

ASX and MEDIA RELEASE

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Roots to expand further into North American Cannabis and Agriculture sectors by offering lower operating costs and mitigation of environmental pressures

- **Establishment of US-based senior management and operations team**
- **Building on Root Zone Temperature Optimization (RZTO) sales to four North American customers since March 2019**
- **Roots to capitalise on cannabis sector operating and environmental pressures**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) has announced plans to expand further into the North America cannabis and agriculture sectors to take advantage of sales momentum and local operating costs and environmental pressures.

Roots has executed on strategic milestones for the North American cannabis sector with RZTO sales to four commercial organic growers and processors since March 2019.

As a result of this initial success, Roots is recruiting US-based senior management and operational staff to handle increased demand from customers and manage future RZTO installations.

Roots CEO, Dr. Sharon Devir said “With commodity pricing pressures due to competition, and more innovative growing methods being implemented on a wider scale, we are fielding an increased number of queries for our RZTO heating and cooling technology from growers throughout these sectors. Building a team in North America will allow us to more efficiently support customers and harness this momentum.

“We entered the North American market after a successful technology showcase to key producers in California, Colorado and Canada who expressed interest in deploying RZTO technology to improve yields. Since then, the commonality of extreme weather conditions is making it difficult for farmers to produce high quality produce regularly. Our RZTO heating and cooling technology is helping farmers mitigate the risks of extreme temperatures and is proving critical for high worth agricultural crops.

“Growers are experiencing market pressures due to prices dropping so they are increasingly looking to adopt cost effective technologies to improve operational efficiencies. Our Roots RZTO system is the only known and successfully tested open field root zone heating and cooling technology, which caters to the trend away from traditional greenhouse and indoor facilities towards lower Capex and Opex growing methods such as open field cultivation.

“The California and Colorado cannabis sectors alone represented US\$4.08 billion in sales in 2018¹. However, this sector is expected to undergo prodigious growth over the next four years with the total North American cannabis market is expected to reach US\$35Bn by 2023². Servicing this expected growth in North American RZTO sales to take advantage of these tipping points in the local

¹ <https://bdsanalytics.com/the-2018-california-cannabis-marketplace-in-review/>

² <https://www.globenewswire.com/news-release/2019/03/26/1768515/0/en/North-American-35-Bn-Legal-Cannabis-Market-2018-2023.html>



industry is only possible if we tool up our local on-the-ground presence in the United States and Canada.”

The Company is also looking at other acquisitions in the cannabis space that could add value to the existing business.

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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 Root Zone Temperature Optimization (RZTO):

Root Zone Temperature Optimisation (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.

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