

ASX and MEDIA RELEASE

28 April 2022

Quarterly Activity Report and Appendix 4C

Highlights:

- First revenues booked for 'Super Mini' Root Zone Temperature Optimisation ('RZTO') product with orders shipped to Australia, Singapore and South Africa for use across a range of crops
- Strong international expansion with multiple partners and territories secured continuing the previous quarter's strong strategic advancement
 - Expansion into Asia following purchase agreement with Green Tech LLC for RZTO technology deployment at Azerbaijani vegetable greenhouse
 - First installations of 'Super Mini' RZTO technology completed at farms in South Africa and Spain – undertaken by local agents with remote assistance from Roots
 - Agreement signed with ScaleUp Israel to accelerate the Company's growth initiatives in the Latin American market
 - Central US logistics hub established following agreement with Oklahoman agricultural equipment supplier
- US design patent approval secured from the United States Patent and Trademark Office for Roots' innovative Heat Exchange Probe ('HEP') design patent
- Purchase order secured with Israel's prestigious Agriculture Research Organisation's ('ARO') Volcani Institute – three 'Super Mini' systems for a total value of A\$17,132

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company") is pleased to provide this update to shareholders for the period ended 31 March 2022 (the 'quarter'), together with its Appendix 4C Quarterly Cash Flow Report.

Operational Overview

First revenues booked from 'Super Mini' RZTO system

Roots secured its initial sales for the Company's 'Super-Mini' RZTO system during the quarter with orders shipped to customers and distributors in multiple international markets including Australia, Singapore and South Africa. The orders totalled A\$13,000 and were deployed to a broad range of partners growing a diverse range of crops, highlighting the capability of the system to provide ideal growing conditions under unique and challenging environments and weather conditions.

Roots named among five finalists for GrowingIL competition "Keeping it Cool"

The Israeli Ministry of Agriculture named Roots among five finalists for the GrowingIL competition "Keeping it Cool". GrowingIL connects different parties in the Ag-Tech ecosystem and aims to develop the Israeli Ag-Tech ecosystem and reshape Israeli agriculture to meet emerging global food needs through the



implementation of ground-breaking technologies. As a finalist for the competition, Roots will demonstrate amelioration effects of technologies on agriculture in the face of extreme weather conditions.

Expansion into Asia with first sales in Azerbaijan

Roots secured a purchase agreement with Azerbaijani company Green Tech LLC for Root Zone Temperature Optimisation Technology (RZTO) for a fruit and vegetable greenhouse complex. The agreement will see Green Tech purchase a 'Super Mini' RZTO system for the sum of A\$11,784 for a proof of concept on their main crop producing areas which includes tomatoes and cucumbers. Following a successful period of one or two growth cycles, Roots anticipates the POC will lead to additional larger commercial orders.

Successful RZTO installations in South Africa and Spain

First installations of 'Super Mini' RZTO technology were completed at farms in South Africa and Spain. Both installations were undertaken by local agents with the remote assistance of Roots technical staff. This is the first time remote installation by Roots help centre was achieved following a lengthy period of manual writing and remote control installation procedures set in place.

Binding agreement to accelerate Latin America expansion

A binding agreement with ScaleUp Israel was entered into to accelerate the Company's growth initiatives in the Latin America region. The agreement provides Roots with access to dealers and investors in Latin America, one of the world's largest farming regions. The agreement is anticipated to provide the Company with new commercial channels to deploy its proven sustainable agricultural technologies in the region that will substantially benefit from them.

Central US logistics hub established

A Central US logistics hub was established following an agreement with Oklahoman agricultural equipment supplier GroPro. The agreement with GroPro includes provisions for the local US Company to market, sell, install and manage logistics of ROOTS's RZTO systems in Oklahoma. In addition, it was agreed that GroPro will serve as an installation and post-sale centre for Roots' customer base in the US. Oklahoma is a large market opportunity – fast growing and the largest medicinal cannabis market on a per capita basis in the US.

US Design patent approval

During the quarter Roots secured its US design patent approval for the Company's innovative Heat Exchange Probe ('HEP') design. The US is a large market opportunity for Roots and the design patent grant coincides with the above mentioned establishment of the Company's central US logistics hub in Oklahoma. The US design patent grant further strengthen ROOTS's international IP portfolio of granted design patent in Australia, China, the EU, Turkey, Israel, the UK, and India. Roots has now begun a targeted business development program in order to expand its presence in the US.

RZTO sales to Israel's Agriculture Research Organisation

Israel's prestigious Agriculture Research Organisation's ('ARO') Volcani Institute purchased three 'super mini' systems, for a total value of A\$17,132. The systems are being utilised for a study on the effects of varying root zone temperatures on pathogens. Each system will be housed in separate rooms and control the root zone temperature of plants under three temperature parameters.

Corporate overview

ASX Listing Rule 4.7C.1

There were no material developments or changes in business activities for the quarter. Operational expenditure during the quarter was US\$443K. The majority of this expenditure was research and development, advertising and marketing, staff costs, product manufacturing and administration and corporate costs.

ASX Listing Rule 4.7C.3

The following table sets out the information as required by ASX Listing Rule 4.7.3C regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Directors (Executive)	US\$54,949	Periodical Director Fees in accordance with Director Agreements
Directors (Non-Executive)	US\$24,965	Periodical Director Fees in accordance with Director Agreements
Everblu Capital Pty Ltd	US\$29,988	Corporate Advisory Fees (excl GST)

Outlook

Roots carried forward the strong momentum established in the previous quarter with additional entries into new international markets and further strengthening its positions in established ones. As the push to carbon neutrality and adoption of innovative sustainable technologies continues to increase, Roots is growing its footprint and increasing its partner network in large markets in order to capitalise on this growing need for sustainable and regenerative agricultural solutions. Achieving first sales of the 'Super Mini' systems and having several proof of concept deployments allows the Company to use these as catalysts to further its ongoing discussions with additional collaborators and achieve further sales and greater uptake.

Management commentary:

Boaz Wachtel, ROOTS' CEO and Chairman said: *"We are emerging strongly from a difficult period under Covid-19 and beginning to witness increased enquires from a number of potential collaborators highlighting the significant work undertaken to advance our international expansion. Our business development initiatives saw us achieve a number of sales into new territories which will help us gain greater sales volumes in the coming months as the Proof of Concept deployments and the positive impact of the technology is demonstrated in these new markets.*

"We continue to push our sales efforts across the board and provide customers with a revolutionary and sustainable agricultural technology which increase yields, improves production security and improves growers and farmers bottom line. We are optimistic that the shift in public perception around the need for sustainable agriculture practices will see our RZTO and HEP technologies developed a one of a kind system that both cools and heats the root zone area protecting crops from increased extreme weather events."



Administration:

Subsequent to the end of the quarter, the registered Australian address of the Company changed to:

**Suite 11, Level 2
23 Railway Road
Subiaco WA 6008**

-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 faced by agriculture today, including management of plant's root zone temperatures 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

About Root Zone Temperature Optimization (RZTO)

Root Zone Temperature Optimization (RZTO) optimises plant physiology for increased growth, productivity and quality by stabilising the plant's root zone temperature. Using Ground source heat exchange (GSHE) installations either alone, or in combination with heat pumps, or with heat pumps alone, ROOTS is able to provide accurate range of root zone temperatures for farmer and the plants to obtain the multiple benefits.

This significantly increases yields, increases growing cycle planting options, improves quality, mitigates extreme heat and cold stress while significantly reducing energy consumption by stabilising and optimising the ROOTS zone temperature.

This announcement was authorised to be given to the ASX by the Roots Executive Directors, Mr Boaz Wachtel and Mr Sharon Devir.

Corporate Enquiries:

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

Released through: Henry Jordan, Six Degrees Investor Relations, +61 (0) 431 271 538

Forward looking statements

This announcement contains forward-looking statements with respect to ROOTS and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations.

The actual results and performance of ROOTS could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.



The cautionary statements qualify all forward-looking statements attributable to ROOTS and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and ROOTS has no obligation to up-date such statements, except to the extent required by applicable laws.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Roots Sustainable Agricultural Technologies Ltd

ARBN

619 754 540

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	21	21
1.2 Payments for		
(a) research and development	(38)	(38)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(143)	(143)
(d) leased assets	-	-
(e) staff costs	(208)	(208)
(f) administration and corporate costs	(169)	(169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	84	84
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (institutes)	10	10
1.9 Net cash from / (used in) operating activities	(443)	(443)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(15)	(15)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	Net cash from / (used in) investing activities	(15)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,424	1,424
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(443)	(443)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(33)	(33)
4.6	Cash and cash equivalents at end of period	933	933

5.	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	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	933	1,424
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	933	1,424

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	110
6.2	Aggregate amount of payments to related parties and their associates included in item 3	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(443)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	933
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	933
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.11

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A.

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.

Date: 28 April 2022

Authorised by: The Board of Roots Sustainable Agricultural Technologies Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.