

**Appendix 4E**  
**Preliminary Financial Statements to the Australian Securities Exchange**

**CropLogic Limited**

1. **Financial Year information - 1 April 2018 to 31 March 2019**
2. **Key Information - Results for Announcement to the Market**

	31 March 2019	31 March 2018	Change	Change
	\$('000)	\$('000)	\$('000)	%
Revenue	2,190,539	2,070,083	120,456	6%
Loss for the period after tax	(4,746,735)	(3,438,857)	(1,307,878)	38%
Loss attributable to members of the parent entity	(4,495,654)	(3,233,157)	(1,262,497)	39%

**Operational Updates**

The Group's operations in Washington State continue to be successful. After the acquisition of Professional Ag Services, Inc. (ProAg) and the merging of their significant agronomy skills with CropLogic's digital agtech expertise the process of migrating the ProAg client list from the labour intensive manual and analogue soil moisture reading process using Hydropobes to the digital, remote and satellite connected soil moisture reading system of CropLogic realTime continues. This is evidenced by a more than 5 times increase in the deployment and implementation of CropLogic realTime IFMS (In Field Monitoring Systems) units during the period (2018: 87 units, 2019: 483 units) and a near 6 times increase in CropLogic realTime revenue (2018: \$74,516, 2019: \$440,997).

During the period the Group has gone through significant operational restructure and expansion. In an effort to streamline and reduce costs such as corporate overheads this has included reducing the Group's operations and management team in New Zealand and moving this team and focus of operations to the Group's key target and growth markets of the USA and Australia. This has included closing down of the Christchurch, New Zealand office and establishing a head office in Perth, Australia. And also establishing regional sales offices in USA: Twin Falls, Idaho, Bend, Oregon and in Australia: Mildura, Victoria.

A further operational development instigated during the period was the establishment of a 500 acre CBD producing Industrial Hemp trial farm in Central Oregon.

These operational changes, coupled with a full year of ASX listing expenses, provide an explanation for the increase in Loss for the period after tax (2018: \$3,438,857, 2019:\$4,633,148). However, this has streamlined significantly the Groups corporate overhead and positioned the Group well for future growth.

The Mildura, Australia office was set up and staffed during the fourth calendar quarter of 2018. Since then this office has recorded sales of \$22,964. These represent the first sales of CropLogic realTime in Australia. This and considering the proximity to the set up and staffing of this office to these sales suggests to CropLogic that they represent a significant milestone.

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The offices of Twin Falls, ID and Bend, OR were established outside their regional growing seasons and as such sales from these offices are not included in this period of this report. However, reception of CropLogic's suite of agtech products has been positive and the Group expects sales out of these regions in the 2020 financial year.

During the period the Group has also positioned itself to undertake a trial farm of 500 acres in Central Oregon to crop CBD producing Industrial Hemp during the 2020 financial year. This not only allows the group to take advantage of potentially lucrative returns on this crop during the 2020 financial year but positions the Group to be a first mover in regards to providing agronomy and agtech services to this emerging and potentially globally significant crop into years to come.

The financial year 2019 has been a successful one with expansion of the Group's key operations in Washington State, along with the establishment of 3 new regional sales offices and a cropping operation in an exciting emerging crop. As such the Group looks positively towards CropLogic's prospects for the 2020 financial year and beyond.

Appointment of new board members;

- Stephen Silver as Director as of 21 February 2019
- John Corbett as Non Executive Director as of 2 November 2018

Changes in corporate governance;

- Resignation of Hon. Cheryl Edwardes AM as Chair, and appointment of Steve Wakefield as Acting Chair as of 15 February 2019 (confirmed as Chair from 1 May 2019)
- Resignation of Andrew Whitehead as Director as of 21 February 2019

**2.1. Dividends**

No dividends have been declared or paid during the financial year ended 31 March 2019.

	31 March 2019	31 March 2018
Basic Loss per Share (Cents/Share)	(2.66)	(3.92)
Diluted Loss per Share (Cents/Share)	(2.66)	(3.92)
Net tangible assets per share (Cents/Share)	0.81	3.68

**3. Details of dividends**

See items 2.1

**4. Dividend Reinvestment Plan and Bonus Share Plan.**

Not Applicable

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**5. Details of entities over which control has been gained or lost during the period**

Name of subsidiary	Principle Acitivity	Place of incorporation and operation	Portion of ownership interest and voting power held by the Group
CropLogic Australia PTY LTD	Agronomy and AgTech Services in Australia	Australia	100%
Indigo Systems Limited	Agronomy and AgTech Services in New Zealand	New Zealand	100%
Lincoln Agriculture PTY LTD	Holding Company	Australia	100%
CLPA Holding Company	Holding Company	United States	100%
LogicalCropping LLC	CBD producing Industrial Hemp cropping in Oregon, USA	United States	100%
CropLogic USA LLC	Agronomy and AgTech services in Idaho and Oregon, USA	United States	100%
ProAg CropLogic LLC	Agronomy and AgTech services in Washington State, USA	United States	100%

**6. Details of joint venture entities**

Not Applicable

**7. Any other significant information**

Not Applicable

**8. Audit Status**

These financial statements are in the process of being audited by RSM Australia Partners and are not likely to be subject to dispute or qualification.

# CropLogic Limited

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 March 2019

		Year ended	
	Note	31-Mar-19	31-Mar-18
		\$	\$
Revenue	4	2,190,539	2,070,083
<b>Total Revenue</b>		<b>2,190,539</b>	<b>2,070,083</b>
Operational expenses		(3,531,013)	(2,361,133)
Research & development		(203,911)	(652,286)
General & administrative expenses		(2,162,367)	(1,267,223)
Depreciation & amortisation		(651,558)	(305,547)
Investment income		11,046	17,467
Other gains/(losses)		(139,905)	(208,925)
Finance costs		(26,219)	(43,005)
IPO costs expensed		-	(653,012)
Impairment		-	(147,159)
<b>Loss before tax</b>		<b>(4,513,390)</b>	<b>(3,550,740)</b>
Taxation expense		(233,345)	111,883
<b>Loss for the period</b>		<b>(4,746,735)</b>	<b>(3,438,857)</b>
<b>Items that may be reclassified to profit or loss</b>			
Foreign exchange translation differences for foreign operations		251,081	205,700
<b>Other comprehensive loss for the period</b>		<b>251,081</b>	<b>205,700</b>
<b>Total comprehensive loss for the period</b>		<b>(4,495,654)</b>	<b>(3,233,157)</b>
From continuing operations			
- Basic (cents per share)	5	(2.66)	(3.92)
- Diluted (cents per share)	5	(2.66)	(3.92)

**CropLogic Limited**  
**Consolidated statement of financial position**  
As at 31 March 2019

	Note	31-Mar-19 \$	31-Mar-18 \$
<b>Equity</b>			
Share capital	7	16,763,787	14,484,972
Retained earnings (losses)		(13,004,426)	(8,321,900)
Reserves		621,006	321,149
<b>Total Equity</b>		<b>4,380,367</b>	<b>6,484,221</b>
<b>Represented by:</b>			
<b>Current assets</b>			
Cash & cash equivalents		474,694	2,932,058
Trade & other receivables		56,262	20,867
Income tax receivable		1,432	4,974
Inventories		-	16,318
Other current assets		777,682	80,435
<b>Total Current Assets</b>		<b>1,310,070</b>	<b>3,054,652</b>
<b>Current liabilities</b>			
Trade & other payables		924,967	494,414
Current borrowings		37,018	90,287
Other current liabilities		125,145	297,114
Contingent consideration		421,748	390,652
Income tax payable		233,345	-
<b>Total Current Liabilities</b>		<b>1,742,223</b>	<b>1,272,467</b>
<b>Working Capital</b>		<b>(432,153)</b>	<b>1,782,185</b>
<b>Non Current Assets</b>			
Property, plant & equipment		2,295,678	2,431,493
Intangibles		997,906	1,178,499
Goodwill		2,128,802	1,971,893
<b>Total Non Current Assets</b>		<b>5,422,386</b>	<b>5,581,885</b>
<b>Non Current Liabilities</b>			
Borrowings		609,866	511,309
Contingent consideration NC		-	368,540
<b>Total Non Current Liabilities</b>		<b>609,866</b>	<b>879,849</b>
<b>Net Assets</b>		<b>4,380,367</b>	<b>6,484,222</b>

**CropLogic Limited**  
**Consolidated statement of changes in equity**  
As at 31 March 2019

	Note	Issued capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total equity
		\$	\$	\$	\$	\$
<b>Balance at 1 April 2017</b>		4,101,789	(4,883,042)	65,897	12,717	(702,639)
Loss for the period		-	(3,438,857)	-	-	(3,438,857)
Other comprehensive income for the period		-	-	-	205,700	205,700
Total comprehensive income		-	(3,438,857)	-	205,700	(3,233,157)
Transactions with owners in their capacity as owners:						
Contributions of equity (net of transaction costs)	7	10,383,183	-	-	-	10,383,183
Performance rights		-	-	102,731	-	102,731
Employee share options exercised		-	-	(65,897)	-	(65,897)
		10,383,183	-	36,834	-	10,420,017
<b>Balance at 31 March 2018</b>		<b>14,484,972</b>	<b>(8,321,899)</b>	<b>102,731</b>	<b>218,417</b>	<b>6,484,221</b>
<b>Balance at 1 April 2018</b>		14,484,972	(8,321,899)	102,731	218,417	6,484,221
Loss for the period		-	(4,746,735)	-	-	(4,746,735)
Other comprehensive income for the period		-	-	-	251,081	251,081
Total comprehensive income		-	(4,746,735)	-	251,081	(4,495,654)
Transactions with owners in their capacity as owners:						
Contributions of equity (net of transaction costs)	7	2,278,815	-	-	-	2,278,815
Performance rights		-	-	23,972	-	23,972
Share based payments		-	-	89,013	-	89,013
Employee share options forfeited		-	64,208	(64,208)	-	-
		2,278,815	64,208	48,777	-	2,391,800
<b>Balance at 31 March 2019</b>		<b>16,763,787</b>	<b>(13,004,426)</b>	<b>151,508</b>	<b>469,498</b>	<b>4,380,367</b>

These financial statements are to be read in conjunction with the accompanying Notes. These financial statements have not been audited.

**CropLogic Limited**  
**Consolidated statement of cash flows**  
For the year ended 31 March 2019

		Year ended	
	Note	31-Mar-19	31-Mar-18
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		2,155,142	2,054,695
Receipts from government R&D tax incentive		-	111,883
Cash paid to suppliers and employees		(6,322,866)	(4,843,954)
Interest Income		11,046	17,467
Interest paid		-	(52,876)
Income tax paid		-	(4,662)
Cash receipts from other operating activities			
<b>Net Cash Flows used in Operating Activities</b>	<b>6</b>	<b>(4,156,678)</b>	<b>(2,717,447)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant, and equipment		(41,899)	(1,354,445)
Purchase of businesses		-	(1,989,585)
Payments for capitalised development costs		-	(329,428)
Payments for acquired intangibles		-	(372,974)
Payment for contingent consideration for purchase of business		(433,407)	-
<b>Net Cash Flows used in Investing Activities</b>		<b>(475,306)</b>	<b>(4,046,432)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares, net of costs		2,342,828	7,415,509
Proceeds from issue of convertible notes, net of costs		-	2,012,214
Proceeds from exercise of share options		-	270,932
Proceeds from borrowings		-	29,773
Repayment of borrowings		(101,926)	(134,609)
Share Capital in Advance		-	
<b>Net Cash Flows from Financing Activities</b>		<b>2,240,902</b>	<b>9,593,819</b>
Net increase/(decrease) in cash and cash equivalents		(2,391,082)	2,829,940
Effects of exchange rate changes on the balance of cash held in foreign currencies		(66,282)	22,442
Cash at the beginning of the year		2,932,058	79,676
<b>Cash at the End of the Year</b>		<b>474,694</b>	<b>2,932,058</b>

# CropLogic Limited

## Notes to and forming part of the Financial Statements

For the year ended 31 March 2019

### 1 General Information

These financial statements are for CropLogic Limited (“the Company” or “CropLogic”) and its subsidiaries (together “the Group”). The Company is a limited liability company incorporated in New Zealand and listed entity on the Australian Securities Exchange. The registered office of the Company is DLA Piper New Zealand, Chartered Accountants House, Level 5, 5-64 Customhouse Quay, Wellington 6011, New Zealand.

### 2 Statement of Accounting Policies

#### Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). For the purposes of complying with NZ GAAP, the Group is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRSs) and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS.

The consolidated financial statements have been prepared using the historical cost convention unless otherwise stated below or in the notes.

The consolidated financial statements are presented in Australian Dollars (\$) (the 'presentation currency').

This report should be read in conjunction with any public announcements made by CropLogic during and subsequent to the reporting period.

#### Application of new and revised New Zealand Equivalents to International Financial Reporting Standards (NZ IFRSs)

The Group has adopted all of the mandatory new and revised Standards, Amendments and Interpretations issued by the External Reporting Board (the XRB) that are relevant to their operations and effective for the current year. Those which have a material impact on the Group include:

- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue from Contracts with Customers

#### Impact of the application of NZ IFRS 9 Financial Instruments

The Group has adopted NZ IFRS 9 from 1 April 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. Applying NZ IFRS 9 did not have any significant impact on the classification or valuation of financial assets, impairment bookings on trade receivables and other financial assets.



# CropLogic Limited

## Notes to and forming part of the Financial Statements

For the year ended 31 March 2019

### *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 allowance for expected credit losses. 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. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive

### **Impact of the application of NZ IFRS 15 Revenue from Contracts with Customers**

The Group has adopted NZ IFRS 15 from 1 April 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies in Note 3. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. Applying NZ IFRS 15 has had no impact on timing of revenue recognition or on the presentation of the statement of financial position.

### **3 Segment Information**

The Chief Executive Officer and members of the executive team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms three segments. These segments are organised in geographical locations.

The segments of the Group are composed of the following:

- New Zealand
- United States
- Australia

### **Financial Information**

The Group's chief operating decision makers primarily uses a measure of adjusted earnings before tax, to assess the performance of the operating segments. However, the decision makers also receive information about the segments' revenue and assets on a monthly basis. The revenue represents revenue generated from both internal and external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies described in the policy notes. Where costs are incurred on behalf of another segment these costs are subsequently recognised in the segment to which they relate. Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of profit or loss.

**CropLogic Limited**  
**Notes to and forming part of the Financial Statements**  
For the year ended 31 March 2019

Segment revenue and profit (loss)	Revenue Year ended		Segment profit Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	\$	\$	\$	\$
Australia	22,964	-	(1,538,751)	-
New Zealand	15,786	345,231	(2,064,970)	(3,075,425)
United States	2,151,789	2,011,339	(925,070)	(365,001)
Loss before tax and eliminations			<u>(4,528,791)</u>	<u>(3,440,426)</u>
Intersegment Eliminations	-	(286,487)	15,401	36,845
Income tax expenses	-	-	(233,345)	111,883
<b>Consolidated revenue and loss for the period</b>	<u>2,190,539</u>	<u>2,070,083</u>	<u>(4,746,735)</u>	<u>(3,291,698)</u>

The following is an analysis of the Group's revenue from its major products and

	Year ended	
	31 March 2019	31 March 2018
	\$	\$
CropLogic Aerial Imagery	304,470	325,098
Hydroprobe	1,399,680	1,482,095
CropLogic RealTime	440,997	74,516
Telemetry	-	58,744
Other misc. income	45,392	416,117
Intersegment Eliminations	-	(286,487)
	<u>2,190,539</u>	<u>2,070,083</u>

The Group does not have any significant customers from which a substantial portion of revenue is derived.

**Revenue from external customers**

	Year ended	
	31 March 2019	31 March 2018
Australia	22,964	-
New Zealand	15,786	58,744
United States	2,151,789	2,011,339
	<u>2,190,539</u>	<u>2,070,083</u>

**Segment assets and liabilities**

For the purpose of monitoring segment performance and allocating resources between segments all assets and liabilities are allocated to reportable segments. The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	31 March 2019		31 March 2018	
	\$	\$	\$	\$
Assets				
Australia	238,834	-		
New Zealand	7,836,864	8,061,877		
United States	4,237,267	3,887,779		
Intersegment Eliminations	(5,580,508)	(3,313,119)		
<b>Consolidated assets as per Statement of Financial Position</b>	<u>6,732,457</u>	<u>8,636,537</u>		

**CropLogic Limited**  
**Notes to and forming part of the Financial Statements**  
For the year ended 31 March 2019

	31 March 2019	31 March 2018
Liabilities	\$	\$
Australia	1,777,584	-
New Zealand	366,018	1,194,904
United States	3,437,813	4,135,377
Intersegment Eliminations	<u>(3,229,326)</u>	<u>(3,177,965)</u>
<b>Consolidated liabilities as per Statement of Financial Position</b>	<u><u>2,352,089</u></u>	<u><u>2,152,316</u></u>

The Group's non-current assets (excluding financial instruments and deferred tax balances) by location of assets are detailed below;

	As at	
	31 March 2019	31 March 2018
<b>Non-current assets</b>		
Australia	38,648	-
New Zealand	3,212,100	3,667,035
United States	2,960,207	3,648,322
Intersegment Eliminations	<u>(788,569)</u>	<u>(1,733,471)</u>
<b>Consolidated non-current assets as per Statement of Financial Position</b>	<u><u>5,422,386</u></u>	<u><u>5,581,886</u></u>

#### 4 Revenue

The group recognises revenue as follows:

##### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer; the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

##### Rendering of services

Revenue from a contract to provide services is recognised when the performance obligation in the contract is completed.

##### Sale of goods

Sales of goods are recognised as revenue when the products pass from the physical control of the Company pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Company.

**CropLogic Limited**  
**Notes to and forming part of the Financial Statements**  
For the year ended 31 March 2019

**Contract Liabilities**

Contract liabilities are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the consolidated entity has transferred the goods or services to the customer. The liability is the consolidated entity's obligation to transfer goods or services to a customer from which it has received consideration.

	Year ended	
	31 March 2019	31 March 2018
<b>Revenue from contracts with customers recognised at a point in time</b>	<b>\$</b>	<b>\$</b>
Sale of services	2,151,789	2,038,158
Sale of goods	38,750	31,925
	2,190,539	2,070,083

**5 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the net loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares on issue during the year, excluding shares purchased and held as treasury shares (if any).

Diluted EPS is determined by adjusting the net loss attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise treasury shares and options granted to employees and Directors. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	Year ended	
	31 March 2019	31 March 2018
	Cents per share	Cents per share
Basic earnings per share	(2.66)	(3.92)
Diluted earnings per share	(2.66)	(3.92)

**Basic and diluted earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Year ended	
	31 March 2019	31 March 2018
	\$	\$
Loss for the year attributable to members of the parent entity	(4,513,390)	(3,550,740)
Weighted average number of ordinary shares for the purposes of basic earnings per share	169,681,818	90,614,846

**CropLogic Limited**  
**Notes to and forming part of the Financial Statements**  
For the year ended 31 March 2019

**6 Reconciliation of Cash Flows from Operations**

	Year ended	
	31 March 2019	31 March 2018
	\$	\$
Profit/(loss) for the period	(4,746,735)	(3,438,857)
<b>(Less)/plus non cash items</b>		
Depreciation & amortisation	651,558	305,547
Loss on disposal of assets	7,430	37,064
Financial instruments at FVTPL	76,731	62,643
Net foreign exchange (gains)/losses	-	146,282
Impairment	-	147,159
Finance costs	26,219	-
Share based payments	43,972	210,731
<b>(Less)/plus changes in working capital</b>		
Decrease/(increase) in trade & other receivables	(35,397)	(228,821)
(Decrease)/increase in income tax payable	236,888	(4,685)
Decrease/(increase) in stock & work in progress	16,318	6,398
Decrease/(increase) in other current assets	(692,247)	(24,215)
(Decrease)/increase in trade & other payables	430,553	77,874
(Decrease)/increase in other current liabilities	(171,969)	(14,567)
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>(4,156,678)</u></b>	<b><u>(2,717,447)</u></b>

Reconciliation of liabilities arising from financing activities

		Non-cash changes			
	2018	Cash flows	Acquisitions	Other	2019
Related party borrowings (i)	24,417	-	-	(24,417)	-
Long term borrowings (ii)	447,800	-	-	31,188	478,988
Asset Borrowings (iv)	129,379	(101,926)	-	140,443	167,896
	<u>601,596</u>	<u>(101,926)</u>	<u>-</u>	<u>147,214</u>	<u>646,884</u>

(i) Other movements includes conversion of debt to equity and foreign exchange differences

(ii) Other movements in long term borrowings is capitalised interest

(iii) Other movements includes gains or losses through income statements and foreign exchange effects

(iv) Acquisitions includes borrowings through business combinations and new borrowings

**CropLogic Limited**  
**Notes to and forming part of the Financial Statements**  
For the year ended 31 March 2019

**7 Issued Capital**

	As at	
	31 March 2019	31 March 2018
Issued capital comprises	\$	\$
296,602,740 fully paid ordinary shares (31 March 2018: 123,269,440)	16,763,787	14,484,972
	<u>16,763,787</u>	<u>14,484,972</u>
<b>Fully paid ordinary shares</b>	<b>Number of shares</b>	<b>Share capital</b>
		\$
Balance at 31 March 2017	36,584	878,608
Conversion of preference shares to ordinary shares	142,824	3,223,181
Subdivision of shares	50,413,648	-
Share options exercised	3,303,348	346,242
Conversion of all outstanding convertible notes	24,174,996	2,513,432
Promoter shares associated with the pre-IPO raising	908,040	181,608
Cost of promoter shares associated with the pre-IPO raising	-	(181,608)
Fully paid ordinary shares issued at \$0.20 at initial public	40,000,000	8,000,000
Costs directly attributable to the cost of issuing shares in the initial public offering	-	(584,491)
Shares issued to the Lead Manager for the underwrite	3,750,000	750,000
Cost of the shares issued to the Lead Manager for the	-	(750,000)
Shares issued to management	540,000	108,000
Balance at 31 March 2018	<u>123,269,440</u>	<u>14,484,972</u>
Fully paid ordinary shares issued at \$0.015	173,333,300	2,600,000
Costs directly attributable to the cost of issuing shares	-	(321,185)
Balance at 31 March 2018	<u>296,602,740</u>	<u>16,763,787</u>

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group. The shares have no par value.

**Long Term Incentive Plan**

On 23 June 2017, the Group issued 3,300,577 performance rights worth \$225,185 in three classes under its long term incentive plan for selected executives: Class A (533,333 rights), Class B (355,555 rights) and Class C (237,037 rights). The performance hurdles are:

- (Class A): The Group's share price, as traded on ASX, increasing to not less than \$0.30 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the first 12 months following the commencement of official quotation of the Group's shares on ASX
- (Class B): The Company's share price, as traded on ASX, increasing to not less than \$0.45 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the period immediately following expiry of the time period specified in the Class A Performance Rights up to 24 months following the commencement of official quotation of the Company's shares on ASX
- (Class C): The Company's share price, as traded on ASX, increasing to not less than \$0.675 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the period immediately following expiry of the time period specified in the Class B Performance Rights up to 36 months following the commencement of official quotation of the Company's shares on ASX

# CropLogic Limited

## Notes to and forming part of the Financial Statements

For the year ended 31 March 2019

On 29 June 2018, the Group issued 1,125,925 performance rights worth \$30,820 in two classes under its long term incentive plan for selected executives: Tranche A (2,000,000 rights) and Tranche B (1,300,577 rights). The performance hurdles for Tranche A are:

- 666,667 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.10 and \$0.14 for the 15 trading days following the end of the first 12 months of employment;
  - 1,333,334 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.15 and \$0.19 for the 15 trading days following the end of the first 12 months of employment;
  - 2,000,000 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.20 or more for the 15 trading days following the end of the first 12 months of your employment;
- If all three milestones are achieved the maximum number of shares to be issued is 4,000,000.

The performance hurdles for Tranche B are:

- 433,526 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.25 and \$0.34 for the 15 trading days following the end of the first 3 years of employment;
  - 867,052 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.35 and \$0.44 for the 15 trading days following the end of the first 3 years of employment;
  - 1,300,577 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.45 or more for the 15 trading days following the end of the first 3 years of your employment;
- If all three milestones are achieved the maximum number of shares to be issued is 2,601,155.

The fair value of both tranches of performance rights issued in the current period is \$54,803 and will be expensed over the vesting period.

### 8 Commitments for expenditure

In April 2017 CropLogic purchased the assets of Professional Ag Services Inc. The contract includes an earnout arrangement whereby CropLogic has a commitment to pay;

- USD\$315,000 on or before January 31, 2020, reduced by 25% of any amount that the gross revenue for the year ended December 31 2019 is less than USD\$1,400,000).

On 11th March 2019, the Group signed a lease for a 150 acre farm in Oregon, USA. The term of the lease is 3 years and the annual lease payable is USD\$90,000.

### 9 Events after the reporting period

The following subsequent events have arisen and/or occurred between 31 March 2019 and the date of this report that could have a significant impact on the operations of the Group, the results of those operations, and the state of affairs of the Group in future years:

On 5th April 2019, the Group signed a lease for a 260 acre farm in Oregon, USA. The term of the lease is 3 years and the annual lease payable is USD\$240,000.

On 10th April 2019, the Group signed a lease for a 100 acre farm in Oregon, USA. The term of the lease is 1 years and the

### 10 Contingent liabilities and contingent assets

The Group has no contingent liabilities as at 31 March 2019.