

04

2022

Company Update

Desert Control AS



DESERT
CONTROL



DESERT
CONTROL

MAKING EARTH GREEN AGAIN

Loss of water and fertile land – A vicious cycle



\$125B

USD spent globally to address drought events (2007-2017)



\$19,5B

U.S. Inflation Reduction Act (agricultural conservation)

12M

Hectares perish to desertification annually

>70%

Of water used for agriculture

52%

Of agricultural land degraded

4Bn

Experience droughts and water scarcity



\$490B

Annual cost of soil and land degradation world-wide (Source: UNCCD)



€20B

EU Biodiversity Strategy 2030 (annual investment)

Our focus: Soil improvement

The Chief Problem

Sandy Soil

have large particles with low 'surface charge' – water has 'nothing to stick to'

Resulting in

Less than 15%

of water is retained in the topsoil for plant use



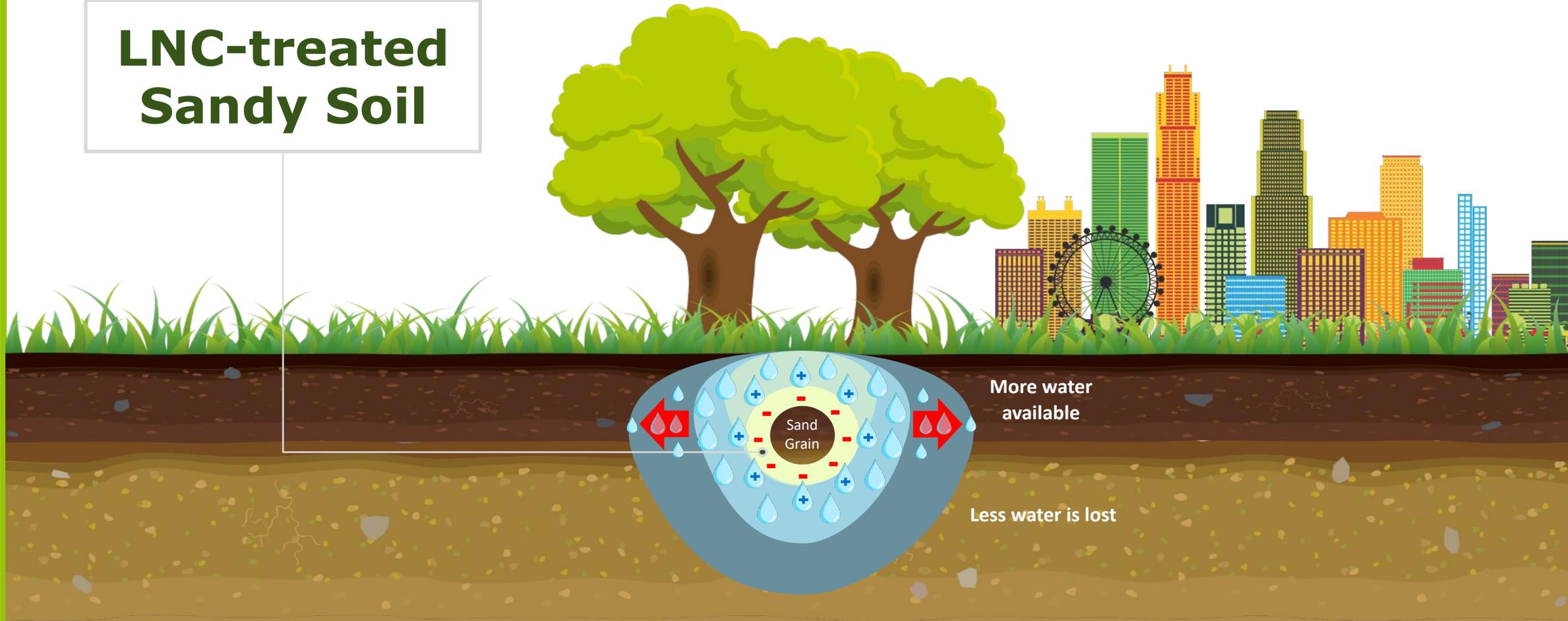
Water drains very fast



Most of the water is lost

Liquid Natural Clay (LNC)

**LNC-treated
Sandy Soil**



Results

Improved efficiency in the use of:



Water



Energy



Fertilizers

Higher:



Yield



Quality



Profit

Before



ICBA, Dubai, UAE

After



Up to 62% yield increase



The University of Arizona, Yuma, U.S.



21-53% yield increase



Silicon Oasis, Dubai, UAE



47% water savings

Reasons to believe

- 12+ years of R&D, 5+ years of field validation and pilots

- Independent validation by ICBA & University of Arizona

- Patents achieved in 48 countries

LNC Achieved Documented Results in 20+ Field Implementations & Data-Driven Pilots in UAE & USA:



Before



After

Partnerships (Achieved as of Q4 2022):

LIMONEIRA®
SINCE 1893

AMARENCO
Invest in RE.Generation

موارد القابضة
MAWARID HOLDING

Supported by:



BILL & MELINDA
GATES foundation



Lighthouse
MASSIV



35-50%

Water Savings



8-62%

Increased Yield
(crop-dependent)



2-4X

ROI per
investment cycle
(with applications
lasting ~5 years)

Market



\$490B

Annual cost of soil and land degradation world-wide
(Source: UNCCD)



\$125B

USD spent globally to address drought related events
(2007-2017)

\$2.5B

Global soil conditioner market.
(2025)

\$6B

Global soil amendment market
(2027)

\$8.7B

Current Regenerative Agriculture market size

+14% CAGR

Projected for regenerative agriculture market (\$16.8B by 2027)



Additional Growth Driven by Carbon Credits:
LNC enhances sandy soil's capability to sequester & store CO₂

- > Initial target markets: U.S, Southwest & UAE/Middle East – sandy soil areas affected by drought, desertification, and water scarcity.
- > However - The water and fertile land crisis is global. From governments to global agribusinesses to individual landowners – LNC has immense potential to scale across sandy soil areas worldwide in multiple sectors:

AGRICULTURE



LANDOWNERS

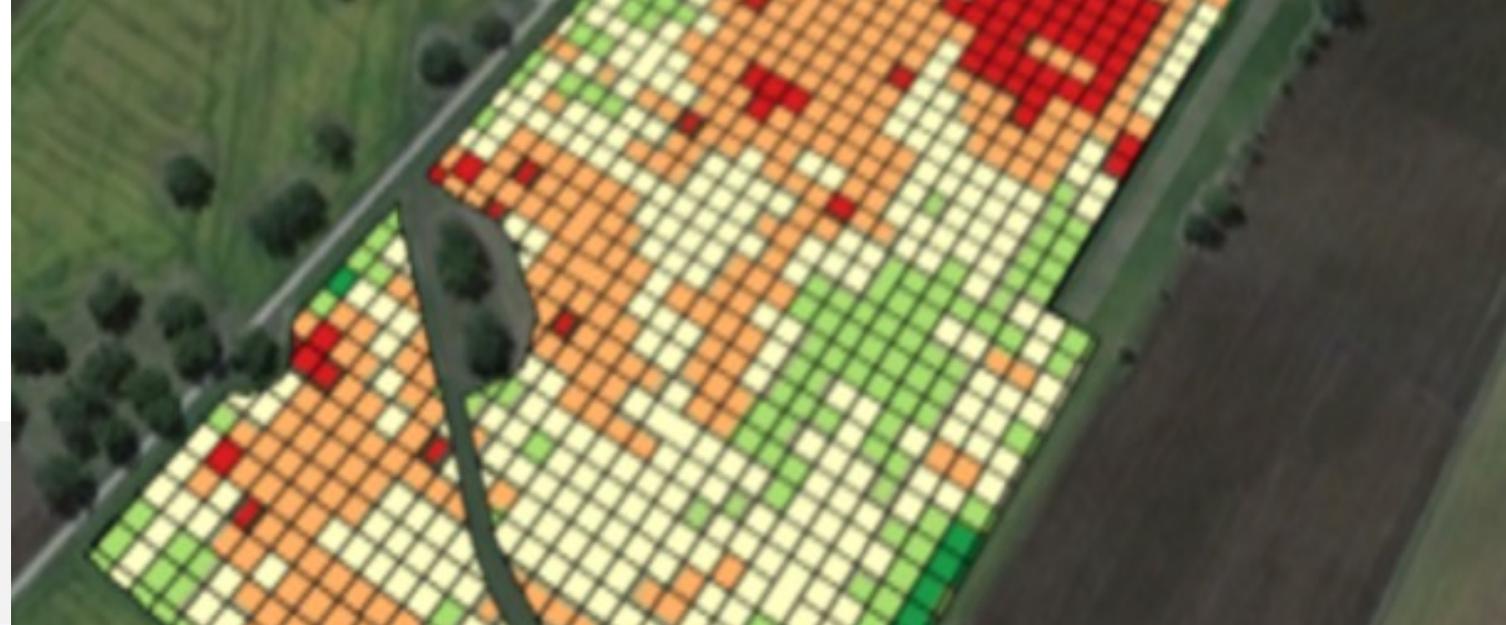


GOVERNMENTS AND NGOS



Business model

Turnkey Soil Ecosystem Regeneration for Sandy Soil



Scalability:

Fast Lead Times

- 2-3 months build time for additional LNC Production Capacity (incl. fabrication of units, onboarding of operators, etc.)

Building On-Demand

- Limited capital obligations prior to receiving an order
- Mitigating risk, providing capital flexibility and facilitating scaling

Multiple Revenue Streams



Turnkey Projects

- \$/hectare or \$/tree
- price dependent on area & contract size



Per Liter

- \$/liter
- price based on location & contract size



Service Model

- Ongoing maintenance, top-ups (“LNC as a Service”)



Digital Subscriptions

- Monthly (MRR), dashboard with monitoring & data analytics



Consulting

- Offering end-to-end soil health advisory, training & support



Business Intelligence

- Data Collection, Analytics, AI/ML, integration & automation

Team



Ole Kristian Sivertsen

Chief Executive Officer
(Group CEO)

International track-record of transforming innovations into business value for companies including Citrix Systems, RES Software, Sun Microsystems, Telenor, EVRY, and Global Eagle.



Bernt Arne Breistein

Chief Operating Officer
(Group COO)

Extensive international experience in designing, operationalizing, and implementing strategies to drive profitable growth for organizations.



Marianne Vika Bøe

Chief Financial Officer
(Group CFO)

Significant experience with international corporations and emerging growth companies. Joined the Desert Control team coming from KPMG.



Charlie Granfelt

Chief Commercial Officer
(Group CCO)

Experienced international sales- and marketing executive coming from senior commercial leadership positions at Skretting, the world-leading aquafeed producer.



Viggo Halseth

Chief Innovation Officer
(Group CIO)

Extensive experience from leading R&D and innovation as Chief Innovation Officer for Skretting / Nutreco, a global leading animal nutrition company with solutions that go beyond nutrition providing best-in-class technology.

Traction



**Strong market drivers
and growing pipeline**



**More LNC delivered in
the last 3 months than
during the last 5 years**



**Scalable, Patented, and
Proven to Boost Yields
& Cut Water Costs**

LNC is Poised for Outstanding Growth

Agenda / Q4 2022

Q4 2022 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



Q4 Highlights



Financials



Outlook



**Questions
and answers**

Q4 and Year-to-Date Highlights



ACCELERATING SALES AND COMMERCIAL ACTIVITIES IN THE UNITED STATES

- Successful completion of the first revenue-generating project (Limoneira Company)
- The first U.S. salesperson joined in December 2022
- Positive results from the University of Arizona trial



STREAMLINING THE UAE OPERATION FOR OPTIMIZED COST EFFICIENCY

- Continued transitioning to the JV structure with Mawarid Desert Control (MDC)
- Restructuring reduces DCME operational costs by >50%
- First MDC commercial pre-project with strategic customer



MORE LNC PRODUCED IN THREE MONTHS THAN OVER PREVIOUS YEARS COMBINED

- Achieved first-ever LNC deployment for a single area larger than 1 hectare
- Gained increased speed and efficiency in the production and application of LNC
- Shipping additional LNC production units to the U.S.

Completion of the first revenue-generating project in the United States



Significant achievements in project execution



Deployed more LNC in the last three months than over previous years combined

Drivers in the U.S.



Desert Control offers a relevant solution to these issues and is positioned to qualify for government incentives that can support accelerated LNC implementation for farmers and landowners.

The University of Arizona validation program

POSITIVE RESULTS FROM FIELD TRIAL

- 5-year validation program with the University of Arizona
- First season: watermelon and bell peppers
- Second season: romaine lettuce and celery
- Romaine lettuce was harvested in December



Preliminary data from a five-year trial showed that in sand treated with clay, romaine lettuce hearts were on average 21-53% larger than romaine grown under the same conditions without clay, said Robert Masson, an official at University of Arizona's Yuma County Cooperative Extension, who grew the plants.



Preparing for accelerating activities in the U.S.



SALES FORCE

First U.S. salesperson joined in December 2022



YUMA OFFICE

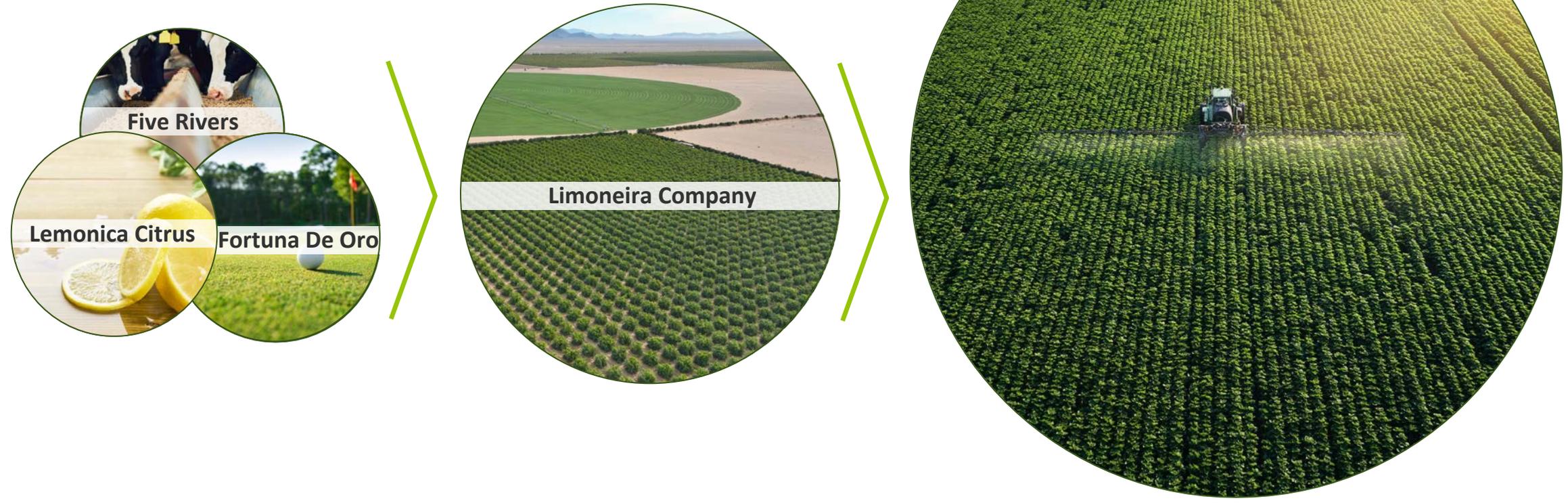
Opening of U.S. operational base in Yuma, Arizona



SCALE ON DEMAND

Two additional units shipped to the United States

At the speed of trust – from pilots to full-scale projects



FROM COMMERCIAL PILOTS...

... TO PRE-PROJECTS...

... TO FULL SCALE DEPLOYMENT

Streamlining the UAE operation for optimized cost efficiency



TRANSITIONING TO THE MDC JV STRUCTURE

- Reducing duplication of roles and responsibilities creates improved alignment



REDUCING OPERATIONAL COST FOR DESERT CONTROL MIDDLE EAST

- Restructuring reduces operational costs for Desert Control Middle East by more than 50%



FIRST COMMERCIAL PRE-PROJECT FULLY DRIVEN BY MDC

- MDC completed its first commercial pre-project with a strategic UAE food security company

Achieves advances in LNC delivery capabilities

EFFICIENCY

Gained increased speed and efficiency in the production and application of LNC



DIGITAL

Strengthening sales success with digital services



GLOBAL MOBILITY

Utilizing the global mobility of assets



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Q4 2022 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



Q4 Highlights



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and answers**

Financial key figures

FOURTH QUARTER 2022

[fourth quarter 2021 in brackets]

- Revenue NOK 1M [NOK 0.8M]
- EBITDA NOK -24.8M [NOK -10.6M]
- Profit or loss for the year NOK -34.5M [NOK -10.5M]
- Gross R&D expenses NOK 1.4M [NOK 11M]

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

FULL YEAR 2022

[full year 2021 in brackets]

- Revenue NOK 2.2M [NOK 3.1M]
- EBITDA NOK -89.5M [NOK -31M]
- Profit or loss for the year NOK -89.7M [NOK -31.7M]
- Gross R&D expenses NOK 3.9M [NOK 14.4M]
- Innovation Norway / grants NOK 2.3M [NOK 8.7M]



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

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
Research and development		-	-
Property, plant and equipment		20 979	10 525
Investment in subsidiaries		-	-
Right-of-use assets		1 633	2 006
Deferred tax assets		-	-
Total non-current assets		29 823	19 036
Current assets			
Inventory		584	-
Accounts receivable		1 572	544
Other receivables		9 046	5 597
Intercompany receivables		-	-
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

Consolidated statement of financial position (continue)

EQUITY AND LIABILITIES	Notes	31.12.2022	31.12.2021
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
Deferred tax liabilities		-	-
Non-current provisions		-	-
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

Consolidated statement of cash flows

(Amounts in NOK thousand, unaudited)

Cash flows from operating activities	Notes	Q4 2022	Q4 2021	2022	2021
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

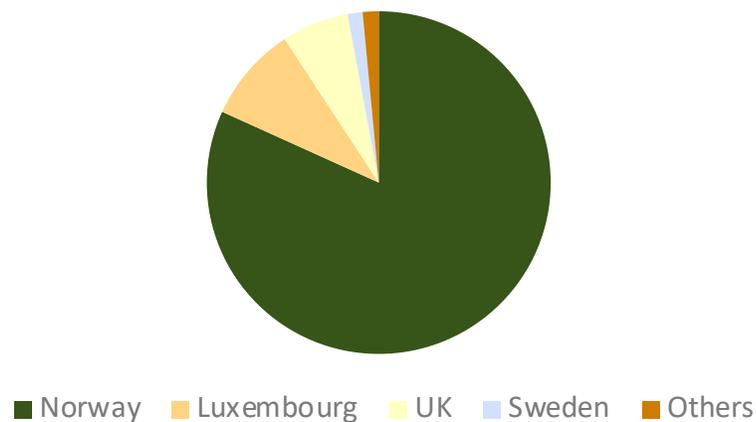
Consolidated statement of cash flows (continue)

	Q4 2022	Q4 2021	2022	2021
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

The DSRT share



ORIGIN OF SHAREHOLDERS



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 %

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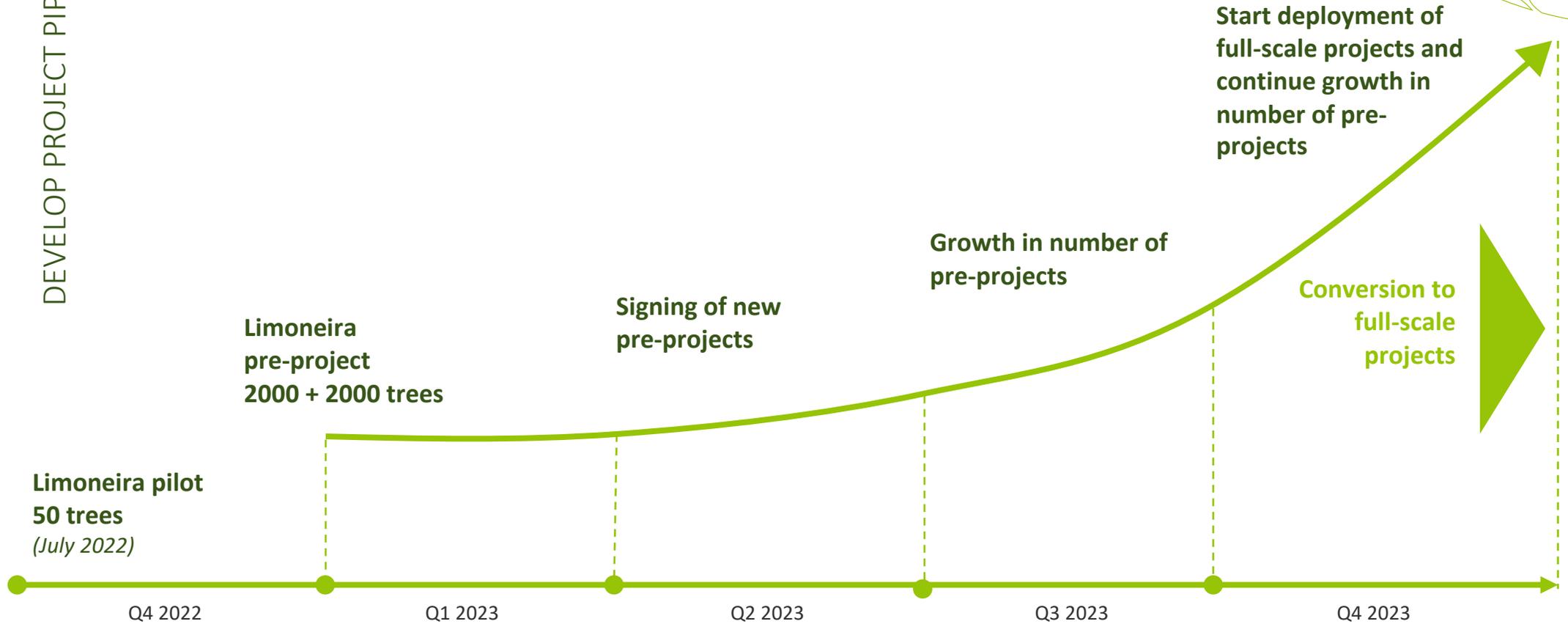
**Questions
and answers**

Q1-2023 Updates



Outlook

DEVELOP PROJECT PIPELINE



Cautionary note

DISCLAIMER RELATED TO FORWARD-LOOKING STATEMENTS

This presentation 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.

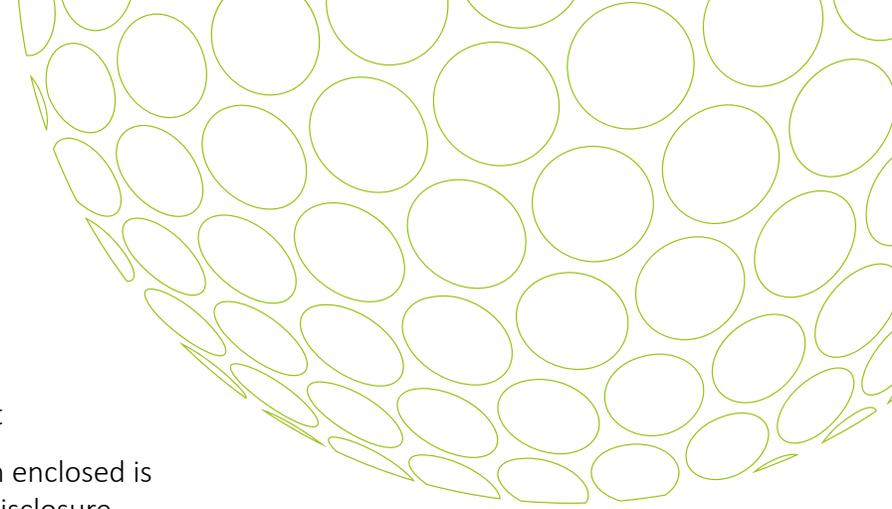
Forward-looking statements are statements that are not historical facts and may be identified by words such as "aims", "anticipates", "believes", "estimates", "expects", "foresees", "intends", "plans", "predicts", "projects", "targets", and similar expressions. Such forward-looking statements are based on current expectations, estimates, and projections, reflect current views concerning future events, and are subject to risks, uncertainties, and assumptions, and may be subject

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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.

Q3 2022 Report

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



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**Questions
and answers**

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**Thank you
for your attention!**

