

19 November 2021

## **Letter of intent secured with established European agricultural project specialist**

### **Highlights:**

- **Distribution, sales and marketing LOI secured with Avital d.o.o. (Avital) for heat exchange probe and Root Zone Temperature Optimisation (RZTO) technology in the Balkans**
- **Avital has been in operation since 2002, has deep connections in the region and is an expert in the initiation, integration and execution of agricultural projects**
- **Roots to receive licencing fee per complete system sold over a three-year exclusivity period – conditioned by €1.0m sales in aggregate**
- **Initial system being deployed at Ivan Lepasovic (Blueberry nights) farm – Roots to sell introductory sale of over 400 heat exchange probe stubs and heat pump for under 4000 USD**
- **Serbia has seen explosive growth in blueberry plantations, the country has a longstanding history of agricultural tradition**
- **Initial deployment at Blueberry nights farm expected to lead to additional regional sales**
- **Sales pipeline continues to build – discussions with multiple partners are well progressed**

**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 Serbian agriculture project developer Avital d.o.o. (“**Avital**”) to market, sell and distribute the Company’s heat exchange probe and Root Zone Temperature Optimisation (“**RZTO**”) technology in the Balkans. The LOI includes an initial installation of RZTO technology at the Ivan Lepasovic (Blueberry nights) farm.

Avital is an established, privately-owned company with primary offices in Belgrade, Serbia. The group specialises in the initiation, integration and execution of projects, primarily in the agriculture sector. Operating for over a decade, Avital group has successfully executed local and international projects by utilising their deep technological experience and highly qualified team.

Under the LOI, Roots will receive licensing fees for each complete system sold by Avital at a fixed percent out of the end user price. Avital will target the Balkan region where it has a strong and established presence. The exclusivity of the agreement allows Avital to be the sole marketer, seller and installer of the system in Serbia subject to aggregate sales during the period of no less than €1.0m. Additional sales and marketing milestones will be established once a definitive agreement is signed, expected in the near term.



Serbia is a large market opportunity for the Company's RZTO technology. The agriculture and food production sector in Serbia has an extensive tradition and is an integral part of the country's economy. There is over 5.1m hectares of agricultural land, out of which 60% is arable<sup>i</sup>. In 2020, the primary production from agriculture accounted for ~6.5% of the Serbian gross domestic product<sup>ii</sup>.

As part of the LOI, Avital and Roots will prepare and implement an initial RZTO system at Serbian blueberry farm Ivan Leposavic (Blueberry nights). The system will include over 400 heat exchange stubs designed to be inserted into Blueberry growing pots to accelerate growth rate and protect from extreme heat and cold weather events.

Over the past five years, blueberry plantations in Serbia have seen explosive growth and have reached 2,500 hectares in acreage, producing more than 6,000 tons of produce. Blueberry plantations are large and use the latest technology and practices in both production and trade<sup>iii</sup>.

The Company is confident that its RTZO technology will have an immediate positive effect on the growth and yield at the farm. Success in the initial project with Avital will leave the Company well placed to expedite uptake in the region and establish a strong relationship with Avital.

**Roots CEO, Boaz Wachtel said:** *"The agreement with Avital is another key milestone in our strategy to extend our reach across key international markets. Avital is a trusted name in the region and have witnessed firsthand the growth and requirement for local growers to deploy the latest technology and agricultural practices at their farms."*

*"Serbia represents a significant market with the country reliant on the economic benefits their agriculture and food trade brings. The sale into our first blueberry farm will act as a catalyst for further uptake from similar growers in the region and provide us with additional opportunities."*

*"We are continuing to witness increased demand for our product following the recent global shift towards net-zero. We have had very encouraging discussions with a number of different parties such as Avital and we look forward to sharing this news with shareholders once they materialise."*

**-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 <http://ras.gov.rs/en/sector/agri-food-industry>

ii <https://www.statista.com/statistics/440654/share-of-economic-sectors-in-the-gdp-in-serbia/>

iii <https://www.hortidaily.com/article/9360538/serbian-blueberry-production-and-export-on-the-rise/>