



# Quarterly Activities Report

For the three months ending  
31st December 2017

Science | Technology | Agronomy  
USA | New Zealand | Australia

[www.croplogic.com](http://www.croplogic.com)

CROPOLOGIC LIMITED | ARBN 619 330 648 | NEW ZEALAND COMPANY NUMBER 3184550



ASX:CLI







# Highlights



Successful development of mobile app



Appointment of seasoned COO



Commencement of Asian market entry



International acquisition strategy underway



Continued research & development activities



Cash on hand sufficient for the company to meet its growth aspirations



## Managing Director Message

"The last quarter has seen significant investment into the Company's development capabilities and material steps taken in implementing our global growth strategy. The Company's research and development team are delivering on customer demand for in-field information on mobile devices and continue development on our desktop portal with new enhancements.

Early indications from the calendar year-end for our USA operations are encouraging, and have been underpinned by the successful rollout of our technology immediately after the acquisition occurred in the second quarter of the 2017 calendar year.

Our Asian market entry strategy is underway and we are continuing with our acquisition strategy in other regions.

Following the IPO raise, cash continues to be deployed sparingly but investment has been made to realise the strategic goals which were outlined in the Company's Prospectus. CropLogic is still on track to achieving these goals and the outlook for the next quarter remains good."

**Jamie Cairns**  
Managing Director

# Increasing Operational Capabilities

- ▶ CropLogic appoints seasoned COO to expand the Company's global footprint
- ▶ CropLogic appoints former big 4 Executive to assist with Asian investor market entry



**David de Cuevas**  
Chief Operating Officer

CropLogic has expanded its internal capabilities over the last quarter to support its global growth ambitions. Mr David de Cuevas was announced as the Company's new Chief Operating Officer on 15th January 2018 and will lead operations in its upcoming deployment of up to 1,000 new probes into the United States. A technology professional, David has extensive experience within the financial services, manufacturing, telecommunication, and technology sectors.

With a long and extensive track record in operational leadership and strategic development, David will be an invaluable asset to the company in delivering the service levels that our customers demand and in supporting anticipated growth.

Over this same period, the Company has engaged the services of Mr David Thorn, Managing Director of Darway Pty Ltd, to assist with the Company's Asian investor engagement strategy.

Mr Thorn has been extensively involved in financing Australian food and agriculture businesses for many

years and has a vast network of relationships in Australia, New Zealand and Asia. Darway will provide an instrumental consulting service for CropLogic in supporting its international growth, with a particular focus on Asia. CropLogic is poised to target the Asian capital markets with a focus on sourcing new investment, trading partners and commercial opportunities.

These appointments build on the Company's strategy for continued growth and increased profitability:

1. **Acquire:** Acquire strategic local companies that can then act as beachheads for further regional growth
2. **Transform:** Transform these businesses through cost efficiencies and value-add provided through the introduction of cutting edge technology
3. **Grow:** Utilise cost and resource efficiencies to service more area and generate more revenue on a static cost base



# 2018 Growing Season Preparation Underway

CropLogic has commenced procurement of probe componentry to deliver up to 1,000 in-field sensor units into the Pacific Northwest cropping market for the 2018 growing season.

CropLogic has designed a sensor platform that provides critical in-field information to its analytical platform, the output of which guides agronomists and growers towards better decisions relating to the management of their crops. The platform provides multi-depth soil moisture information, temperature, irrigation and rain measurements. Data collected is transmitted to the cloud-based analytics platform via satellite communications. The sensor design includes interfaces that allow CropLogic to add hardware functionally as required, and modularised communications to fit the environment at hand.

While only one part of the overall CropLogic solution, in-field probes provide underground information that allows early detection of plant health issues and better yield prediction ability. In conjunction with aerial imagery and in-field agronomists, CropLogic adopts a proactive

and predictive philosophy to crop health management and yield improvement.

Through the Company's research and development programme, the 2018 year will see a multi-faceted approach to increasing coverage and geographical presence, acres under management, product performance and efficacy, and a reduction in service costs. With the increase of up to 1,000 in-field sensor units for the 2018 growing season, our agronomists will see their travel time reduced by as much as 50%.

CropLogic's revenue in 2017 was generated by servicing approximately 60,000 acres within Washington State, equating to approximately 30% of the addressable potato market in that region. From 2016 to 2017, CropLogic saw a revenue increase from AUD\$76K to a total of AUD\$2.0 million.



# Mobile app to Support Precision Farming Nears Completion

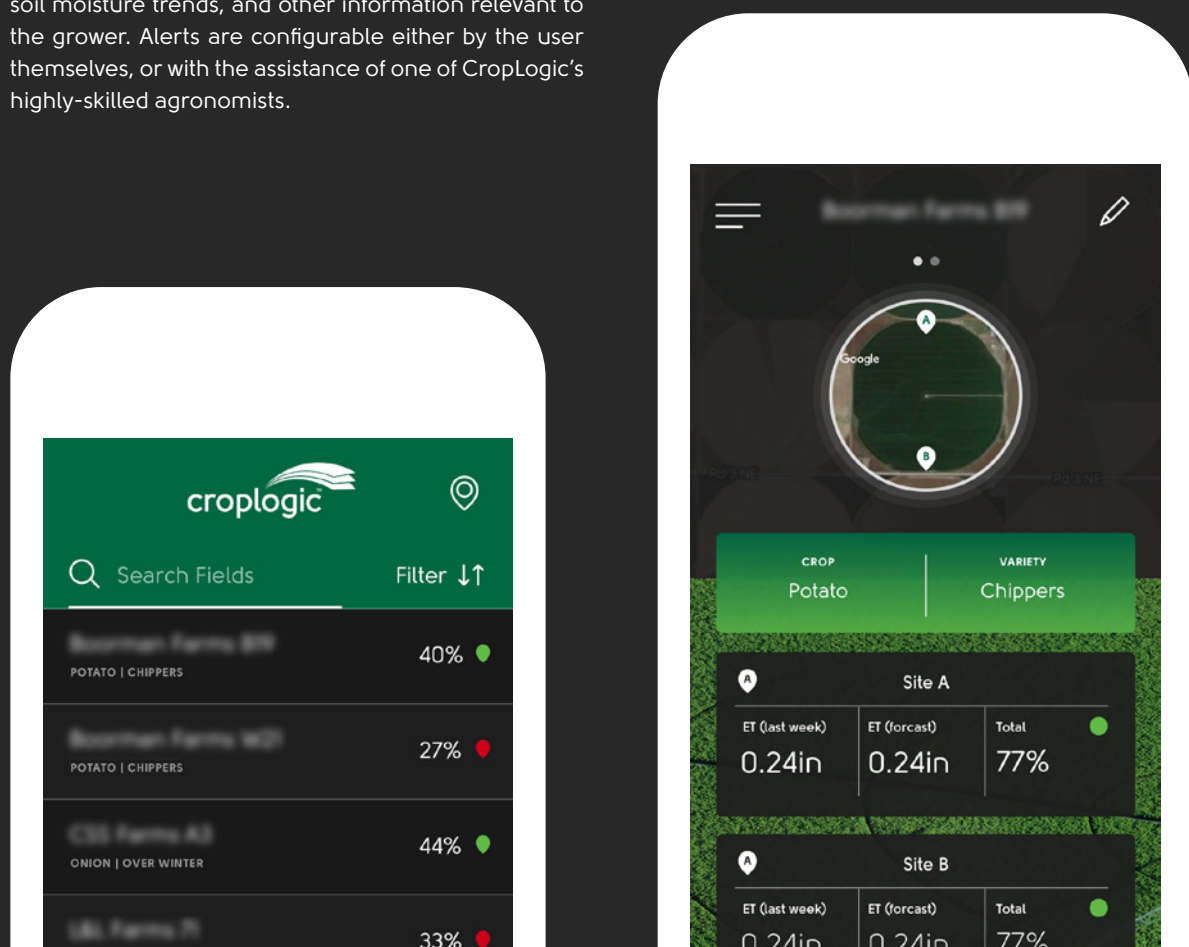
Over the last quarter, the Research and Development Team at CropLogic have developed a new mobile app that provides a compelling user interface that is both intuitive and informative for the Company's clients. Demonstrated in December 2017 in Pasco, Washington (USA), the prototype was received with exceptional user support. Due for production release in the upcoming April 2018 growing season, the app provides growers with immediate in-field access to critical information relating to their crops in a simple and concise manner that belies the complexity of CropLogic's telemetry systems and modelling.

Growers can immediately identify fields with issues such as inadequate water supply from a single view. The app includes an aerial view of the field showing the location of the in-field sensors, a history of irrigation patterns and soil moisture trends, and other information relevant to the grower. Alerts are configurable either by the user themselves, or with the assistance of one of CropLogic's highly-skilled agronomists.

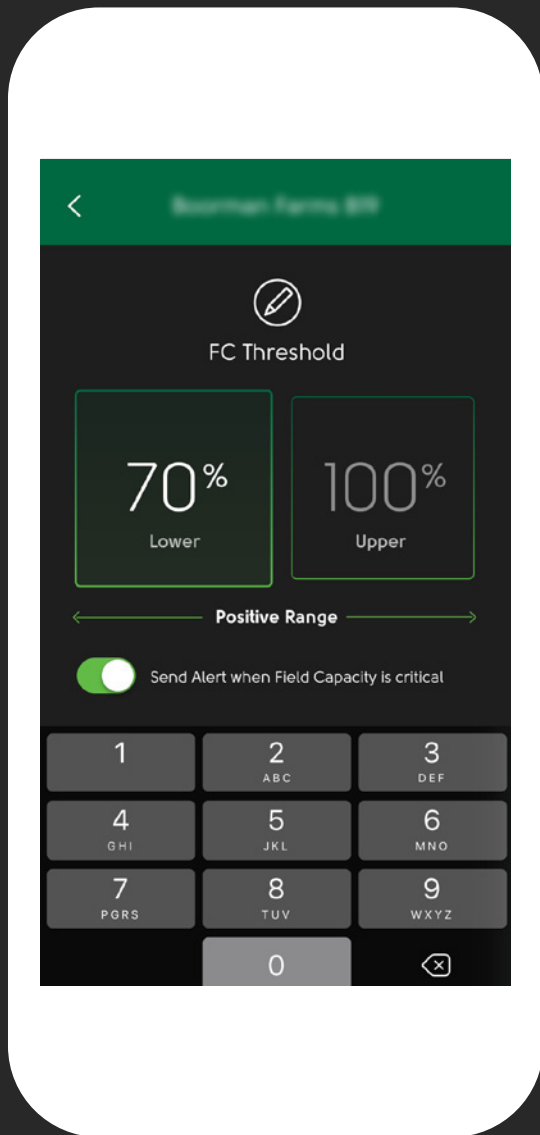
The underlying delivery platform is designed to be both scalable and fault-tolerant, and utilises various cloud services provided by Amazon. By using a major provider, CropLogic is able to locate data and computational resources close to the end user, reducing latency, lowering costs and maximising the user experience.

CropLogic will continue to provide a comprehensive web portal for detailed management of fields, but has responded to an increasing demand for in-field information on mobile devices and a simplified portal to allow growers to manage their fields "by exception" with the aid of a simple traffic light and alerting system.

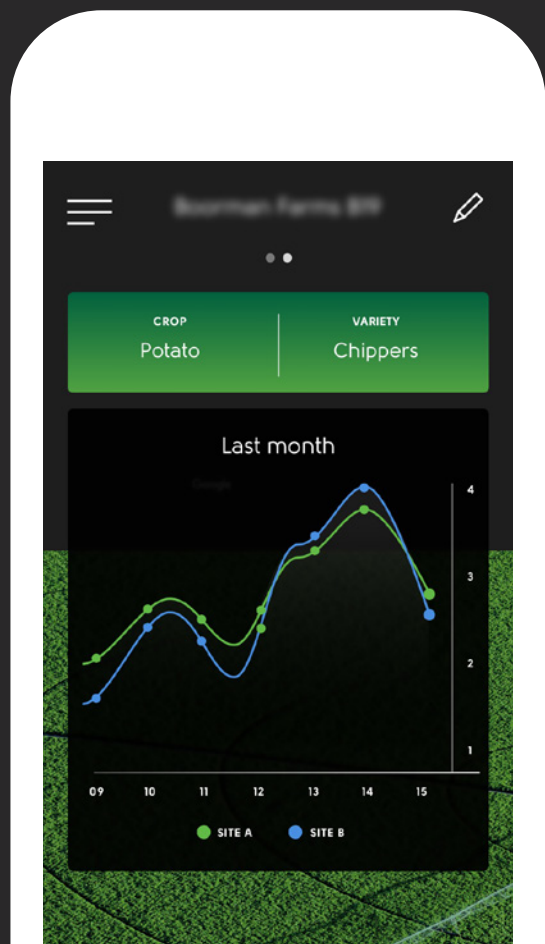
The app is expected to provide the platform for the introduction of further premium services in the medium-term.



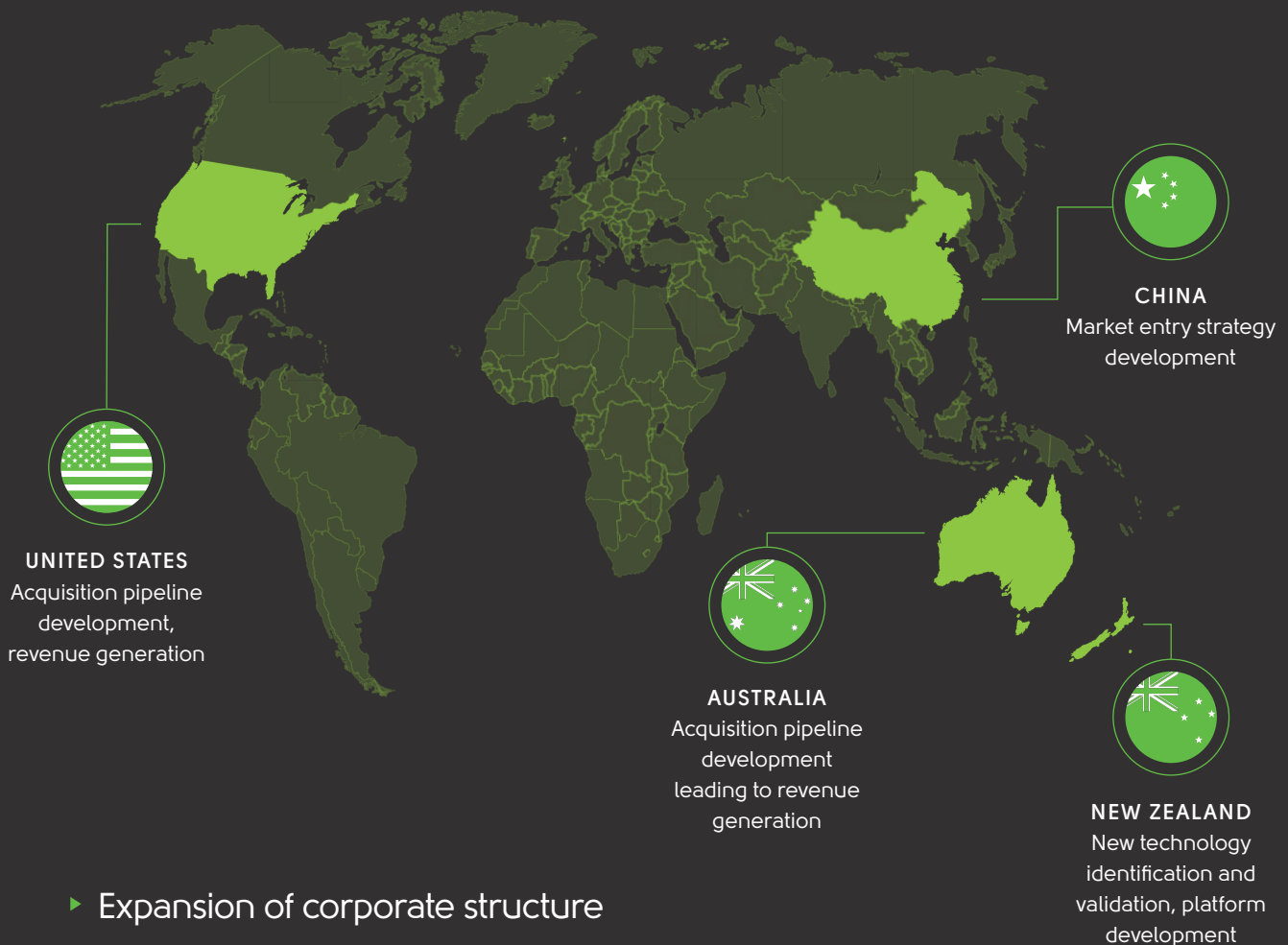




- ▶ Development of mobile app nears completion
- ▶ App to be operational for the upcoming US growing season
- ▶ App will become a platform for the addition of further premium decision-support tools



# Corporate



- Expansion of corporate structure
- Significant revenue generated from US growing season

During the period the Company successfully held its Annual General Meeting on 12th December 2017 with all resolutions passed as announced on the same day.

As at 31 December 2017, the Company has cash reserves of \$5.5 mil. This leaves CropLogic well resourced to meet its growth aspirations for the 2018 growing season.

While the company has cash reserves on hand to sustain its current plans, finance options for in-field sensors are currently being investigated. Establishing an ongoing finance facility for this hardware will allow CropLogic to preserve cash reserves for other investment and growth activity, while revenue generated from the hardware itself services the debt.

Cash expenditure during the period and year to date on such items as share issue and IPO costs, costs associated with the acquisition of business operations in the USA, further IP acquisition, in some instances staff redundancies and the set up of support and infrastructure appropriate with an ASX listed company is thought to be one-off in nature and not thought to be re-occurring items drawing on the Company's cash reserves going forward. These elements are seen as critical to the growth of the Company and add to the worth of the Company and shareholder value.

For further details on CropLogic cashflows please see the attached Appendix 4C Quarterly Cash Flow Report.



# About CropLogic

CropLogic is a New Zealand agronomy services company listed on the Australian Securities Exchange (ASX) and currently servicing approximately 60,000 acres or 30% of the potato market in Washington State, USA.

CropLogic offers agronomic expertise to large scale crop growers based upon scientific research and delivered with cutting edge technology- science, agronomy and technology interwoven into an expert system for decision support.

CropLogic builds upon 30 years of scientific research by The New Zealand Institute of Plant and Food Research, an internationally-recognised Crown Research Institute. The CropLogic analytical platform gathers crop data via in-field sensors coupled with proprietary scientific models to predict outcomes and optimise field productivity. Skilled agronomists help present this information to the grower and assist them in their critical decision making process.

The CropLogic system has been developed with the benefit of over 500 field trials throughout Australia, China, New Zealand and the United States of America. In 2017 the system was commercially launched into Washington State, USA.

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity: CropLogic Limited

ARBN: 619 330 648

Quarter Ended ("current quarter"): 31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	418	2,039
1.2	Payments for		
	(a) research and development	(370)	(940)
	(b) product manufacturing and operating costs	(600)	(1,614)
	(c) advertising and marketing	(22)	(64)
	(d) leased assets	-	-
	(e) staff costs	(5)	(46)
	(f) administration and corporate costs	(197)	(655)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	10
1.5	Interest and other costs of finance paid	(14)	(50)
1.6	Income taxes paid	(38)	(39)
1.7	Government grants and tax incentives	-	113
1.8	Other (provide details if material)	43	(87)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(777)</b>	<b>(1,333)</b>



## Appendix 4C

### Continued

Consolidated statement of cash flows, Cont.		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(81)	(138)
	(b) businesses (see item 10)	-	(1,353)
	(c) investments	-	-
	(d) intellectual property	-	(358)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(81)</b>	<b>(1,849)</b>

## Appendix 4C

### Continued

Consolidated statement of cash flows, Cont.		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	8,000
3.2	Proceeds from issue of convertible notes	-	2,013
3.3	Proceeds from exercise of share options	-	271
3.4	Transaction costs related to issues of shares, convertible notes or options	(209)	(1,520)
3.5	Proceeds from borrowings	-	30
3.6	Repayment of borrowings	(14)	(89)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(223)</b>	<b>8,704</b>

Consolidated statement of cash flows, Cont.		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(1,082)</b>	<b>5,523</b>
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,671	80
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(777)	(1,333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(81)	(1,849)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(223)	8,704
4.5	Effect of movement in exchange rates on cash held	(60)	(73)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,530</b>	<b>5,530</b>



## Appendix 4C

### Continued

<b>5</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>
5.1	Bank balances	1448
5.2	Call deposits	4082
5.3	Bank overdrafts	-
5.4	Other (provide details)	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,530</b>

<b>6</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	79
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 consists of directors fees paid.

<b>7</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	48
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.1 consists of consulting costs paid to a company controlled by the Chief Financial Officer as remuneration for services provided.

## Appendix 4C

### Continued

8	Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other: credit cards and vehicle finance	(95)	(95)
8.4	<p>The Group holds financing facilities in the form of credit cards with the following lenders;</p> <ul style="list-style-type: none"><li>▶ Bank of New Zealand</li><li>▶ Wheatland Bank</li></ul> <p>Security on these facilities consists of various director guarantees.</p> <p>The Group has also entered into asset finance agreements with Toyota Financial Services to finance the purchase of motor vehicles. These loans are secured against the vehicles purchased.</p>		
9.	Estimated cash outflows for next quarter		\$A'000
9.1	Research and development		254
9.2	Product manufacturing and operating costs		495
9.3	Advertising and marketing		18
9.4	Leased assets		-
9.5	Staff costs		-
9.6	Administration and corporate costs		175
9.7	Other		1,783
	<p>Included in "Other": it is estimated that there will be cash outflows of AUD\$1.178m in the January-March 2018 quarter relating to capital expenditure for the deployment of probes into the US market. As mentioned in the corporate section of the activities report, finance for these is being actively sourced.</p> <p>It is also estimated that there will be cash outflows of USD\$420k (AUD\$605k) relating to the acquisition of Professional Ag Services Inc.</p>		
9.8	Total estimated cash outflows		2,725



## Appendix 4C

### Continued

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

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.



James Cooper Jones  
Company Secretary | Chief Financial Officer

31 January 2018

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.



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## Connect

