

ASX and MEDIA RELEASE

14 April 2023

Roots completes A\$650,000 private placement and reaches agreement to convert debt to equity

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) advises that further to the announcement lodged with ASX on 7 March 2023, the Company has received firm commitments to raise A\$650,000 (before expenses), by way of a placement of 78,597,340 CDIs to sophisticated and professional investors (**Placement**). Participants in the Placement will also receive one (1) free attaching option for every one (1) Placement CDIs subscribed for (**Placement Options**), subject to shareholder approval. The Placement Options will have an exercise price of \$0.0103 and will expire 4 years after the date of issue.

The issue price of the Placement CDIs is A\$0.00827 per CDI, being equal to 75% of the 5 Day VWAP calculated over the 5 days on which sales in the CDIs are recorded prior to the date on which the agreement to issue is made or the date of issue of the Placement CDIs.

The Company received shareholder approval for a placement of CDIs to raise up to A\$1,800,000 at a General Meeting held on 20 March 2023 and will use this approval to issue the Placement CDIs. Given the market conditions and the amount of debt converted to equity, the Company was comfortable with the A\$650,000 raise and approximately A\$620k of debt to equity conversions as detailed below.

The funds raised from the Placement will be used towards the payout of existing creditors/debt, local and international sales and marketing activity, operating expenses, legal and administrative costs, costs of the offer and working capital.

Roots Director Adam Blumenthal intends to participate in the placement for an amount of A\$150,000 and Suburban Holdings Pty Ltd (a related party and associate of Director Adam Blumenthal) intends to participate for an amount of A\$150,000 (both subject to shareholder approval). The related party participation is included in the total placement amount of A\$650,000.

Everblu Capital Pty Ltd (ACN 612 793 683) (AFSL 499 601) (**EverBlu**), acted as lead manager for the Placement and will receive a fee of 6% of the total funds raised under the Placement. In addition, it is proposed, subject to shareholder approval to issue Everblu 10,000,000 options with an exercise price of \$0.0103 and an expiry date of 4 years after date of issue (**Broker Options**) and 10,000,000 CDIs (**Broker CDIs**). If the Company does not receive shareholder approval for the issue of the Broker Options and Broker CDIs Everblu will not receive any additional consideration for acting as lead manager to the Placement.

In addition, the Company has entered into a short-term loan agreement for an amount of A\$200,000 (**Loan Agreement**) with an unrelated party of the Company. A summary of the key terms and conditions of the Loan Agreement are outlined in Annexure 1. Subject to shareholder approval, it has been agreed for the loan be repaid via an issue of CDIs at the same deemed issue price of \$0.00827 as

the Placement. Accordingly, the Company is proposing to issue approximately 28,755,528 CDIs in satisfaction of the entire loan principle and accrued interest to 8 June 2023.

The Company's Corporate Advisor, Everblu, arranged the Loan Agreement and will receive a 6% commission on total loan funds in accordance with their corporate advisory mandate with the Company.

Debt to Equity Conversions

The Company has reached an agreement with several creditors and lenders to issue CDIs in lieu of cash fees/loans owing at the same price as the Placement (\$0.00827 per CDI). These arrangements are summarised below:

1. A\$26,675 owing to Six Degrees for investor relations services provided will be satisfied by the issue of 3,225,514 CDIs under the Company's Listing Rule 7.1 placement capacity;
2. a combined total of A\$114,903 Director fees owing to Directors, Boaz Wachtel, Sharon Devir, Dafna Shalev-Flamm and Graeme Smith will be satisfied by the issue of 13,893,954 CDIs, subject to shareholder approval;
3. A\$20,833 owing to the Company's CFO for services provided will be satisfied by the issue of 2,519,105 CDIs under the Company's Listing Rule 7.1 placement capacity;
4. the current combined balance of short-term loans announced by the Company on 1 September 2022 and 18 October 2022 of A\$210,000 as well as accrued interest to 8th June 2023 will be satisfied by the issue of 29,673,156 CDIs, subject to shareholder approval; and
5. Chairman, Boaz Wachtel has agreed to convert his \$50,000 interest free loan to 6,045,949 CDIs, subject to shareholder approval.

An updated pro-forma balance sheet reflecting the revised placement amount of \$650,000, and debt to equity arrangements as outlined above is attached in Annexure 2.

Rights Issue

The Company plans to complete a Rights Issue shortly after the settlement of the Placement to raise up to approximately A\$750,000 (before costs) at the same price as the Placement. The Company will provide further details in this respect in due course.

Update on General Meeting for required shareholder approvals

With reference to the ASX announcement made on 21 February 2023, in relation to Adam Blumenthal's commitment to participate in the October 2022 Placement to an amount of A\$200,000 (being 5,555,556 CDIs and 5,555,556 free-attaching options on a post consolidation basis), subject to shareholder approval, the Company has commenced the preparation of a Notice of Meeting (NOM) seeking the required shareholder approval for this. In addition, the Company will seek the other approvals associated with the current Placement and debt to equity conversions as soon as practicable, and expects to dispatch this NOM on or around 5 May 2023. The notice period under Israeli law for the NOM will be 35 days and accordingly, the General Meeting is expected to be held on or around 8 June 2023.

Annexure 1 – Terms and Conditions of Loan Agreement

Lender

Mr Aldo Sacco.

Loan amount

A\$200,000 (Unsecured)

Interest

Interest is not compounding and payable at a rate of 20% per annum

Term

Any funds drawn down by Roots, together with any accrued interest, will be repaid by Roots in CDIs at a deemed issue price of \$0.00827 on or around 8 June 2023, subject to shareholder approval. **(Repayment Date).**

Repayment

Subject to the other terms of the Loan Agreement, any funds drawn down by Roots under the Loan Agreement, together with any accrued interest, will be repaid by Roots to the Lender on the Repayment Date in CDIs at a deemed issue price of \$0.00827 (subject to shareholder approval). If shareholder approval is not received, the loan will continue to accrue interest at a rate of 20% per annum until such time as it can be repaid or an alternative agreement is reached with the Lender.

Purpose

To be applied towards general working capital.

Annexure 2 - Pro-forma balance sheet
Roots Sustainable Agricultural Technologies Limited (ASX: ROO)

	Notes	AUDITED December 31, 2022 000US\$	Adjustment s 000US\$	PRO FORMA March 31, 2023 000US\$
CURRENT ASSETS				
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Cash and cash equivalents	(1) (2) (3) (4) (5) (6) (7)	50	641	691
Restricted cash		14	0	14
Trade receivables		15	0	15
Other accounts receivables		167	0	167
TOTAL CURRENT ASSETS		246	641	887
NON-CURRENT ASSETS				
Property and equipment		23	0	23
TOTAL NON-CURRENT ASSETS		23	0	23
TOTAL ASSETS		269	641	910
CURRENT LIABILITIES				
Trade payables	(4)	130	0	130
Other accounts payables	(4) (5)	404	-412	-8
Short-term loans	(2) (3)	140	-109	31
Derivative liability – warrants		125	0	125

TOTAL CURRENT LIABILITIES		799	-521	278
NON-CURRENT LIABILITIES				
Governmental liabilities on grants received		370	0	370
TOTAL CURRENT LIABILITIES		370	0	370
TOTAL LIABILITIES		1169	-521	648
NET ASSETS (LIABILITIES)		-900	1,163	263
EQUITY				
Share Capital and Premium	(1) (6) (7)	18,821	1,438	20,259
Warrants		0	0	0
Foreign currency translation reserve		-126	0	-126
Accumulated losses		-19,595	-275	-19,870
TOTAL EQUITY		-900	1,163	263
TOTAL LIABILITIES AND EQUITY		269	641	910

Notes to Pro forma BS:

1. The company plans a placement to raise gross amount of A\$0.65M
2. The company received loans from Directors in a total of A\$100K
3. The company received loans from 3rd Party in a total of A\$200K
4. The company will repay loans in a total of: A\$460K by issuance of CDI's
5. The company will repay liabilities in CDIs in a total of A\$ 162K
6. The Company raising A\$750k in a Rights Issue
7. Assumed costs of the Rights Issue of A\$35k

-ENDS-

About Roots Sustainable Agricultural Technologies Ltd:

Israeli-based, Roots Sustainable Agricultural Technologies Ltd. is developing and commercialising disruptive, modular, cutting-edge technologies to address critical problems being faced by agriculture today, including plant climate management and the shortage of water for irrigation.

Roots has developed proprietary know-how and patents to optimise performance, lower installation costs, and reduce energy consumption to bring maximum benefit to farmers through their two-in-one root zone heating and cooling technology and off the grid irrigation by condensation technology.

Roots is a graduate company of the Office of the Israeli Chief Scientist Technological Incubator program.

More information www.Rootssat.com

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This announcement has been approved for release to ASX by the Board of Roots Sustainable Agricultural Technologies Ltd