQ, Inc.
Consolidated Statement of Financial Position
As at 31 December 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	8	702,702	1,975,777
Trade and other receivables	9	3,600,896	4,610,097
R&D grant receivable	10	2,671,990	2,570,796
Other current assets	11	556,190	811,380
Total current assets		7,531,778	9,968,050
Non-current assets			
Property, plant and equipment	12	56,306	106,707
Right of use assets	20	526,974	-
Goodwill	13	931,805	4,844,899
Other intangible assets	14	3,876,181	3,839,364
Total non-current assets		5,391,266	8,790,970
Total assets		**12,923,044**	**18,759,020**
Liabilities			
Current liabilities			
Trade and other payables	15	2,351,959	1,026,409
Employee benefits	17	696,810	1,084,607
Deferred revenue	16	254,831	140,818
Borrowings	18	2,983,368	2,028,935
Lease liabilities	20	283,974	-
Other current liabilities	19	416,313	798,436
Total current liabilities		6,987,255	5,079,205
Non-current liabilities			
Lease liabilities	20	288,385	-
Total non-current liabilities		288,385	-
Total liabilities		**7,275,640**	**5,079,205**
Net assets		**5,647,404**	**13,679,815**
Equity			
Issued capital	21	54,467,679	51,006,884
Reserves	22	474,651	456,411
Non-controlling interest	30	(717,037)	(390,181)
Accumulated losses	23	(48,577,889)	(37,393,299)
Total equity		**5,647,404**	**13,679,815**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

BuildingIQ, Inc.
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Non-controlling interest $**	**Total Equity $**
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
Total comprehensive income for the year	-	678,277	(4,588,561)	120,645	(3,789,639)
Transactions with owners in their capacity as owners:					
Recognition of non-controlling interest on acquisition	-	-	-	(510,826)	(510,826)
Contributions of equity, net of transaction costs (note 21)	6,374,328	-	-	-	6,374,328
Share option expenses (note 22)	-	69,759	-	-	69,759
Balance at 31 December 2018	**51,006,884**	**456,411**	**(37,393,299)**	**(390,181)**	**13,679,815**

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Non-controlling interest $**	**Total Equity $**
Balance at 1 January 2019	**51,006,884**	**456,411**	**(37,393,299)**	**(390,181)**	**13,679,815**
Loss after income tax expense for the year	-	-	(11,184,590)	(326,856)	(11,511,446)
Other comprehensive income for the year, net of tax	-	(23,565)	-	-	(23,565)
Total comprehensive income for the year	-	(23,565)	(11,184,590)	(326,856)	(11,535,011)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	3,460,795	-	-	-	3,460,795
Share option expenses (note 22)	-	41,805	-	-	41,805
Balance at 31 December 2019	**54,467,679**	**474,651**	**(48,577,889)**	**(717,037)**	**5,647,404**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

BuildingIQ, Inc.
Consolidated Statement of Cash Flows
31 December 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (including GST)		7,455,340	6,680,563
Payments to suppliers (including GST)		(6,854,537)	(6,822,719)
Payments to employees		(4,959,682)	(6,700,670)
Payments for interest		(563,044)	-
R&D tax incentive		2,494,439	2,027,793
Net cash used in operating activities	33	(2,427,484)	(4,815,033)
Cash flows from investing activities			
Payments for plant and equipment	12	(13,279)	(64,066)
Payments for intangible assets		(2,588,719)	(2,571,384)
Cash acquired on business acquisition	13	-	331,605
Payments for business acquisition	13	-	(1,143,040)
Net cash used in investing activities		(2,601,998)	(3,446,885)
Cash flows from financing activities			
Proceeds from borrowings		5,581,390	2,028,935
Repayment of borrowings		(4,879,126)	-
Repayment of lease liabilities	20	(418,898)	-
Proceeds from issues of shares	21	3,460,795	5,894,884
Capital raising costs (capitalised)		-	(110,585)
Net cash generated by financing activities		3,744,161	7,813,234
Net decrease in cash and cash equivalents		(1,285,321)	(448,684)
Cash and cash equivalents at the beginning of the financial year		1,975,777	2,418,874
Effects of exchange rate changes on cash and cash equivalents		12,246	5,587
Cash and cash equivalents at the end of the financial year	8	702,702	1,975,777

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2. The annual financial statements are prepared on a going concern basis, as disclosed in note 36.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BuildingIQ as at 31 December 2019 and the results of all subsidiaries for the year then ended. BuildingIQ, Inc. and its subsidiaries together are referred to in these financial statements as the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars. BuildingIQ's functional currency is USD.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve will be recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1. Significant accounting policies (continued)

Intangible assets
le assets are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets
Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. There are no cash-settled share-based compensation benefits.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value, therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. No equity-settled awards have been modified.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

1. Significant accounting policies (continued)

Fair value measurement (continued)
Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

1. Significant accounting policies (continued)

Accounting Policies
Other than the implementation of the new accounting policy noted below, the accounting policies adopted are consistent with the most recent annual financial statements and the corresponding year-end reporting period.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As a result of adoption of AASB16 on 1 Jan 2019, EBITDA for the financial year ending 31 December 2019 improved by $504,426.

The company used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117;

- Applied the exemption not to recognise right-of-use assets and liabilities for short term leases with less than 12 months of lease term; and
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics, including similar class of assets and remaining lease term.

Impact of adoption
AASB 16 was adopted using the modified retrospective method and therefore comparative information has not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	1 January 2019
	$
Operating lease commitments as at 1 January 2019 (AASB 117)	1,083,341
Operating lease commitments discount based on the weighted average incremental borrowing rate of 15% (AASB 16)	(131,222)
Right-of-use assets (AASB 16)	952,119
Lease liabilities – current (AASB 16)	(441,185)
Lease liabilities – non-current (AASB 16)	(510,934)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 January 2019	-

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below and within the respective notes.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment in accordance with the accounting policies stated in note 1. The recoverable amounts of cash-generating units have been determined based on the higher of the value-in-use and the fair value less costs of disposal. In previous periods, the recoverable amount has been measured with reference to the value-in-use. These calculations require the use of assumptions, including discount rates based on the current cost of capital and growth rates of the estimated future cash flows. For the year-ended 31 December 2019, the recoverable amount has been measured with reference to the fair value less cost of disposal, using a market based approach. These calculations require the use of judgements in relation to the execution of a transaction between market participants.

Recovery of trade receivables and accrued income
Trade receivables and accrued income are recognised only to the extent that the consolidated entity considers it probable that the contractual amounts due will be received. The recoverability of trade receivables and accrued income is considered with reference to the expected credit loss model. Allowances for impairment of trade receivables are based upon the lifetime expected credit loss, which requires a degree of estimation and judgement. To measure the expected credit losses, trade receivables have been grouped based on days overdue, with an expected credit loss determined for each group. These assumptions include recent sales experience, historical collection rates and forward looking information.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at each reporting date. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue recognition
There are two key judgements associated with sales of good and services and these are as follows:

a) Revenue is recognised at the value of consideration received or receivable and there is judgement associated with the expected revenue to be received over the life of a contract with a customer. Management recognise revenue based on the best estimate of expected revenue to be received for individual contracts, using the expected value method. There are some instances where the consolidated entity enters into trial programs or other arrangements where billing does not occur until the conclusion of a trial period when performance can be measured. The consolidated entity recognises this revenue as the services are performed to the extent that it can be reliably measured. There is no measurement constraint applied to estimates of variable consideration, as it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur; and
b) Revenue in relation to installation services provided to customers is determined by reference to the stage of completion of the transaction at reporting date. There is judgement associated with determining the stage of completion of each individual contract with a customer.

3. Operating segments

Identification of reportable operating segments
The consolidated entity has only one reportable segment which is the development, design, engineering, sale and installation of integrated software projects that reduce the energy, operations and maintenance costs of the customers' facilities. All geographic locations are interdependent and share common infrastructure, including both tangible and intangible assets. This operating segment is based on the internal reports that are reviewed and used by the Chief Executive (who is identified as the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The consolidated entity's single reportable segment operates mainly in two geographic regions, North America and Australasia. Both regions are supported by a mix of resources from the single reportable operating segment.

3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2019 $	2018 $	2019 $	2018 $
Australasia	4,793,371	3,721,705	2,943,761	4,412,763
North America	1,573,231	3,637,175	2,447,505	4,378,207
	6,366,602	7,358,880	5,391,266	8,790,970

4. Revenue from contracts with customers

The 5i Platform is a comprehensive set of activities provided by BuildingIQ to enhance and optimise its customers' buildings, by installing heating, ventilation and air-conditioning systems (HVAC), setting up building management systems (BMS), configuring mechanical/electrical support systems (Mechelec) and placing Internet-of-Things (IoT) devices at key control points. From this hardware foundation, BuildingIQ is able to maximise energy savings and customer comfort by using Software-as-a-Service (SaaS) subscriptions to enable Automated Measurement and Verification (AM&V), Demand Response (DR), Outcomes-based Fault Detection (OFD) and Predictive Energy Optimisation (PEO). Revenue is recognised on a stage-of-completion basis for construction-type hardware installations in greenfield buildings, and on a monthly basis for the duration of SaaS subscription services in greenfield and established buildings.

	Consolidated	
	2019 $	2018 $
Installation revenue	5,042,983	5,245,806
Subscription revenue	1,287,126	2,043,628
Other revenue	36,493	69,446
Total revenue from contracts with customers	6,366,602	7,358,880

Revenue is recognised as the entity satisfies its performance obligations under the contract, and control of the good or service is transferred to the customer.

Installation services revenue is recognised over time as the performance obligation is satisfied over the term of the implementation. The revenue is recognised by reference to the stage of completion of the individual contract. Stage of completion is derived from the estimated costs to complete the project, which is measured on a monthly basis. The timing of invoicing may differ to the revenue recognition due to contract milestones included with the contract with a customer, which will result in the recognition of accrued income or deferred revenue.

SaaS subscription revenue is recognised over time as the performance obligation is satisfied over the term of the subscription. The revenue is recognised equally over the term of the subscription or in cases where it is billed up front, results in deferred revenue to ensure it is recognised over the subscription term.

Other revenue relates to fees earned on partner agreements and other miscellaneous items. Other revenue is recognised over time, as the performance obligation is satisfied.

4. Revenue from contracts with customers (continued)

Disaggregation of revenue

The group has disaggregated revenue from customer contracts into various categories in the following table, which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data.

Revenue stream Year-ended 31 December 2019	**Revenue recognition**	**Australasia** **$**	**North America** **$**	**Consolidated** **$**
Installation revenue	Over time	4,771,912	271,071	5,042,983
Subscription revenue	Over time	21,459	1,265,667	1,287,126
Other revenue	Over time	-	36,493	36,493
		4,793,371	1,573,231	6,366,602

Revenue stream Year-ended 31 December 2018	**Revenue recognition**	**Australasia** **$**	**North America** **$**	**Consolidated** **$**
Installation revenue	Over time	3,494,035	1,751,771	5,245,806
Subscription revenue	Over time	170,347	1,873,281	2,043,628
Other revenue	Over time	56,793	12,653	69,446
		3,721,175	3,637,705	7,358,880

5. Other income

R&D Tax Incentive

R&D tax incentives are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the rebates will be received. The total R&D tax incentive receivable is apportioned between other income and the development asset based on the split of expenditure in the claim. R&D tax incentives are recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the rebates are intended to compensate.

	Consolidated	
	2019 **$**	**2018** **$**
Other income	6,913	-
R&D tax incentive	1,462,627	1,458,595
Other income	1,469,540	1,458,595

6. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax from continuing operations includes the following specific expenses:		
Employee benefit expenses		
Wages and Salaries	5,233,180	6,342,527
Infrastructure costs		
Systems, servers and hosting fees	540,261	472,054
Depreciation		
Plant and equipment	42,806	61,823
Right of use lease assets	425,588	-
	468,394	61,823
Amortisation		
Development assets	1,429,875	1,261,393
	1,898,269	1,323,216
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	3,729	(10,735)
Rental expense relating to short term operating leases		
Rental expenses for the period	25,059	2,050
Superannuation expense		
Defined contribution superannuation expense	265,633	245,187
Share-based payments expense		
Net change for issuance/(cancellation) of employee share options	41,856	69,759
Research and development expenses		
Product research and development expenses	3,553,786	3,337,932

7. Income tax expense

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction. BuildingIQ's loss before income tax is $11,511,446 (2018: $4,467,916), and no income tax expense is recognised.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax asset has been recognised.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Previously unrecognised deferred tax assets will be recognised when it is probable that there are future taxable profits available to recover the asset.

7. Income tax expense (continued)

	Consolidated	
	2019	**2018**
	$	**$**
Income tax expense		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised		
USA – Federal	20,942,143	18,697,814
USA – Californian	11,482,984	10,764,235
Australian	9,091,524	5,455,271
Total unused tax losses	41,516,651	34,917,320
Tax losses – potential benefit		
Unused tax losses applicable tax rate for which no deferred tax asset has been recognised		
USA – Federal (2017: 21%, 2016: 34%)	5,199,776	4,678,272
USA – Californian (8.84%)	1,015,096	951,558
Australian (2019, 2018: 27.5%, 2017: 27.5%, 2016: 30%)	2,620,898	1,620,928
Total potential benefit	8,835,770	7,250,758

USA Federal and California losses expire on various dates beginning 2031. Australian losses can be carried forward indefinitely. The benefit will only be obtained if: a) the consolidated entity derives future foreseeable income to utilise the losses; b) the consolidated entity continues to satisfy the conditions for deductibility imposed by law; and c) there are no changes in tax legislation which adversely impact the consolidated entity's ability to realise the benefit from the deduction for the losses.

Individual items reconciling net loss before tax to taxable income and prima facie tax are not included within these accounts as they are considered to be immaterial. The consolidated entity also has an immaterial amount of other deferred tax assets and liabilities which are offset by tax losses not recognised above.

8. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	Consolidated	
	2019	**2018**
	$	**$**
Cash at bank	702,702	1,975,777
	702,702	1,975,777

9. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. Trade receivables are generally due for settlement within 30-60 days.

Other receivables are recognised at amortised cost, less any provision for expected credit losses.

	Consolidated	
	2019	2018
	$	$
Trade receivables	3,483,177	3,723,562
Less: Provision for expected credit losses on receivables	(945,004)	(317,351)
	2,538,173	3,406,211
Accrued income & other receivables	1,062,723	1,203,886
	3,600,896	4,610,097

Trade receivables include invoices issued to Software-as-a-Service customers, billed monthly on 30 day settlement terms, as well as installation customers, billed on a stage-of-completion basis, when key installation milestones are met, on 60 day settlement terms.

Accrued income & other receivables include $981,496 (2018: $1,141,670) of contracted but unbilled installation services. The typical term of these projects ranges from 6-9 months, with full billing for all projects in progress as at 31 December 2019 expected to complete by 31 August 2021.

Impairment of trade receivables
The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.
The consolidated entity has recognised an increase to the provision of $627,653 (2018: $27,107) in the Statement of Profit or Loss and Other Comprehensive Income in respect of expected credit losses on receivables for the period ended 31 December 2019.

The ageing of the impaired receivables provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019	2018	2019	2018	2019	2018
Consolidated	%	%	$	$	$	$
Not overdue	0%	0%	1,264,998	1,982,572	-	-
0 to 3 months overdue	1%	2%	101,492	242,835	844	4,352
3 to 6 months overdue	10%	7.5%	23,853	114,446	2,385	8,583
Over 6 months overdue	45%	22%	2,092,834	1,383,709	941,775	304,416
			3,483,177	3,723,562	945,004	317,351

Movements in the expected credit losses on receivables are as follows:

	Consolidated	
	2019	2018
	$	$
Opening balance	317,351	290,244
Additional provisions recognised	1,044,902	27,107
Receivables written off during the period as uncollectible	(417,249)	-
Closing balance	945,004	317,351

9. Trade and other receivables (continued)

Reconciliation of accrued income
Reconciliation of the written down values at the beginning and end of the current and previous financial year are as follows:

	Consolidated	
	2019 $	2018 $
Opening balance	1,141,670	1,507,618
Additions	2,306,547	5,237,433
Transfer to trade receivables	(2,466,721)	(5,603,381)
	981,496	1,141,670

10. R&D grant receivable

	Consolidated	
	2019 $	2018 $
Research & development grant receivable	2,671,990	2,570,796

The Company is eligible for a research and development (R&D) grant which is received on an annual basis after the Australian Tax Office processes its tax return, which is based on the calendar year. The amount of the R&D grant receivable is accrued based on eligible expenses incurred. This is a non-linear estimate.

The consolidated entity secured a R&D tax incentive financing facility with FIFO Capital on 13 November 2018. The amount drawn against this facility stands at $1,996,778 (refer to note 18) as at 31 December 2019 (2018: $2,028,935). The R&D tax incentive receivable of $2,671,990 is anticipated to be settled by the ATO in the second quarter of the 2020 calendar year.

11. Other current assets

	Consolidated	
	2019 $	2018 $
Prepayments	284,090	291,741
Deferred expenses for installation service contracts	207,688	349,509
Security deposits	79,817	79,352
PAYG & GST (payable)/receivable	(15,405)	90,778
	556,190	811,380

12. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

12. Property, plant and equipment (continued)

	Consolidated 2019 $	Consolidated 2018 $
Plant and equipment - at cost	321,672	349,935
Less: Accumulated depreciation	(265,366)	(243,228)
	56,306	106,707

Consolidated	**Plant and equipment $**	**Total $**
Balance at 1 January 2018	104,464	104,464
Additions	64,066	64,066
Depreciation expense	(61,823)	(61,823)
Balance at 31 December 2018	106,707	106,707
Balance at 1 January 2019	106,707	106,707
Additions	13,279	13,279
Disposals	(20,874)	(20,874)
Depreciation expense	(42,806)	(42,806)
Balance at 31 December 2019	56,306	56,306

13. Goodwill

On 13 April 2016 the consolidated entity completed the acquisition of the Energy WorkSite and Facility WorkSite businesses from NorthWrite Inc. for a total consideration of $3,844,971 (US$3m) (revalued as at 31 December 2018 for changes in foreign exchange rates).

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 (paid $80,000 on 15 December 2018).

Acquisition of Buildingsense Australia Pty Ltd is part of the Group's expansion into greenfield buildings, to boost their capabilities and growth prospects in the sector, which is expected to deliver significant future financial benefits.

Business Combination – Final
The purchase price allocation for this business combination has been finalised during the financial year ended 31 December 2019, following the completion of the measurement period. As a result of this allocation, amounts totalling $1,285,123 have been re-allocated from Goodwill to Customer Relationships and Supplier Relationships, as disclosed below.

The consolidated entity recognised $931,805 as goodwill on acquisition, being the excess of the purchase consideration paid over the fair value of net liabilities of Buildingsense Australia Pty Ltd.

	$
Purchase consideration – Buildingsense Australia Pty Ltd	
Shares issue (13,636,364 shares @ $0.0605)	825,000
Deferred consideration	200,000
Total consideration	**1,025,000**

13. Goodwill (continued)

	$
Allocation of purchase consideration	
Fixed assets	25,796
Supplier relationships	390,874
Customer relationships	894,249
Cash at bank	331,605
Trade receivables and accrued income	531,825
Other receivables	167,409
Trade creditors	(2,673,734)
Other liabilities	(85,655)
Net liabilities	**(417,631)**
Less: non-controlling interest recognised (30%)	(510,826)
Net assets acquired	93,195
Goodwill recognised	**931,805**

Name of business acquired	**Principal activity**	**Acquisition Date**	**Ownership acquired %**	**Cost at acquisition $**
Energy WorkSite & Facility WorkSite	Building software	13 April 2016	100	3,992,117
Buildingsense Australia Pty Ltd.	Building and Energy Management System	17 September 2018	100	1,025,000

Consolidated	**Goodwill $**
Balance at 31 December 2018	4,844,899
Goodwill impairment during the year	(3,936,019)
Foreign exchange movement	22,925
Balance at 31 December 2019	931,805

The excess of the purchase consideration over the fair value of net assets in a business combination is recognised as goodwill by the company. Goodwill recognised in connection with the Energy Worksite and Facility Worksite businesses is denominated in USD, and therefore subject to foreign exchange movements, captured in the foreign currency translation reserve. Goodwill recognised in connection with the Buildingsense acquisition is denominated in Australian dollars. Goodwill is not amortised, and is subject to an impairment assessment on an annual basis.

Determination of cash generating units ("CGU's")
Goodwill is allocated to the one cash-generating unit (CGU), which is the single unit expected to benefit from the synergies of the business combinations in which the goodwill arises. The consolidated entity identifies the single CGU, based on the integrated nature of the consolidated entity and the associated cash flows of the underlying assets.

13. Goodwill (continued)

Impairment testing
The recoverable amount of the cash generating unit has been determined using the higher of the value-in-use and fair value less costs of disposal.

Consistent with previous periods, management prepared a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period, together with a terminal value. The challenging operating conditions experienced during the year, which resulted in operating losses and negative operating cash outflows, has resulted in the consolidated entity reassessing its forecasts and assumptions associated with the value in use model. This, combined with the events and conditions relating to the financial position of the company at balance date, which led to an expression of interest ("EOI") as disclosed below, has enabled the directors to obtain sufficient information to allow a fair value less costs of disposal assessment to be made at 31 December 2019.

On 11 February 2020, the Company announced it had executed an EOI with mCloud Technologies Corp (TSX: MCLD), under which mCloud offered to acquire the CDIs of the Company and provide a working capital facility of $1,500,000. As noted above, the directors believe the existence of this EOI provided sufficient information about the fair value of the consolidated entity at balance date.

The fair value of the cash generating unit has been determined using a market approach, using prices and other relevant information generated by market transactions involving comparable groups of assets, as well as the value implied through the purchase consideration included in the EOI. The significant judgements applied in determining the fair value at 31 December 2019 include;

- Consideration of market risk in relation to the potential transaction not being executed in the timeframe originally planned;
- Consideration of a subsequently agreed capital transaction to acquire a 67% controlling interest in the consolidated entity, as disclosed in Note 36, which places a higher value on the assets of the company; and
- Consideration of changes in the financial position of the company from balance date to the date of offer.

The key judgements disclosed above have not resulted in any material adjustments to the transaction price used in determining the fair value of the cash generating unit. The method and inputs as disclosed above represent a valuation using level 2 inputs of the fair value hierarchy. Costs of disposal on the transaction have been estimated at 3.5% of the enterprise value, consistent with typical transactions of this nature.

As the higher of the two measures, the directors therefore resolved to use the 'fair value less costs of disposal' method for assessing the recoverable amount of the Company's goodwill and other intangible assets. The recoverable amount of the cash generating unit is measured at $5.70m on the basis of the fair value less costs of disposal. This has resulted in an impairment charge to goodwill of $3.94m.

14. Other intangible assets

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the assets; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

CSIRO Technology License
Costs associated with intellectual property acquired from the CSIRO are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Software (ERP)
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Customer contracts and relationships
Customer contracts and relationships identified in a business combination are recognized by the company and valued using a multi-period excess earnings approach, and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4-10 years.

14. Other intangible assets (continued)

Supplier relationships
Supplier relationships identified in a business combination are recognized by the company and valued using a multi-period excess earnings approach, and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Summary of closing balances:	Consolidated	
	2019	**2018**
	$	**$**
Development asset (net of R&D incentive) – at cost	8,671,302	7,206,409
Less: Accumulated amortisation	(5,950,395)	(4,982,385)
	2,720,907	2,224,024
CSIRO developed optimisation technology – at cost	468,315	468,315
Less: Accumulated amortisation	(468,315)	(337,614)
	-	130,701

	Consolidated	
	2019	**2018**
	$	**$**
NetSuite – at cost	198,479	198,479
Less: Accumulated amortisation	(194,583)	(129,982)
	3,896	68,497
Supplier relationships	390,874	390,874
Less: Accumulated Amortisation	(50,546)	-
	340,328	390,874
Customer contracts and relationships	1,297,149	1,294,802
Less: Accumulated Amortisation	(486,099)	(269,534)
	811,050	1,025,268
Total	3,876,181	3,839,364

14. Other intangible assets (continued)

Consolidated

	Development $	CSIRO $	ERP $	Supplier relationships $	Customer relationships $	Total $
Balance at 1 January 2018	1,441,025	283,128	133,098	-	207,781	2,065,032
Additions (net of R&D incentive)	1,716,782	-	-	390,874	1,087,021	3,194,677
Amortisation expense	(954,959)	(152,427)	(64,601)	-	(269,534)	(1,441,521)
Foreign exchange	21,176	-	-	-	-	21,176
Balance at 31 December 2018	2,224,024	130,701	68,497	390,874	1,025,268	3,839,364
Additions (net of R&D incentive)	1,462,627	-	-	-	-	1,462,627
Amortisation expense	(967,463)	(130,701)	(64,601)	(50,546)	(216,565)	(1,429,875)
Foreign exchange	1,718	-	-	-	2,347	4,065
Balance at 31 December 2019	2,720,907	-	3,896	340,328	811,050	3,876,181

15. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

	Consolidated	
	2019 $	2018 $
Trade payables	2,351,959	1,026,409

16. Deferred revenue

	Consolidated	
	2019 $	2018 $
Deferred revenue	254,831	140,818

Reconciliation of deferred revenue

	Consolidated	
	2019 $	2018 $
Opening balance	140,818	194,719
Additions	1,453,603	2,860,101
Transfer to revenue from contracts with customers	(1,339,590)	(2,914,002)
	254,831	140,818

16. Deferred revenue (continued)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $8,834,426 as at 31 December 2019 (2018: $8,269,620) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2019	2018
	$	$
Within 6 months	1,983,398	2,892,138
6 to 12 months	1,863,375	3,270,538
12 to 18 months	1,921,593	1,155,819
18 to 24 months	3,066,060	951,125
	8,834,426	8,269,620

17. Employee benefits

	Consolidated	
	2019	2018
	$	$
Employee benefits	605,122	1,029,289
Long service leave	91,688	55,318
	696,810	1,084,607

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments.

The consolidated entity expects all employees to take the full amount of accrued leave within the next twelve months.

18. Borrowings

	Consolidated	
	2019	2018
	$	$
Fifo Capital (R&D financing) [1]	1,996,778	2,028,935
Fifo Capital (Receivable financing) [2]	896,996	-
Fifo Capital (Supply chain financing) [3]	89,594	-
	2,983,368	2,028,935

[1] The consolidated entity set-up an R&D financing facility with Fifo Capital Australia Pty Ltd on 13 November 2018 where Fifo Capital Australia Pty Ltd advances the Company with a maximum value of 80% of the assessed Australian Taxation Office R&D Tax Offset. A discount fee of 4.0% of the cash value of each R&D Tax Cash Benefit draw-down transaction is applicable with additional fees accruing at a rate of 15% per annum on each day until repaid.

The total amount drawn against this facility was $1,996,778 as at 31 December 2019, which is secured against the R&D research grant for FY 2019 which is expected to be received by 30 April 2020 and a fixed charge on all BuildingIQ Pty Ltd assets present and after acquired.

[2] The consolidated entity secured a receivable finance facility with Fifo Capital Australia Pty Ltd on 29 March 2019. A discount fee of 4.0% of the invoice amount is applicable upto 30 days with additional fees accruing at a rate of 15% per annum from 31 days to 50 days and 73% per annum from 51 days until repaid. The total amount drawn against this facility, including interest was $896,996 as at 31 December 2019. Fifo Capital Australia Pty Ltd has security against all BuildingIQ Pty Ltd trade receivables, R&D research grant for FY 2019 and is subsequently guaranteed by the Group.

18. Borrowings (continued)

[3] The consolidated entity secured a supply chain finance facility with Fifo Capital Australia Pty Ltd on 08 July 2019. A draw-down fee of 2.5% and interest rate of 2.65% (per month, or part thereof) upto 30 days is applicable with additional interest accruing at a rate of 0.2% daily from 31 days and beyond until repaid. The total amount drawn against this facility was $89,594 as at 31 December 2019. Fifo Capital Australia Pty Ltd has security over present and after-acquired property of the Group and is subsequently guaranteed by the Group.

Unused facility arrangements
The consolidated entity has access to the following facilities and unused limits in respect of its facilities with FIFO;

1. Access to an R&D Receivable financing facility, with a limit stated at 80% of the assessed cash value of the R&D receivable in the financial year to which the R&D receivable relates. For the year-ended 31 December 2019, the limit is noted at $2.14m (2018: $2.03m). The total unused at balance date is $0.14m (2018: $nil).
2. Access to a Trade Receivables financing facility, with no stated limit. Further draw-downs are available at the approval of the lender, FIFO Capital, following lodgement of claims by BuildingIQ, Inc.
3. Access to a Capital Trade financing facility, with no stated limit. Further draw-downs are available at the approval of the lender, FIFO Capital, following lodgement of claims by BuildingIQ, Inc.

Interest expense
The consolidated entity incurred interest expense of $705,571 on R&D, receivable and supply chain financing facilities during the period ended 31 December 2019.

19. Other current liabilities

	Consolidated	
	2019 $	2018 $
Accrued expenses	299,470	683,267
Sales tax	(3,157)	(4,831)
Deferred settlement (Buildingsense acquisition)	120,000	120,000
	416,313	798,436

20. AASB 16 Leases

Right of use assets

	Consolidated	
	Office building $	Total $
Balance at 1 January 2019	953,500	953,500
Depreciation expense	(426,526)	(426,526)
Balance at 31 December 2019	526,974	526,974

Lease liabilities

	Consolidated	
	2019 $	2018 $
Current	283,974	-
Non-current	288,385	-
	572,359	-

20. ASB 16 Leases (continued)

Maturity analysis

	Consolidated	
	2019	**2018**
	$	**$**
Less than one year	283,974	-
One to five years	288,385	-
More than five years	-	-
	572,359	-

Amounts recognised in statement of profit and loss and other comprehensive income

	Consolidated	
	2019	**2018**
	$	**$**
Interest on lease liabilities	106,126	-
Expenses relating to short-term leases	25,059	-
Variable expenses under lease agreements	17,576	
	148,761	-

Amounts recognised in the statement of cash flows

	Consolidated	
	2019	**2018**
	$	**$**
Interest payments	74,127	-
Repayment of principal amounts	418,898	-
Lease repayments	493,025	-

The consolidated entity leases buildings for its Sydney & San Mateo offices under an agreement of 3 & 6 years respectively. If renewed, the terms of the lease are renegotiated. The company has an option to extend the lease on its Sydney office for a further three years, which have not been accounted for as management does not intend to exercise this option.

When measuring the lease liabilities, the company discounted these lease payments using its incremental borrowing rate at the date of initial application or inception of the lease. For the two leases recognised, the incremental borrowing rate applied was 15%.

21. Reconciliation of contributed equity

Details	No of shares	Issued $
Balance at 1 January 2018	96,924,191	44,632,556
Share issue, net of transaction costs and tax	138,663,270	5,490,434
Balance at 30 June 2018	235,587,461	50,122,990
Share issue, net of transaction costs and tax	13,636,364	883,894
Balance at 31 December 2018	249,223,825	51,006,884
Share issues, net of transaction costs and tax		
Share issue 8 March 2019	693,050	35,568
Share issue 29 April 2019	23,728,814	840,000
Share issue 25 June 2019	7,062,148	244,905
Share issue 23 August 2019	27,722,877	978,584
Share issue 4 October 2019	10,742,235	386,374
Share issue 16 December 2019	54,500,000	975,364
	124,449,124	3,460,795
Balance at 31 December 2019	373,672,949	54,467,679

Common stock and CDIs
As a Delaware corporation, the company has issued common stock under Delaware law. The shares of common stock are held by CHESS Deposit Nominees Pty Ltd (CDN) on behalf of CDI holders who may trade CDIs on the ASX. CDIs entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number and amount paid on the common stock underlying the CDIs. The common stock has a par value of US$0.0001 per share.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for CDI holders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to CDI holders, return capital to CDI holders, issue new CDIs or sell assets to reduce debt. The capital risk management policy remains unchanged from the prior year.

22. Reserves

	Consolidated	
	2019 $	**2018 $**
Options reserve	1,039,617	997,812
Foreign currency reserve	(564,966)	(541,401)
	474,651	456,411

Options reserve
The options reserve is used to recognise the fair value of options issued but not exercised

22. Reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options reserve $	Foreign currency $	Total $
Balance at 1 January 2018	928,053	(1,219,678)	(291,625)
Employee share options	69,759	-	69,759
Foreign currency translation	-	678,277	678,277
Balance at 31 December 2018	997,812	(541,401)	456,411
Balance at 1 January 2019	997,812	(541,401)	456,411
Employee share options	41,805	-	41,805
Foreign currency translation	-	(23,565)	(23,565)
Balance at 31 December 2019	1,039,617	(564,966)	474,651

23. Accumulated losses

	Consolidated	
	2019 $	2018 $
Accumulated losses at the beginning of the financial year	(37,393,299)	(32,804,738)
Loss after income tax expense for the year	(11,184,590)	(4,588,561)
Accumulated losses at the end of the financial year	(48,577,889)	(37,393,299)

24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks including credit risk and liquidity risk. Risk management is carried out by senior finance executives under policies approved by the Board.

Foreign currency risk
A large proportion of the consolidated entity's operations are denominated in USD, which are translated into the consolidated entity's presentation currency of Australian dollars. A 10% strengthening of the Australian dollar against the USD would have a net impact from continuing operations of approximately $459,565. Conversely a 10% weakening of the Australian dollar against the USD would have a net impact from continuing operations of ($813,630).

The Foreign Currency Translation Reserve reflects the effect of the movements in USD-denominated foreign assets values due to the decline in USD:AUD foreign exchange rates in FY19.

Price risk
The consolidated entity is not exposed to any significant price risk.

24. Financial instruments (continued)

Interest rate risk
The consolidated entity's main interest rate risk arises from short-term borrowings. The consolidated entity does not currently have borrowings obtained at variable rates. Borrowings obtained at fixed rates (see note 18) expose the consolidated entity to fair value risk. The consolidated entity's borrowings outstanding totalling $2,983,368 (2018: $2,028,935), are principal and interest payment borrowings. Monthly cash outlays of approximately $19,860 (2018: nil) per month are required to service the interest payments. In addition, minimum principal repayments of $2,745,051 (2018: $2,028,935) are due during the year ending 31 December 2020.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including contracting payment in advance where possible, obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. Refer to note 9 for details of the consolidated entities credit risk.

Liquidity risk
Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) or available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves, continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following table details the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2019	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 Years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	0%	2,351,959	-	-	-	2,351,959
Deferred settlement liability	0%	120,000	-	-	-	120,000
Borrowings	15%	2,983,368	-	-	-	2,983,368
Leases	15%	283,974	288,385	-	-	572,359
Total non-derivatives		5,739,301	288,385	-	-	6,027,686

Consolidated – 2018	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 Years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	0%	1,026,409	-	-	-	1,026,409
Deferred settlement liability	0%	120,000	-	-	-	120,000
Borrowings	15%	2,028,935	-	-	-	2,028,935
Total non-derivatives		3,175,344	-	-	-	3,175,344

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed.

25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and key management personnel is set out below.

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	619,023	681,779
Share-based payments	12,599	21,386
	631,622	703,165

26. Remuneration of auditors

The following fees were paid or payable for services provided by the auditor of the company and its network firms:

	2019	2018
	$	$
Audit services – BDO East Coast Partnership		
Audit or review of the financial statements, half year and full year	92,650	90,500
	92,650	90,500

27. Contingent liabilities

There are no contingent liabilities at the reporting date (31 December 2018: $nil).

28. Related party transactions

Parent entity
BuildingIQ, Inc. is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Terms and conditions
The only related party transactions occurred between the parent and its subsidiaries. All transactions were made on normal commercial terms and conditions and at market rates and were fully eliminated on consolidation.

29. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(9,897,034)	(6,183,541)
Total comprehensive income	(9,979,791)	(5,505,264)

Statement of financial position

Total current assets	2,231,819	4,060,118
Total assets	7,036,336	13,148,949
Total current liabilities	1,100,546	673,933
Total liabilities	1,388,932	673,933
Equity		
Issued capital	54,467,679	51,006,884
Reserves	474,651	456,411
Accumulated losses	(49,294,926)	(38,988,279)
Total equity	5,647,404	12,475,016

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2019 (2018: $nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2019 (2018: $nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

30. Non-controlling interest

Former shareholders of Buildingsense Australia Pty Ltd have 30% shareholding (non-controlling interest) in BIQSense Pty Ltd, which owns 100% of Buildingsense Australia Pty Ltd.

Net loss of $326,856 attributable to the non-controlling interest represents a 30% share from operational results of Buildingsense Australia Pty Ltd, for the current reporting period ended on 31 December 2019.

31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business / Country of incorporation	2019 %	2018 %
Name			
BuildingIQ Pty Ltd	Australia	100.00	100.00
BIQsense Pty Ltd	Australia	70.00	70.00
Buildingsense Australia Pty Ltd	Australia	70.00	70.00
BuildingIQ Singapore Pte Ltd	Singapore	100.00	100.00

No other subsidiaries are incorporated in the consolidated financial statements.
BIQSense Pty Ltd owns 100% of Buildingsense Australia Pty Ltd.

32. Events after the reporting period

On 22 January 2020, BuildingIQ announced the departure of the Company's President and Chief Executive Officer, Michael Nark, with his last day of employment on 21 Feb 2020.

On 28 January 2020, BuildingIQ announced the departure of Mr Gregory Pynt from the Company's board of directors (Mr Pynt joined the board on 20 December 2019).

On 11 February 2020, the Company announced it had executed an expression of interest ("EOI") with mCloud Technologies Corp (TSXV: MCLD & OTCQB: MCLDF), under which mCloud offered to acquire 100% of the CDIs of the Company and provide a working capital facility. On 23 March 2020, the Company announced that that agreement had been terminated.

On 23 March 2020, BuildingIQ announced that it had accepted a Letter of Strategic Intent from SNAPS Holdings Company providing for investment through promissory convertible notes, a private placement and options. The non-binding LOI is subject to a period of due diligence and contingent on the execution of definitive agreements between the parties. Its main elements are:

- A$2m of the funds will be provided in the form of convertible promissory notes as follows:
  a. A$424,780, to be drawn immediately, convertible into 23,598,914 CDIs (approx. $0.018 per CDI) under similar terms to the Company's private placement announced on 13 December 2019;
  b. Subject to shareholder approval, to be drawn as soon as possible and maturing on 31 May 2020:
     i. A$475,220 convertible at maturity into 26,401,086 CDIs (approx. $0.018 per CDI), to be drawn as soon as possible following the receipt of shareholder approval;
     ii. A$100,000 convertible at maturity into 10,000,000 CDIs (approx. $0.010 per CDI);
     iii. A$1,000,000 convertible at maturity into 100,000,000 CDIs (approx. $0.010 per CDI) to be drawn as required up to 31 May 2020 (with approval from SNAPS).
  c. In each case, the above is subject to interest at 6.0% per annum to be converted to CDIs at the same price per CDI as the relevant tranche. They are also convertible, at the discretion of SNAPs, at any time up until maturity.
- A$3.9m will be provided in a private placement for 390,000,000 CDIs (approx. $0.010 per CDI) following the successful completion of a pilot of BuildingIQ technology by 31 May 2020.
- SNAPS will also be issued 178,000,000 options to acquire additional CDIs, exercisable at a price of approx. A$0.010 per CDI within 12 months from issuance.
- BuildingIQ will remain listed on the Australian Securities Exchange (ASX).

Assuming shareholders approve the proposed transaction, and the full exercise of the options, SNAPS will acquire a 66.67% ownership position in BuildingIQ. The transaction, as outlined above, is estimated to be completed by 31 May 2020.

COVID-19
Beginning in February 2020, governments worldwide have issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response BuildingIQ has established a work-from-home policy for all employees with the exception of staff working on greenfield project sites. Travel has been reduced to an absolute minimum.

32. Events after the reporting period (continued)

Support for 5i subscription customers is provided remotely, therefore the impact on customers is largely limited to changing regular account management meetings from in-person to virtual meetings. To date only a number of construction sites have been affected by shutdowns or other restrictions due to cases of Covid-19. However, if such measures were broadly implemented by governments, BuildingIQ's revenue and customer receipts are likely to be at risk of significant delay. This shortfall would be partly compensated by an offsetting delay in COGS for third party equipment and services. In case of a prolonged shutdown of construction activities there is an increased risk of insolvency of customers, suppliers and subcontractors. The directors have reviewed their financial forecasts in response to COVID-19 and, where possible, adjusted for potential impacts to revenue, expenses and cash flows. However, the quantum of any such impact is currently unable to be accurately estimated and, as such, no adjustments to the financial statements have been made as a result of the COVID-19 situation.

The board and management will continue to assess the impact of Covid-19 on BuildingIQ's business including the impact on existing projects, its pipeline and the collection of receivables. The board and management emphasise at this time BuildingIQ cannot make accurate forecasts and any assumptions about future prospects are likely to be erroneous.

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.

33. Reconciliation of loss after income tax to net cash from operating activities

	2019 $	2018 $
Loss after income tax expense for the year	(11,511,446)	(4,467,916)
Adjustments for:		
Depreciation and amortisation	1,898,269	1,323,216
Share-based expenses	41,805	69,759
Impairment expense	3,936,019	-
Change in operating assets and liabilities:		
(Increase) in R&D receivable	(101,194)	(562,378)
(Increase) in provision for impairment of trade receivables	(627,653)	(27,107)
Decrease/(increase) in trade and other receivables	1,650,555	(923,085)
Increase/(decrease) in deferred revenue	114,014	(34,956)
Decrease/(increase) in prepayments & other assets	211,263	(108,310)
Increase/(decrease) in trade and other payables	2,306,876	(70,736)
(Decrease) in employee benefits	(345,992)	(13,520)
Net cash used in operating activities	(2,427,484)	(4,815,033)

34. Share-based payments

2012 Equity Incentive Plan and AU Plan

The consolidated entity has adopted two equity incentive plans for employees and other relevant persons, a plan under US law known as the 2012 Equity Incentive Plan and a plan under Australian law known as the AU Plan. Under the 2012 Equity Incentive Plan and the AU Plan the Board may grant stock options to employees, officers, directors, consultants, independent contractors and advisors to the company. The purpose of these Plans is to attract, retain, and motivate eligible persons whose present and potential contributions are important to BuildingIQ's success by offering them an opportunity to participate in the company's future performance through equity awards of stock options. Under the terms of the Plans, the exercise price of stock options may not be less than 100% of the fair market value on the date of grant.

34. Share-based payments (continued)

Valuation of Stock-Based Awards

The fair value of each stock option granted under the company's equity incentive plans is based on independent valuations and estimated on the grant date using a Black-Scholes option-pricing model. The following weighted-average assumptions would apply as at 31 December 2019:

Expected life	4.95 years
Expected volatility	44.4%
Risk-free interest rate	1.48%
Expected dividends	- %

Expected volatility is based on the average of the historical volatility of the company's issued shares. The risk free interest rate is equal to the U.S. Treasury constant maturity rates for the period equal to the expected life. The company does not currently pay cash dividends on the company's issued shares and does not anticipate doing so in the foreseeable future. Accordingly, the company's expected dividend yield is zero.

The table below sets out details of the movements in options granted for the period ending 31 December 2019.

Consolidated	**Number of Options**
Balance at 31 December 2018	15,832,520
Options granted to employees	500,000
Options forfeited	(1,347,513)
Balance at 31 December 2019	14,985,007
Unvested employee options	3,723,747
Vested options comprise:	11,261,260
- employees' options	2,286,968
- Directors' options	-
- KTM options	2,112,500
- Canaccord options	6,861,792
	14,985,007

The majority of outstanding employee options issued prior to 1 January 2016 are exercisable at AUD 26.2 cents and vest over the next two years. Employee options issued during FY16 are exercisable at AUD 100.0 cents and vest over the next three years. Employee options issued during FY17 are exercisable at values ranging between AUD 10.0 cents and AUD 17.5 cents and vest over the next four years. During 2019, 48,528 options were forfeited due to employee departures and expirations.

35. Earnings per share

	2019 $	2018 $
Loss attributable to the ordinary equity holders of the company used in basic and diluted earnings per share		
Loss after income tax attributable to the owners of BuildingIQ, Inc.	11,511,446	4,588,561
Less non-controlling interest	(326,856)	(120,645)
Adjusted loss attributable to common equity holders of the company	11,184,590	4,467,916
	Number	**Number**
Weighted average number of common stock used in calculating basic earnings per share	284,387,222	230,430,026
Adjustments for calculation of diluted earnings per share:		
Options	11,261,260	11,118,996
Adjustment for options (anti-dilutive)	(11,261,160)	(11,118,996)
Weighted average number of common stock used in calculating diluted earnings per share	284,387,222	230,430,026
	Cents	**Cents**
Basic earnings per share	(3.9)	(2.0)
Diluted earnings per share	(3.9)	(2.0)

36. Going concern

The consolidated financial statements are prepared on a going concern basis. At 31 December 2019, the Company recorded a loss before income tax of $11,511,446 (31 December 2018: $4,467,916) and operating cash outflows of $2,427,484 (31 December 2018: $4,815,033). Management's initial forecasts also indicated that the consolidated entity would be required to raise further capital through debt and/or equity channels in the first half of the 2020 financial year, in order to sustain its operating cash position. These events and conditions casted significant doubt on the ability to continue as a going concern.

Subsequent to balance date, and as disclosed on the ASX on 23 March 2020, the directors have accepted a Letter of Strategic Intent from SNAPS Holdings Company providing for investment through promissory convertible notes, a private placement and options, under which SNAPS has offered to acquire up to 66.67% of the ownership position in the consolidated entity. Its main elements are as follows:

- A$2m of the funds will be provided in the form of convertible promissory notes as follows:
  - (i) A$424,780, to be drawn immediately, automatically convertible into 23,598,914 CDIs (approx. $0.018 per CDI) under similar terms to the Company's private placement announced on 13 December 2019;
  - (ii) Subject to shareholder approval, to be drawn as soon as possible and maturing on 31 May 2020:
    - A$475,220 convertible at maturity into 26,401,086 CDIs (approx. $0.018 per CDI), to be drawn as soon as possible following the receipt of shareholder approval
    - A$100,000 convertible at maturity into 10,000,000 CDIs (approx. $0.010 per CDI).
  - (iii) A$1,000,000 convertible at maturity into 100,000,000 CDIs (approx. $0.010 per CDI) subject to shareholder approval and to be drawn as required up to 31 May 2020 (with approval from SNAPS) maturing on 31 May 2020;
  - (iv) In each case, the above is subject to interest at 6.0% per annum to be converted to CDIs at the same price per CDI as the relevant tranche. These promissory notes automatically convert into CDIs, including the accrued interest amount, at maturity. The buyer has optional conversion at any time until maturity, subject to the relevant shareholder approvals above.

36. Going concern (continued)

- A$3.9m will be provided in a private placement for 390,000,000 CDIs (approx. $0.010 per CDI) by 31 May 2020.
- SNAPS will also be issued 178,000,000 options to acquire additional CDIs, exercisable at a price of approx. A$0.010 per CDI within 12 months from issuance.

The final execution of this transaction is subject to a period of due diligence and finalisation of the formal transaction agreements and the approval by shareholders, which is currently scheduled for completion by 31 May 2020.

The consolidated entity also notes the unpredictability of the currently evolving COVID-19 situation, and the potential impact on the going concern basis of preparation. General macro-economic demand is expected to decline as a result of the pandemic. Specifically in relation to BuildingIQ, Inc., the situation gives rise to a potential shut down of customer sites in relation to the installation segment of the business, as community isolation requirements come into effect in the immediate to short term. In such a scenario, shortfalls in revenues would be partly compensated by an offsetting delay in COGS for third party equipment and services. Further, the directors have the ability to immobilise sections of the workforce on consulting and subcontracting based arrangements in order to reduce costs. The expectation is for subscription contracts to remain largely unaffected by these events given their recurring nature. The directors have reviewed their financial forecasts in response to COVID-19 and, where possible, adjusted for potential impacts to revenue, expenses and cash flows. However, the quantum of any such impact is currently unable to be accurately estimated and, as such, no adjustments to the financial statements have been made as a result of the COVID-19 situation.

The directors believe there are reasonable grounds to conclude the consolidated entity will continue as a going concern as a result of the following:

- The private placement of A$5.9m is adequate to support the consolidated entity cash requirements to continue as a going concern for a period of 12 months from the date of the financial report;
- The transaction is likely to achieve execution in accordance with the disclosed timeline;
- The directors are of the opinion that the proposed transaction will be approved by shareholders;
- Management and the directors are satisfied with the key judgements and assumptions applied in relation to the realisation of the pipeline of installation contracts over the first half of FY2020, subject to any potential impacts of COVID19, which will provide ongoing operating cash inflows to supplement the capital injection provided under the proposed transaction; and
- Management and the directors are continuing to assess the impact of COVID19 and are implementing plans to address any potential slowdown in Australia.

Should the transaction not be approved by shareholders, the use of the going concern assumption may no longer be appropriate, and the entity may be unable to meet its debts as and when they fall due, and as a result, a material uncertainty in relation to going concern exists. The company also notes a material uncertainty in relation to the potential impact of COVID19 on its cash flows.

However, as a result of the factors noted above, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

BuildingIQ, Inc.
Directors' Declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declaration required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made in accordance with section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

William Deane
Interim Chairman

31 March 2020
Sydney

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of BuildingIQ, Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BuildingIQ, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 36 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of goodwill & other intangible assets

Key audit matter	***How the matter was addressed in our audit***
The Group has recognised intangible assets consisting of goodwill (refer to Note 13), as well as capitalised development expenditure and other intangible assets (refer to Note 14). This was determined to be a key audit matter as the determination of the recoverable amount of intangible assets, and whether or not an impairment charge was necessary, involved significant judgements by management and those charged with governance and required significant auditor attention.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Assessing the appropriateness of identified Cash Generating Units ('CGU's') and the allocation of carrying value of assets to identified CGU's; • Reviewing management's value in use model performed at 31 December 2019 and assessing the recoverable amount as determined under a reasonable set of assumptions and key forecasts; • Reviewing management's assessment of the fair value less costs of disposal, with reference to the key terms of the acquisition offer presented to the BuildingIQ group subsequent to year end; • Ensuring the recoverable amount of the CGU has been determined with reference to the higher of the two measures, as prescribed by AASB 136 *Intangible Assets*; • Performing a re-calculation of the identified impairment charge, ensuring it has been allocated to the appropriate intangible assets in accordance with AASB 136 *Intangible Assets*; In relation to development assets and other intangible assets, we also performed the following specific tests: • Reviewing the reasonableness of the useful life of development assets and checking the accuracy of amortisation expenses recognised during the year; • Comparing trends in sales by product with the specific development assets to ensure the assets capitalised were expected to generate future economic benefits to the Group; and • Reviewing the treatment of research and development incentives received and receivable to ensure the appropriate recognition in accordance with relevant accounting standards.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 2, recognition of revenue from contracts is considered a key judgement on the basis of the following; • The entity recognises revenue based on the best estimate of consideration expected to be received for individual contracts; and • Revenue from the group's installation projects is recognised over-time, with reference to the stage of completion of individual contracts and there is judgement associated with the determination of stage of completion. Due to the nature of these key estimates and judgements and the sensitivity of revenue to the financial report, revenue recognition has been identified as a key audit matter.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Reviewing the appropriateness of management's judgements associated with the value of consideration expected to be received by reference to the terms of the individual contract and the history of receipt for each individual customer; • Reviewing a sample of contracts entered into during the year to ensure that the Group has accurately recorded the appropriate amount of revenue, cost of sales, accrued income and deferred revenue based on the terms of the contract and the stage of completion of the contract; • Evaluating the accuracy of managements judgements associated with the stage of completion of individual contracts by testing the accuracy of assumptions in relation to services performed to date against the expected total services to be provided under the contract; • Obtaining representations from management and individual project managers as to the accuracy of forecast costs to complete and the revenue recognised on individual contracts; • Assessing the appropriateness of the recognised revenue and cost of sales by reference to the stage of completion identified in accordance with AASB 15 *Revenue from Contracts with Customers*; and • Evaluating the completeness and accuracy of disclosures associated with revenue recognition under the principles of AASB 15 *Revenue from Contracts with Customers*.

Expected credit losses on trade receivables

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 2, the assessment of expected credit losses on trade receivables is considered a key judgement, with reference to historical sales experience, collection data and forward looking information. This was determined to be a key audit matter as the determination of the allowance for expected credit losses is both material and of high importance to the understanding of the financial statements.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Reviewing management's assessment of expected credit losses on the outstanding trade receivables portfolio, including key judgements applied; • Performing a review on the data supporting the key judgements made by management in determining the appropriate level of expected credit losses; • Performing substantive testing on customer receipts to assess the adequacy of the provision by reference to the historical collection of individual receivables; and • Evaluating the completeness and accuracy of disclosures associated with trade receivables under the principles of AASB 7 *Financial Instruments: Disclosure*.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of BuildingIQ, Inc., for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Clayton Eveleigh
Partner

Sydney, 31 March 2020

BuildingIQ, Inc.
Shareholder Information
31 December 2019

Additional Shareholder Information

Below we set out additional information in relation to the company's corporate structure and shareholders. This includes the information required under ASX Listing Rule 4.10.

Unless stated otherwise, the information and details in the tables below is current as at 10 March 2020.

Overview
The company's securities are listed for quotation in the form of CHESS Depositary Interests (***CDI***s) on the Australian Securities Exchange (***ASX***) and trade under the symbol 'BIQ'. Each share of common stock is equivalent to one CDI.

The company has a total of 373,672,949 (2018: 249,223,825) shares of common stock on issue, equivalent to 373,672,949 (2018: 249,223,825) CDIs. There are 400 (2018: 406) shareholders who hold their securities in the form of CDIs. There are 5 (2018: 5) shareholders who hold shares of common stock (i.e. these holders have not elected to hold those securities in the form of CDIs).

The company has granted options exercisable for a total of 14,373,951 shares of common stock (2018: 15,832,520) which are not quoted on ASX.

Shareholder Information
Substantial holders
The names of substantial holders in the company and their respective equity holdings (to the best of the company's knowledge) as at 10 March 2020 are set out below:

NAME OF HOLDERS	NUMBER AND CLASS OF EQUITY SECURITIES IN WHICH HOLDER, TOGETHER WITH ASSOCIATES, HAS A RELEVANT INTEREST	PERCENTAGE OF VOTING POWER
Welas Pty Ltd	130,874,108	35.02%
Siemens Venture Capital GmbH	34,313,644	9.18%
Rhett Morson	26,700,000	7.15%
Hareshwar Singh	19,208,476	5.14%

Number of Holders and Distribution of Holdings
The following table is a distribution schedule of the number of holders of CDIs and shares of common stock (as converted to CDIs) as at 10 March 2020:

CATEGORY	NUMBER OF HOLDERS
1 – 1,000	29
1,001 – 10,000	146
10,001 – 100,000	106
100,001 – 500,000	59
500,001 – 1,000,000	20
1,000,001 and over	45
Total	**405**

Includes 400 holders of CDIs and 5 holders of shares of common stock (excluding CDN).

Unmarketable Parcels
There are 249 holders of CDIs and shares (as converted to CDIs) holding less than a marketable parcel of CDIs (being a parcel of securities less than $500).

BuildingIQ, Inc.
Shareholder Information
31 December 2019

Top 20 Holders
Set out below is a schedule of the 20 largest holders of securities (CDIs and shares, as converted to CDIs) in the company accurate as at 10 March 2020. (Related but separate legal entities are not aggregated for the purpose of the table below)
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Rank	Name	Units	% Units*
1	WELAS PTY LTD <WALES FAMILY NO 2 A/C>	80,039,005	21.61
2	WELAS PTY LTD	38,888,888	10.50
3	SIEMENS VENTURE CAPITAL GMBH\C	34,313,644	9.26
4	EMERALD SHARES PTY LIMITED <EMERALD UNIT A/C>	26,700,000	7.21
5	HARESHWAR RAMNATH SINGH <SINGH FAMILY A/C>	13,636,364	3.68
6	PALADIN GLOBAL ALTERNATIVE ENERGY FUND LP	12,204,817	3.30
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,149,644	2.47
8	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	8,514,686	2.30
9	AKHENATEN PTY LIMITED <AKHENATEN A/C>	6,800,000	1.84
10	FIRST TRUSTEE COMPANY (NZ) LIMITED <IAN ROGER MOORE A/C>	6,500,000	1.75
11	WELAS PTY LTD <WALES FAMILY A/C>	6,321,143	1.71
12	ASTER CAPITAL PARTNERS SAS	5,771,267	1.56
13	HARESHWAR RAMNATH SINGH + ANITA SINGH <HARIANITA SUPER FUND A/C>	5,572,112	1.50
14	BANNABY INVESTMENTS PTY LTD	5,557,556	1.50
15	AKHENATEN PTY LTD <AKHENATEN A/C>	5,555,556	1.50
16	LYNTER PTY LTD <HERFORT SUPER FUND A/C>	5,500,000	1.48
16	MR ANDREW MACBRIDE PRICE <EST JOHN AM PRICE A/C>	5,500,000	1.48
18	18 KNOT VENTURES PTY LTD <GREEN ARROWS A/C>	4,762,751	1.29
19	EXTO PARTNERS AUSTRALIA PTY LTD	4,634,796	1.25
20	CATCH 88 PTY LTD <MITCHELL SUPER FUND A/C>	4,567,072	1.23
Totals: Top 20 holders of CHESS DEPOSITARY INTERESTS (Total)		290,489,301	78.43
Total Remaining Holders Balance		79,899,399	21.57

*The company has a total of 373,672,949 shares on issue but currently only 370,388,700 are held in the form of CDIs with five holders in the US not having elected to hold their shares of common stock in the form of CDIS. The above percentages are calculated based on total CDIs held.

Restricted Securities
The company has no securities subject to ASX imposed or voluntary escrow.

Options
As at 10 March 2020 there were 14,373,951 options on issue to purchase shares (equivalent to 14,373,951 CDIs). The total number of holders of options is twenty seven (27). The options on issue include:

- 5,399,659 options issued to directors, executives and employees under the Company's 2012 Equity Incentive Plan;
- 2,112,500 options issued to KTM Capital Pty Ltd, underwriter of the Company's initial public offering
- 6,861,792 options issued to Canaccord Genuity (Australia) Limited

The following table is a distribution schedule of the number of holders of options as at 10 March 2020.

CATEGORY	NUMBER OF HOLDERS
1-1,000	0
1,001-5,000	4
5,001-10,000	1
10,001-100,000	13
100,001 and over	9

Canaccord Genuity (Australia) Limited holds a total of 6,861,792 (2018: 6,861,792) options expiring on 31 December 2020, representing a total of 47.74% (2018: 43.34%) of the options on issue.

BuildingIQ, Inc.
Shareholder Information
31 December 2019

Voting Rights
At a meeting of the company, every holder of common stock, present in person or by proxy is entitled to one vote for each share of common stock held on the record date for the meeting on all matters submitted to a vote of shareholders.

CDI holders may attend and vote at BuildingIQ's general meetings. The company must allow CDI holders to attend any meeting of the shareholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders have the following options:

- Instruct CDN, as the legal owner, to vote the shares underlying their CDIs in a particular manner. A voting instruction form is sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the share registry before the meeting;
- Informing the company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting;
- Converting their CDIs into a holding of shares of common stock before the record date for the meeting and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on the ASX it would need to convert the shares back to CDIs).

As holders of CDIs do not appear on the company's share register as the legal holder of the shares, they will need to undertake one of the steps above in order to be entitled to vote at general meetings of shareholders. As each CDI is equivalent to one share of common stock, each CDI holder is entitled to one vote for every one CDI that they hold.

Required Statements
(a) There is no current on-market buy back of the company's securities;
(b) The company is incorporated in the state of Delaware in the United States of America;
(c) The company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of shares (i.e. substantial holdings and takeovers).
(d) The company's securities are not quoted on any exchange other than ASX.
(e) Under the Delaware General Corporation Law ('DGCL'), shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares. The company's amended and restated certificate of incorporation and amended and restated bylaws do not impose any specific restrictions on transfer
(f) The name of the Australian company secretary is Lisa Jones.
(g) The address and phone number of our registered office and principal administrative office in Australia is:
Suite 1102
46 Market Street
SYDNEY NSW 2000
Telephone: +61 2 9360 0602

(h) The register of CDIs is:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford, VIC, AUSTRALIA, 3067
Telephone (within Australia) 1300 850 505
Telephone (outside Australia) +61 3 9415 4000

(i) The register of shares is:
Computershare
PO Box 505000
Louisville KY 40233-5000
+1 (800) 736 – 3001

Foreign Ownership Restriction

The CDIs are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933, as amended (**Securities Act**) for offers of securities 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. As a result of relying on the Regulation S exemption, the CDIs are “restricted securities” under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the end of the restricted period, 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. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.