

19 April 2022

Binding agreement secured with leading South African agricultural insulation solutions provider

Highlights:

- **Binding 12-month agreement secured with Precool Manufacturing Co (Pty) Ltd ('Precool') for Roots' innovative Root Zone Temperature Optimisation ('RZTO') technology**
- **Precool is a leading South African insulated panel and cold room manufacturer with extensive experience in the agricultural and food sectors**
- **During the initial 12 months both parties will mutually market, sell and install Roots' innovative RZTO technology in the South African market**
- **Parties will undertake negotiations with the intention to establish a joint venture company within the next twelve months**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company") is pleased to advise that it has secured a binding 12-month agreement with leading South African insulated panel and cold room manufacturer Precool Manufacturing Co (Pty) Ltd ("Precool") in respect of marketing, sales, installation and post-sale services for Roots' innovative Root Zone Temperature Optimisation ("RZTO") technology in the South African Market.

Established in 1969, Precool provides modular insulation solutions for temperature sensitive environments including those in the agricultural and food sectors. Precool offers a wide variety of products and services targeting a number of key segments including medicinal cannabis, leafy vegetables, nurseries and berries. Precool is located in Cape Town in close proximity to numerous major blueberry production sites, a sector which has seen rapid growth over the past five years in South Africa.

Both parties will mutually market, sell, install and provide post-sale services for Roots' RZTO technology, leveraging Precool's local knowledge and experience to identify potential customers suitable for the deployment. In accordance with the terms of the agreement, the costs of the Roots systems which are to be sold within South Africa will be split between the parties, with Roots bearing 55% of the costs. Roots has agreed not to engage with any other entity to market, sell or install its technology within the Republic of South Africa for a period of 12 months after the date of purchase of Root's technology by a customer under the agreement.

Under the agreement, negotiations to advance the establishment of a joint venture will be undertaken, with the intention to enter into a definitive joint venture agreement within the next 12 months.



The establishment of a joint venture has the potential to deliver Roots with a local labour force, logistics hub and greater marketing and post-sale support as well as addressing potential regulatory issues, if any, in the region.

South Africa represents a large market opportunity with the country boasting a growing agricultural industry. The blueberry industry has seen exceptional growth since 2013. According to South African sources, the projections for the South African industry are to reach a production of 50,000 tons by 2023, which would mean achieving 35,000 tons in exports thus placing the South African industry in the top five blueberry exporting countries in the worldⁱⁱ.

Medicinal cannabis is also experiencing growth following the formalisation of a national strategy from the Department of Agriculture, Land Reform and Rural Development's to industrialise and commercialise the industryⁱ.

The agreement with Precool further highlights the extensive international expansion initiatives being undertaken by Roots, including the recent broadening of the Company's European footprint with a binding dealership agreement for the UK, Ireland and Austria (*refer ASX announcement: 08 April 2022*). The Company continues to witness increased demand for its sustainable agricultural technologies and anticipates that the agreement with Precool will expedite uptake in the Southern African region.

Management commentary:

Roots Business Development Executive Director, Sharon Devir said: *"Securing another agreement with such a company such as Precool is an outstanding achievement for the Company. The interim agreement followed on the back of lengthy negotiations, which we are set to continue in order to finalise the definitive joint venture agreement which we hope to sign in the near term."*

"Precool has outstanding growth records in the agricultural sector which we will look to leverage. Having partnered previously with cutting edge technologies such as our RZTO, they have achieved outstanding sales growth which bodes well for Roots' prospects in the near and long term."

Precool Director, Ari Zwick said: *"Our exposure to the agriculture and climate control sectors has connected us with various companies who would benefit from the innovative solutions to root zone temperature control that Roots provide. We have close relationships with manufacturers in South Africa who could begin to manufacture Roots Heat Exchange Probe systems, which would allow us to offer these units and entire RZTO systems at a competitive price."*

"Like everyone else at Precool, I believe that Roots' RZTO technology is a game changer for the agricultural control industry and will enable our growers here in South Africa to produce higher quality and higher quantities of produce all year round."

-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

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 sophisticated heat pumps, Roots is able to provide accurate range of root zone temperatures for farmers and plants to obtain multiple benefits.

This significantly increases yields, increases growing cycle planting options, improves quality and mitigates extreme heat and cold stress while significantly reducing energy consumption by stabilising and optimising the zone temperature.

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

ii <https://www.senwes.co.za/af-ZA/News/Article/View/blueberry-industry-the-fastest-growing-horticultural-industry-in-sa>

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