



ASX and MEDIA RELEASE

30 January 2024

Quarterly Activities Report and Appendix 4C

Highlights:

- **Work continued with two major counterparties to drive growth trajectory**
- **A\$286,266 purchase order secured from one of the largest agri-food countries in the Gulf, Silal**
- **Order is for two root zone cooling projects in the UAE and underpin the Company's momentum in the region – Shipment and installation also completed during the quarter**
- **Distribution Collaboration with Orbia's precision agriculture business Netafim for Root Zone Products secured**
- **Netafim is a global leader in sustainable precision irrigation solutions and agricultural products and will make ROO's root zone heating and cooling products available across its network**
- **Netafim's distribution network spans over 100 countries – agreement expected to broaden visibility and accessibility for ROO's technology**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company") is pleased provide the following update on activities for the period ended 31 December 2023 (the 'quarter') together with its Appendix 4C Quarterly cash flow report.

Operational overview:

A\$286,266 Purchase order secured and proposed representation agreement with with Silal:

Roots received a A\$288,266 purchase order from Silal Food and Technology LLC ("Silal") for two root zone cooling projects in connection with Silal's berry farming operations in the United Arab Emirates (UAE).

Silal was established in 2020 to diversify sources of food products and stimulate manufactured and agri-food sectors. Silal's mandates include managing procurement programs and strategic stocks of foodstuffs. The group also executes specialised knowledge transfer programs on farming techniques and devises research and development projects.

The Company's installation team will commence project initiation immediately with a pilot grow period, where its proprietary root zone cooling system will be deployed by Silal for the forthcoming strawberry farming season.

While terms of this agreement are in the process of being finalised, the development highlights the ongoing interest in the Company's technology and its potential across the region. Both parties continue to engage in discussions around potential extensions to the agreement and will provide updates as developments materialise.



Shipment of Root Zone Temperature technology to strategic UAE customer completed:

The Company also completed a shipment to Silal during the period. The delivery was for equipment required for the installation of its Root Zone cooling technology detailed above.

The design of the technology allowed for the equipment parts to be assembled and shipped via air freight and installed in the UAE. On-ground installation was scheduled and completed in the same week at Silal's berry farming operations.

Importantly, Roots' capacity to accelerate the completion of shipping in difficult circumstances provided ample time for the technology to be installed in the Silal greenhouse ahead of the 2023 United Nations Climate Change Conference ('COP28') which was held at Expo City, Dubai from 30 November until 12 December 2023.

Roots' patented Root Zone cooling system was on display for conference delegates visiting Silal's farm, demonstrating the capacity of the technology to contribute to improved agriculture crops in harsh hot and arid climates.

The air shipment highlighted the third project installation for Roots' technology in the UAE, further establishing its market position in an important jurisdiction. Along with the potential to provide consistent revenues for Roots, the commercial partnership also offers a roadmap for further sales to both Silal and other potential customers in the UAE region.

Distribution collaboration with Orbia's precision agriculture business, Netafim for Root Zone products:

Roots advised that Orbia's precision agriculture business Netafim, the global leader of sustainable precision irrigation solutions and agricultural projects, will make the Company's root zone heating and cooling products available across Netafim's international distribution and dealership network.

The collaboration followed successful trials conducted in conjunction with Netafim, which focused on the growth of berries across two countries in recent years. The trials resulted in earlier maturity of the end product, higher yield and increased size of the fruits.

This was a pleasing development for Roots and allows the Company to leverage Netafim's extensive distribution network which spans over 110 countries. The Company is confident that the agreement will increase visibility and access to its products, which has the potential to unlock revenue growth.

Corporate overview:

Resignation of Directors:

The Company advised that both Ms Dafna Shalev-Flamm and Mr Adam Blumenthal resigned from their respective positions as Non-Executive Directors on 18 December 2023. Mr Blumenthal was a founding director and served on the Board since 2017. The Board thank Adam and Dafna for their contribution and wish them well with their future endeavours.

The Company remains in discussions with a potential, new Australian-based Director and will announcement any potential developments in due course.



Management commentary:

CEO Mr Boaz Wachtel said: *"During the quarter, Roots achieved a number of pleasing developments, exhibiting the potential upside of the Company's technology suite. The agreement with Netafirm has provided strong validation from a leading industry partners and the Company will seek to leverage the group's extensive international distribution network. We are confident this provides a key competitive advantage."*

"The Company now remains focused on providing its solutions to both Silal and Netafirm to unlock revenue growth. The Board and management continue to pursue a number of near term opportunities and will provide updates as they materialise."

"The Board is continuing its efforts to have its securities re-instated to trading and will keep the market updated as developments materialise."

ASX Listing Rule Requirements:

ASX Listing Rule 4.7C.1

There were no material developments or changes in business activities for the quarter. Net cash from operating activities during the quarter was US\$48,000. Operational expenditure during the quarter was US\$42,000. The majority of this expenditure was administration and corporate costs.

ASX Listing Rule 4.7C.3

During the quarter, no payments were made to directors (as shown at 6.1) in accordance with their standard employment agreement.

-ENDS-

This announcement was authorised by the Board of Directors of Roots Sustainable Agricultural Technologies Ltd.

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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. For more information visit www.Rootssat.com

About Root Zone Temperature Optimization (RZTO)

Root Zone Temperature Optimization (RZTO) systems optimises plant physiology for production security, increased growth, productivity, and quality. By stabilising the plant's root zone temperature, i.e. cooling the roots during the summer and heating them during the winter multiple benefits can be obtained for the farmer and plant: significant yield increase, option for early or late planting, improved quality, mitigation of extreme heat and cold stress and plant's immune system boosting. These benefits are achieved under significant energy reduction and savings compared with air heating and cooling. Using unique heat pumps, either alone or in combination with Ground source heat exchange (GSHE) installations, ROOTS is able to provide accurate stable range of root zone temperatures for farmer and the plants year round. ROOTS is a global leader in Root zone temperature management.

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 December 2023

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	81	206
1.2 Payments for		
(a) research and development	-	(67)
(b) product manufacturing and operating costs	-	(52)
(c) advertising and marketing	(15)	(69)
(d) leased assets	-	-
(e) staff costs	-	(233)
(f) administration and corporate costs	(27)	(316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received (see note 6)	-	-
1.5 Interest and other costs of finance paid	3	(48)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (institutes & exchange rate)	6	17
1.9 Net cash from / (used in) operating activities	48	(562)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 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)	-	11
2.6	Net cash from / (used in) investing activities	-	11

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	232
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 (see comments to section 7)	-	320
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	-	552

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2	50
4.2	Net cash from / (used in) operating activities (item 1.9 above)	48	(562)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	11

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	552
4.5	Effect of movement in exchange rates on cash held (see note 6)	1	-
4.6	Cash and cash equivalents at end of period	51	51

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	51	2
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)	51	2

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	-
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 A\$'000	Amount drawn at quarter end A\$'000
7.1 Loan facilities	535	535
7.2 Credit standby arrangements	-	-
7.3 Other (Related party)	70	70
7.4 Total financing facilities	605	605

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.

Loan Agreements – Terms and Conditions:

Loan Agreement 1 & 3: Lender is RAH STC Pty Ltd (an unrelated party); principal balance is A\$170,000.

Loan Agreement 2: Lender is Glacier Glow Pty Ltd (an unrelated party); principal balance of A\$40,000.

Loan Agreement 4: Lender is Aldo Sacco (unrelated party); principal balance of A\$200,000.

Loan Agreement 5: Lender is First State (unrelated party); principal balance of A\$125,000.

Loan Agreement 6: Lender is Boaz Wachtel (related party); principal balance of A\$70,000.

Interest:

Loan Agreements 1 & 2: Interest is not compounding and is payable at a rate of 60% per annum.

Loan Agreement 3: Interest is not compounding and is payable at a rate of 86% per annum.

Loan Agreement 4: Interest is not compounding and is payable at a rate of 20% per annum.

Loan Agreement 5: Interest is not compounding and is payable at a rate of 30% for the term.

Loan Agreement 6: Interest is not compounding and is not bearing interest.

Repayment

Subject to the other terms of the Loan Agreements, any funds drawn down by Roots under the Loan Agreements above, together with any accrued Interest, must be repaid by Roots to the Lender on the Repayment Date in cash unless otherwise agreed between Roots and the Lender. In April 2023, the Lenders agreed to convert their short-term loans to CDIs at a deemed issue price of \$0.00827 per CDI.

The current combined balance of short-term loans announced by the Company on 1 September 2022, 18 October 2022 and 14 April 2023 of A\$410,000 (USD281,078) as well as any accrued interest to 8 June 2023 will be satisfied by the issue of 58,428,684 CDIs. Shareholders have approved the issue of the CDIs on 13 September 2023 and currently finalising the settlement of the loan.

Purpose

To be applied towards general working capital.

8.	Estimated cash available for future operating activities	US\$'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(562)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	51
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	51
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.09
<i>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.</i>		

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: The Company is currently in the process of securing funding to support the current cash flow of the Company's operations. The Company will update shareholders upon securing the funding.

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: As per above.

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: As per above.

Compliance statement

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

Date: 30 January 2024

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

Notes

- 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.
- 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.
- 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.
- 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.