

13 February 2020

Roots signs exclusive binding sales and distribution agreement with Italy's Cairo & Doutcher for Root Zone Temperature Optimization (RZTO) technology

- **Distributor commits to sell five systems in year 1 to maintain exclusivity**
- **Ongoing exclusivity secured through the following minimum annual sales commitments:**
 - **Year 2: total sales valued at €500,000**
 - **Year 3: total sales valued at €1,000,000**
 - **Year 4: total sales valued at €2,000,000**
- **Exclusive agreement follows successful test program of the RZTO technology for root zone heating and cooling of flowers at a Cairo & Doutcher farm in Italy last autumn**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) is pleased to confirm it has signed an exclusive and binding sales and distribution for the Italian market for its proprietary **Root Zone Temperature Optimization (RZTO)** technology with Cairo & Doutcher, a leading Italian ag-tech production and distribution company <https://www.cairodoutcher.com/>

The exclusive agreement commits Cairo & Doutcher to achieving clearly defined sales targets totalling €3,500,000 between now and the end of 2023 (see breakdown of sales per year in highlights above).

This agreement follows the successful installation of Roots' RZTO system for root zone heating and cooling of flowers at Cairo & Doutcher's greenhouse in Southern Italy during Autumn 2019. This installation will continue to be used for customer demonstrations in Italy and three more installations for other types of crops will be added.

Roots is also pleased to confirm that based on the very positive demonstration results of the RZTO technology at the flower farm in Italy, Cairo & Doutcher have extended an invitation to the Italian Minister of Agriculture to view the system and review its benefits. An update will be provided following this proposed visit.

Italy is an excellent market for Roots to build sales through Cairo & Doutcher. It is in the top three European countries for agricultural production. Fruit and vegetables, viticulture and olive crops are the main sectors of Italian agriculture. In 2016, the gross value added of the agricultural sector was €31.6 billion.¹ In the vegetable sector, Italy is leading Europe as the main supplier, slightly ahead of Spain (see table below).²

Comment

Roots Co-founder and Director Dr Sharon Devir said: "This binding distribution agreement is a testimony to the growing viability of RZTO technology and the interest it is generating around the world. Italy is an important agricultural producer for the EU and it is a versatile market with great potential for our RZTO's technology. Cairo & Doutcher share this enthusiasm for the technology and the sales targets they have set reflect this."

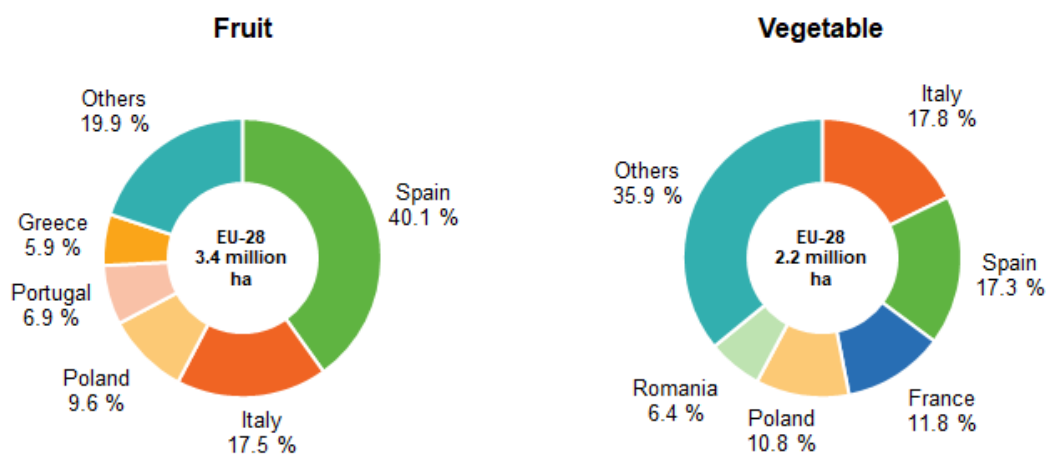
CEO and Chairman Boaz Wachtel added: "With this agreement we are confident we will be able to secure a strong foothold in the very important Italian market and deliver a steady stream of sales. We have an excellent partner that

¹ <https://www.istat.it/en/archivio/215294>

² [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Figure_2_Area_of_fruit_and_vegetable_by_main_producing_EU_Member_State,_2017_\(%25_of_EU-28\).png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Figure_2_Area_of_fruit_and_vegetable_by_main_producing_EU_Member_State,_2017_(%25_of_EU-28).png)

is very well placed to capture the market opportunity. We will surely keep shareholders updated on progress here and with positive commercial developments that are materialising in other markets and sectors.”

Area of fruit and vegetable by main producing EU Member State, 2017
(% of EU-28)



Source: Eurostat (online data code: apro_cpsh1)

-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 plant climate management and the shortage of water for irrigation. Roots has developed proprietary know-how and patents to optimize crop performance, 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 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.

About Cairo& Doutcher:

In 1984 Uzi Cairo, born in Israel, arrives in Copertino, the country of origin of his father [Antonio Cairo](#) in the province of Lecce, and discovers the beauty of a sunny land with a mild climate, but which was affected by a growing exodus of the workforce from the agricultural sector. He therefore decided to move to Salento, with the intention of making his contribution to the local agricultural economy. Thus was born the Cairo & Doutcher farm. After years of work, research and experimentation on new rooting techniques, in 1996 Cairo & Doutcher managed to conquer the Italian market by becoming a leader for the production of



Gypsophila (commonly called "mist") with a variety of the plant named Million Stars. The importance of combining traditional knowledge with technological development has always been found within this reality, carefully following the innovations introduced by technology in the agricultural and nursery sector and the constant commitment in the search for new cultivation techniques. Looking to the future, many efforts have been concentrated on the cultivation and production of pomegranates in Salento and throughout Italy, supported by the numerous fields of application of the plant and its fruits, with highly beneficial and healthy properties (nutrition, medicine, herbal medicine, aesthetics), giving life to a new business reality:

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

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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.