

Roots Sustainable Agricultural Technologies Ltd

Appendix 4D

Half year report

1. Company details

Name of entity:	Roots Sustainable Agricultural Technologies Ltd
TEIN:	619 754 540
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

2. Results for announcement to the market

			<u>30-Jun-2020</u>	<u>30-Jun-19</u>
			<u>US\$'000</u>	<u>US\$'000</u>
Revenues from ordinary activities	down	27%	61	83
Losses from ordinary activities after tax attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	down	13%	(1,477)	(1,695)
Loss for the year attributable to the owners of Roots Sustainable Agricultural Technologies Ltd	down	13%	(1,477)	(1,695)
<i>Dividends</i>				
			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 financial statements.

3. Net tangible assets

	<u>Reporting period</u>	<u>Previous period</u>
	<u>U.S. dollars</u>	<u>U.S. dollars</u>
Net tangible assets per ordinary security	<u>(0.0005)</u>	<u>(0.0010)</u>

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 2020 is attached.

Signed



Signed _____

Date: 31 August 2020

Borz Wachtel
Executive Chairman
Boris Halevi

Roots Sustainable Agricultural Technologies Ltd.

ARBN 619 754 540

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF JUNE 30, 2020

Roots Sustainable Agricultural Technologies Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2020

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	9-15



**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, 2020 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, 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with the International Accounting Standard 34.

We draw attention to note 1(B) of the financial information, which indicates that, the company current liabilities exceeded its total assets by USD 589 and has incurred negative cash from operation of USD 755 thousand and net losses of USD 1,477 thousand during the six month period ended June 30, 2020. 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.

Yaniv Cohen

Partner

Tel-Aviv, Israel

August 31, 2020


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
+972-3-6386868 | +972-2-6546200 | +972-4-8680600 | +972-77-7784100 | +972-73-7145300 | +972-77-5054906 | +972-77-7784180 | +972-8-9744111 | +972-4-6555888 | +972-8-6339911

Head Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, ISRAEL Email: bdo@bdo.co.il Our Site: www.bdo.co.il

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Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Condensed statement of financial position

		<u>30.06.2020</u>	<u>30.06.2019</u>	<u>31.12.2019</u>
		<u>U.S. \$ in thousands</u>		
	<u>Note</u>	<u>Unaudited</u>		
ASSETS				
Current Assets				
Cash and cash equivalents		269	538	341
Restricted cash		81	36	38
Trade receivables		68	152	91
Other accounts receivables		<u>200</u>	<u>132</u>	<u>207</u>
		<u>618</u>	<u>858</u>	<u>677</u>
Non-Current Assets				
Property and equipment		<u>47</u>	<u>74</u>	<u>55</u>
		<u>47</u>	<u>74</u>	<u>55</u>
TOTAL ASSETS		<u>665</u>	<u>932</u>	<u>732</u>

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

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

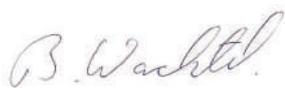
Condensed statement of financial position

		30.06.2020	30.06.2019	31.12.2019
		U.S. \$ In thousands		
	Note	Unaudited		
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables		66	80	171
Convertible notes	5	-	464	178
Derivative liability – warrants	6	*	14	*
Short term loans		270	-	-
Other payables		871	494	480
		<u>1,207</u>	<u>1,052</u>	<u>829</u>
Non-Current Liabilities				
Derivative liability – warrants	6	31	309	32
Governmental liabilities on grants received		344	418	335
		<u>375</u>	<u>727</u>	<u>367</u>
Shareholder's equity (deficit)				
Equity attributable to owners of the parent				
Share capital		12,482	10,285	11,468
Warrants		164	-	164
Foreign currency translation reserve		(167)	(133)	(177)
Accumulated losses		(13,396)	(10,999)	(11,919)
		<u>(917)</u>	<u>(847)</u>	<u>(464)</u>
		<u>665</u>	<u>932</u>	<u>732</u>
TOTAL LIABILITIES AND EQUITY				

* Represent an amount lower than \$1 thousand

August 31, 2020

Date of approval of the
financial statements



Boaz Wachtel
Chief Executive officer & Chairman



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,
	2020	2019	2019
U.S. \$ in thousands			
Unaudited			
Revenues	61	83	99
Cost of revenues	57	83	104
Gross Loss (profit)	(4)	-	5
Share based compensation	233	4	303
Research and development expenses	168	224	126
Marketing, distribution and business development expenses	558	720	1,313
General and administrative expenses	434	372	766
Loss from operations	1,389	1,320	2,513
Finance expense	176	375	361
Finance income	88	-	259
Loss before income tax	1,477	1,695	2,615
Income Tax	-	-	-
Net loss	1,477	1,695	2,615
<i>Items that will not be reclassified to profit or loss:</i>			
Translation adjustment to the presentation currency	(10)	(10)	34
Total comprehensive loss	1,467	1,685	2,649
Loss per share			
Basic and diluted loss per share (\$)	(0.01)	(0.026)	(0.031)

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, 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 (note 4)	430	-	-	-	430
Conversion of convertible notes to shares (note 5)	106	-	-	-	106
Issuance of shares to suppliers, employees and directors in lieu of cash fees (note 7)	188	-	-	-	188
Stock based compensation (note 3,7)	290	-	-	-	290
Balance as of December 31, 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 six month period ended June 30, 2019 (Unaudited):

	Share Capital	Foreign Currency Translation Reserve	Deficit	Total Equity
	U.S. \$ in thousands			
Balance at January 1, 2019	9,567	(143)	(9,304)	120
Changes during the period:				
Comprehensive loss:				
Loss for the period	-	-	(1,695)	(1,695)
Other comprehensive loss:				
Translation differences	-	10	-	10
Total comprehensive loss for the period	-	10	(1,695)	(1,685)
Issuance of shares	503	-	-	503
Conversion of convertible notes to shares	96	-	-	96
Issuance of shares to suppliers in lieu of cash fees	115	-	-	115
Stock based compensation	4	-	-	4
Balance as of June 30, 2019	10,285	(133)	(10,999)	(847)

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, 2019:**

	Share Capital	Warrants	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
	U.S. \$ in thousands				
Balance at January 1, 2019	9,567	-	(143)	(9,304)	120
Changes during the period:					
Comprehensive loss:					
Loss for the period	-	-	-	(2,615)	(2,615)
Other comprehensive loss:					
Translation differences	-	-	(34)	-	(34)
Total comprehensive loss for the period	-	-	(34)	(2,615)	(2,649)
Issuance of shares	942	-	-	-	942
Issuance of warrants	-	164	-	-	164
Conversion of convertible notes to shares	431	-	-	-	431
Issuance of shares to suppliers in lieu of cash fees	227	-	-	-	227
Stock based compensation	301	-	-	-	301
Balance as of December 31, 2019	11,468	164	(177)	(11,919)	(464)

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		Year ended
	ended June 30,	ended June 30,	December 31,
	2020	2019	2019
U.S. \$ in thousands			
Unaudited			
Cash Flows from Operating Activities:			
Net loss for the period	(1,477)	(1,695)	(2,615)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	8	9	18
Loss from disposal of property and equipment	-	-	1
Share-based compensation expenses	233	4	301
Finance expense, net	3	-	-
Changes in fair value of derivatives	(1)	137	(251)
Changes in fair value of convertible notes	(72)	103	135
Change in liability for grants received from the IIA	(20)	-	(188)
Interest on liability for grants received from the IIA	43	22	104
Interest on short term loans	23	-	-
Change in trade receivables	23	(31)	34
Change in other receivables	6	38	(44)
Change in trade payables	85	128	327
Change in other payables	391	65	41
Net cash used in operating activities	(755)	(1,220)	(2,137)
Cash Flows From Investing Activities:			
Purchase of property and equipment	-	(6)	(3)
Proceeds from sale of property and equipment	-	-	12
Change in restricted cash	(43)	(1)	-
Net cash provided by (used in) investing activities	(43)	(7)	9
Cash Flows From Financing Activities:			
Repayment of liabilities on grants received from IIA	-	(3)	(3)
Receipt of convertible note	-	573	573
Receipt of short term loans	242	-	-
Repayment of convertible note	-	(88)	(88)
Net proceeds from issuance of warrants	-	-	164
Net proceeds from issuance of shares	486	661	1,187
Net cash provided by financing activities	728	1,143	1,833
Decrease in cash and cash equivalents	(70)	(84)	(295)
Translation differences on cash and cash equivalents	(2)	29	43
Cash and cash equivalents at beginning of the period	341	593	593
Cash and cash equivalents at the end of the period	269	538	341

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.

The formal address of the Company is Suite 2, Level 1/1 Altona Street West Perth WA 6005, Australia.

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, 2020 the company current liabilities exceeded its total assets by USD 589 and has incurred negative cash from operation of USD 755 thousand and net losses of USD 1,477 thousand during the six month period ended June 30, 2020. 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, A Layout 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 2019 relate to the effects of the global pandemic on A Layout's interim consolidated financial statements for the six months ended 30 June 2020 and are summarized as follows.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 1 – GENERAL (CONT.):

The COVID-19 had no material effect on Roots financial position, however 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, 2019 was approved by the board on February 27, 2020. The report of the auditors on those financial statements was unqualified.

The interim financial statements as of June 30, 2020 have not been audited.

The interim financial information should be read in conjunction with the annual financial statements as of December 31, 2019 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, 2019 are applied consistently in these interim financial statements.

NOTE 3 - ISSUE OF SHARES

- a. On February 2020, the Company raised AUD 500 thousands before expenses, by way of a placement of up to 15,151,515 CDIs at AUD 0.033 per CDI to sophisticated and professional investors. Issue of the CDIs will be made under the Company's available placement capacities with 2,841,909 CDIs to be issued under Listing Rule 7.1 and 12,309,606 CDIs to be issued under Listing Rule 7.1A. Everblu Capital Pty Ltd acted as lead manager for the capital raising and will receive a fee of 6% of the total funds raised and, subject to receipt of prior shareholder approval to be sought at a future general meeting – 2,000,000 CDIs, recognized as stock based compensation with total fair value of \$ 44 thousands.
- b. On May 2020, the Company raised AUD 280 thousands million before expenses, by way of a placement of up to 15,555,556 CDIs at AUD 0.018 per CDI to sophisticated and professional investors. Everblu Capital Pty Ltd acted as lead manager for the capital raising and will receive a fee of 6% of the total funds raised and, subject to receipt of prior shareholder approval to be sought at a future general meeting – 1,000,000 CDIs, recognized as stock based compensation with total fair value of \$ 12 thousands.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 4 – SHORT TERM LOANS

- a. On May 7, 2020 the company signed a short term loan agreement that will be repaid 90 days after the execution date, the total sum of the loan is AUD 135 thousands (approximately USD 87 thousands), the Repayment Amount is AUD 170 thousands (approximately USD 116 thousands).
- b. On June 22, 2020 the company signed a short term loan agreement that will be repaid 60 days after the execution date, the total sum of the loan is AUD 275 thousands (approximately USD 189 thousands) before establishment fee payment of AUD 50 thousands (approximately USD 34 thousands), the Repayment Amount is AUD 325 thousands (approximately USD 222 thousands).

NOTE 5 – CONVERTIBLE NOTES

On January 2020, the company issued 2,400,000 CDIs on conversion of 60,000 Notes

On May 2020 as part of the redemption and termination arrangements between the Company and CST Capital and the outstanding 98,000 Convertible Notes on issue, the following has been agreed:

1. Cash payment of AUD 100,000 to CST Capital;
2. Issue of 3,582,385 conversion CDIs to CST Capital; and
3. Forgiving 1,650,000 Collateral CDIs previously issued to CST Capital.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

	Fair value measurements using input type			
	U.S. \$ in thousands			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As of June 30, 2020				
Warrants	-	-	*	*
Warrants (issuance of a unit of securities) **	31	-	-	31
As of June 30, 2019				
Convertible notes	-	-	464	464
Warrants	-	-	14	14
Warrants (issuance of a unit of securities) **	-	-	309	309
As of December 31, 2019				
Convertible notes	-	-	178	178
Warrants	-	-	*	*
Warrants (issuance of a unit of securities)**	32	-	-	32

* Represent an amount lower than \$1 thousand

** Starting September 2019 the warrants (issuance of a unit of securities) are trading under the ASX code ROOO, therefore transferred from Level 3 to Level 1

The fair value measurement of the warrants (convertible notes) in the table above, was estimated using a Monte Carlo simulation analysis, based on a variety of significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy. As of June 30, 2020, the key inputs that were used in measuring the fair value of the warrants (convertible notes) were: the risk free interest rate – 0.21%, the expected volatility - 78% and the AUD/USD exchange rate - 0.684.

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:

Item	30.06.2020			
	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

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONT.):

30.06.2019				
Item	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	\$'000			
Convertible notes	464	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 39K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 3K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 23K of the fair value
Warrants	14	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 61K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 24K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 16K of the fair value
Warrants (issuance of a unit of securities)	309	Value of the firm's assets	5,704,081	A change in the value of the firm's assets by 700K results in a change of +/- 5K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 2K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 67K of the fair value
31.12.2019				
Item	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	U.S. \$ in thousands			
Convertible notes	178	Value of the firm's assets	4,669,448	A change in the value of the firm's assets by 700K results in a change of +/- 6.4K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- 0.5K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- 4K of the fair value
Warrants	*	Value of the firm's assets	4,669,448	A change in the value of the firm's assets by 700K results in a change of +/- *K of the fair value
		Volatility of firm's assets returns	75%	A change in the volatility measure by %5 results in a change of +/- *K of the fair value
		Assets value loss given default	91%	A change in the assets value loss given default by %1 results in a change of +/- *K of the fair value

* Represent an amount lower than \$1 thousand

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONT.):

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

	30.06.2020	30.06.2019	31.12.2019
	U.S. \$ in thousands		
Convertible notes			
Balance as of January 1	178	-	-
Receipts of convertible notes	-	545	545
Repayment of convertible note	-	(88)	(88)
Conversion of convertible notes to shares	(106)	(96)	(431)
Net loss (profit) recognized in Profit or loss	(72)	103	152
Balance as of June 30	-	464	178
Warrants			
Balance as of January 1	*	-	-
Receipts of Warrants	-	186	186
Transferred to Level 1 **	-	-	(119)
Net loss (profit) recognized in Profit or loss	-	137	(67)
Balance as of June 30	*	323	*

* Represent an amount lower than \$1 thousand

** Starting September 2019 the warrants (issuance of a unit of securities) are trading under the ASX code ROOO, therefore measured at Level 1

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, 2020, June 30, 2019 and December 31, 2019 is not materially different to the carrying amount, since the interest rate used in the initial recognition is close to current market rates.

Roots Sustainable Agricultural Technologies Ltd

ARBN 619 754 540

Notes to condensed consolidated financial statements

NOTE 7 - SIGNIFICANT AND SUBSEQUENT EVENTS:

- A. On 13 January 2020, the Company appointed Mr Boaz Wachtel was appointed CEO and Executive Chairman, with Mr Sharon Devir assuming the role of Executive Director and Business Development.
- B. On 12 February 2020, Mr Dror Nagel resigned as Non-Executive Director of the Company effective immediately.
- C. On 13 February 2020, the Company signed an exclusive and binding sales and distribution agreement for the Italian market for its proprietary Root Zone Temperature Optimization (RZTO) technology with Cairo and Doutcher, a leading Italian ag-tech production and distribution company.
- D. On 28 February 2020, the Company issued 4,000,000 CDIs to contractors of the Company for services rendered in lieu of cash fees. The Company did this to preserve its cash reserves.
- E. During May 2020, the company approved the issuance of 16,500,000 CDIs to contractors of the Company as stock based compensation (it should be noted that although the company approved to issue 19,000,000 CDIs eventually to the management best estimation they will issue only 16,500,000 CDIs for the services provided) , subject to Shareholder approval at a future General Meeting. The total fair value of the shares at the amount of \$ 228 thousand was expensed through profit and loss.
- F. During June 2020, the company approved the issuance of 2,847,945 CDIs to directors and employees of the Company for services rendered in lieu of cash fees, subject to Shareholder approval at a future General Meeting. The Company did this to preserve its cash reserves.
- G. On 8 July 2020, the Company completed the 3rd installation of its proprietary Root Zone Temperature Optimisation (RZTO) technology with leading hydroponic vegetable grower HYDRO GROW, located in Bnei Atarot Israel.
- H. On 23 July 2020, the Company appointed Mr. Peter Hatfull as Non-Executive Director of the Company.
- I. On August 24, 2020 the company completed a funds raising of AUD 2.51M in private placement. Placement price of AUD 0.016 per share representing a 20% discount to the 5-day volume weighted average price of AUD 0.02 per share.

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DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS OF ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES LTD.

As lead auditor for the review of Roots Sustainable Agricultural Technologies Ltd. for the half-year ended 30 June, 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Roots Sustainable Agricultural Technologies Ltd. during the period.

Tel-Aviv, Israel
August 31, 2020

Ziv Haft
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
+972-3-6386868 | +972-2-6546200 | +972-4-8680600 | +972-77-7784100 | +972-73-7145300 | +972-77-5054906 | +972-77-7784180 | +972-8-9744111 | +972-4-6555888 | +972-8-6339911

Head Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, ISRAEL Email: bdo@bdo.co.il Our Site: www.bdo.co.il

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