

ASX Announcement  
31 July 2018

## Quarterly Activities Report June 2018

### Highlights:

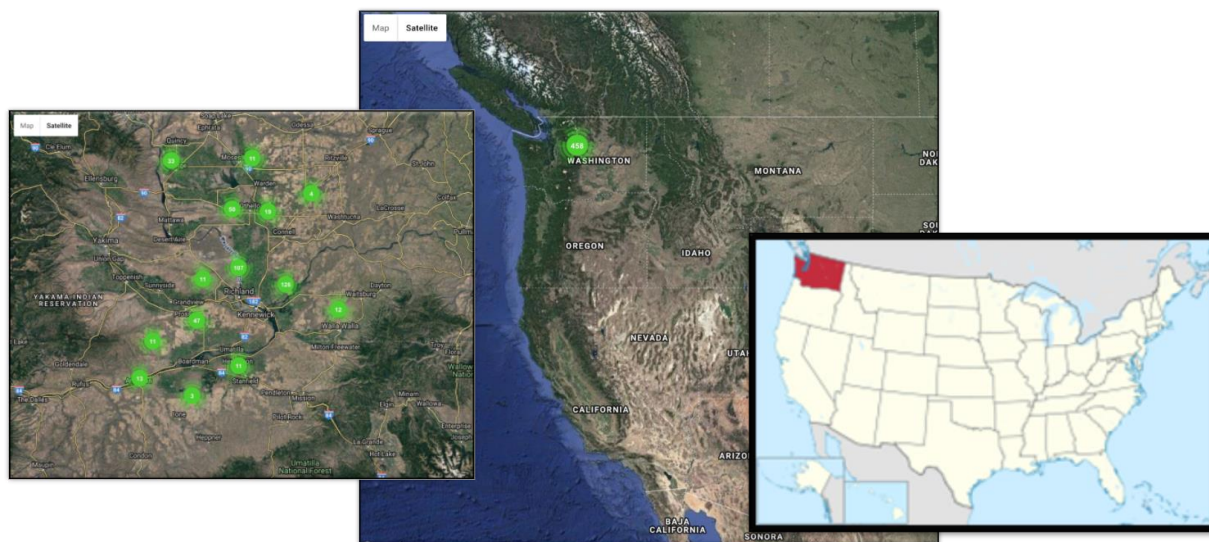
- **Excellent response to CropLogic realTime for the Washington State growing season**
  - Repeat customers
  - Customer growth
  - Commodity growth
- **CropLogic Aerial Imagery successful in North America**
  - Fields flown in Washington State, Oregon and Idaho
  - Fields flown in Alberta, Canada
  - Enhanced through technology developed via Callaghan Innovation R&D Loan
- **Growth potential into the US and Australian markets**
  - USA - Growth potential in 'stepping out' regions
  - Australia - Growth potential due to tree and viticulture crop boom
- **Technical desktop study review and categorisation**
  - Significant documentation and categorisation of technology
  - Number of technologies identified as potential patent opportunities
- **Outsourcing and further streamlining of processes**
  - Contract manufacturer being investigated (see 'Materials Handling' section)
  - Outsourcing of software maintenance and support (see 'IT Technical Support' section)
- **Corporate**
  - Annual financial statement lodged
  - Purchase of CropLogic stock by Company Directors and Executive
  - Annual General Meeting announced

### CropLogic realTime

CropLogic launched CropLogic realTime into the Columbia Basin, Washington State, USA, during the 2017 growing season, which runs from roughly February/March through to September/October each year. This saw 87 CropLogic realTime sites being established in 2017.

CropLogic has received an excellent response to its product CropLogic realTime from growers in the Columbia Basin. The positive response from this release saw many of these 2017 customers increase their uptake of CropLogic realTime and also 'champion' the product in the region.

This response has allowed CropLogic to establish over 500 CropLogic realTime sites in 2018, a dramatic increase on 2017 numbers.



Columbia Basin, Washington State, USA

CropLogic has also seen a broadening in the types of commodities to which CropLogic realTime is being successfully applied.

The technology had initially been applied to vegetable crops such as potatoes, onions and carrots. However, this season has seen CropLogic realTime used successfully in a variety of crops include tree crops (such as apples) and viticulture (such as wine grapes).

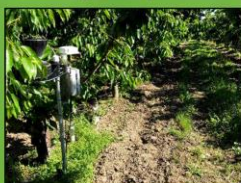
CropLogic attributes this to the robustness of the CropLogic realTime technology and the 'ground truthing' of the technology from the industry knowledge and expertise of our experienced USA agronomy team.

## CropLogic Realtime is being used in a variety of commodities & irrigation systems during the 2018 growing season

Cherries (Infant)



Cherries (mature)



Wine Grapes



Onions



Apples



Winter Onions



### Commodity type (Crop) with irrigation type

- **Vegetables (Centre Pivot)**
  - Potatoes
  - Onions
  - Carrots
  - Peas
  - Beans
- **Tree Crops (In row Drip and low level sprayers)**
  - Apples
  - Cherries
- **Viticulture (In row drip)**
  - Grapes
- **Fodder (Centre Pivot)**
  - Alfalfa (Lucerne)
- **Other**
  - Asparagus (Drip tape)
  - Grains – Wheat / Corn (Centre Pivot)
  - Hops

### CropLogic Aerial Imagery



Anecdotal field research indicates this season has the potential to be another successful season for CropLogic's aerial imagery business.

CropLogic uses aerial imagery with infrared and near infrared technology to detect signs of plant stress in its early stages. This technology can often detect these areas of stress long before they are apparent to the naked eye, allowing for early detection and treatment.

Fields in Washington State, Oregon and Idaho and then Alberta, Canada are serviced. CropLogic Aerial Imagery uses fixed wing planes and flies out of Pasco airport to service Washington State, Oregon and Idaho, and Taber airport to service Alberta, Canada.



*CropLogic Aerial Imagery planes fly out of Pasco airport & Taber airport*

CropLogic's aerial imagery offering has been increased this season with technology developed out of research undertaken via the Research and Development (R&D) loan from the New Zealand government owned, Callaghan Innovation.

### Growth potential into the US & Australian markets

CropLogic sees potential for significant further growth in the North American market due to the positive response that CropLogic's technologies have received in this region.

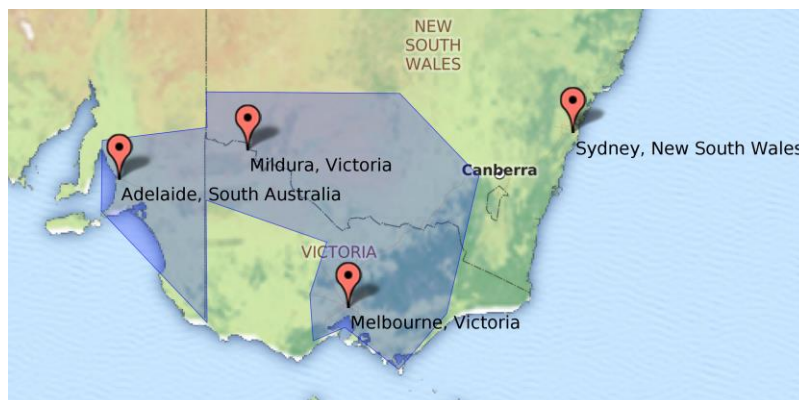
CropLogic particularly sees potential in neighbouring 'stepping out' regions (as shown in the adjacent image) that present the best reference-ability to current areas of operations.

CropLogic sees significant growth potential into the Australian market due to the resurgence that a number of tree and viticulture crops are seeing in parts of Australia. These are crops CropLogic has been servicing in the USA.



CropLogic's future growth strategy for Australia (as announced [30 April 2018](#) and further on [9 July 2018](#)) highlighted a specified region in South-East Australia. This is based on market data that

confirms that this area represents approximately 74% of Australia's horticulture acres with a gross product at the farm gate of \$3.4 billion p/a.



*CropLogic's target geography in Australia*

### Desktop study

CropLogic has undertaken an internal technical desktop study following the end of the 2017 financial year and the corporate restructure announced on [30 April 2018](#). This initiative, spearheaded by Non-Executive Director, Dr Andrew Whitehead, has included the production of 20 separate technical reports amounting to a body of work over 1,000 pages.

These technologies have been categorised into CropLogic's key technical areas of interest and represent a considerable number of different technology streams and a significant portfolio of agricultural and associated technologies.

CropLogic has engaged Intellectual Property (IP) lawyers, Wrays, to review these technologies for potential patent and other IP protections.

This process is thought to also make it significantly easier for CropLogic to progress these technologies along the commercialisation pathway, seek partnerships to develop these technologies and/or parcel non-core technologies for sale.

### Outsourcing and streamlining

CropLogic has experienced considerable growth over the preceding 18 to 24 months. As such it is appropriate that the Company reviews its processes. As part of the Corporate Restructure announced on [30 April 2018](#), CropLogic has reviewed two particular elements of its business: materials handling and IT technical support.

#### Area of Interest

Core Area 1:  
Digital technology – remote sensory

Core Area 2:  
Detection of plant stress using imagery and AI

Core Area 3:  
Predictive Modelling – Yield prediction technology



### Materials Handling

Following the development and successful launch of CropLogic's in-field sensor and telemetry unit, the hardware component of CropLogic realTime, this product has now been standardised and technically documented. Where previously these units were procured and assembled internally by CropLogic staff a process has been undertaken to secure third party contract manufacturers in both the USA and Australia.

The response from this process has been a positive one and CropLogic expects to have contract manufacturers in place in both the USA and Australia in the coming months. Moving to a contract manufacturer 'turn key' model allows CropLogic to produce these units in a more cost effective 'just in time' manner, reducing overall costs and strain on finite CropLogic human resources. It is also thought to provide a scale-ability not afforded by an internal resourced process.

This process is a reflection of the continued commercialisation of CropLogic realTime.

### IT Technical Support

Following the development of CropLogic GrowerView (both desktop and mobile app), the software component of CropLogic realTime, this product has also been standardised and technically documented. The code and processes around these products have been audited and found to be robust, developed according to best practice and to contain minimal technical debt. Where previously these products were developed and monitored internally by CropLogic staff a process has been undertaken to migrate this function to a competent third-party software maintenance and support provider.

This process has now been completed and has been successful. Moving to the third-party provider has dramatically reduced the cost of maintaining these products whilst providing CropLogic with the resources to develop and grow this product as and when required.

## Corporate

### Annual Financial Statements

On the [29 June 2018](#) the Company lodged its annual financial statements. These represent a period of significant period of growth and transition for CropLogic from a small 'start up' company on the cusp of launching its product to one that is listed on the Australian Securities Exchange (ASX) and has operations on three continents.

Further to the Corporate Restructure announced on [30<sup>th</sup> April 2018](#) the Company has reviewed its potential and current business units. As a result, the Company elected to wind up the operations of Indigo Systems. It has also been mutually agreed with the owners of Ag Logic to terminate the proposed acquisition of this business.

### Director and Executive Buying

The period saw Director and Executive buying of Company shares on market. As announced on [9 July 2018](#) and [17 July 2018](#) the Hon. Mrs Edwardes AM – Non-Executive Chairperson and Mr. Steven Wakefield – Non-Executive Director acquired company shares with Mr. Wakefield increasing his holding such that he became a substantial holder.



Science | Technology | Agronomy

Chief Executive Officer, James Cooper-Jones, also acquired 916,612 Company shares during the period.

**Annual General Meeting**

The Annual General Meeting (AGM) of CropLogic Limited is to be held at:

Time: 2:00pm (AEST)

Date: Wednesday, 22<sup>nd</sup> August 2018

Place: At the offices of DLA Piper

Level 22

No. 1 Martin Place

Sydney, NSW, Australia

The notice of meeting can be found here: [Notice of Meeting](#)

**About CropLogic**

CropLogic is an award winning New Zealand agricultural technology company listed on the Australian Securities Exchange (ASX). After launching its product into Washington State, USA in 2017 CropLogic is currently servicing a significant portion of horticultural growers there, in some crops having a market share as high as 30%. CropLogic offers large scale crop growers with digital agricultural technology expertise based upon scientific research and delivered with cutting edge technology – science, agronomy and technology interwoven into an expert system for decision support.

For more information please visit: <http://www.croplogic.com/>

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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

**ABN**

619 330 648

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	510	510
1.2 Payments for		
(a) research and development	(148)	(148)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(21)	(21)
(d) leased assets	-	-
(e) staff costs	(211)	(211)
(f) administration and corporate costs	(866)	(866)
(g) Investor Relations	(19)	(19)
(h) Salaries - Operations	-	-
(i) Subscriptions	(1)	(1)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(2)
1.7 Government grants and tax incentives	-	-
1.8 Cash receipts from other operating activities	24	24
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(726)</b>	<b>(726)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(295)	(295)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(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	(11)	(11)
2.4 Dividends received (see note 3)	-	-
2.5 Other cash items from investing activities	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(306)</b>	<b>(306)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(26)	(26)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other cash items from financing activities	13	13
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(13)</b>	<b>(13)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,932	2,932
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(726)	(726)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(306)	(306)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(13)
4.5	Effect of movement in exchange rates on cash held	(17)	(17)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,871</b>	<b>1,871</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,736	1,802
5.2	Call deposits	135	1,130
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,871</b>	<b>2,932</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of cash flow to these parties included in item 1.2	(11)
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 Director fees paid		

7. <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	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(105)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)	(104)	(104)
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Group holds financing facilities in the form of credit cards with the following lenders;  
BNZ  
Homestreet  
Barclays  
Security on these facilities consists of various director guarantees  
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.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	20
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	117
9.4 Leased assets	-
9.5 Staff costs	547
9.6 Administration and corporate costs	648
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,332</b>

The Company is an operating business that generates cash inflows, including receipts from customers. The above summary of anticipated cash outflows does not fully reflect the anticipated net cashflows for the following quarter, as it excludes inflows (such as receipts from customers). The Company estimates net cash outflow for the next quarter (when considering such things as receipts from customers) to be A\$113,923.

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

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  ..... Date: 31 July 2018  
(Company secretary)

Print name: Susan Hunter .....

### 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.