

7 December 2020

New RZTO cannabis contract secured as sales pipeline builds Pursuing Israel-UAE-Bahrain opportunities following Israel-UAE Peace Deal

- **A\$58,000 sales contract for over 1,000 heat exchange probe units with My Green Fields cannabis farm in Northern Israel; More sales in cannabis sector anticipated near term**
- **Technology to be deployed to drive plant yield – test work has shown over 20% yield increase in cannabis while THC levels remain constant**
- **Sales follow recent regulatory shifts including UN decision to reclassify cannabis and CJEU ruling unlocking European market**
- **Business development initiatives to unlock broader Middle East market underway – Roots selected to present technology to Bahrain’s Minister of Industry**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, Roots or Company) is pleased to advise that it has secured a new sales contract for its proprietary Root Zone Temperature Optimisation (RZTO) technology valued at A\$58,000 from My Green Fields, a medicinal cannabis farm located in Northern Israel.

The sales contract consists of over 1,000 units of Roots’ proprietary heat exchange probe, which will be inserted into pots located around the farm. The technology will be deployed to specifically assist larger cannabis plants and throughout the farm’s flowering room. The system will utilise existing heat pumps and water tanks to supply hot or cold water as needed, based on plant root temperatures.

The Roots heat exchange probe was designed to be inserted into the tops of plant's pots and grow bags to significantly simplify working procedures and lower the installation cost associated with Roots’ RZTO technology. RTZO technology optimises plant physiology for increased growth, productivity and quality by stabilising the plant’s root zone temperature year around. Optimal root zone temperature is known to be the most influential parameter in plant's physiology besides water.

Based on previous test work, the heat exchange probe has increased cannabis yields by 20% or more with plant THC levels kept in similar ranges. More sales in the cannabis cultivation sector are anticipated and this is the largest and most prospective market for RZTO globally. The recent decision from the United Nations Commission on Narcotic Drugs (UNCOD) to remove cannabis from Schedule IV of the 1961 Drug Convention Treaty as reported will certainly aide in the sector’s growth.

Following the Israel-United Arab Emirates (UAE) and Israel-Bahrain Peace Deals signed in September 2020, the Company has progressed business development initiatives to expand into the Middle East. Expanding into the UAE and Bahrain markets will allow the Company to further broaden sales channels. Roots was one of six companies selected by the Israel Export Institute to showcase its technology with Bahrain’s Minister of Industry recently.

Bahrain has the potential to become a lucrative market for Roots. Despite low rainfall and poor soil, agriculture is an important sector for its economy. Roots is confident that its RZTO solution and Heat Exchange Probe technology could be utilised to increase plant yields in key crops including dates, figs, melons and pomegranates amongst others.



Roots Executive Chairman and CEO, Boaz Wachtel said: *“This sales contract highlights the considerable interest that Roots is generating from large cannabis growers and cultivators and we expect sales to continue to grow strongly, particularly following recent regulatory shifts which will unlock large market opportunities for us.*

“The recent decision by the UN and the CJEU have led to a large number of enquires about our technology and its applicability in the cannabis sector, which will be a major demand driver for RZTO.

“We are aggressively pursuing a sales and business development initiatives, similar to our technology showcase to Bahrain’s delegation, and we anticipate new market entries and more sales in the coming months. The cannabis sector has just massive boost from the new regulatory framework and we are ideally positioned to capitalise.”



Images: Executive Chairman and CEO Boaz Wachtel showcasing RZTO to Bahrain’s Minister of Industry

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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 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, save labour, 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 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.

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

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.