

15 March 2022

## **Roots establishes Central US logistics hub following agreement with Oklahoman agricultural equipment supplier**

### **Highlights:**

- **Roots enters into agreement with GroPro Hydro for the marketing, sales, installation and logistics for the Company's Root Zone Temperature Optimisation ("RZTO") technology in Oklahoma, USA**
- **Logistics hub to be established serving as an installation and post-sale centre for Roots' customer base in the US**
- **Oklahoma is a large market opportunity – fast growing and the largest medicinal cannabis market on a per capita basis in the US**
- **Roots' sustainable agricultural technologies ideally suited to the climate – significant shifts in temperature require cost effective solutions to protect and grow crops**
- **Strong interest shown by multiple potential partners following initial in country sales discussions**

**Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company")** is pleased to advise it has signed an agreement (the "**Agreement**") with hydroponics and general agricultural equipment supplier GroPro Hydro ("**GroPro**") to market, sell, install and provide logistical and post-sale services for the Company's Root Zone Temperature Optimisation ("**RZTO**") technology in the state of Oklahoma, USA on a non-exclusive basis.

GroPro is a well-established privately owned business based in McAlester, Oklahoma supplying hydroponic and general agricultural equipment. GroPro serve many of Oklahoma's 6,000 medical cannabis grow operations, working alongside each grower to ensure the highest quality results and full customer satisfaction is achieved.

As part of the Agreement, Roots has received a commitment from GroPro to establish a logistics hub for its US operations. From the hub, GroPro will provide installation services and a post-sale centre for the Company's RZTO technology customer base in the US. Under the commercial terms, Roots cover part of the costs associated with the hub and will recruit GroPro salesmen on a part time basis to market and sell the Company's technology.

GroPro will secure exclusivity in the region as the sole marketer, seller and installer upon achieving minimum aggregate sales of US\$200,000 within the first six months and reaching additional milestones as set out in the agreement. The Company will pay GroPro an industry standard commission on sales, together with other performance payments.



Located in the south-central region of the United States, Oklahoma is a large addressable market opportunity for Roots. The region boasts an extremely lucrative medicinal cannabis market which is amongst the largest in the United States and offers a climate which is ideally suited for the deployment of RZTO technology.

In Oklahoma, hot and humid summers are followed by frigid, snowy and windy winters resulting in temperatures that typically vary between 35 degrees in the summer to -2 in the winter. The significant disparity in the temperatures provide ideal conditions for the deployment of the Company's RZTO technology, as farmers seek to protect and grow their crops in adverse conditions in a cost-effective and sustainable manner.

On a per capita bases, Oklahoma has surpassed traditional markets such as California and Colorado and is now the largest medicinal cannabis market in the United States. More than 10% of the state's population have acquired medicinal cannabis cards and monthly sales since 2018 surpassing US\$1 billion. To meet the increase in demand, Oklahoma has approximately 6,000 grow operations<sup>1</sup>. Roots will look to establish a presence in this growing market, leveraging GroPro's existing relationships in the region.

Initial sales discussions are progressing well following demonstrations by Roots personal on the ground in the state. Meetings with various growers have established a strong interest in the technology, with the Company expecting sales to materialise in the near term.

**Management commentary:**

**Roots Executive Chairman and CEO, Boaz Wachtel said:** *"We are very excited to have signed this agreement with GroPro as we view Oklahoma as an exciting new and emerging market equal to the agricultural market in California.*

*"The potential for deployment into the growing medical cannabis sector in Oklahoma for Roots is significant. GroPro is an established retail and wholesale business and is well respected having worked with a number of large-scale growers in Oklahoma. We will look to leveraging GroPro's connections in the state in order to expedite sales opportunities which we have already begun to progress."*

**-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.

*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.

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i <https://www.politico.com/news/magazine/2020/11/27/toke-lahoma-cannabis-market-oklahoma-red-state-weed-legalization-437782>