

Q4

Report

2022



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Desert Control completes its first revenue-generating project and grows sales in the United States, continues streamlining the UAE operation for optimized cost efficiency, and deployed more LNC in the last three months than over previous years combined. The company closes the fourth quarter with a positive cash balance of NOK 78,2 Million and has no interest-bearing debt.

After successfully completing the first revenue-generating project with Limoneira Company in December 2022, Desert Control started 2023 by signing three new agreements for commercial pilots with; Five Rivers Cattle Feeding in Wellton Mohawk, Arizona, Lemonica Citrus in Calipatria, California, and the golf course Fortuna De Oro in Yuma, Arizona. The company is negotiating several additional agreements for similar projects, expected to be signed during Q1-2023.



Desert Control Fourth Quarter 2022 Report

SANDNES, NORWAY, 28 FEBRUARY 2023 – DESERT CONTROL AS (DSRT) ANNOUNCES ITS FOURTH QUARTER REPORT FOR THE FISCAL PERIOD ENDING 31 DECEMBER 2022.

Desert Control completes its first revenue-generating project and growing sales in the United States, continues streamlining the UAE operation for optimized cost efficiency, and deployed more LNC in the last three months than over previous years combined. The company closes the fourth quarter with a positive cash balance of NOK 78,2 Million and has no interest-bearing debt.

Desert Control specializes in climate-smart Ag-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and enhances soil ecosystems to reduce water usage and improve the efficiency of fertilizers and natural resources for agriculture, forests, and green landscapes.

Q4-2022 Highlights

COMPLETION OF THE FIRST REVENUE-GENERATING PROJECT AND GROWING SALES IN THE UNITED STATES:

- Successful completion of the first commercial pre-project with Limoneira in Cadiz, California, for 2,000 citrus trees. Application for 20 acres in Yuma, Arizona, confirmed for January 2023.
- The first U.S. salesperson joined in December 2022, and the sales pipeline is growing
- Remain harvest from field-trial with the University of Arizona demonstrated increased yield for LNC-treated plots of 21% to 53% compared to control.

CONTINUES STREAMLINING THE UAE OPERATION FOR OPTIMIZED COST EFFICIENCY:

- Continued streamlining the UAE operation by transitioning to the Joint Venture partnership structure with Mawarid Desert Control (MDC).
- Restructuring reduces operational costs for Desert Control Middle East by more than 50%.
- MDC completed its first commercial pre-project with a strategic UAE food security company.

DEPLOYED MORE LNC IN THE LAST THREE MONTHS THAN OVER PREVIOUS YEARS COMBINED:

- First-ever LNC deployment for a single area larger than 1 hectare was successfully achieved in December 2022.
- More LNC was deployed covering more acreage of LNC treated land from December 2022 – February 2023 than over the foregoing five years combined.
- Gained improved speed and efficiency of LNC application to support larger projects.

Desert Control's sales pipeline is growing, and the company is negotiating several commercial pilots to develop into pre-projects similar to Limoneira, which are expected to be signed in Q1 2023.

MARKETING ACTIVITIES Q4-2022

- Participated in COP27
 - Panel discussion with Amarenco Group on how to reconcile Economy and Ecology
 - Presented in the accelerating climate action with nature-based solutions session with WeDontHaveTime.org
- Hosted webinar on enabling resilient agriculture in a drying world together with Limoneira and the University of Arizona – 300 people signed up
- Awarded the SME 2022 Sustainability Business of the Year organized by Middle East Business Intelligence (MEED)
- Awarded UAE finalist winner in the Growth category of the Entrepreneurship World Cup
 - Advancing to the global final in March 2023



Webcast presentation for Desert Control Q4 2022 Report and Interim Financial Results is hosted on 28 February 2023 at 10.00 AM, Central European Time (CET). Register: <https://go.desertcontrol.com/2022-Q4>

Financial Key Figures

FINANCIAL HIGHLIGHTS FOURTH QUARTER 2022

[fourth quarter 2021 in brackets]

- Revenue NOK 1M [NOK 0.8M]
- EBITDA NOK -24.8M [NOK -10.6M]
- Net Income NOK -34.5M [NOK -10.5M]
- Gross R&D expenses NOK 1.4 [NOK 11M]

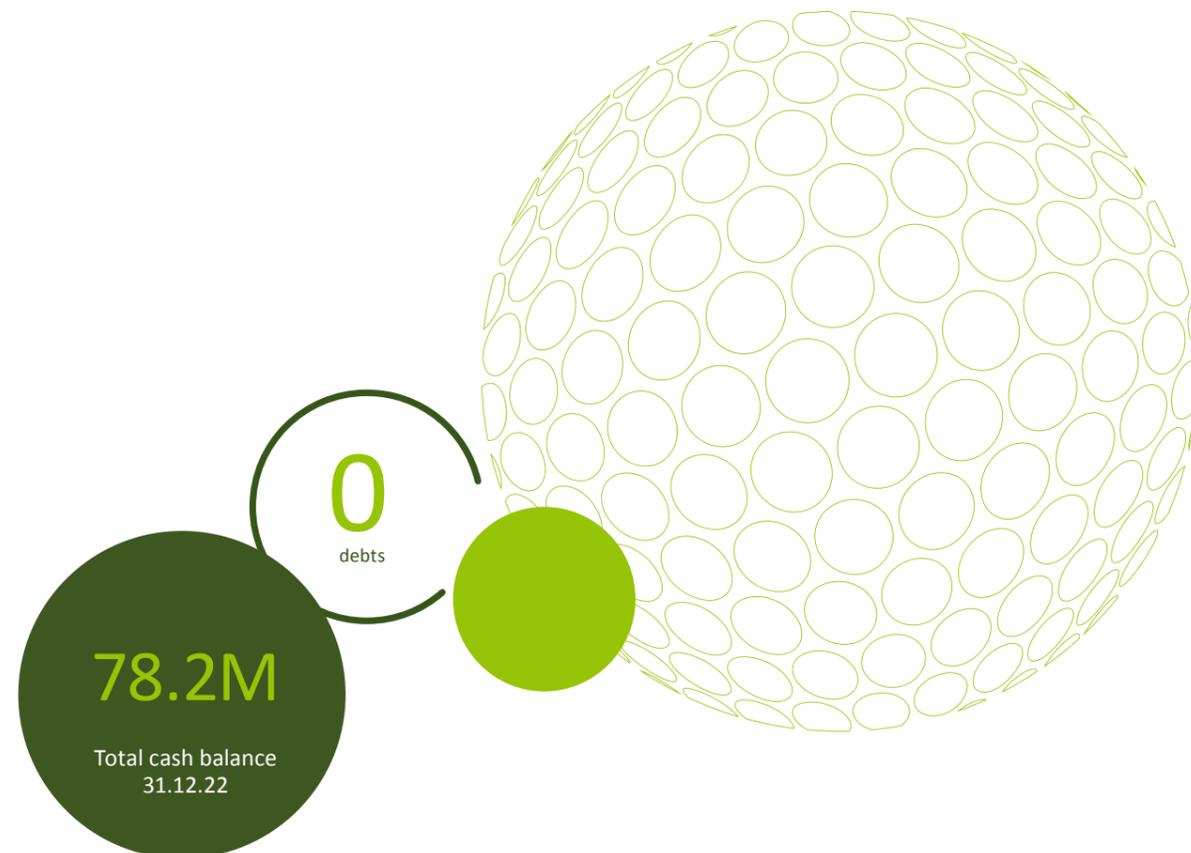
FULL-YEAR 2022

[Full year 2021 in brackets]

- Revenue NOK 2.2M [NOK 3.1M]
- EBITDA NOK -89.5M [NOK -31M]
- Net Income NOK -89.5M [NOK -31.7M]
- Gross R&D expenses NOK 3.9M [NOK 14,4M]
- Innovation Norway / Skattefunn grants NOK 2.3M [NOK 8.7M]

— 2021 revenue relates to the pilot evaluation with Mawarid Holding Investment in conjunction with the partnership negotiations

- Total cash balance 31.12.22 (incl. other current financial assets) NOK 78.2M [NOK 179.2M]
- Equity 31.12.2022 NOK 107.7M (equity ratio 90%) [NOK 194.1M (95%)]



2022-Q4 Company Update



ACCELERATING COMMERCIAL ACTIVITIES IN THE UNITED STATES

As reported in the third quarter, Desert Control’s progress in the U.S. is moving faster than initially anticipated. The extreme droughts, increasing regulatory water restrictions, and additional water conservation incentives contribute to strengthening market demand.

SUCCESSFUL COMPLETION OF FIRST COMMERCIAL PRE-PROJECT

The first commercial agreement in the U.S. was signed in November following the successful pilot for 50 trees in July 2022. The project’s initial scope, valued at NOK 1,8 Million, is to apply Liquid Natural Clay (LNC) for 2,000 citrus trees in Limoneira farms in Cadiz, California, and 2,000 citrus trees in Yuma, Arizona. The combined area covers 40 acres of land. The contract is further backed by a letter of intent (LOI) to expand LNC deployment to full-scale roll-

outs for Limoneira ranches starting by Cadiz in the Mohave desert. Limoneira’s objective is to adopt LNC to enable climate-smart and resilient agribusiness with optimal usage of water, fertilizers, and natural resources while optimizing yields and quality of citrus production in desert environments.

The application of LNC was completed for the project’s first phase, and 2,000 trees were treated in Cadiz, California, in December 2022. Monitoring equipment was installed to measure key indicators during the growing season. Valuable knowledge and experience were

gained to further improve efficiency for deploying the remaining 20 acres in Yuma, Arizona, in January 2023. Based on the successful outcome of these pre-projects, it is anticipated that a larger-scale roll-out for Limoneira ranches could start ultimo Q4 2023 for the Cadiz ranch, with 640 acres of land and approximately 70,000 citrus trees under cultivation. The broader opportunity includes the Yuma ranch of 1,300 acres with approx 120,000 trees and other applicable agribusiness operations of Limoneira.

<https://vimeo.com/desertcontrol/limoneira3min>



STRENGTHENING SALES

The accelerated development in the U.S. drove the need to start the recruitment of salespeople ahead of initial plan. The first sales representative was onboarded in December 2022 as the launch of building a sales organization in the region to develop a pipeline and secure new projects throughout 2023. The recent governmental activity strengthens the urgency for water-saving solutions in the U.S., as the water crisis causes tension between the several Sun Belt states. Seven states, including California and Arizona, have negotiated for months about coping with the Colorado River's vanishing water.

<https://edition.cnn.com/2022/12/30/us/colorado-river-lake-mead-drought-2023-climate/index.html>

POSITIVE INTERIM RESULTS FROM THE UNIVERSITY OF ARIZONA LNC FIELD-TRIAL

The LNC validation initiative with the University of Arizona continued in Q4 with additional crops, including celery and romaine lettuce. The romaine was harvested in December, showing that the lettuce grown in LNC-treated plots was significantly healthier under high water stress



and had a more extensive vegetative canopy compared to control plots. Yield values for LNC plots were 21% to 53.5% higher than control plots.

STREAMLINING THE UAE OPERATION FOR OPTIMIZED COST EFFICIENCY

Efforts to optimize operational cost efficiency and finalize the transition to the Joint Venture partnership model continued throughout the fourth quarter. The restructuring process in the UAE entity is close to completion, and the new organizational structure has been implemented. The restructuring effectively lowers Desert Control Middle East operational costs by more than 50%.

COMPLETION OF STRATEGIC COMMERCIAL PRE-PROJECT

The first Mawarid Desert Control (MDC) driven commercial pre-project announced in Q3 2022 was successfully completed in the fourth quarter. The project is with a strategic UAE food security company that aims to adopt LNC on farms with various crops, soil, and water conditions across the UAE. The initial scope was the deployment of LNC for the company's experimental

farm and R&D facility, intending to develop a concept for larger-scale implementation.

<https://www.youtube.com/watch?v=pxqqv6NrEYE>

ACHIEVES ADVANCES IN LNC DELIVERY CAPABILITY

GAINED INCREASED SPEED AND EFFICIENCY IN THE PRODUCTION AND APPLICATION OF LNC

Gaining experience in larger LNC deployments and improving the efficiency of production and field application have been crucial developments during the fourth quarter of 2022.

MORE LNC DEPLOYED IN THE LAST THREE MONTHS THAN OVER PREVIOUS YEARS COMBINED

Historically Desert Control completed some 20 field deployments of LNC for independent validation studies and pilots from November 2017 to November 2022. The majority of these projects were smaller than one acre, with only one previous project deployment larger than two acres. In December 2022, the largest-ever LNC deployment was successfully achieved with the Limoneira citrus project for 20 acres in Cadiz, California.

This critical milestone was achieved under challenging conditions in a remote area of the Mohave desert with limited supporting infrastructure. Desert Control deployed LNC to more acreage from December 2022 – February 2023 than over the preceding five years combined.

Along with the experience of deploying LNC to larger acreages, the speed and efficiency of LNC production and application improved. In July 2022, it took three full days to produce and apply LNC for 50 citrus trees. In December, for the Limoneira project in Cadiz, we reached approximately 250 trees per day, and in January 2023, for the Limoneira project in Yuma, the target pace is 500 trees per day with the same deployment team size.

The learnings from the recent projects strengthen the foundation for future deployments and the company's confidence in the ability to reach the efficiency levels required for profitable business and scalable unit economics.

<https://vimeo.com/796172242>

STRENGTHENING SALES SUCCESS WITH DIGITAL SERVICES

A crucial part of securing commercial projects is documenting and visualizing the impact of LNC and results obtained in pre-projects. For the customers to monitor performance and results, a digital dashboard has been developed to show real-time water usage, soil moisture, and soil temperature in LNC treated field compared to the control. The initial focus for the dashboard is to support our sales



team with converting pre-project opportunities into full-scale projects.

UTILIZING THE GLOBAL MOBILITY OF ASSETS

Two additional LNC production units are being shipped from UAE to the U.S. The units are expected to arrive during April 2023 and will double the production capacity in the U.S. The on-demand scalability and mobility of the production assets enable Desert Control to be flexible and quickly shift production capacity to regions with high demand for LNC.

FTIPP* UPDATE

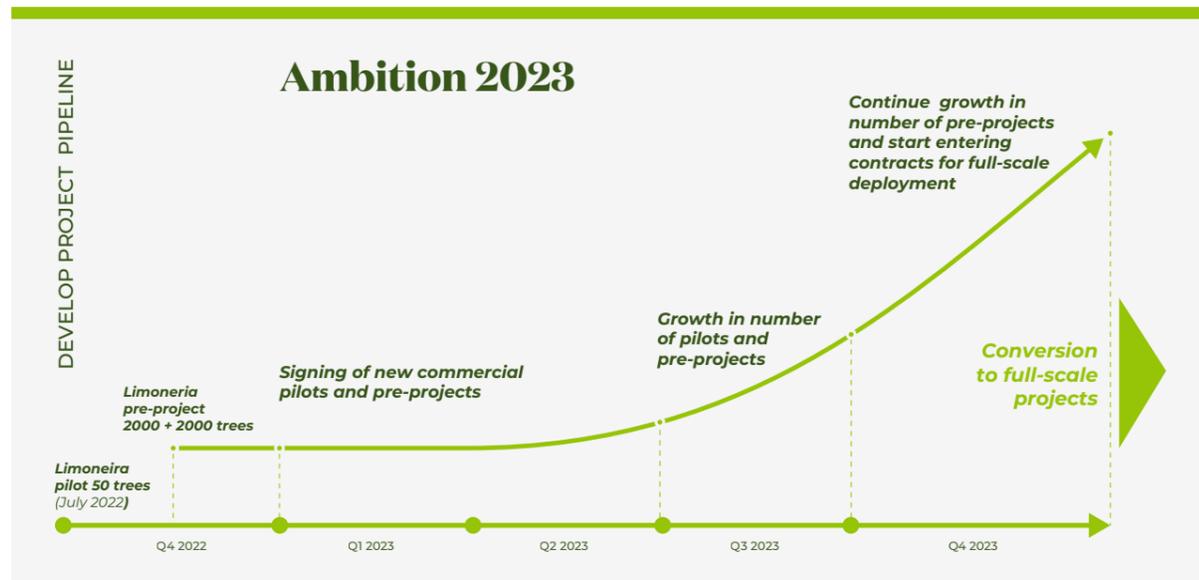
(*Full-Time Intelligent Passionate People – in other companies, referred to as FTE) Fourteen nationalities have joined Desert Control from multiple sectors bringing unique experience, expertise, and skillsets. High diversity in education, ages, and cultural backgrounds enriches our organization and is vital to deliver on our mission. 22% of the employees are female. The team has 20 people in Norway, 24 in the UAE, and 9 in the U.S.



Outlook

Desert Control’s sales strategy for 2023 focuses on generating revenue and developing a pipeline of opportunities through commercial pilots and pre-projects similar to Limoneira, with the objective to start converting pre-projects into contracts for large-scale deployment by the end of the year.

Three new agreements for commercial pilots were signed by 28 February 2023, and the company anticipates the signing of several additional agreements for similar projects during Q1-2023. The company will provide guidance and quarterly reporting on the number of commercial pilots and pre-projects with anticipated conversion rates going forward.



Q1-2023 Updates

The three newly signed agreements in Q1 are with customers that represent significant potential; Five Rivers is the world’s largest “cattle feeder,” with farms in Colorado, Kansas, Oklahoma, Texas, Idaho, and Arizona. The commercial LNC pilot will be carried out on the McElhane farm in Wellton Mohawk, which has 1,100 acres of irrigated fields and alfalfa as the main crop for animal feed. Lemonica Citrus has a 1200-acre citrus farming operation in Calipatria, California, and Fortuna De Oro is a 47 acres golf course in Yuma, Arizona, located in a desert region with very little rainfall. Based on positive pilot results, the objectives are to expand LNC deployments for larger-scale rollouts.

The company’s sales pipeline keeps growing, and Desert Control is negotiating several similar projects, expected to be signed in Q1-2023. In preparation for increased activity, two additional LNC production units are being sent to the U.S. The units are expected to arrive at the newly established operational base in Yuma, Arizona, during April 2023 and will double production capacity in the United States. The long-term objective is to establish local fabrication of LNC production units for the U.S. market to support scale-up.



About Desert Control

Desert Control specializes in climate-smart AgTech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and enhances soil ecosystems to reduce water usage and improve the efficiency of fertilizers and natural resources for agriculture, forests, and green landscapes. LNC enables sandy and arid soil to retain water and nutrients, thus increasing crop yields, plant health, and ecosystem resilience while preserving water and natural resources by up to 50%.

Agriculture and food production consumes more than 70% of all available freshwater. Desertification and soil degradation further increase the pressure on water and natural resources in a negative spiral. Feeding the global population requires growing more food in the next 40 years than was produced over the last 500 years; this can only be achieved by improving resource efficiency and regenerating nature.

According to the United Nations, twelve million hectares of fertile land perish annually to desertification, representing an annual \$490 billion loss to the global economy. Desert Control's vision is making earth green again to foster the prosperity of life.

For more about Desert Control, visit <https://www.desertcontrol.com>



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Cautionary Note

Disclaimer related to forward-looking statements

This release contains forward-looking information and statements relating to the business, performance, and items that may be interpreted to impact the results of Desert Control and/or the industry and markets in which Desert Control operates.

Forward-looking statements are statements that are not historical facts and may be identified by words such as “aims”, “anticipates”, “believes”, “estimates”, “expects”, “foresees”, “intends”, “plans”, “predicts”, “projects”, “targets”, and similar expressions. Such forward-looking statements are based on current expectations, estimates, and projections, reflect current views concerning future events, and are subject to risks, uncertainties, and assumptions, and may be subject to change without notice. Forward-looking statements are not guaranteeing any future performance, and risks, uncertainties, and

other important factors could cause the actual business, performance, results, or the industry and markets in which Desert Control operates in, to differ materially from the statements expressed or implied in this release by such forward-looking statements.

No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecasted performance, capacities, or results will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statements.

Q4 2022 REPORT

The information enclosed is subject to the disclosure requirements pursuant to sections 5-12 in the Norwegian Securities Trading Act

Statement by the Management and Board of Directors

The Board of Directors and the CEO have considered and approved the Q4 2022 Report and Interim Financial Results for Desert Control AS (“Company”) and Desert Control Group (“Group”) for the twelve months ending on 31 December 2022. The interim consolidated financial statements are unaudited and have been prepared in accordance with IFRS as well as additional information requirements as per the Norwegian Accounting Act.

We confirm to the best of our knowledge that:

- The Q4 2022 interim financial statements for the Company and the Group have been prepared in accordance with applicable accounting standards
- The information in the financial statements gives a true and fair view of the Company’s and the Group’s assets, liabilities, financial position, and results as of 31 December 2022
- The report for the Company and the Group gives a true and fair view of the Company’s and the Group’s development, performance, and financial position and includes a description of the principal risks and uncertainty factors facing the Company and the Group
- The Q4 2022 Report has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a

Sandnes, 27.02.2023



Knut Nesse
Chair



Geir Hjellvik
Board Member



Brage Wårheim Johansen
Board Member



Marit Rød Ødegaard
Board Member



Ole Kristian Sivertsen
Chief Executive Officer



Maryne Lemvik
Board Member



Kristian P. Olesen
Board Member

Consolidated Financial Statements Desert Control Group

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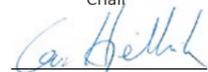
Consolidated Statement of Comprehensive Income

(Amounts in NOK thousand, unaudited)	Notes	Q4 2022	Q4 2021	2022	2021
Revenue from sales	2	1 040	850	2 221	3 127
Other income		-	-	-	-
Total income		1 040	850	2 221	3 127
Cost of goods sold (COGS)		407	44	2 765	563
Gross margin		632	806	-544	2 564
Salary and employee benefit expenses		16 914	5 338	61 018	14 993
Other operating expenses		8 517	6 099	27 960	18 662
Depreciation and amortisation		1 814	1 315	6 108	1 544
Impairment		-	658	-	658
Operating profit or loss		-26 612	-12 604	-95 630	-33 293
Finance income		1 456	2 257	15 871	1 730
Finance costs		9 367	151	9 986	179
Profit or loss before tax		-34 523	-10 499	-89 745	-31 743
Income tax expense		3	-	3	-
Profit or loss for the year		-34 525	-10 499	-89 748	-31 743
Allocation of profit or loss:					
Profit/loss attributable to the parent		-34 523	-10 499	-89 745	-31 743
Other comprehensive income:					
Items that subsequently may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		-828	-72	-6	-72
Total items that may be reclassified to profit or loss		-828	-72	-	-
Total other comprehensive income for the year		-828	-72	-6	-
Total comprehensive income for the year		-35 353	-10 571	-89 754	-31 815
Allocation of total comprehensive income					
Total comprehensive income attributable to owners of the parent		-35 353	-10 571	-89 754	-31 815

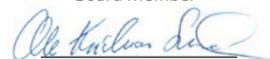
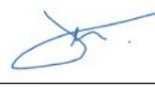
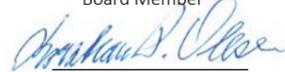
Consolidated Statement of Financial Position

(Amounts in NOK thousand, unaudited)	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Goodwill		7 210	6 504
Property, plant and equipment		20 979	10 525
Right-of-use assets		1 633	2 006
Total non-current assets		29 823	19 036
Current assets			
Inventory		584	-
Accounts receivable		1 572	544
Other receivables		9 046	5 597
Other current financial assets		41 414	77 347
Cash and cash equivalents	4	36 787	101 924
Total current assets		89 403	185 412
TOTAL ASSETS		119 226	204 447
EQUITY AND LIABILITIES			
Equity			
Share capital		123	122
Share premium	3	230 849	230 849
Currency translation differences		-1 283	-107
Retained earnings		-121 992	-36 592
Total equity		107 767	194 272
Non-current liabilities			
Non-current lease liabilities		898	1 423
Total non-current liabilities		898	1 423
Current liabilities			
Current lease liabilities		586	528
Trade and other payables		5 300	2 523
Intercompany payables		-396	-
Public duties payable		945	1 023
Other current liabilities		4 125	1 497
Contract liabilities		-	3 181
Total current liabilities		10 560	8 751
Total liabilities		11 459	10 175
TOTAL EQUITY AND LIABILITIES		119 226	204 447

Sandnes, 27.02.2023


Knut Nesse
Chair

Geir Hjellevik
Board Member

Brage Wårheim Johansen
Board Member

Marit Røed Ødegaard
Board Member

Ole Kristian Sivertsen
Chief Executive Officer

Maryne Lemvik
Board Member

Kristian P. Olesen
Board Member

Consolidated Statement of Cash Flows

(Amounts in NOK thousand, unaudited)	Notes	Q4 2022	Q4 2021	2022	2021
Cash flows from operating activities					
Profit or loss before tax		-34 523	-10 499	-89 745	-31 743
Adjustments to reconcile profit before tax to net cash flows:					
Net financial income/expense		7 911	-2 105	-5 884	-1 550
Depreciation and amortisation		1 814	1 315	6 108	1 544
Impairment		-	658	-	658
Share-based payment expense		4 126	139	4 283	811
Working capital adjustments:					
Changes in accounts receivable and other receivables		-3 748	5 514	-5 060	-4 139
Changes in trade payables, duties and social security payables		1 616	2 975	2 458	2 293
Changes in other current liabilities and contract liabilities		320	-4 135	-552	2 579
Net cash flows from operating activities		-22 483	-5 958	-88 393	-29 547
Cash flows from investing activities (NOK)					
Purchase of property, plant and equipment		-170	-7 390	-13 969	-10 632
Purchase of financial instruments		-	12 991	36 744	-77 009
Proceeds from sale of property, plant and equipment		-0	300	890	300
Interest received		469	167	1 063	462
Net cash flow from investing activities		299	6 068	24 729	-86 879
Cash flow from financing activities (NOK)					
Proceeds from issuance of equity		-	-	1	200 000
Transaction costs on issue of shares		-	-	-	-10 093
Lease payments		-39	-11	-1 590	-1 098
Interest paid		-18	490	-250	462
Net cash flows from financing activities		-57	479	-1 839	189 271
Net increase/(decrease) in cash and cash equivalents		-22 242	589	-65 503	72 845
Cash and cash equivalents at beginning of the year/period		59 453	101 173	101 923	28 935
Net foreign exchange difference		-423	342	367	144
Cash and cash equivalents, end of period		36 788	101 924	36 787	101 923

Consolidated Statement of Changes in Equity

(Amounts in NOK thousand, unaudited)	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
Balance at 1 January 2020	68	43 537	-	-301	43 304
Profit (loss) for the year		-4 209		-7 020	-11 229
Other comprehensive income			-35		-35
Issue of share capital	1	1 719			1 720
Transaction costs		-52			-52
Share based payments				1 608	1 608
Balance at 31 December 2020	70	40 994	-35	-5 713	35 316
Profit (loss) for the year				-31 743	-31 743
Other comprehensive income			-72	53	-19
Issue of share capital	53	199 948			200 000
Transaction costs		-10 093			-10 093
Share based payments				811	811
Balance at 31 December 2021	122	230 849	-107	-36 592	194 272
Profit (loss) for the year				-89 748	-89 745
Other comprehensive income			-1 175	134	-1 043
Issue of share capital	1				1
Transaction costs					-
Share based payments				4 283	4 283
Balance at 31 December 2022	123	230 849	-1 283	-121 923	107 767

Notes to the Consolidated Financial Statements

1.1 GENERAL INFORMATION

CORPORATE INFORMATION

The consolidated financial statements of Desert Control AS and its subsidiaries (collectively, “the Group” or “Desert Control”) for the fourth quarter period ended 31 December 2022 were authorised for issue by a Board meeting held on 27 February 2023.

Desert Control AS is a private limited liability company incorporated and domiciled in Norway. It’s shares are traded at the unregulated market place Euronext Growth. The Group’s head office is located at Grenseveien 21, 4313 Sandnes, Norway.

Desert Control specializes in climate-smart Agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil’s ability to preserve water and increase yields for agriculture, forests, and green landscapes.

LNC enables sand and degraded soil to retain water and nutrients, thus increasing crop yields and ecosystem resilience while preserving water resources by up to 50%.

Agriculture and food production already consume more than 70% of all available freshwater. Desertification and soil degradation drive a negative spiral of increasing water consumption and decreasing yields for global food production. Feeding our planet’s growing population will require more food in the next 40 years than was produced over the last 500 years, putting even more pressure on vital resources such as water. This is the problem Desert Control is determined to solve. According to the United Nations, thirty million acres of fertile land (equal to Pennsylvania) perish to desertification annually, representing an annual loss of \$490 billion to the global economy. Desert Control’s vision is to make our planet earth green again.

1.2 BASIS OF PREPARATION

The interim consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as adopted by the EU (IAS 34). The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statement. The condensed interim financial statements do not include all of the information and disclosures required by International Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the most recent annual financial statements. The annual financial statements were prepared in accordance with International Financial Reporting Standards and interpretations as issued by the International Standards Board and as adopted by the EU. The interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. Further, the financial statements are prepared based on the going concern assumption. There have been no changes to significant accounting policies since the preparation of the annual financial statements for 2021. The condensed interim financial statements are unaudited.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows. The consolidated financial figures for Q4 2021 and the twelve months 2021 are restated due to the first time adoption of IFRS.

Presentation currency and functional currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions.

2 REVENUE FROM CONTRACTS WITH CUSTOMER

ACCOUNTING POLICIES

REVENUE

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principle in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

By area of operation: (Amounts in NOK thousand)	Q4 2022	Q4 2021	2022	2021
Liquid NaturalClay (LNC)	1 040	850	2 221	3 127
Total	1 040	850	2 221	3 127

By geographic market:	Q4 2022	Q4 2021	2022	2021
Norway	-105	-	226	223
USA	1 100	-	1 100	-
UAE	44	850	895	2 903
Total	1 040	850	2 221	3 127

The revenue recognised in 2021 relates to the pilot project performed for Mawarid Holding Investment in conjunction with the partnership negotiations

3 EQUITY AND SHAREHOLDERS

ACCOUNTING POLICIES

COSTS RELATED TO EQUITY TRANSACTIONS

Transaction costs are deducted from equity, net of associated income tax.

DISTRIBUTION TO SHAREHOLDERS

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

No distributions were made to shareholders in the current or prior period.

ISSUED CAPITAL AND RESERVES:

Share capital in Desert Control AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position
At 1 January 2020	22 681	3,00	68 043
Share issue	497	3,00	1 491
At 31 December 2020	23 178	3,00	69 534
Share split 1:1 000	23 178 000	0,003	69 534
Share issue 22 February 2021	340 000	0,003	1 020
Share issue 9 April 2021	17 108 640	0,003	51 326
Share issue 6 August 2021	98 000	0,003	294
At 31 December 2021	40 724 640	0,003	122 174
Share issue 10 March 2022	375 040	0,003	1 125
At 31 December 2022	41 099 680	0,003	123 299

All shares are ordinary and have the same voting rights and rights to dividends.

Reconciliation of the Group's equity is presented in the statement of changes in equity.

THE GROUP'S SHAREHOLDERS:

Shareholders in Desert Control AS at 31.12.2022	Total shares	Ownership/ Voting rights
Olesen Consult HVAC AS	5 900 000	14,4 %
J.P. Morgan SE	2 605 802	6,3 %
Ole Morten Olesen	1 650 000	4,0 %
Nordnet Livsforsikring AS	1 553 658	3,8 %
JPMorgan Chase Bank, N.A., London	1 516 166	3,7 %
Lithinon AS	1 423 706	3,5 %
Nesse & Co AS	1 360 000	3,3 %
Beyond Centauri AS	1 243 371	3,0 %
LIN AS	1 215 275	3,0 %
Monsunen Forvaltning AS	1 146 158	2,8 %
Idland	1 122 540	2,7 %
Jakob Hatteland Holding AS	1 000 000	2,4 %
DNB BANK ASA	993 659	2,4 %
The Northern Trust Comp, London Br	958 275	2,3 %
Investore Finans AS	883 147	2,1 %
Clearstream Banking S.A.	838 396	2,0 %
OKS Consulting AS	805 000	2,0 %
Sortun Invest AS	677 715	1,6 %
Glomar AS	627 715	1,5 %
Others	13 579 097	33,0 %
Total	41 099 680	100,0 %

Origin of shareholders

No of shares	%	Origin	# shareholders
33 592 531	81,7	Norway	3 756
3 711 167	9	Luxembourg	9
2 600 430	6,3	UK	11
564 456	1,4	Sweden	18
631 095	1,5	Others	54
41 099 679	100	Total	3 848

**4 CASH AND CASH EQUIVALENTS****ACCOUNTING POLICIES**

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Cash and cash equivalents (Amounts in NOK thousand)	31.12.2022	31.12.2021	01.01.2021
Bank deposits, unrestricted	35 613	101 303	28 696
Bank deposits, restricted	1 174	621	239
Total cash and cash equivalents	36 787	101 924	28 935

Bank deposits earns a low interest at floating rates based on the bank deposit rates. Other current financial assets consists of fixed income fund.

Environmental, Social, and Governance (ESG)

SUSTAINABILITY AND IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Liquid Natural Clay (LNC) can reduce water consumption for agriculture, forests, and green landscapes by up to 50%. The amount of water required to produce LNC is recovered within 2-3 weeks (offset by irrigation water savings). Improved water efficiency and increased crop yields contribute significantly to a positive impact on the United Nations Sustainable Development Goals (SDGs), including reducing hunger and competition for scarce resources and securing access to clean water. Arid regions using energy-intensive seawater desalination can further significantly reduce CO2 and greenhouse gas (GHG) emissions.

LNC enables sandy soil and desert land to retain water and nutrients. Reduction of water consumption further allows for reducing fertilizer usage. Reduced leaching of fertilizers and pesticides through the soil can further minimize the risk of chemical run-off reaching through to natural water systems and oceans. Stopping fertilizer and pesticide leaching can further improve life below the water by reducing ocean acidification and eutrophication.

According to the Intergovernmental Panel on Climate Change (IPCC), restoring degraded soil ecosystems can globally offset 5-6 Gt of CO2 annually. Even degraded soils have degrees of stored carbon. When tilling or mechanically working amendments into the ground, carbon exposed to oxygen may turn into CO2 and escape into the atmosphere. LNC can be applied directly to the surface of the ground without intervention to the soil. LNC percolates into the ground in a non-intrusive way without exposing any carbon to surface air oxygen, safeguarding the carbon storage of soil ecosystems and fostering increased carbon sequestration.

Non-intrusive soil treatment is further gentle to fragile soil ecosystems, home to 95% of all biological species on earth. Reclaiming and protecting soil is therefore critical to preserving and restoring biodiversity.

Mining clay and the production of LNC requires energy. Logistics and transportation of material, equipment, personnel, and manufacturing also require energy. Desert Control strives to reduce energy consumption in all stages of the process and facilitate the use of renewable energy sources wherever available. These negative impact factors are, by far, surpassed by the sum of positive impacts from stopping and reversing desertification and soil degradation, reducing water consumption, and other environmental benefits.

LNC has no adverse impact on any of the 17 United Nations Sustainable Development Goals (SDGs). Further, LNC has a significant direct positive impact on 9 of the SDGs.



Vision and Mission

Why

Making earth green again to foster the prosperity of life

- We aim to have a positive impact on 100 million hectares by 2030
- We strive to create sustainable social impact, immense water savings, global food security, and regeneration of ecosystems to sequester carbon and balance our climate
- We aim to establish a Sub-Sahara social impact initiative from 2025 to reduce poverty and hunger

WATER, FOOD, AND A STABLE CLIMATE IS THE PATHWAY TO PEACE AND PROSPERITY FOR PEOPLE AND PLANET.

How

We combat desertification, land degradation, and water scarcity by;

- Restoring and enhancing soil ecosystems to protect vital topsoil;
- Reclaiming degraded land – turning sand into soil;
- Regenerating soil biodiversity and natural ecosystems;
- Reducing the consumption of water, fertilizers, and natural resources; for agriculture, forests, and green landscapes

DESERTIFICATION, LOSS OF FERTILE SOIL, AND GROWING WATER SCARCITY THREATEN ALL LIFE ON EARTH, FURTHER ACCELERATED BY CLIMATE CHANGE AND OVEREXPLOITATION OF NATURAL RESOURCES.

What

Desert Control specializes in climate-smart AgTech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and enhances soil ecosystems to; reduce water usage and improve the efficiency of fertilizers and natural resources for agriculture, forests, and green landscapes.

LNC enables sandy and arid soil to retain water and nutrients, thus increasing crop yields, plant health, and ecosystem resilience while preserving water and natural resources by up to 50%.

FROM SAND TO SOIL IN 7 HOURS.

Our Strategic Principles

Desert Control’s strategy is to build the foundation to bring our innovation to global markets with exponential scalability. The fundamental principles for executing our strategy are:

Think Big:

“Think Big” reminds the team to always keep in mind the bigger picture and how their work connects to the overall mission.

Start Small:

“Start Small” encourages the team to focus on a narrow scope to ensure a solid foundation before expanding.

Act Fast:

“Act Fast” promotes a sense of urgency and quick decision-making, which is important in a rapidly changing world.

Design to scale exponentially:

“Design to Scale Exponentially” emphasizes the need for scalable solutions to address the urgent issue of climate change.

Keep it simple:

“Keep it Simple” highlights the importance of simplicity in achieving exponential scalability, which allows Desert Control to be efficient and cost-effective in its operations while still preparing for the next steps and future growth.



Our Core Values

Leadership

Inspirational pro-active execution

Growth-mindset

Curious and solution-oriented

Innovation

Challenge status-quo | create value

Integrity

Keep promises | grow strong relationships

Contribution

Desire to make everything better

Diversity

Inclusive | open-minded | respectful



MAKING EARTH GREEN AGAIN

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