

ASX and MEDIA RELEASE

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Roots signs exclusive distribution agreement for China market – conditional on \$US19 million in ongoing achievement of sales targets.

- **Distribution agreement signed with leading international ag-tech integrator Dagan Agricultural Automation in China for exclusive rights to sell Roots' patented root zone temperature optimisation (RZTO) technology for three years, with extension for two additional years, in that market.**
- **Target of US\$19 million minimum sales over a five-year period to maintain exclusivity.**
- **China market accounts for 53 per cent (nearly 550 million tonnes) of total global vegetable production.**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) has signed a binding exclusive distribution agreement for the China market with Dagan Agricultural Automation, one of the world's leading global Ag-tech integrators. Exclusivity of the distribution arrangement is conditional on \$US19 million in sales on the basis of the agreement continuing for five years.

It allows Dagan to exclusively sell Roots' patented root zone temperature optimisation (**RZTO**) technology and associated products for an initial three years throughout China - which now accounts for 53 per cent (nearly 550 million tonnes) of total global vegetable production.

The agreement is for a term of three years and provides for an extension for a further two years, with the ability to expand the agreement to include other Roots' patented technology such as Irrigation by Condensation (**IBC**) and extend this exclusivity to other geographic markets.

The exclusivity of the distribution agreement is based on achievement of minimum sales targets over a five-year period totaling US\$19 million for Roots technologies. The sales targets are \$US3 million to Roots over the first three years; \$US6 million in year-four; and \$US10 million in sales in year-five. This China distribution agreement builds on the recent announcement for Australia as well as current agreements in markets in Southern Europe and the Middle East.

This distribution agreement comes after the initial sale to Dagan in China of US\$257,000 (A\$323,000) announced previously for the installation and use of Roots' proprietary RZTO technology to heat and cool the roots of eight crops such as vegetables, herbs and flowers.

Dr Sharon Devir, CEO and Co-founder said, "This distribution agreement with Dagan for an initial three years with an extension for a further two in the China market means that Roots can expect to significantly expand its presence in China, the world's largest agricultural market. China now accounts for 53 per cent (nearly 550 million tonnes) of global vegetable production."



“But while China is a powerful agricultural producing country, it faces many challenges. It must feed nearly three times the number of people per area unit of land as the rest of the world. There is growing middle class demand for more protein in the diets, and local land and water resource constraints make production increases a challenge.

“We expect to establish a long term commercial relationship with Dagan to serve our global expansion plans. This distribution agreement with Dagan is a professional endorsement of Roots’ technology and its ability to help address some of the critical agricultural production and pollution challenges this market faces. We have conservative sales targets over the five-year period, allowing for modest sales in the first three years so we can focus on establishing sales networks and showcasing capability, with resulting sales activity increasing in years four and five.”

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 being faced by agriculture today, including plant climate management 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.

More information www.Rootssat.com

About Dagan Agricultural Automation

Dagan Agricultural Automation is one of the leading providers of innovative technology, related to most common agricultural disciplines include greenhouses, tree nurseries, net houses, tunnels, and open fields on the one hand; and animal breeding farms such as pig farms, dairies, chicken coops, and aquaculture.

The systems provided by Dagan Automation successfully combine technologies from various related scientific fields: Computerised systems for climate control, electrical boards and cabinets, command and control, water treatment systems, and pressurized irrigation systems, as well as nutrition and fertilisation systems.

In addition, the company engages in research and development and in providing related services such as economic feasibility analyses, engineering and planning, business plans, logistical support, documentation and training.

More information <http://www.dagan.co.il>

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