

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

**1. Company details**

Name of entity: BuildingIQ, Inc.  
 ARBN: 605 422 166  
 Reporting period: For the year ended 31 December 2020  
 Previous period: For the year ended 31 December 2019

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

	Change \$	%		2020 \$
2.1 Revenues from ordinary activities (Continuing)	(148,805)	(11%)	to	1,187,584
2.2 Revenues from ordinary activities (Discontinued)	(166,925)	(3%)	to	4,863,288
2.3 Total revenues from ordinary activities	(315,730)	(5%)	to	6,050,872
2.4 Revenue and other income (Continuing)	(146,718)	(11%)	to	1,187,584
2.5 Revenue and other income (Discontinued)	(1,034,552)	(16%)	to	5,467,288
2.6 Total Revenue and other income	(1,181,270)	(15%)	to	6,654,872
2.7 Loss from ordinary activities after tax attributable to the members of BuildingIQ, Inc. (Continuing)	304,677	(5%)	to	(5,640,564)
2.8 Loss from ordinary activities after tax attributable to the members of BuildingIQ, Inc. (Discontinued)	(425,110)	8%	to	(5,664,459)
2.9 Total loss from ordinary activities after tax attributable to the members of BuildingIQ, Inc.	(120,433)	1%	to	(11,305,023)
2.10 Total comprehensive loss for the year attributable to the members of BuildingIQ, Inc. (Continuing)	787,299	(13%)	to	(5,181,507)
2.11 Total comprehensive loss for the year attributable to the members of BuildingIQ, Inc. (Discontinued)	(425,110)	8%	to	(5,664,459)
2.12 Total comprehensive loss for the year attributable to the members of BuildingIQ, Inc.	362,189	(3%)	to	(10,845,966)

**2.6 Dividends**

*Nil*

**Comments on financial performance:**

Operationally 2020 was a challenging year due to COVID-19, despite the uncertain period in which businesses are operating, BuildingIQ's revenue from ordinary activities decreased 5%, receipts from customers (incl. GST) increased 6% to \$7.87m, and net cash used in operating activities significantly decreased 51% to \$1.20m.

In the US, sales activities remained constrained largely due to the slow ramp up effects due the impacts of COVID-19, painstaking reduction of the workforce for the operations of the buildings and commercial real estate industry

in general and issues faced by delayed supply chain upheavals. Despite this, the Company has successfully renegotiated contracts with its key anchor clients with higher commercial value and ensured the delivery of same high quality service commitments.

Based on various business developmental activities and planned expansion of its product offerings, the Company's next version of the platform is slated now to be launched in second half of 2022 to include these modules and technologies to meet the needs of diverse customer base.

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 and leverage strategic 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.

#### **Receivership of Subsidiaries**

From 21 December 2020, the Company continues to be under suspension from official quotation per its request from the correspondence received by subsidiaries BuildingIQ Pty Ltd and Buildingsense Australia Pty Ltd regarding the appointment of Receivers and Managers over certain assets (namely the bank accounts and accounts receivable) of the subsidiaries and subsequent notification by the ASX.

#### **Liquidation of Buildingsense Australia Pty Ltd.**

The company engaged Price Waterhouse Coopers (PwC) for the liquidation of one of its subsidiaries in Australia, Buildingsense Australia Pty Ltd. PwC has completed its investigations into the company's affairs and have not identified any further avenues of recovery or lines of investigation. The Receivers and Managers of the Company are expected to retire upon which PwC will proceed to finalize the liquidation and request the Australian Securities & Investments Commission to deregister the Company.

#### **Other matters**

SNAPS Holding Company ('SNAPS'), major shareholder and secured lender of BuildingIQ Group, continues to work diligently to ensure and protect of its investment and that they remain committed towards the growth of the Company.

For past 5 months, the company has been working closely with ASX through its legal advisors to actively engage in pursuing the opportunity to reinstate company's listing at the Exchange.

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

	Consolidated	
	2020	2019
Note	\$	\$
<b>Continuing operations</b>		
Revenue from continuing operations	1,187,584	1,336,389
Other income from continuing operations	-	(2,087)
<b>Revenue &amp; other income from continuing operations</b>	<b>1,187,584</b>	<b>1,334,302</b>
Cost of sales	(562,887)	(600,366)
<b>Gross profit</b>	<b>624,697</b>	<b>733,936</b>
<b>Expenses</b>		
Sales and marketing	(34,292)	(399,314)
Employment expenses	(865,240)	(1,143,659)
Administrative expenses	(846,765)	(805,517)
Impairment expenses	(2,656,625)	(3,936,019)
Finance costs	(25,731)	(80,282)
Depreciation & amortisation	(1,382,210)	(641,242)
<b>Loss before income tax expense</b>	<b>(5,186,166)</b>	<b>(6,272,097)</b>
Income tax expense	-	-
<b>Loss from continuing operations, net of tax</b>	<b>(5,186,166)</b>	<b>(6,272,097)</b>
<b>Discontinued operations</b>		
<b>Loss from discontinued operations, net of tax</b>	<b>(5,664,459)</b>	<b>(5,239,349)</b>
<b>Loss for the year after income tax expense</b>	<b>(10,850,625)</b>	<b>(11,511,446)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	459,057	(23,565)
Other comprehensive loss for the year, net of tax	459,057	(23,565)
<b>Total comprehensive loss for the year</b>	<b>(10,391,566)</b>	<b>(11,535,011)</b>
<b>Net loss attributable to;</b>		
Owners of the parent entity	(11,305,023)	(11,184,590)
Non-controlling interest	454,398	(326,856)
	<b>(10,850,625)</b>	<b>(11,511,446)</b>
<b>Total comprehensive loss attributable to;</b>		
Owners of the parent entity	(10,845,966)	(11,208,155)
Non-controlling interest	454,398	(326,856)
	<b>(10,391,568)</b>	<b>(11,535,011)</b>

#### 4. Statement of financial position

		Consolidated	
		2020	2019
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		21,882	702,702
Trade and other receivables		795,646	3,600,896
R&D grant receivable		-	2,671,990
Other current assets		98,514	556,190
		<u>916,042</u>	<u>7,531,778</u>
Assets held for sale	16	29,630	-
Total current assets		<u>945,672</u>	<u>7,531,778</u>
<b>Non-current assets</b>			
Property, plant and equipment		26,068	56,306
Right of use assets		-	526,974
Goodwill	17	-	931,805
Other Intangible assets		-	3,876,181
Total non-current assets		<u>26,068</u>	<u>5,391,266</u>
<b>Total assets</b>		<b><u>971,740</u></b>	<b><u>12,923,044</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		685,746	2,351,959
Employee benefits		254,291	605,122
Deferred revenue		125,937	254,831
Borrowings		590,840	2,983,368
Lease liabilities		-	283,974
Other current liabilities		644,002	416,313
		<u>2,300,816</u>	<u>6,895,567</u>
Liabilities held for sale	16	2,683,369	-
Total current liabilities		<u>4,984,185</u>	<u>6,895,567</u>
<b>Non-current liabilities</b>			
Employee benefits		-	91,688
Lease liabilities		-	288,385
Total non-current liabilities		<u>-</u>	<u>380,073</u>
<b>Total liabilities</b>		<b><u>4,984,185</u></b>	<b><u>7,275,640</u></b>
<b>Net (liabilities)/assets</b>		<b><u>(4,012,445)</u></b>	<b><u>5,647,404</u></b>
<b>Equity</b>			
Issued capital		55,190,043	54,467,679
Reserves		943,063	474,651
Non-controlling interest		(262,639)	(717,037)
Accumulated losses		(59,882,912)	(48,577,889)
<b>Total equity</b>		<b><u>(4,012,445)</u></b>	<b><u>5,647,404</u></b>

## 5. Statement of cash flows

		Consolidated	
	Note	2020	2019
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (including GST)		7,872,316	7,455,340
Payments to suppliers (including GST)		(4,886,739)	(6,854,537)
Payments to employees		(3,205,521)	(4,959,682)
Payments for interest		(981,001)	(563,044)
R&D tax refund received		-	2,494,439
Net cash used in operating activities		(1,200,945)	(2,427,484)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		-	(13,279)
Payments for intangible assets		(530,000)	(2,588,719)
Cash acquired on business acquisition		-	-
Payments for business acquisition		-	-
Net cash used in investing activities		(530,000)	(2,601,998)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,146,304	5,581,390
Repayment of borrowings		-	(4,879,126)
Repayment of lease liabilities		-	(418,898)
Proceeds from issues of shares		-	3,460,795
Capital raising costs (capitalised)		-	-
Net cash generated by financing activities		1,146,304	3,744,161
Net decrease in cash and cash equivalents		(584,641)	(1,285,321)
Cash and cash equivalents at the beginning of the financial year		702,702	1,975,777
Effects of exchange rate changes on cash and cash equivalents		(85,646)	12,246
Cash and cash equivalents at the end of the financial year	18	32,415	702,702

## 6. Statement of changes in equity

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total Equity \$
<b>Consolidated</b>					
Balance as 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 loss for the year, net of tax	-	(23,565)	-	-	(23,565)
<b>Total comprehensive income for the year</b>	-	(23,565)	(11,184,590)	(326,856)	(11,535,011)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	3,460,795	-	-	-	3,460,795
Share option expenses	-	41,805	-	-	41,805
<b>Balance as at 31 December 2019</b>	<b>54,467,679</b>	<b>474,651</b>	<b>(48,577,889)</b>	<b>(717,037)</b>	<b>5,647,404</b>
Balance at 1 January 2020	54,467,679	474,651	(48,577,889)	(717,037)	5,647,404
Loss after income tax expense for the year	-	-	(11,305,023)	454,398	(10,850,625)
Other comprehensive loss for the year, net of tax	-	459,057	-	-	459,057
<b>Total comprehensive income for the year</b>	-	459,057	(11,305,023)	454,398	(10,391,568)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	722,364	-	-	-	722,364
Share option expenses	-	9,355	-	-	9,355
<b>Balance at 31 December 2020</b>	<b>55,190,043</b>	<b>943,063</b>	<b>(59,882,912)</b>	<b>(262,639)</b>	<b>(4,012,445)</b>

## 7. Details of individual and total dividends or distributions and dividend or distribution payments

Nil

## 8. Details of dividend or distribution reinvestment plans in operation

Nil

## 9. Net tangible assets per ordinary security

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary security	0.36	0.22

Net tangible assets decreased by \$3.2m to \$4.01m as of 31 December 2020.

The net tangible assets calculation as of 31 December 2019 has included the right of use assets recognised on the adoption of AASB 16 *Leases*, considering the underlying nature of the assets leased.

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

*Nil*

## 11. Details of associates and joint venture entities

*Nil*

## 12. Any other significant information

### Alleged Breach of Contract

As disclosed in earlier announcements, mCloud Technologies Corp. ('mCloud') had filed a complaint in the United States Superior Court of the State of Delaware for an alleged breach of contract, fraud and misrepresentation arising from the Expression of Interest dated 9 February 2020. The Company continues to work through its US-based law firm to successfully prosecute the case and it strongly feels that the plaintiff's claims are without merit.

### Settlement of Johnson Control Lawsuit

The lawsuit with JCI has been successfully settled by the new management of the company through its diligent and progressive commitment. This lawsuit was inherited by the new management and well defended by the attorneys of the new management. This case was litigated in USA.

### Gerd Goette vs BuildingIQ Inc

Gerd Goette, a former director has lodged a claim against BuildingIQ Inc (BIQ Inc), allegedly claiming unpaid expenses from certain period in the past. The company does not agree with Gerd Goette's claim. BIQ Inc has a counterclaim against Gerd Goette. The case awaits a trial.

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.

## 13. Accounting Standards Used

BuildingIQ, Inc.'s financial statements are prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

## 14. Commentary on the results for the period

### 14.1 EPS & Dilutive Aspects

	Reporting Period (Cents)	Prior Period (Cents)
Basic earnings per share (continuing)	(1.2)	(2.1)
Basic earnings per share (discontinued)	(1.3)	(1.8)
Diluted earnings per share (continuing)	(1.2)	(2.1)
Diluted earnings per share (discontinued)	(1.3)	(1.8)

There were no dilutive effects of instruments issued in 2020 or 2019.

### 14.2 Returns to shareholders including distributions and buy-backs

*Nil*

### 14.3 Significant features of operating performance

Starting in December 2016, BuildingIQ expanded its service offering to include turn-key solutions to its clients, taking them on the 5i Platform journey. This began with strategic partnerships in Western Australia, which enabled deployment and commissioning of building management systems (Greenfield) from our cloud based 5i Platform and culminated in the seamless integration/expansion of those deployments to other 5i Platform SaaS (Software-as-a-Service) subscription services. These services ensure that BuildingIQ is able to design to specification all components in a building to help serve the ultimate goal, delivery of energy savings through our optimisation service which utilises our Predictive Energy Optimisation (PEO) software algorithms. Over time, these Greenfield activities increased revenue and increased costs relating to hardware and labour. The nature of construction based timetables resulted in substantial cash outflows at the start of Greenfield projects that are recouped with margin towards the end of each project (assuming each project operated reasonably to plan).

Revenue and other income decreased from last year by approximately 15% to \$6.65m (2019: \$7.84m). The key reason for this decrease was COVID-19 outbreak, which resulted in cancellation and/or delay in the commencement of major projects.

Total expenses decreased by 12% to \$12.35m (2019: \$14.11m). Finance costs for the year were \$0.98m (2019: \$0.82m). The overall result of these factors was that the loss before income tax expense for the year decreased to \$10.85m (2019: \$11.51m).

### 14.4 Results of segments

	Sales to external Customers		Geographical non-current assets	
	2020	2019	2020	2019
	\$	\$	\$	\$
Australia	5,445,510	4,793,371	-	2,943,761
USA	605,362	1,573,231	26,068	2,447,505
Discontinued operations	(4,863,288)	(5,030,213)	-	-
Continuing operations	1,187,584	1,336,389	26,068	5,391,266



## 14.5 Trends in performance

The financial highlights for 2020 (all AUD):

- Revenue from ordinary activities (continuing) fell 11% to \$1.19m (2019: \$1.34m);
- Revenue from ordinary activities (Discontinued) fell 3% to \$4.86m (2019: \$5.03m);
- Revenue and other income (continuing) fell 11% to \$1.19m (2019: \$1.33m);
- Revenue and other income (Discontinued) fell 16% to \$5.47m (2019: \$6.50m).

## 14.6 Other factors

No other factors noted.

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## 15. Going concern

The consolidated financial statements are prepared on a going concern basis. For the year ended 31 December 2020, the consolidated entity recorded a loss before income tax of \$10,850,625 (31 December 2019: \$11,511,446) and operating cash outflows of \$1,200,945 (31 December 2019: cash outflows of \$2,427,484). As at 31 December 2020, the Group's total liabilities exceeded its total assets by \$4,012,445.

The directors' forecasts indicate that the consolidated entity would be required to raise further capital through debt and/or equity channels within 12 months from the date of approval of these consolidated financial statements in order to sustain its operating cash position and working capital requirements.

The above conditions give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern.

The directors believe there are reasonable grounds to conclude the consolidated entity will continue as a going concern, after having regard for the following factors:

- The consolidated entity continues to receive funding from SNAPS Holdings Company under the terms of the private placement of up to A\$4.7m entered into on 18 June 2020, which remains in place subject to the consolidated entity's reinstatement to the ASX. The directors believe this funding will be adequate to support the consolidated entity's cash requirements to continue as a going concern for a period of 12 months from the date of approval of the financial report;
- The directors have focussed resources to work closely with its advisors and the ASX to actively meet all requirements and fulfil the consolidated entity's reinstatement to the ASX;
- Since being placed under suspension from official quotation, the directors and new management have been focussed on completing the liquidation and receivership of Buildingsense Australia Pty Ltd and BuildingIQ Pty Ltd so that the consolidated entity may embark on a targeted transformation initiative to reinvent the core business operations. This detailed plan involves technology, business, and financial transitions in addition to remaining committed to successfully and amicably resolving all the business impeding litigation matters;
- The directors have prepared cash flow projections through to 31 March 2023 that reflect the above factors and are satisfied with the key judgements, progress and assumptions applied in relation to the revenue pipeline for 2022 and 2023 financial years, subject to any potential impacts of COVID19, which will provide ongoing operating cash inflows to supplement the capital injections by leveraging all potential and available funding instruments including but not limited to that from the SNAPS Holding Company, debt, equity, public and private funding mechanisms; and
- Management and the directors are continuing to assess and mitigate the impact of COVID19 and are implementing definitive plans to address any potential slowdown.

The directors are of the opinion that the consolidated entity can continue to access debt and equity funding to meet its working capital requirements. Accordingly, the directors consider that it is appropriate to prepare the consolidated entity's financial statements on a going concern basis.

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.

## 16. Discontinued operations

On 21 December 2020, the Company was placed under suspension from official quotation per its request from the correspondence received by subsidiaries BuildingIQ Pty Ltd and Buildingsense Australia Pty Ltd regarding the appointment of Receivers and Managers over certain assets (namely the bank accounts and accounts receivable) of the subsidiaries and subsequent notification by the ASX.

In February 2021 PwC were appointed as liquidators for Buildingsense Australia Pty Ltd and the company was liquidated subsequently in 2021.

BuildingIQ Pty Ltd continues to be under receivership. The directors of the consolidated entity intend to wind-up the company, once it comes out of receivership.

For the financial year ended 31 December 2020, the consolidated entity has treated both the businesses (Buildingsense Australia Pty Ltd and BuildingIQ Pty Ltd, referred as 'Disposal Group') as discontinued operations and have shown their financial results under discontinued operations in the consolidated statement of profit or loss and other comprehensive income. The comparative for financial year ended 31 December 2019 has been re-presented to show the discontinued operations separately from continuing operations.

Similarly, assets and liabilities of the disposal group are shown separately under 'Assets held for sale' and 'Liabilities held for sale' in the consolidated statement of financial position as at 31 December 2020.

## Results of discontinued operations

	<b>Disposal Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Revenue	4,863,288	5,030,213
Other income	604,000	1,471,627
<b>Revenue &amp; other income</b>	<b>5,467,288</b>	<b>6,501,840</b>
Cost of sales	(4,592,627)	(4,641,451)
<b>Gross profit</b>	<b>874,661</b>	<b>1,860,389</b>
Interest income	1,756	1,010
Expenses	(6,540,876)	(7,100,748)

<b>Results from operating activities</b>	<b>(5,664,459)</b>	<b>(5,239,349)</b>
Income tax expense	-	-
<b>Loss from operating activities, net of tax</b>	<b>(5,664,459)</b>	<b>(5,239,349)</b>
Basic earnings (loss) per share (cents)	(1.3)	(1.8)
Dilutes earnings (loss) per share (cents)	(1.3)	(1.8)

#### **Assets and liabilities of disposal group held for sale**

At 31 December 2020, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	<b>2020</b>
	<b>\$</b>
Cash and cash equivalents	10,533
Trade and other receivables	10,983
Other current assets	8,114
<b>Assets held for sale</b>	<b>29,630</b>
Trade and other payables	834,054
Employee benefits	180,345
Borrowings	1,668,968
Other current liabilities	2
<b>Liabilities held for sale</b>	<b>2,683,369</b>

#### **17. Goodwill**

Goodwill of \$931,805 recognised on acquisition of Buildingsense Australia Pty Ltd in 2018 has been impaired fully during the current financial year ended 31 December 2020.

	<b>Goodwill</b>
	<b>\$</b>
<b>Consolidated</b>	
Balance at 31 December 2019	931,805
Goodwill impairment during the year	(931,805)
Balance at 31 December 2020	-

#### 18. Cash and cash equivalents at the end of the financial year

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	
	2020	2019
	\$	\$
Cash at bank	21,882	702,702
Other financial assets – classified as held for sale	10,533	-
	<u>32,415</u>	<u>702,702</u>

#### 19. Statement relating to the status of the audit

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

#### 20. Expected audit opinion

At this stage, the independent audit report is expected to contain an unmodified opinion, subject to an emphasis of matter paragraph disclosing the existence of a material uncertainty related to going concern.