

ASX and MEDIA RELEASE

18 October 2022

## Quarterly Activities Report and Appendix 4C

### Highlights:

- Multiple milestones achieved highlighting the Company's expansion of operations on utilising its technology to mitigate climate change and food shortages with a focus on Europe and the USA
- Accumulated sales contracts Q1-Q3 2022 in a total of A\$291K which represents an increase of 61% on Q1-Q3 2021 (A\$181K)
- Multiple sales agreements achieved across the US, United Kingdom, United Arab Emirates and Israel underpinning growing demand for ROO's technology
- Dealership agreement in the UK with leading provider of agricultural project and technology provider TK ag Solutions has led to the sale of a total of six demonstration mini roots systems
- Solutions sold to major UK soft fruit growers including Wilkin & Sons Limited, Berry Gardens and Dearnside Fruit – Highlights the Company's ongoing penetration of a major market
- Letter of Intent secured with Michael Aronson, a leading executive with 30 years' experience in operations and international trade
- LOI will increase the Company's exposure in the Northeast of the US which has the potential to become a lucrative sales hub for the Company
- Agreement will focus on new territories including New Hampshire, Vermont, Maine, Massachusetts, Connecticut, New York, Rhode Island, New Jersey, Pennsylvania and Delaware
- First sale of Mini-RZTO system also secured through Oklahoma dealership highlighting demand increase for product range
- IP position strengthened with lodgement of two provisional patents in the US
- Considerable progress made at major UAE project subsequent to the end of the quarter

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company") is pleased provide the following update to shareholders for the period ended 30 September 2022 (the 'quarter') together with its Appendix 4C Quarterly cash flow report.

### Operational overview:

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#### **Sales growth in the United Arab Emirates:**

Roots secured a sales agreement with leading UAE-based agricultural company, EliteAgro. Under the agreement Roots will facilitate the supply of HEPS (Heat Exchange Probes), as part of a root-zone cooling solution for EliteAgro's 'Coffee House Murmum' project. The total consideration payable to Roots for the HEPS solution was agreed at US\$105,000 (~\$A163K).

The HEPS are designed to cool the root zone temperature of the coffee plants at scale and keep them at an optimal range year-round. The Coffee House Murmum project is part of a multiple commercial initiatives in the region, which incorporate cutting edge agricultures technologies that offset the harsh climate environment in the UAE.

#### **Israel sales:**

The Company achieved additional sales at a hydroponic fluid temperature project in Kibutz Pelech, Western Galilee. The project involves commercial plant operation, located in a quarter acre greenhouse, utilising a Nutrient Film Technique method.

Roots will supply and install a heating and cooling system that will connect to the growing fluid and provide the ideal temperature for the plant year-round. Under the terms of the sales agreement, consideration paid to Roots will be \$12,600 with 60% payable immediately, 39% on installation date and 10% payable upon completion of installation.

The Company was also commissioned to install a Root Zone Temperature (RZT) system comprising pipes in the beds of Ornithogalum flowers at Gobari Farm, Mashav Azriel. The technology will be deployed for a farming client that grows flowers, peppers and cucumbers for sale in domestic markets. Under the terms of the sales agreement, consideration paid to Roots will be \$25,974 with 40% payable immediately and the remaining 60% payable upon completion of installation and governmental subsidy payment (already approved by the Israeli Agricultural Ministry).

#### **RZTO sale and binding Letter of Intent with leading global precision irrigation company, Netafim:**

Roots continued its European focus through a sale of a 'Super Mini' RZTO system to leading global precision irrigation company, Netafim Ltd. ('Netafim') for US\$5,000. The system is being used for a pilot aiming to validate its efficacy at a farm in Southern Turkey.

The system will be tested using Roots' proprietary Heat Exchange Probes (HEP) and heat pump on at a reputable pot-based blueberry farm in Antalya Turkey. The strategic sale allows Roots to leverage its already field proven technology referencing Netafim's implacable reputation and global marketing channels.

The Company signed a binding Letter of Intent (LOI) with no-shop for a period of 12 months whereby a pilot study will be conducted by Netafim in Turkey. During the no shop period ROOTS is not allowed to engage with Netafim's competitors in Turkey and 5 Asian countries. Following a successful pilot in Turkey, and subject to engagement under a definitive agreement, Netafim will be granted exclusivity under terms to be agreed, in additional jurisdictions: Azerbaijan, Kazakhstan, Georgia, Armenia and Turkmenistan. It is intended for a definitive distribution agreement to be negotiated in good faith between the Parties including quantities and prices.

Under the agreement, Roots will share internal expertise on the use of the RZTO system to help the blueberry plants cope with adverse weather events experienced in the region. Rising temperatures and the escalating effect of global warming is in particular harmful for some blueberry strains as they need specific root zone temperature range to ameliorate the negative effects of sustained heat waves.



### **Sale of six demonstration systems to major soft fruit providers through UK dealer:**

Through the Company's exclusive partner and leading UK agricultural project and technology provider TK Solutions AG Ltd ("TK solutions") (refer ASX announcement: 8 April 2022), Roots has secured six more purchase agreements for its demonstration systems for the UK market. The total sale value of the systems is A\$10K.

An initial sale was made to Wilkins & Sons Limited for use at a strawberry farm at Colchester, UK to be deployed in strawberry grow bags, with additional systems sold to Berry Gardens to be used for testing at its trial site in the UK to progress growing strawberries in grow bags. A further system was purchased by Dearnsdale Fruit for demonstration and testing on strawberries in grow bags and raspberries in pots.

Berry Gardens is a family of dedicated soft fruit farmers in the Staffordshire countryside, using state-of-the-art technology to sustainably grow, pick, pack and distribute berries to the UK and international supermarkets. Berry Gardens is the UK's leading berry and stone fruit production and marketing group, which had a sales footprint of £317m in 2018 and a market share in excess of 30%<sup>i</sup>.

The systems will be used as demonstrations over one growing cycle. At the end of the season a review of the contribution of the system will take place and a decision to purchase larger systems will be made. The purchases will assist Root's to demonstrate the multiple benefits of its root zone heating and cooling technology, which has multiple benefits that include increased yield, off season planting, enhanced production security in the face of extreme weather conditions and fetching prime prices for being first in market.

The sales also highlight the potential for the Company's technology with major UK soft fruit producers, in a major market. The UK soft fruit market has witnessed explosive growth over the past 25 years, with production increases by 600%. Strawberry consumption in the UK rose 150% from 67,000 tonnes in 1996 to 168,000 tonnes by 2015, taking production to be a value of over £1.5Bn<sup>ii</sup>

### **Targeted focus on US and LOI to expand in-country presence:**

The Company entered into an LOI with an experienced US executive, Michael Aronson, expected to provide broader exposure to an additional 10 states throughout the Northeast of the USA, in which the Company does not currently have sales representation.

The agreement follows an extensive review of multiple near-term opportunities in the US to leverage the Company's proprietary technology to mitigate against food shortages and issues associated with climate change.

The LOI will focus on a number of new territories for the Company including New Hampshire, Vermont, Maine, Massachusetts, Connecticut, New York, Rhode Island, New Jersey, Pennsylvania and Delaware. It has the potential to considerably broaden Root's exposure in these new territories, which may become lucrative sales jurisdictions.

Roots will initially commence a two-month test period with Mr Michael Aronson (the "dealer"), prior to reaching a definitive agreement before the end of 2022. Mr Aronson has 30 years' experience in operations and international trade and has previously served as the President of the Massachusetts based Consumer Export Group Inc. Mr Aronson has expertise in production, management, logistics and sales through operations exposed to over 15 countries throughout Africa and South America.



In the initial two-month period, Mr Aronson will test the Company's products and potential acceptance in territories throughout NE USA. During this time, he will be compensated on a sales-based model only.

Following the two-month period, the parties will enter a definitive agreement to incorporate a licence, distribution and sales agreement. Under the terms of the LOI, the dealer will be responsible for:

- a) Sales and marketing of the System;
- b) Logistics – system components purchasing from Roots and when needed locally in the territory, storage, assembling packaging, and shipment to customer's site;
- c) Installation of the System at customer's site or coordinating and supervising local installers;
- d) Customer payment collection; and
- e) Post-sale services.

The agreement follows the Company's launch in Central USA and an Oklahoma-based dealership hub earlier in 2022. The company also advises it has received its first order for a Mini Root Zone Temperature Optimisation (RZTO) system from the dealer, valued at A\$4,500.

**Two provisional patent applications lodged with the United States Patent and Trademark Office (USPTO):**

Roots considerably strengthened its intellectual property suite, lodging two applications with the USPTO for its technology. The provisional filing provides the Company with a global priority date on both patents. The decision to file followed an extensive period of analysis and patent searches, which indicated a lack of apparent conflict with existing patents for the relevant technologies Roots has submitted for review.

***Patent Application 1: Micro-Climate Management***

The first patent application relates to in-house technology developed by Roots that targets a solution for micro-climate management in commercial agriculture operations.

The innovative concept relates to the new dual-use of drip irrigation equipment, to push temperature-regulated air (either hot or cold) between irrigation intervals. The apparatus positively influences the plant canopy and/or root zone area, facilitating the release of regulated air temperatures from the dripper holes within the existing irrigation system.

The functionality relates to the ability to remove water from the drip irrigation line at the end of each irrigation cycle, and push air through the drip nozzles to create a favourable micro-climate for each plant. The innovation can be used adjunct to existing lines or as part of new dual-use installations. The patent application includes six variations relating to the new dual use of drip irrigation equipment to moderate canopy and/or root zone temperatures, for both covered and open agriculture.

Through the development of its technology, Roots aims to provide an alternative to existing air management equipment. The patent covers IP protection for its micro-climate platform, which could provide a more cost-effective and environmentally friendly operational solution for greenhouse farmers. Existing products in the covered agriculture (Greenhouse) sector use air heating and cooling equipment that require large capital and operating expense outlays, while also carrying a negative environmental impact due to high energy use.

The resulting IP would complement the Company's existing commercial offering, which comprises its RZTO and HEPS.



### **Patent Application 2: Temperature optimisation**

The second relates to a coordinated system which unifies a number of temperature-related critical functions that are currently served by separate equipment, in order to achieve optimal growth conditions.

The functions are:

1. Optimization of Root zone temperatures
2. Optimization of Irrigation water temperatures
3. Optimization of fertilization liquid temperatures

For the purpose of the application, optimization in this case is defined as 'an ability to provide a relatively narrow range of optimal temperatures year-round, regardless of season'. The unified unit in this application is able to maintain optimal root zone temperatures in a closed-cycle growing apparatus, with an open ended source of water coupled with an integrated fertigation fluid tank.

The technology offers an improved irrigation water solution, which assists farmers avoid extreme water temperatures (causing plants to wither with excessive cold irrigation, or wilting when irrigation water is too hot).

Excessive variation in water temperatures is currently a cause of significant damage to overall productivity and damages the financial potential of each growth cycle.

The new IP adds another product to Roots product mix and can be scaled up from small to large acreage areas, both in covered and open agriculture. A prototype has been built and tested at the Company experimental greenhouse in Israel.

### **UAE installation significantly advances subsequent to the end of the quarter:**

The Company has successfully installed the 1.6 hectare, 9,000 plant greenhouse systems at EliteAgro's Coffee House Murmum Project. The systems will assist in maintaining root zone area temperatures in a favourable range, which is significantly lower than the average air temperature in the region.

The completion of the project will provide a strong foundation for future opportunities with EliteAgro and further highlights how Root's technology has the ability to mitigate the effects of rising temperatures and climate change.

### **Corporate overview:**

During the quarter, the Company entered into two short-term loan agreements for an aggregate amount of A\$225,000 (**Loan Agreements 1 & 2**) with Glacierglow Pty Ltd and RAH (STC) Pty Ltd (**the Lenders**). The Lenders are unrelated parties of the Company, and the loans are unsecured.

Subsequent to the end of the quarter, the Company entered into another loan agreement for an amount of A\$140,000 with RAH (STC) Pty Ltd (**Loan Agreement 3**). The loan is unsecured.

A summary of the key terms and conditions of the Loan Agreements are outlined below.

The Company may negotiate additional short-term loans on the same terms and conditions as the Loan Agreements to meet the Company's working capital requirements until a capital raising has been completed. Further details will be provided in respect to any future loans if and when they are agreed.



The Company's Corporate Advisor, Everblu Capital Pty Ltd (**Everblu**) arranged the Loan Agreements and received a 6% commission on total loan funds in accordance with their corporate advisory mandate. All Lenders are private entities. Following introduction by Everblu, Roots undertook due diligence on the Lender's assets and liabilities, financial position and their controlling entities to satisfy the Company of the Lender's financial capacity to perform their obligations under the Loan Agreements.

On 31 August 2022, the Company lodged a Notice of Meeting for its Annual General Meeting (AGM) which was held subsequent to the end of the quarter on 4<sup>th</sup> October 2022. All resolutions at the AGM were carried by way of a poll.

#### **Loan Agreements – Terms and Conditions:**

##### **Interest:**

Loan Agreements 1 & 2: Interest is not compounding and is payable at a rate of 20% on the total principal loan amount for the 4 month period to the repayment date of 31 December 2022 (60% per annum);

Loan Agreement 3: Interest is not compounding and is payable at a rate of 10% on the total principal loan amount for the 6 week period to the repayment date of 18 November 2022 (86% per annum);

##### **Term:**

Any funds drawn down by Roots, together with any accrued interest, must be repaid by Roots to the Lenders on the earliest of:

- a) the date that is seven days following Roots completing an equity capital raising of a minimum of A\$400,000; and
- b) 31 December 2022 for Loan Agreements 1 & 2, and 18 November 2022 for Loan Agreement 3, (**Repayment Date**).

##### **Repayment**

Subject to the other terms of the Loan Agreements, any funds drawn down by Roots under the Loan Agreements, together with any accrued Interest, must be repaid by Roots to the Lender on the Repayment Date in cash.

##### **Purpose**

To be applied towards general working capital.



**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\$444K. 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\$51,913 | Periodical Director Fees in accordance with Director Agreements |
| Directors (Non-Executive) | US\$13,671 | Periodical Director Fees in accordance with Director Agreements |
| Everblu Capital Pty Ltd   | US\$3,906  | Capital Raising Fees (excl GST)                                 |
| Everblu Capital Pty Ltd   | US\$39,060 | Corporate Advisory Fees (excl GST)                              |

**Management commentary:**

**CEO Mr Boaz Wachtel said:** *"Roots has made significant progress during the quarter, with a number of achievements highlighting the Company's strategic focus on near term growth opportunities through Europe, the UK and the US.*

*"Recent sales in the UK, UAE and Israel outline the ongoing demand we are witnessing for our innovative technology, as food shortages and climate change mitigation become more apparent for farmers and growers. We are confident that these will serve as a base to further growth over the coming quarters.*

*"Over the coming months, the Company will continue focusing on strengthening its IP position, ongoing product development, further expanding our footprint in key markets and demonstrating the benefit of our technology through demonstrations with major producers and sales."*

**-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. For more information visit [www.Rootssat.com](http://www.Rootssat.com)

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### **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.

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

### **Corporate Enquiries:**

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### **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.

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<sup>i</sup> <https://www.berrygardens.co.uk/>

<sup>ii</sup> <https://allmanhall.co.uk/blog/overview-of-the-strawberry-industry-in-the-uk>



## 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 2022 |
|-------------------|

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>US\$'000</b> | <b>Year to date<br/>(9 months)<br/>US\$'000</b> |
|---|-------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                     |   |
| 1.1 Receipts from customers                               | 89                                  | 105   |
| 1.2 Payments for  |                                     |   |
| (a) research and development                              | (27)                                | (121)   |
| (b) product manufacturing and operating costs             | (25)                                | (28)  |
| (c) advertising and marketing                             | (82)                                | (250)   |
| (d) leased assets   | -                                   | -   |
| (e) staff costs   | (168)                               | (594)   |
| (f) administration and corporate costs                    | (120)                               | (555)   |
| 1.3 Dividends received (see note 3)                       | -                                   | -   |
| 1.4 Interest received (see note 6)                        | -                                   | -   |
| 1.5 Interest and other costs of finance paid              | (1)                                 | (5)   |
| 1.6 Income taxes paid                                     | -                                   | -   |
| 1.7 Government grants and tax incentives                  | -                                   | -   |
| 1.8 Other (institutes & exchange rate)                    | (110)                               | 18  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(444)</b>                        | <b>(1,430)</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                              | -                                   | -   |

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| Consolidated statement of cash flows |   | Current quarter<br>US\$'000 | Year to date<br>(9 months)<br>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)   | -                           | -                                      |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | -                           | -                                      |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                             |  |
| 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  | 150                         | 150                                    |
| 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>150</b>                  | <b>150</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  | 344                         | 1,424                                  |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)                         | (444)                       | (1,430)                                |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)                         | -                           | -                                      |

| Consolidated statement of cash flows |  | Current quarter<br>US\$'000 | Year to date<br>(9 months)<br>US\$'000 |
|--------------------------------------|--|-----------------------------|--|
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above) | 150                         | 150                                    |
| 4.5                                  | Effect of movement in exchange rates on cash held (see note 6)   | 55                          | (39)                                   |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                | <b>105</b>                  | <b>105</b>                             |

| 5. Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts |  | Current quarter<br>US\$'000 | Previous quarter<br>US\$'000 |
|---|--|-----------------------------|------------------------------|
| 5.1   | Bank balances  | 105                         | 344                          |
| 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>105</b>                  | <b>344</b>                   |

| 6. Payments to related parties of the entity and their associates |   | Current quarter<br>US\$'000 |
|---|---|-----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 105                         |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 3 | 4                           |

*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.*

**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<br>amount at quarter<br>end<br>US\$'000 | Amount drawn at<br>quarter end<br>US\$'000 |
|---------------------------------------|--|--|
| 7.1 Loan facilities                   | -  | -  |
| 7.2 Credit standby arrangements       | -  | -  |
| 7.3 Other (please specify)            | -  | -  |
| 7.4 <b>Total financing facilities</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.

| <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)                     | (444)           |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 105             |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -               |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 105             |
| 8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | 0.24            |

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 plans to raise funds during Q4 2022 through loans and equity, which will commence following the AGM. The BOD of the company believes this plan will be successful.

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.

## 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: 18 October 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.