

14 September 2020

Agreement signed with established distributor to sell Root Zone Temperature Optimization (RZTO) systems in Northern California

- **Distribution, sales and marketing LOI secured with smart technology solutions provider Humboldt CCTV for heat exchange probe and Root Zone Temperature Optimisation (“RZTO”) technology in California**
- **Humboldt to provide sales, marketing, logistics, and installation and post-sale services to customers with ROO to receive licencing fees per system, and related parts of RZTO technology**
- **Humboldt has an established customer base and dedicated sales team to drive product uptake**
- **California is the top agricultural producing state in the USⁱ with over 69,400 individual farms and ranches that generate US\$50Bn in revenue and contribute 40% of all organic production in the USAⁱⁱ**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) is pleased to advise that it has signed a non-binding, non-exclusive Letter of Intent (“LOI”) with smart technology provider, Humboldt CCTV (“Humboldt”) to market, sell and distribute root zone heat exchange device kits (“kits”) in Northern California. The kits comprise of the Company’s heat exchange probe (formerly the heat exchange stub – refer images overleaf) and related parts of RZTO technology.

The patented heat exchange probe is designed to be inserted into the tops of plant pots and grow bags to simplify the working procedures of farmers and lower the installation cost associated with Roots’ RZTO technology.

Humboldt is an established family owned business that specialise in smart agricultural technology and wireless connectivity solutions for farmers. The group has a longstanding and established customer base, as well as a team of engineers and sales representatives covering the Californian market.

Under the LOI, Roots will receive licensing fees for technology usage for each system sold and a fixed price per number of related parts bought by Humboldt for system installations. Humboldt will initially target the Lake, Mendocino and Humboldt counties. Upon meeting certain milestones, both parties aim to expand the LOI to a binding agreement which would cover the remainder of California and other states in the USA. Roots anticipates that a binding agreement will be reached in the coming weeks.

Humboldt will dedicate two to three sales people to drive product uptake amongst its customer base. The group will also import the kits, handle logistical parameters, provide installation services and offer post sale services and maintenance where required. Humboldt will also be responsible for identifying sub-contractors, manufacturers and suppliers to be approved together with Roots to integrate system components based on the Company’s bill of materials.

California is a large market opportunity for Roots and its technology. It is the top agricultural producing state in the USA. In 2018, California’s farms and ranches generated almost US\$50Bn in revenue for output.ⁱⁱ The state has over 69,400 individual farms and ranches that contribute 40% of all organic production in the USA.ⁱⁱ

The agreement follows four previously successful RZTO installations in California. These were all undertaken in various weather conditions and over structure types and provided higher yields, shortened growing cycles and production security to growers (refer ASX announcements: 16 October 2019, 23 September 2019 and 1 August 2019).



Roots anticipates that the agreement with Humboldt will expedite uptake of the Company's solutions throughout the USA. The Company looks forward to updating shareholders as first sales are achieved and a binding agreement is executed.



Images: Roots' heat exchange device kit and probe

Roots Executive Chairman and CEO, Boaz Wachtel said: *"This agreement is an important milestone for Roots and the first step in creating a permanent beachhead for our technology in North America. Humboldt have witnessed firsthand the benefits of our technology and will be instrumental as the Company continues its international expansion."*

"California represents a huge agricultural sector and importantly, a rapidly growing cannabis market. Roots has extensive experience in providing solutions to growers that provide higher yields, shorter growing cycles and production security so we have no doubt our products will be well received."

"We have been working with Humboldt, part of the Tim Blake team, for the last two years and during this time they have conducted extensive due diligence on our technology and our company. This agreement is validation of the group's confidence in the near term potential for RZTO in North America. Further, partnering with an established distributor in the USA will allow us to build our international footprint and deliver another competitive advantage at a time of restricted travel. We expect first sales will materialise in the near term."

-ENDS-

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About Roots Sustainable Agricultural Technologies Ltd:

Israeli-based, Roots Sustainable Agricultural Technologies Ltd. is developing and commercialising in many countries disruptive, modular, cutting-edge technologies to address critical problems faced by agriculture today, including plant's root zone temperature management and the shortage of water for irrigation.

Roots has developed proprietary know-how and patents to optimise performance and reduce energy consumption in Agriculture 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

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About Root Zone Temperature Optimization (RZTO)

Root Zone Temperature Optimization (RZTO) optimises plant physiology for increased growth, productivity and quality by stabilising the plant’s root zone temperature. Leveraging the principle of Ground Source Heat Exchange (GSHE), ROOTS installs a closed-loop system of pipes. The lower part is installed at a depth where soil temperature is stable and not affected by weather extremes, and the upper part in the target crop’s root zone just below the soil surface. Water flowing through the lower pipes is charged by the soil’s stable temperature. The heated (or cooled) water is pumped through the pipes installed in the root zone, where the heat (or cold) is discharged.

This significantly increases yields, increases growing cycle planting options, improves quality, mitigates extreme heat and cold stress while significantly reducing energy consumption by stabilising and optimising the ROOTS zone temperature.

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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ⁱ <https://www.ers.usda.gov/faqs/#Q1>
ⁱⁱ <https://www.cdfa.ca.gov/statistics/PDFs/2018-2019AgReportnass.pdf>

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