

Roots Sustainable Agricultural Technologies Ltd

Appendix 4D

Half-year report

1. Company details

Name of entity:	Roots Sustainable Agricultural Technologies Ltd
ARBN:	619 754 540
Reporting period:	For the half-year ended 30 June 2021
Previous period:	For the half-year ended 30 June 2020

2. Results for announcement to the market

			30-Jun-2021 US\$'000	30-Jun-20 US\$'000
Revenues from ordinary activities	up	67%	102	61
Loss from ordinary activities after tax attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	down	44%	(834)	(1,477)
Loss for the year attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	down	44%	(834)	(1,477)

Dividends

	Amount per security US\$	Franked amount per security US\$
Not applicable.		

Additional Appendix 4D disclosure requirements can be found in the notes to the Roots Sustainable Agricultural Technologies Ltd's financial statements.

3. Net tangible assets

	Reporting period U.S. dollars	Previous period U.S. dollars
Net tangible assets per ordinary security	0.0003	(0.0005)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000

Not applicable.

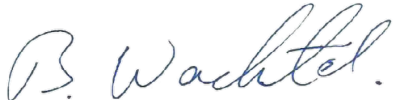
7. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

The Interim Report of Roots Sustainable Agricultural Technologies Limited for the half-year ended 30 June 2021 is attached.

9. Signed


Signed _____

Boaz Wachtel
CEO
Beit Halevi

Date: 31 August 2021

Roots Sustainable Agricultural Technologies Ltd.

ARBN 619 754 540

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF JUNE 30, 2021

Roots Sustainable Agricultural Technologies Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2021

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Report on Review of Interim Financial Information to the Shareholders of
Roots Sustainable Agricultural Technologies Ltd.

Introduction

We have reviewed the accompanying interim financial information of Roots Sustainable Agricultural Technologies Ltd. (the "Company"), which comprises the condensed statement of financial position as of June 30, 2021 and the condensed statements of comprehensive income, changes in equity (deficit) and cash flows for six month period then ended. The board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with the International Accounting Standard 34.

Emphasis of Matter

We draw attention to note 1(B) of the financial information, which indicates that, the company has incurred negative cash from operation of USD 1,144 thousand and net losses of USD 834 thousand during the six-month period ended June 30, 2021. As stated in note 1(B), these matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Tel-Aviv, Israel

August 31, 2021


Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bene Berak	Kiryat Shmona	Petach Tikva	Modiin Illit	Nazareth Illit	Eilat
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Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

		<u>30.06.2021</u>	<u>30.06.2020</u>	<u>31.12.2020</u>
		<u>U.S. \$ in thousands</u>		
	<u>Note</u>	<u>Unaudited</u>		
ASSETS				
Current Assets				
Cash and cash equivalents		1,920	269	3,067
Restricted cash		40	81	84
Trade receivables		84	68	126
Other accounts receivables		<u>249</u>	<u>200</u>	<u>191</u>
		<u>2,293</u>	<u>618</u>	<u>3,468</u>
Non-Current Assets				
Property and equipment		<u>50</u>	<u>47</u>	<u>56</u>
		<u>50</u>	<u>47</u>	<u>56</u>
TOTAL ASSETS		<u><u>2,343</u></u>	<u><u>665</u></u>	<u><u>3,524</u></u>

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

		30.06.2021	30.06.2020	31.12.2020
		U.S. \$ In thousands		
	Note	Unaudited		
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables		51	66	86
Derivative liability – warrants	3	-	*	-
Short term loans		-	270	-
Other payables		360	871	568
		411	1,207	654
Non-Current Liabilities				
Derivative liability – warrants	3	26	31	76
Governmental liabilities on grants received		347	344	356
		373	375	432
Shareholder's equity (deficit)				
Equity attributable to owners of the parent				
Share capital		17,554	12,482	17,553
Warrants		164	164	164
Foreign currency translation reserve		(204)	(167)	(158)
Accumulated losses		(15,955)	(13,396)	(15,121)
		1,559	(917)	2,438
TOTAL LIABILITIES AND EQUITY		2,343	665	3,524

* Represent an amount lower than \$1 thousand

August 31, 2021

Date of approval of the
financial statements



Boaz Wachtel
Chief Executive officer



Moshe Hukaylo
Chief Financial officer

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed Statement of Comprehensive Income

	Six month period ended June 30,		Year ended December 31,
	2021	2020	2020
	U.S. \$ in thousands		
	Unaudited		
Revenues	102	61	107
Cost of revenues	69	57	94
Gross Profit	33	4	13
Research and development expenses	194	168	349
Marketing, distribution and business development expenses	262	558	751
General and administrative expenses	399	667	1,909
Loss from operations	822	1,389	2,996
Finance expense	67	176	251
Finance income	55	88	45
Loss before income tax	834	1,477	3,202
Income Tax	-	-	-
Net loss	834	1,477	3,202
<i>Items that will not be reclassified to profit or loss:</i>			
Translation adjustment to the presentation currency	46	(10)	(19)
Total comprehensive loss	880	1,467	3,183
Loss per share			
Basic and diluted loss per share (\$)	(0.001)	(0.01)	(0.014)

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of changes in equity (deficit)

For the six month period ended June 30, 2021 (Unaudited):

	Share Capital	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	U.S. \$ in thousands				
Balance at January 1, 2021	17,553	164	(158)	(15,121)	2,438
Changes during the period:					
Comprehensive loss:					
Loss for the period	-	-	-	(834)	(834)
Other comprehensive loss:					
Translation differences	-	-	(46)	-	(46)
Total comprehensive loss for the period			(46)	(834)	(880)
Stock based competition	1	-	-	-	1
Balance as of June 30, 2021	17,554	164	(204)	(15,955)	1,559

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of changes in equity (deficit) (cont.)

For the six month period ended June 30, 2020 (Unaudited):

	Share Capital	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	U.S. \$ in thousands				
Balance at January 1, 2020	11,468	164	(177)	(11,919)	(464)
Changes during the period:					
Comprehensive loss:					
Loss for the period	-	-	-	(1,477)	(1,477)
Other comprehensive loss:					
Translation differences	-	-	10	-	10
Total comprehensive loss for the period	-	-	10	(1,477)	(1,467)
Issuance of shares	430	-	-	-	430
Conversion of convertible notes to shares	106	-	-	-	106
Issuance of shares to suppliers, employees and directors in lieu of cash fees	188	-	-	-	188
Stock based compensation	290	-	-	-	290
Balance as of June 30, 2020	12,482	164	(167)	(13,396)	(917)

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of changes in equity (deficit) (cont.)

For the year ended December 31, 2020:

	Share Capital	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2020	11,468	164	(177)	(11,919)	(464)
Changes during the period:					
Comprehensive loss:					
Loss for the period		-	-	(3,202)	(3,202)
Other comprehensive loss:					
Translation differences		-	19	-	19
Total comprehensive loss for the period			19	(3,202)	(3,183)
Issuance of shares, net	4,642	-	-	-	4,642
Conversion of convertible notes to shares	106	-	-	-	106
Conversion of short term loans to shares	318	-	-	-	318
Issuance of shares to suppliers in lieu of cash payment	422	-	-	-	422
Share-based compensation	597	-	-	-	597
Balance as of December 31, 2020	17,553	164	(158)	(15,121)	2,438

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of cash flows

	Six months period ended June 30,		Year ended December 31,
	2021	2020	2020
	U.S. \$ in thousands		
	Unaudited		
Cash Flows from Operating Activities:			
Net loss for the period	(834)	(1,477)	(3,202)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	9	8	16
Share-based compensation expenses	1	233	226
Finance expense, net	-	3	39
Changes in fair value of derivatives	(50)	(1)	(72)
Changes in fair value of convertible notes	-	(72)	(41)
Change in liability for grants received from the IIA	(87)	(20)	89
Interest on liability for grants received from the IIA	48	43	15
Interest on short term loans	-	23	111
Change in trade receivables	40	23	33
Change in other receivables	(66)	6	(30)
Change in trade payables	(34)	85	342
Change in other payables	(171)	391	11
Net cash used in operating activities	(1,144)	(755)	(2,463)
Cash Flows From Investing Activities:			
Purchase of property and equipment	(4)	-	(13)
Change in restricted cash	45	(43)	(39)
Net cash provided by (used in) investing activities	41	(43)	(52)
Cash Flows From Financing Activities:			
Receipt of short term loans	-	242	183
Net proceeds from issuance of shares	-	486	5,013
Net cash provided by financing activities	-	728	5,196
Decrease in cash and cash equivalents	(1,103)	(70)	2,681
Translation differences on cash and cash equivalents	(44)	(2)	45
Cash and cash equivalents at beginning of the period	3,067	341	341
Cash and cash equivalents at the end of the period	1,920	269	3,067

The accompanying notes form an integral part of the condensed financial statements.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 1 - GENERAL:

- A. Roots Sustainable Agricultural Technologies Ltd (the "Company") was incorporated in Israel on 20 April 2009 but commenced its operations in November 2012. The Company is listed, and its shares are publicly traded on the Australian Securities Exchange ("ASX").

Roots is an agriculture technology company focused on developing, producing and commercializing precision agriculture technologies that address difficult weather conditions, improve crop yields and provide water for irrigation in a cost effective and environmentally sustainable manner.

The formal address of the Company is Hamezach 1 Str. Kefar Vitkin, Israel.

- B. The company is in its commercialization stage and does not generate significant revenue in this stage and financed its operation up to date mainly by issuance of shares. As of June 30, 2021 the company has incurred negative cash from operation of USD 1,144 thousand and net losses of USD 834 thousand during the six month period ended June 30, 2021. As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

The directors believe that the company will be able to pay its debts when they fall due, and to fund near term anticipated activities based on proceed from future fund raising in addition to revenues backlog. The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

- C. The world Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, the company has experienced significant disruption to its operations in the following respects:

- The closure of many retail locations due to local governments mandating that shopping centers and other 'non-essential' businesses cease normal operations;
- Disruptions in the supply of inventory from major suppliers;
- Decreased demand for certain products as a consequence of social distancing requirements and recommendations; and
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for A Layout's primary products.

The significant events and transactions that have occurred since 31 December 2020 relate to the effects of the global pandemic on the company interim consolidated financial statements for the six months ended 30 June 2021 and are summarized as follows.

Roots Sustainable Agricultural Technologies Ltd

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Notes to condensed consolidated financial statements

NOTE 1 – GENERAL (CONT.):

The COVID-19 had material effect on Roots financial position, and the effects on the activity were as follows:

1. The company intentionally reduced its work force to adopt to the new situation and decrease in activity, which resulted in reduced monthly expenditure.
2. Shift in focus from international market to domestic market.
3. Developed strategic alliances in Israel to boost sales and streamline operation.
4. Launched North America S&M marketing campaign to prepare to market opening.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The interim financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim financial information set out above has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2020, was approved by the board on February 26, 2021. The report of the auditors on those financial statements was unqualified.

The interim financial statements as of June 30, 2021, have not been audited.

The interim financial information should be read in conjunction with the annual financial statements as of December 31, 2020 and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2020, are applied consistently in these interim financial statements.

There are a number of amendments which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022. The Company is currently evaluating the impact these amendments, however, at this stage it is unable to assess such impact.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 3 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
As of June 30, 2021				
Warrants (issuance of a unit of securities) **	26	-	-	26
As of June 30, 2020				
Warrants	-	-	*	*
Warrants (issuance of a unit of securities) **	31	-	-	31
As of December 31, 2020				
Warrants (issuance of a unit of securities)**	76	-	-	76

* Represent an amount lower than \$1 thousand

** Starting September 2020 the warrants (issuance of a unit of securities) are trading under the ASX code ROOO, therefore transferred from Level 3 to Level 1

The warrants (issuance of a unit of securities) are trading under the ASX code ROOO

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

30.06.2020				
Item	Fair value U.S. \$ in thousands	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Warrants (convertible notes)	*	Volatility of firm's assets returns	78%	A change in the volatility measure by %5 results in a change of +/- * of the fair value

* Represent an amount lower than \$1 thousand

Financial instruments not measured at fair value:

Financial instruments not measured at fair value includes cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, and governmental liabilities on grants received.

Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables approximates their fair value.

The fair value of governmental liabilities on grants received for June 30, 2021, June 30, 2020 and December 31, 2020 is not materially different to the carrying amount, since the interest rate used in the initial recognition is close to current market rates.