



**ASX and MEDIA RELEASE**

**31 October 2023**

## **Quarterly Activities Report and Appendix 4C**

### **Highlights:**

- **Considerable work undertaken during the quarter has led to relationships with two major counterparties post period end which can be leveraged to drive growth**
- **A\$286,266 purchase order secured from one of the largest agri-food countries in the Gulf, Silal shortly following the end of the quarter**
- **Order is for two root zone cooling projects in the UAE and underpin the Company's strong momentum in the region**
- **Purchase order from Silal has the potential to considerably expand the Company's footprint and highlights applicability of technology in another major market**
- **Distribution Collaboration with Orbia's precision agriculture business Netafim for Root Zone Products secured post quarter end**
- **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 extensive distribution network spans over 100 countries – agreement expected to considerably broaden visibility and accessibility for ROO's innovative technology**

**Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company")** is pleased provide the following update on activities for the period ended 30 September 2023 (the 'quarter') together with its Appendix 4C Quarterly cash flow report.

### **Operational overview:**

During the quarter, the Company laid strong foundations with a number of key counterparties, which resulted in Roots securing distribution agreements and purchase orders subsequent to the end of the period (detailed below).

### **A\$286,266 Purchase order secured and potential representation agreement with Silal:**

The Company secured 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.

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 berry farming season.

While terms of this agreement are yet to be finalised, it 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.

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

Subsequent to the end of the period, 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 global distribution and dealership network.

The collaboration followed the success of trials conducted in conjunction with Netafim on the growth of berries across two countries over the last few years, resulting in earlier maturity of the fruit, higher yield and increased size of the fruits.

This marked a major development for the Company and allows Roots to leverage Netafim's extensive distribution network, which spans over 110 countries. Roots is confident that the agreement will considerable increase visibility and access to its products and drive additional revenue growth.

**Corporate overview:**

**Appointment of Company Secretary:**

Roots appointed Mr Leonard Math as Company Secretary. Mr Math is a Chartered Accountant with more than 15 years of resources industry experience. He previously worked as an auditor at Deloitte and is experienced with public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations. Mr Math also previously held Company Secretary, CFO and directorship roles for a number of ASX listed companies.

Ms Sarah Smith also resigned from her role as Company Secretary. Ms Smith has been the Roots' Company Secretary since listing on the ASX in December 2017. The Company thanks her for her services and wishes her well in her future endeavours.

**Short term loan agreement:**

During the period, the Company entered into a short term loan agreement for an aggregate amount of A\$165,287 (Loan Agreement) with First State Pty Ltd (Lender). The Lender is an unrelated party of the Company and the loan is unsecured. A summary of the key terms and conditions of the Loan Agreement can be found in the Company's ASX release dated 31 July 2023.

**Management commentary:**

**CEO Mr Boaz Wachtel said:** *"During the quarter, Roots undertook a considerable amount of work which has led to two transformational agreements with industry leaders post quarter end. This included a*



*purchase order for two projects alongside Silal, highlighting the Company's ability and potential across the UAE.*

*"Further, the Company's agreement with Netafim has provided exceptional validation from a global agricultural leader. The ability to leverage Netafim's extensive international distribution network provides the Company with an unparalleled competitive advantage.*

*"During the current quarter, Roots remains focused on providing our solutions to both Silal and leveraging our recently established relationship with Netafim to unlock revenue growth. We look forward to providing ongoing updates over the coming months."*

**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\$279,000. The majority of this expenditure was staff costs, product manufacturing and 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.*

**Corporate Enquiries:**

EverBlu Capital

E: [info@everblucapital.com](mailto:info@everblucapital.com)

P: +61 2 8249 0000

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



### **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](http://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")**

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	70	125
1.2 Payments for		
(a) research and development	(4)	(67)
(b) product manufacturing and operating costs	(4)	(52)
(c) advertising and marketing	(10)	(54)
(d) leased assets	-	-
(e) staff costs	(46)	(233)
(f) administration and corporate costs	(229)	(289)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received (see note 6)	-	-
1.5 Interest and other costs of finance paid	(51)	(51)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (institutes & exchange rate)	(5)	11
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(279)</b>	<b>(610)</b>
<b>2. Cash flows from investing activities</b>		
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	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
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	11
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>11</b>	<b>11</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3	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)	253	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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>256</b>	<b>552</b>

<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 period	<b>15</b>	<b>50</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(279)	(610)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	11	11

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	256	552
4.5	Effect of movement in exchange rates on cash held (see note 6)	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2</b>	<b>2</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	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	2	15
5.2	Call deposits	-	-
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>2</b>	<b>15</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter US\$'000</b>
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	-
<p><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></p>		

**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.*

	<b>Total facility amount at quarter end A\$'000</b>	<b>Amount drawn at quarter end A\$'000</b>
7.1 Loan facilities	575	575
7.2 Credit standby arrangements	-	-
7.3 Other (Related party)	70	70
<b>7.4 Total financing facilities</b>	<b>645</b>	<b>645</b>

**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\$165,287.

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.

<b>8. Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(610)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	-

*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: Yes.

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: The Company is in a process to finalise a placement of up to A\$1.8M following receiving shareholders approval on the 13 September 2023.

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: Yes. As per above 8.6.2.

## 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: 31 October 2023

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.

---

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

---

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.