

17 August 2022

Roots secures Root Zone Temperature Optimization ('RZTO') sale and binding LOI with Netafim, a leading global precision irrigation company

Highlights:

- **US\$5,000 sale to test the efficacy of the Company's proprietary RZTO technology at a pot-based**
- **The sale follows Netafim's inclusion of ROOTS among its suppliers**
- **Sale allows Roots to leverage its technology with an established global leader in the irrigation solutions for sustainable agriculture sector**
- **Netafim achieved \$1.1 billion in sales in 100-plus countries during 2021**
- **Expands Roots' footprint into a region with the potential to be a powerhouse in blueberry production – a market which has grown 53% over the previous decade**

Roots Sustainable Agricultural Technologies Limited (ASX: ROO, "Roots" or "the Company") is pleased to report that Netafim Ltd. ('Netafim'), the leading global precision irrigation company, has purchased for US\$5,000 the first 'Super Mini' RZTO system for a pilot aiming to validate its efficacy at a blueberry farm in Southern Turkey.

The RZTO system will be tested using Roots' proprietary Heat Exchange Probes (HEP) and heat pump on at a reputable pot-based blueberry growing farm in Antalya Turkey. The strategic sale allows Roots to leverage its already field proven technology referencing Netafim's implacable reputation and global marketing channels.

The Company signed a binding Letter of Intent (LOI) with no-shop for a period of 12 months whereby a pilot study will be conducted by Netafim in Turkey. During the no shop period ROOTS is not allowed to engage with Netafim's competitors in Turkey and 5 Asian countries. Following a successful pilot in Turkey, and subject to engagement under a definitive agreement, Netafim will be granted exclusivity under terms to be agreed, in additional jurisdictions: Azerbaijan, Kazakhstan, Georgia, Armenia and Turkmenistan. It is intended for a definitive distribution agreement to be negotiated in good faith between the Parties including quantities and prices.

Under the agreement, Roots will share internal expertise on the use of the RZTO system to help the blueberry plants cope with adverse weather events experienced in the region. Rising temperatures and



the escalating effect of global warming is in particular harmful for some blueberry strains as they need specific root zone temperature range to ameliorate the negative effects of sustained heat waves.

Roots is now registered as a supplier with Netafim. This acceptance indicates Netafim's desire to explore ROOTS's technology and will help expedite the commercial relations forward once the pilot in Turkey ended.

Turkey has the potential to become one of the powerhouses in blueberry cultivation. In 2021, Turkey doubled its production surface for blueberries to 200-250 hectares. With increasing interest displayed by large growers and investors, Turkey has the potential to become one of the major suppliers in the blueberry market with a production surface of more than 5,000 hectares and a production of 100,000 tonnes of berries within the next five to ten yearsⁱ.

From 2011 to 2021, the global blueberry planting area increased by 4,726 hectares, with a growth rate of 53% and an average annual growth rate of 4.90%. In the past ten years, the peak growth rate of the global blueberry planting area was 10.88%, and the trough level was 1.40%. Global blueberry production is expected to reach 935,500 tons in 2022ⁱⁱ.

It is estimated that the global blueberry planting area will reach 0.13 million hectares in 2022. In 2021, the global blueberry planting area will be 126,146 hectares, of which the blueberry planting area in North America ranks second, with a planting area of 52,573 hectares, accounting for 41.68% of the total global planting area, followed by Europe (28,533 hectares) and South America (13,440 hectares), the Asian blueberry planting area is 64,553 hectares.

Management commentary:

Roots Executive Chairman and CEO, Boaz Wachtel said: *"This sale to Netafim provides us with a fantastic foothold into a region, which more than most has experienced the need for alternative and sustainable solutions to agriculture. Working with a trusted and global partner in the sector, we are confident that the pilot program will demonstrate the effectiveness of our proprietary technology, as it has across a numerous test under similar conditions. It also allows us to discuss the potential for further collaboration.*

"The blueberry market is a growing segment and one which we have earmarked for expansion due to the need for further expansion to keep up with demand in the sector. I look forward to providing further updates to shareholders as progress on this and additional initiatives continues to materialise."

-ENDS-

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About Netafim Ltd:

Netafim is owned by Orbia, a Mexican based company. Orbia reported a first quarter 2022 Net revenues of \$2,596 million, an increase of 36% from last quarter.

Precision Agriculture (Netafim), Orbia's Precision Agriculture business Netafim's leading-edge irrigation systems, services and digital farming technologies enable stakeholders to achieve significantly higher and better-quality yields while using less water, fertilizer and other inputs. By helping farmers grow more with less, Netafim is contributing to feeding the planet more efficiently and sustainably. Precision Agriculture experienced growing demand across most markets, including some improvement in India.

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 plant's performance, 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, i.e. cooling or heating the root zone area as needed. Using sophisticated heat pumps, ROOTS is able to provide accurate range of root zone temperatures for farmer and the plants to obtain the multiple benefits.

Roots' systems significantly increase yields, allow for off season planting and harvesting improve quality, mitigate extreme heat and cold stress while significantly save energy consumption compared with the use of common air temperature equipment.

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



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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.

i <https://www.freshplaza.com/article/9409246/we-believe-turkey-will-become-one-of-the-major-suppliers-in-the-blueberry-market/>
ii <https://www.freshplaza.com/article/9420459/global-blueberry-planting-area-increased-by-4726-hectares-with-a-growth-rate-of-53/>

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