

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 2022
Previous period: For the half-year ended 30 June 2021

2. Results for announcement to the market

			<u>30-Jun-2022</u>	<u>30-Jun-2021</u>
			<u>US\$'000</u>	<u>US\$'000</u>
Revenues from ordinary activities	down	75%	25	102
Loss from ordinary activities after tax attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	up	23%	(1,024)	(834)
Loss for the year attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	up	23%	(1,024)	(834)

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	<u>0.0000</u>	<u>0.0003</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

Roots Sustainable Agricultural Technologies Ltd
Appendix 4E
Preliminary final report

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.

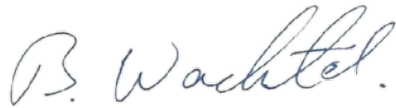
7. Audit qualification or review

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 2022 is attached.

9. Signed

Signed 

Boaz Wachtel
Executive Chairman
Beit Halevi

Date: 31 August 2022

For personal use only

Roots Sustainable Agricultural Technologies Ltd.

ARBN 619 754 540

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF JUNE 30, 2022

Roots Sustainable Agricultural Technologies Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Report on Review of Interim Financial Information	1
Condensed Statements of Financial Position	2-3
Condensed Statements of Comprehensive Income	4
Condensed Statements of Changes in equity (deficit)	5-7
Condensed Statements of Cash Flows	8
Notes to Condensed Financial Statements	9-12



**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, 2022, 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, 2022, 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 1,045 thousand and net losses of USD 1,024 thousand during the six-month period ended June 30, 2022. 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.

Ziv Haft
Ziv Haft

Tel-Aviv, Israel
August 31, 2022

Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv 03-6386868	Jerusalem 02-6546200	Haifa 04-8680600	Beer Sheva 077-7784100	Bnei Brak 073-7145300	Kiryat Shmona 077-5054906	Petah Tikva 077-7784180	Modiin Ilit 08-9744111	Nazrat Ilit 04-6555888
------------------------	-------------------------	---------------------	---------------------------	--------------------------	------------------------------	----------------------------	---------------------------	---------------------------

Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo.co.il **Website:** www.bdo.co.il

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firm

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

		<u>30.06.2022</u>	<u>30.06.2021</u>	<u>31.12.2021</u>
		<u>U.S. \$ in thousands</u>		
	<u>Note</u>	<u>Unaudited</u>		
ASSETS				
Current Assets				
Cash and cash equivalents		345	1,920	1,424
Restricted cash		37	40	42
Trade receivables		75	84	62
Other accounts receivables		<u>194</u>	<u>249</u>	<u>249</u>
		<u>651</u>	<u>2,293</u>	<u>1,777</u>
Non-Current Assets				
Property and equipment		<u>34</u>	<u>50</u>	<u>46</u>
		<u>34</u>	<u>50</u>	<u>46</u>
TOTAL ASSETS		<u>685</u>	<u>2,343</u>	<u>1,823</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

		30.06.2022	30.06.2021	31.12.2021
		U.S. \$ In thousands		
	Note	Unaudited		
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables		87	51	28
Derivative liability – warrants	3	31	-	184
Other payables		437	360	458
		<u>555</u>	<u>411</u>	<u>670</u>
Non-Current Liabilities				
Derivative liability – warrants	3	-	26	-
Governmental liabilities on grants received		373	347	368
		<u>373</u>	<u>373</u>	<u>368</u>
Shareholder's equity (deficit)				
Equity attributable to owners of the parent				
Share Capital and Premium		18,228	17,554	18,228
Warrants		164	164	164
Foreign currency translation reserve		(146)	(204)	(142)
Accumulated losses		(18,489)	(15,955)	(17,465)
		<u>(243)</u>	<u>1,559</u>	<u>785</u>
		<u>685</u>	<u>2,343</u>	<u>1,823</u>
TOTAL LIABILITIES AND EQUITY				

* Represent an amount lower than \$1 thousand

August 31, 2022		
Date of approval of the financial statements	Boaz Wachtel Chief Executive officer & Director	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,
	2022	2021	2021
U.S. \$ in thousands			
Unaudited			
Revenues	25	102	187
Cost of revenues	15	69	117
Gross Profit	10	33	70
Research and development expenses, net	207	194	490
Marketing, distribution and business development expenses	348	262	605
General and administrative expenses	592	399	1,093
Loss from operations	1,137	822	2,118
Finance expense	49	67	294
Finance income	162	55	68
Loss before income tax	1,024	834	2,344
Income Tax	-	-	-
Net loss	1,024	834	2,344
<i>Items that will not be reclassified to profit or loss:</i>			
Translation adjustment to the presentation currency	(4)	46	(16)
Total comprehensive loss	1,028	880	2,328
Loss per share			
Basic and diluted loss per share (\$)	<u><u>(0.001)</u></u>	<u><u>(0.001)</u></u>	<u><u>(0.004)</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 changes in equity (deficit)

For the six month period ended June 30, 2022 (Unaudited):

	Share Capital and Premium	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	U.S. \$ in thousands				
Balance at January 1, 2022	18,228	164	(142)	(17,465)	785
Changes during the period:					
Comprehensive loss:					
Loss for the period	-	-	-	(1,024)	(1,024)
Other comprehensive loss:					
Translation differences	-	-	(4)	-	(4)
Total comprehensive loss for the period		-	(4)	(1,024)	(1,028)
Balance as of June 30, 2022	18,228	164	(146)	(18,489)	(243)

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, 2021 (Unaudited):

	Share Capital and Premium	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)
Share-based compensation	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 year ended December 31, 2021:

	Share Capital and Note Premium	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2021	17,553	164	(158)	(15,121)	2,438
Changes during the period:					
Comprehensive loss:					
Loss for the period		-	-	(2,344)	(2,344)
Other comprehensive loss:					
Translation differences		-	16	-	16
Total comprehensive loss for the period	-	-	16	(2,344)	(2,328)
Issuance of shares, net	377	-	-	-	377
Issuance of Performance Rights	56	-	-	-	56
Issuance of shares to suppliers in lieu of cash payment	39	-	-	-	39
Share-based compensation	203	-	-	-	203
Balance as of December 31, 2021	18,228	164	(142)	(17,465)	785

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 month period		Year ended
	ended June 30,	ended June 30,	December 31,
	2022	2021	2021
U.S. \$ in thousands			
Unaudited			
Cash Flows from Operating Activities:			
Net loss for the period	(1,024)	(834)	(2,344)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	7	9	17
Share-based compensation expenses	-	1	133
Changes in fair value of derivatives	(141)	(50)	(64)
Change in liability for grants received from the IIA	(15)	(87)	(125)
Interest on liability for grants received from the IIA	44	48	92
Finance expense, net	(12)	-	(16)
Change in trade receivables	(22)	40	67
Change in other receivables	29	(66)	(50)
Change in trade payables	66	(34)	(18)
Change in other payables	23	(171)	(78)
Net cash used in operating activities	(1,045)	(1,144)	(2,386)
Cash Flows from Investing Activities:			
Purchase of property and equipment	-	(4)	(5)
Change in restricted cash	-	45	43
Net cash provided by investing activities	-	41	38
Cash Flows from Financing Activities:			
Net proceeds from issuance of unit of securities	-	-	672
Net cash provided by financing activities	-	-	672
Decrease in cash and cash equivalents	(1,045)	(1,103)	(1,676)
Translation differences on cash and cash equivalents	(34)	(44)	33
Cash and cash equivalents at beginning of the period	1,424	3,067	3,067
Cash and cash equivalents at the end of the period	345	1,920	1,424

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, 2022, the company has incurred negative cash from operation of USD 1,045 thousand and net losses of USD 1,024 thousand during the six-month period ended June 30, 2022. 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. Following to Note 1C to the financial statements as of December 31, 2021 (hereinafter: the "Note"), during the second half of the fourth quarter of 2021 and thereafter in 2022 a variant of the corona virus called "Omicron" spread worldwide which caused a widespread spread of infection worldwide. Including at the Company's sites of activity. Notwithstanding the foregoing, the Company's activity during the six-month period ended June 30, 2022 has not been materially affected by this variant and the Company did not have any additional significant effects to their operations compared to the year ended December 2021.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

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, 2021, was approved by the board on March 31, 2022. The report of the auditors on those financial statements was unqualified.

The interim financial statements as of June 30, 2022, have not been audited.

The interim financial information should be read in conjunction with the annual financial statements as of December 31, 2021, 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, 2021, are applied consistently in these interim financial statements.

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2022 (the date on which the Company's next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Company evaluated during the period the effect of these standards and interpretations and does not believe that it will have a material impact on the financial statements once adopted.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 3 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

	<u>Fair value measurements using input type</u>			
	<u>U.S. \$ in thousands</u>			
	<u>Unaudited</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As of June 30, 2022				
Warrants (issuance of a unit of securities)	-	-	31	31
Warrants (issuance of a unit of securities)	*	-	-	*
As of June 30, 2021				
Warrants (issuance of a unit of securities) **	26	-	-	26
As of December 31, 2021				
Warrants (issuance of a unit of securities) **	12	-	-	12
Warrants (issuance of a unit of securities)	-	-	172	172

* Represent an amount lower than \$1 thousand

** 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:

	<u>Item</u>	<u>Fair value</u>	<u>Unobservable inputs</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
		<u>U.S. \$ in thousands</u>			
			<u>Unaudited</u>		
30.06.22	Warrants	31	Volatility of firm's assets returns	78%	A change in the volatility measure by %5 results in a change of +/- * of the fair value
31.12.21	Warrants	172	Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 12K of the fair value

* Represent an amount lower than \$1 thousand

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

	<u>30.06.2022</u>	<u>30.06.2021</u>	<u>31.12.2021</u>
	<u>U.S. \$ in thousands</u>		
	<u>Unaudited</u>		
Warrants			
Opening Balance	172	-	-
Issuance of warrants	-	-	172
Net profit recognized in Profit or loss	(141)	-	-
Closing Balance	31	-	172

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 3 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (Cont.)

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.

NOTE 4 – SUBSEQUENT EVENTS:

During August 2022, the company received loans a total of AUD225 thousands (approximately USD158 thousands) from lenders, under the following terms and conditions:

- a. Interest accrues daily at the rate of 20% for the period from drawdown, to 31 December 2022.
- b. Use of loan for general working capital and ongoing business debts.
- c. The repayment of the loans, together with any accrued Interest, must be repaid by Roots to the Lender in cash on the earlier to occur of:
 - (1) the date that is seven days following Roots completing an equity capital raising of a minimum of AUD400,000 (Capital Raising); and
 - (2) 31 December 2022,