

26 November 2021

## **Roots expands into Africa through letter of intent with leading irrigation, automation and fertigation system provider**

### **Highlights:**

- **Marketing, sales and installation LOI secured with Cherry Irrigation for Heat Exchange Probe and Root Zone Temperature Optimisation (RZTO) technology in Southern Africa**
- **Roots to receive royalty payments on all sales over the three-year exclusivity period – conditioned by €1.0m (A\$1.55m) in aggregate sales following definitive agreement, expected Q1 2022**
- **Cherry Irrigation specialises in the design and implementation of the latest agricultural technology, innovate smart irrigation systems and top-of-the-line equipment**
- **Headquartered Cape Town, Cherry Irrigation provides favourable access to other high growth market segments including blueberries and cannabis**
- **Agreement includes the initial sale and installation of four small-scale RZTO systems**
- **LOI highlights Roots ongoing global expansion initiatives - discussions with other potential partners are well advanced**

**Roots Sustainable Agricultural Technologies Limited (ASX: ROO, “Roots” or “the Company”)** is pleased to advise it has signed a non-binding, exclusive Letter of Intent (“**LOI**”) with irrigation system specialist Cherry Irrigation SA (“**Cherry Irrigation**”) to market, sell and install the Company’s Root Zone Temperature Optimisation (“**RZTO**”) and Heat Exchange Probe (“**HEP**”) technology in South Africa and Namibia.

Cherry Irrigation specialises in the design and implementation of various irrigation, automation and fertigation systems in the Southern Africa region. For over 30 years the group has been providing clients with innovative smart irrigation systems, best-in-class equipment and the latest technology with a particular focus on continued on-the-ground support. Partnering with growers and farmers, Cherry Irrigation maximises crop yields through strategic and sustainable planning.

Under the LOI, Roots will provide exclusive marketing, sales and installation rights to Cherry Irrigation for South Africa and Namibia. The exclusivity commitment is for a period of three years and conditioned on an average sale in three years of no less than €1.0m (~A\$1.55m). Upon the sale and installation of each system, Cherry Irrigation will pay Roots a royalty at a rate to be agreed upon in the definitive agreement, anticipated in early 2022. Both parties have agreed upon as initial purchase order of four small scale RTZO systems under the agreement, which will be used as pilot installations over the coming months.

The agreement marks Root’s first entry into Africa and provides the Company with a significant opportunity for entry into the Southern Africa’s lucrative blueberry and cannabis markets. The South African blueberry

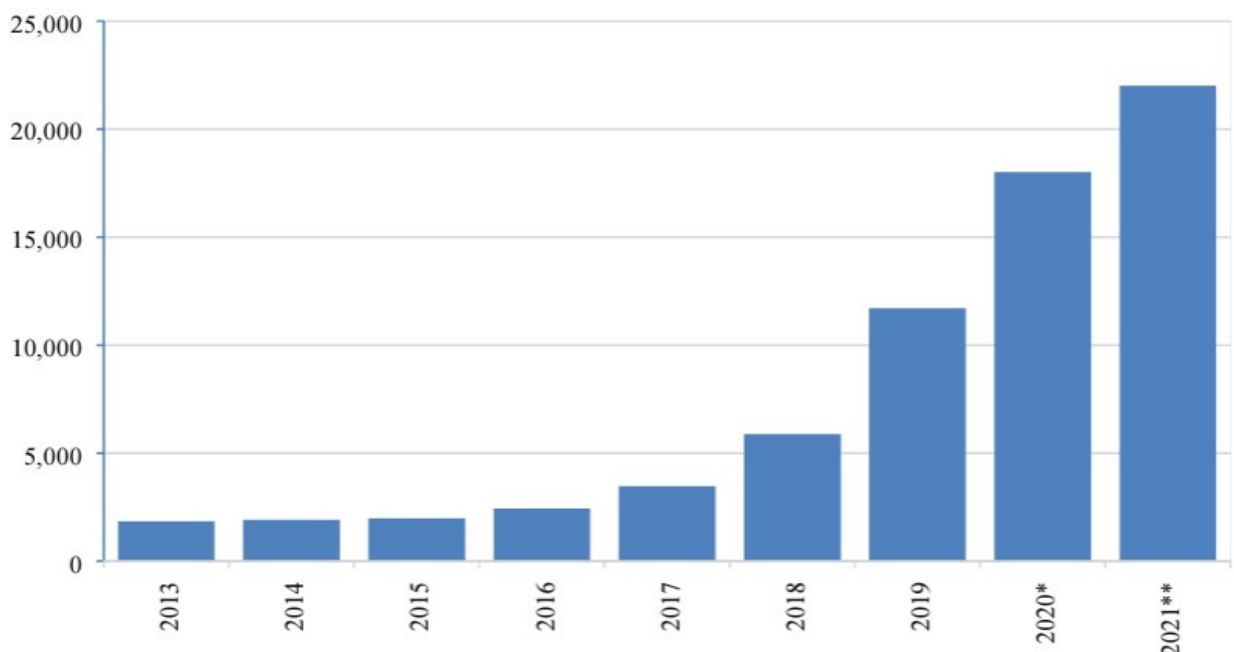
industry has seen exponential growth during the last five years (*refer figure 1*), with forecasts expecting a further 22% increase in production for 2020 and 2021<sup>i</sup>. The area in which blueberries are planted is also expected to increase 17% with the majority of production taking place on the Western Cape, where Cherry Irrigation is headquartered (*refer figure 2*).

South Africa's cannabis sector is also expected to achieve strong growth following the formalisation of a national strategy from the Department of Agriculture, Land Reform and Rural Development's to industrialise and commercialise the industry. The plan is aimed at harvesting the US\$1.9bn cannabis industry to potentially create as many as 25,000 jobs and attract large amounts of foreign investment<sup>ii</sup>. As a leading project provider for agricultural solutions in the industry, Cherry Irrigation supplies a full range of products and services capable of supporting Roots' expansion into these large market sections.

The Company is confident that this agreement coupled with the effectiveness of the RZTO technology will act as a catalyst for broader product uptake. With an increased level of interest for innovative and sustainable agricultural solutions worldwide, Roots continues to engage in discussions with several potential collaborators. The Company will update shareholders as discussions progress and sales materialise.

**Roots CEO, Boaz Wachtel said:** *"Securing our first LOI and sales into Africa is a major step for our company and highlights the applicability of our products to farmers and growers globally. We expect our RZTO and HEP technologies to be well received, specifically in a region experiencing large growth in segments in which our product can considerably increase crop yield and crop quality."*

*"Discussions are well progressed with numerous other parties following an increased level of demand for technologies providing sustainable agricultural practices. Roots remains in the box seat to be able to establish our presence in further key markets as this trend continues to accelerate."*

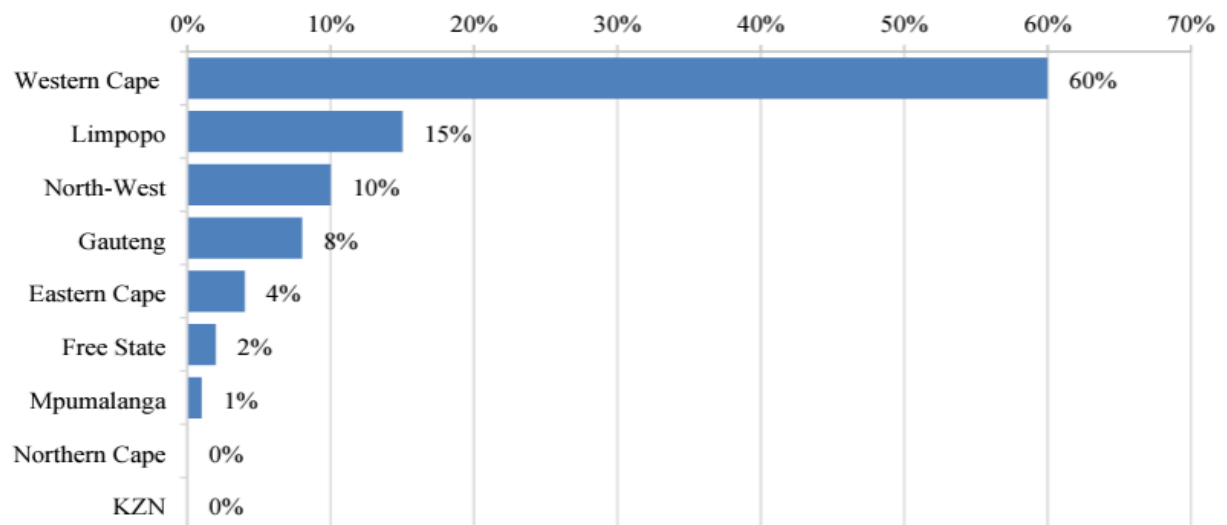


**Figure 1: South African blueberry production (\*Estimate, \*\*Forecast)**



# ROOTS

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**Figure 2: Blueberry production areas in South Africa**

**-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 management of plant's root zone temperatures 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](http://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. Using Ground source heat exchange (GSHE) installations either alone, or in combination with heat pumps, or with heat pumps alone, ROOTS is able to provide accurate range of root zone temperatures for farmer and the plants to obtain the multiple benefits.

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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*This announcement was authorised by the Board of Directors of Roots Sustainable Agricultural Technologies Limited.*

**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.fas.usda.gov/data/south-africa-south-african-blueberry-industry-continues-strong-growth>

ii <https://www.bloomberg.com/news/articles/2021-08-25/south-africa-crafts-strategy-for-1-9-billion-cannabis-industry>