

# Q1 REPORT 2024



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## CEO Message



We have started 2024 with the successful execution of our first larger-scale rollout in the United States, and the implementation of our first partner-driven commercial project in the Middle East is underway.

In the United States, we significantly enhanced operational efficiency, tripling land treatment capacity with fewer resources—an important step toward more scalable commercialization. In addition, integrating the application of our solution with existing irrigation systems further improved cost efficiency, as also demonstrated in our first deployment to a complete fairway on a golf course in Arizona.

In the Middle East, commercial progress in the UAE and strategic initiatives in Saudi Arabia emphasize the growing recognition of our solution in a region where water conservation is critical. Our impact was further highlighted by early adopter Masdar City, who recently

showcased the value of LNC for sustainable development in Abu Dhabi.

Innovation remains at the heart of our strategy. With continued advancements in production capacity and cost efficiency, along with promising research and development to expand the impact of LNC beyond water conservation, we aim to expand market reach and pave the way for the next generation of sustainable soil health solutions.

As we build on the solid start of 2024, we will focus on strategic priorities to create long-term value for our customers, partners, and shareholders.

**Ole Kristian Sivertsen**  
President and Group CEO  
Desert Control



## Key Figures \*

**Revenue: NOK 1.3M** [NOK 1.9M]

**EBITDA: NOK -14.7M** [NOK -23.4M]

**Net Income: NOK -7.9M** [NOK -19.3M]

**Cash and cash equivalents<sup>1</sup>: NOK 105.1M** [NOK 56.7M]

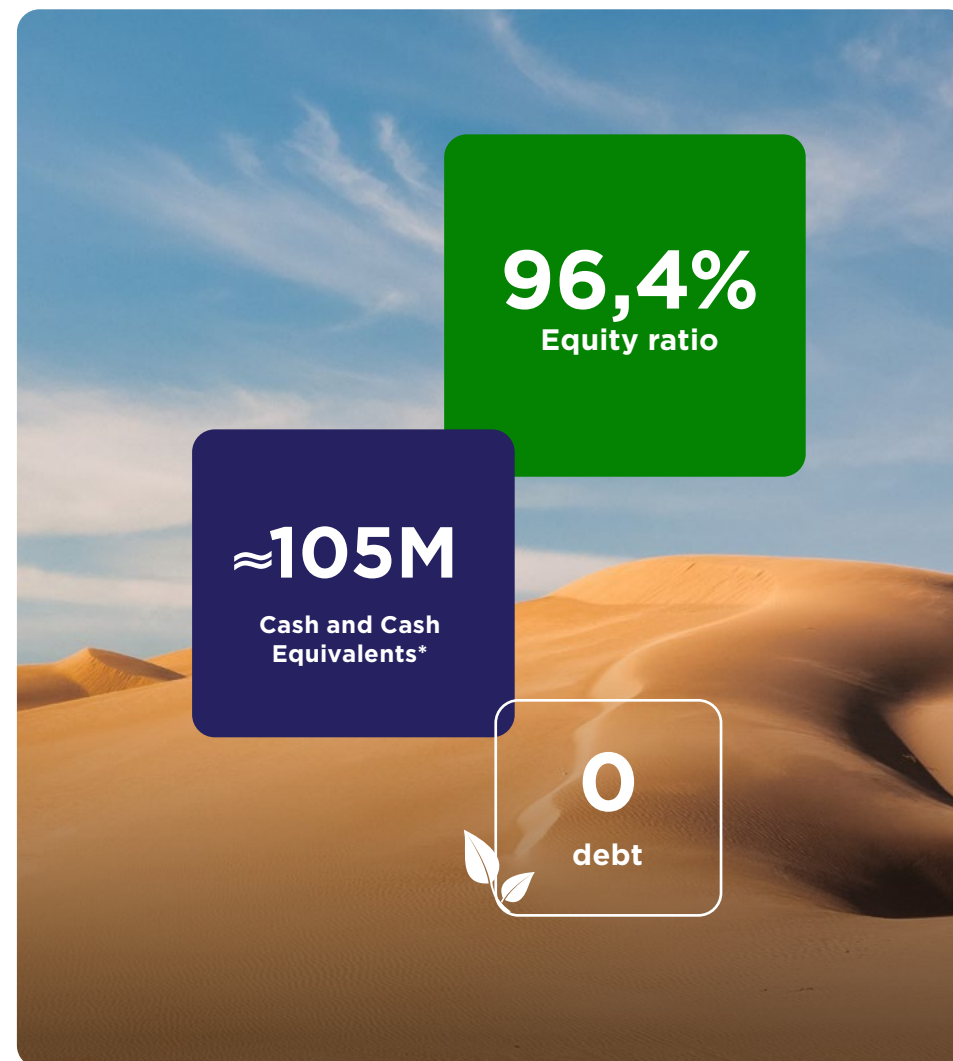
**Equity<sup>2</sup>: NOK 115.4M (96.4%)** [NOK 86M (89%)]

\* Key Figures in brackets represent the previous period for comparison.

<sup>1</sup> Total cash balance: Includes bank accounts, bank deposits and financial assets.

<sup>2</sup> Percentage in brackets next to equity represents the equity ratio.

The figures presented in this section includes both continued and discontinued operations. Revenue as outlined includes contributions from 'Other Revenue,' which originated from the cessation of our direct activities in the Middle East and the shift towards a licensing model in the prior year. These figures reflect the net outcome after adjusting for goodwill, covering the final transactions, including sales, settlements, and the formation of licensing agreements, as part of our strategic decision to discontinue direct operations in this region. These impacts were disclosed in the 2023 annual report. No material changes have taken place in Q1 2024 compared with the annual report. For further details into the financial impact of this decision, including the details on discontinued operations, readers need to refer to Note 5, "Discontinued Operations," in this quarterly financial report.





# Q1 2024 Company Update

## ACHIEVEMENTS IN THE UNITED STATES

At the end of the first quarter, Desert Control deployed its Liquid Natural Clay (LNC) for soil and water conservation across 60 acres at Limoneira's Yuma Ranch, completing the project in the first week of the second quarter. This deployment covered more than three times the land area treated in the same period of 2023, using half the number of LNC production units and one-third the labor.

By combining increased production capacity with application through the client's existing irrigation system, major improvements over the previous manual method were achieved. This led to a threefold increase in land treatment capacity with significantly improved cost efficiency, speed, and scalability of operations. The project offered valuable insights for future enhancements, promising further efficiency gains and reductions in labor, energy, equipment, and mobilization costs.

Also, during the quarter, Desert Control continued its pilot programs with deployments across a wide range of agricultural and landscaping applications. Each of these pilots provides significant operational and technology learnings as well as building Desert Control's local reputation as a high-quality provider of important environmental and economic solutions. Most of the ongoing agricultural pilots will extend over multiple seasons to validate LNC's multifaceted benefits beyond water savings, including reducing fertilizer leaching, lowering soil salinization, improving soil health, and increasing yield. The company targets completing installations of the remaining pilots secured in 2023 by the end of the second quarter and will continue to sign further pilots in both agriculture and landscaping during the remainder of 2024.

During the first quarter of 2024, Desert Control intensified efforts to explore landscaping opportunities in regions with high water costs, focusing particularly on golf courses

in Southern California and Nevada. A dedicated business developer was hired for this initiative. The company has since secured commitments for several technical pilots at golf courses in these high water-cost regions, with initial deployments targeted for the second quarter. While the total acreage available in golf applications is smaller than in overall agriculture, it remains a significant market with high water costs and demanding customers. Success in the high-touch, high-tech golf industry will also enhance Desert Control's reputation in other less demanding landscaping and agricultural markets.

Further, two of the ongoing technical pilots on golf courses in Arizona committed to expanding deployments to full fairways. Of these, the first project was conducted on April 29, 2024, applying LNC to an entire fairway, multiple greens, and a softball field through the existing irrigation system, aiming to assess the solution's adaptability to large-scale and complex landscapes. The application approach for this project





demonstrated the ability to cover large areas efficiently, even across undulating landscapes, setting a promising tone for upcoming projects in the golf industry.

### **PARTNER PROGRESS IN THE MIDDLE EAST**

Desert Control's licensed operators in the Middle East continued to make progress. In the United Arab Emirates, the first partner-driven commercial project to deploy 3 million liters of LNC for a new, sustainable residential development was launched in the first quarter, with completion targeted during the coming quarter. The pipeline of opportunities for 2024 is growing, and several additional deployments are anticipated in 2024. The early adopter, Masdar City, presented at the recent WFES conference in Abu Dhabi on the impact of LNC for their initial Masdar Park pilot deployment, highlighting that more than 50% water savings were achieved.

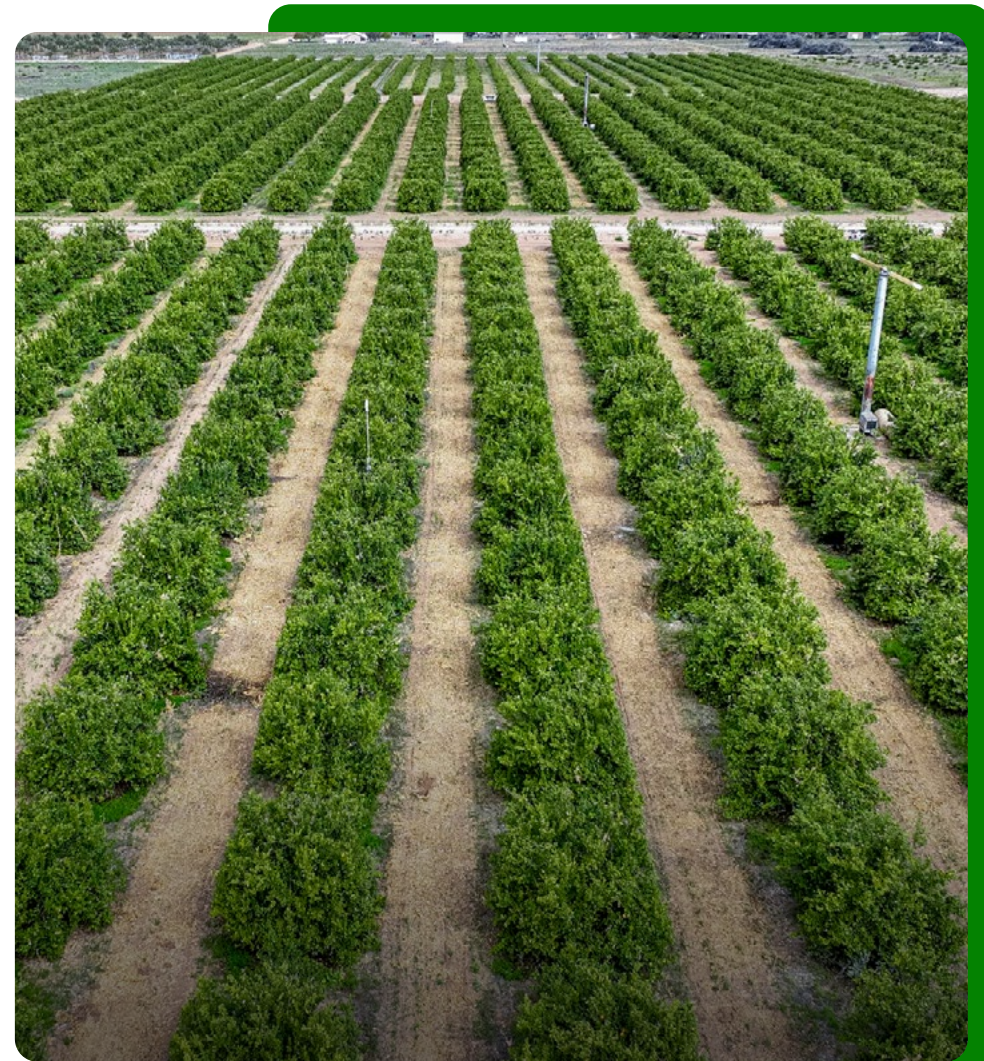
In Saudi Arabia, a new strategic demonstration project with a

governmental entity has been secured by one of the Middle East partners. The licensed operators continue to develop opportunities, with several pilots in progress. Strategic market development activities are also being initiated to position LNC as a solution for the region's growing water challenges. This includes collaboration with government entities and non-governmental organizations to accelerate awareness and adoption of soil and water conservation practices.

### **TECHNOLOGY ADVANCEMENT AND R&D PRIORITIES**

Desert Control's research and technology development aims to continue improving the cost efficiency and scalability of LNC production and application, expand addressable markets, and enhance underlying value, positioning LNC as both a solution for water conservation and a foundation for improved soil and plant health.

As previously noted, significant advancements in production cost





and capacity were achieved during the first quarter, with further enhancements expected throughout the year. Having now delivered high volumes of LNC through two customer irrigation systems, the team will look to further refine application techniques in all major types of irrigation systems, supporting improved ROI even for customers with lower water costs.

In parallel, research on organic additives synergizing with LNC to improve soil health is ongoing, with promising early-stage results. This initiative complements the focus on enhancing LNC's ability to reduce fertilizer leaching, lower soil salinization, and improve yields, with implementable results expected by the end of 2024. Desert Control continues to invest in and expand its research and development capabilities with additional personnel and academic field trials in the United States in 2024.

The five-year research program with the University of Arizona continues

to yield valuable data, with an interim report anticipated around mid-year 2024, expected to offer further insights and strengthen LNC's independent validation.

Based on the progress year to date, Desert Control anticipates significant advancements for its technology in 2024, driven by ongoing pilot programs and expanding deployments in the U.S., commercial projects in the Middle East, and innovation efforts to support broader-scale commercialization.



Webcast presentation for Desert Control Q1 2024 Report and Interim Financial Results is hosted on 23 May 2024 at 10:00 AM, Central European Time (CET). Register: <https://go.desertcontrol.com/Q1-2024>





# Outlook

Driven by the year's strong start, Desert Control aims for considerable progress in 2024.

In the Middle East, momentum is anticipated to grow from a steady run rate of smaller projects toward larger strategic contracts in both the UAE and Saudi Arabia. After years of building scientific and government support for LNC, the company and its partners see the beginning of a transition from validation and research-type applications to broader adoption and rollout.

In the U.S., the company expects continued positive developments from ongoing and new agricultural pilots. While revenue anticipated from these pilots and other smaller-scale deployments is expected to be modest, the key value of these projects lies in the learning and development opportunities they provide, as well as the validation and reputation they build for Desert Control as a trusted, science-led, and field-proven provider of environmental and economic solutions. The longer-term pipeline

emerging from these projects will be seen in 2025 as they move to second-phase expansions and meaningfully larger agricultural deployments in 2026 and beyond.

Further, the team expects substantial headway in the golf and landscaping market during the year. Initial pilot results in the second half of 2024 will set the stage for more notable contracts from the end of the year, with a growing number of larger deployments in 2025.

Desert Control's research and development efforts will be key enablers of this progress, growing the addressable market and enhancing the underlying value of LNC beyond water savings. The continued focus on scalability, cost efficiency, and holistic soil health solutions aims to unlock broader adoption and deliver long-term value for the company's customers and stakeholders.







# Statement by the Management and Board of Directors

The Board of Directors and the CEO have considered and approved the Q1 2024 Report and Interim Financial Results for Desert Control Group ("Group") for the three months ending on 31 March 2024. The interim consolidated financial statements are unaudited and have been prepared in accordance with IFRS accounting standards as well as additional information requirements as per the Norwegian Accounting Act.

We confirm to the best of our knowledge that:

- The Q1 2024 interim financial statements for 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 Group's assets, liabilities, financial position, and results as of 31 March 2024

- The report for the Group gives a true and fair view of the Group's development, performance, and financial position and includes a description of the principal risks and uncertainty factors facing the Group
- The Q1 2024 Report has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a.

Sandnes, 22.05.2024

**Knut Nesse**  
Chair

**Marit Røed Ødegaard**  
Board Member

**Maryne Lemvik**  
Board Member

**Geir Hjellvik**  
Board Member

**Ole Kristian Sivertsen**  
Chief Executive Officer

**James Thomas**  
Board Member



# CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTES

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# Consolidated Statement of Comprehensive Income

	Notes	Quarters		Full Year
		Q1 2024	Q1 2023	2023
(Amounts in NOK thousand)		(unaudited)	(unaudited)	(audited)
Revenue from sales	2	1 263	826	845
Other income		-	510	543
<b>Total revenue and other income</b>		<b>1 263</b>	<b>1 336</b>	<b>1 388</b>
Cost of goods sold (COGS)		154	60	63
<b>Gross margin</b>		<b>1 109</b>	<b>1 276</b>	<b>1 325</b>
Salary and employee benefit expenses		9 830	12 061	37 878
Other operating expenses		5 700	6 621	23 473
Depreciation and amortisation		1 285	863	4 175
<b>Operating profit or loss</b>		<b>-15 689</b>	<b>-18 269</b>	<b>-64 200</b>
Finance income		8 159	6 004	17 600
Finance costs		5	-2	12 776
<b>Profit or loss before tax from continuing operations</b>		<b>-7 536</b>	<b>-12 263</b>	<b>-59 376</b>
Income tax expense		50	3	-12
<b>Profit or loss for the year from continuing operations</b>		<b>-7 586</b>	<b>-12 266</b>	<b>-59 364</b>
<b>Discontinued operations</b>				
Profit or loss after tax for the year from discontinued operations	5	-323	-7 030	-5 910
<b>Profit or the loss for the year</b>		<b>-7 909</b>	<b>-19 296</b>	<b>-65 274</b>

	Notes	Quarters		Full Year
		Q1 2024	Q1 2023	2023
(Amounts in NOK thousand)		(unaudited)	(unaudited)	(audited)
<b>Allocation of profit or loss:</b>				
Profit/loss attributable to the parent		-7 898	-19 296	-65 274
<b>Other comprehensive income:</b>				
Items that subsequently may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		-189	2 739	1 414
Total items that may be reclassified to profit or loss		-189	2 739	1 414
<b>Total other comprehensive income for the year</b>		<b>-8 088</b>	<b>2 739</b>	<b>1 414</b>
<b>Total comprehensive income for the year</b>		<b>-8 088</b>	<b>-16 557</b>	<b>-63 860</b>
<b>Allocation of total comprehensive income</b>				
Total comprehensive income attributable to owners of the parent		-8 088	-16 557	-63 860





# Consolidated Statement of Financial Position

(Amounts in NOK thousand)	Notes	At 31 March		At 31 December
		2024	2023	2023
		(unaudited)	(unaudited)	(audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	5	-	7 740	-
Property, plant and equipment	5	7 968	20 223	8 044
Right-of-use assets	5	362	2 264	439
<b>Total non-current assets</b>		<b>8 329</b>	<b>30 227</b>	<b>8 484</b>
<b>Current assets</b>				
Inventory		286	133	217
Trade receivables		1 307	2 846	17
Other receivables		4 647	6 644	5 172
Other current financial assets		2	38 903	19 616
Cash and cash equivalents	4	105 125	17 795	100 008
<b>Total current assets</b>		<b>111 367</b>	<b>66 322</b>	<b>125 030</b>
<b>TOTAL ASSETS</b>		<b>119 696</b>	<b>96 548</b>	<b>133 514</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3	161	124	161
Share premium		322 573	230 849	321 180
Currency translation differences		-269	-158	-80
Retained earnings		-207 041	-144 845	-192 194
<b>Total equity</b>		<b>115 423</b>	<b>85 970</b>	<b>129 067</b>

(Amounts in NOK thousand)	Notes	At 31 March		At 31 December
		2024	2023	2023
		(unaudited)	(unaudited)	(audited)
<b>Non-current liabilities</b>				
Non-current lease liabilities		-	1 696	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>1 696</b>	<b>-</b>
<b>Current liabilities</b>				
Current lease liabilities		374	208	464
Trade and other payables		2 166	2 871	1 873
Public duties payable		680	2 795	912
Other current liabilities		1 053	3 008	1 198
<b>Total current liabilities</b>		<b>4 273</b>	<b>8 882</b>	<b>4 448</b>
<b>Total liabilities</b>		<b>4 273</b>	<b>10 578</b>	<b>4 448</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119 696</b>	<b>96 548</b>	<b>133 514</b>

Sandnes, 22.05.2024

Knut Nesse  
ChairMarit Røed Ødegaard  
Board MemberMaryne Lemvik  
Board MemberGeir Hjellvik  
Board MemberOle Kristian Sivertsen  
Chief Executive OfficerJames Thomas  
Board Member



# Consolidated Statement of Changes in Equity

(Amounts in NOK thousand, unaudited)	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
<b>Balance at 31 December 2022</b>	<b>122</b>	<b>230 849</b>	<b>-107</b>	<b>-36 592</b>	<b>194 272</b>
Profit (loss) for the year				-23 697	-23 697
Other comprehensive income				-54	-54
Issue of share capital	1				1
Transaction costs					-
Share based program options				90	90
<b>Balance at 31 March 2023</b>	<b>123</b>	<b>230 850</b>	<b>-107</b>	<b>-60 252</b>	<b>170 612</b>
<b>Balance at 31 December 2023</b>	<b>161</b>	<b>321 180</b>	<b>-80</b>	<b>-192 194</b>	<b>129 067</b>
Profit (loss) for the period	-			-7 909	-7 909
Other comprehensive income					-
Issue of share capital	0				0
Currency translation effects			-189	-6 939	-7 128
Share based program options		1 393			1 393
<b>Balance at 31 March 2024</b>	<b>161</b>	<b>322 573</b>	<b>-269</b>	<b>-207 041</b>	<b>115 423</b>



# Consolidated Statement of Cash Flows

	Notes	At 31 March		At 31 December
		2024	2023	2023
(Amounts in NOK thousand)		(unaudited)	(unaudited)	(audited)
<b>Cash flows from operating activities</b>				
<b>Profit or loss before tax for continued operations</b>		<b>-7 536</b>	<b>-12 263</b>	<b>-59 376</b>
<b>Profit or loss before tax for discontinued operations</b>		<b>-323</b>	<b>-7 030</b>	<b>-5 910</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Depreciation and amortisation and net impairments		1 285	1 906	6 492
Net financial income/expense		-8 159	-6 004	-4 449
Foreign exchange gains or losses		-	-	3 186
Share-based payment expense		1 393	1 915	4 219
Derecognition of Goodwill		-	-	7 220
<i>Working capital adjustments:</i>				
Changes in accounts receivable and other receivables		-833	1 132	5 802
Changes in trade payables, duties and social security payables		-61	-282	-3 162
Changes in other current liabilities and contract liabilities		235	-1 831	-4 236
<b>Net cash flows from operating activities</b>		<b>-13 997</b>	<b>-22 455</b>	<b>-50 214</b>
<b>Cash flows provided by (used in) investing activities (NOK)</b>				
Capital expenditures and investments		-1 073	-346	-691
Sale (Purchase) of financial instruments		19 613	2 514	22 346
Proceeds from sale of property, plant and equipment		-	801	10 556
Interest received		-	88	398
<b>Net cash flow provided by (used in) investing activities</b>		<b>3 886</b>	<b>3 056</b>	<b>32 610</b>

	Notes	At 31 March		At 31 December
		2024	2023	2023
(Amounts in NOK thousand)		(unaudited)	(unaudited)	(audited)
<b>Cash flow provided by (used in) financing activities (NOK)</b>				
Proceeds from issuance of equity		-	1	85 473
Transaction costs on issue of shares		-	-	-3 608
Lease payments		-127	548	-1 146
Interest paid		-	2	-23
<b>Net cash flows provided by (used in) financing activities</b>		<b>-127</b>	<b>550</b>	<b>80 696</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4 416</b>	<b>-18 849</b>	<b>63 092</b>
Cash and cash equivalents at beginning of the year/period		100 008	36 791	36 791
Net foreign exchange difference		701	-147	125
<b>Cash and cash equivalents, end of period</b>		<b>105 125</b>	<b>17 795</b>	<b>100 008</b>







# 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”, “Company” or “Desert Control”) for the three months period ended 31 March 2024 were authorised for issue by a Board meeting held on 22 May 2024.

Desert Control AS is a private limited liability company incorporated and domiciled in Norway. Its shares are traded at the unregulated marketplace 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.

## 1.2 BASIS OF PREPARATION

The 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) as adopted by The European Union (“EU”).

The consolidated financial statements have been prepared primarily on a historical cost basis, with exception of derivative financial instruments measured at fair value.

Desert Control’s consolidated financial statements are prepared on a going concern basis.

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.

### *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. The subtotals and totals in some of the tables in the notes may not equal the sum of the amounts shown in the primary financial statements due to rounding. All amounts have been rounded to the nearest thousand unless otherwise stated.



## 2 REVENUE FROM CONTRACTS WITH CUSTOMER

### ACCOUNTING POLICIES

#### Revenue

Revenue from sales is recognized when control of the goods or services transfers to the customer, reflecting the total consideration expected under the terms of the contract. Specifically, for our product LNC, revenue is recognized at the moment the product is applied at the delivery point, as this is when control typically passes to the customer, in accordance with the contractual agreements. This process marks the completion of the sole performance obligation per sale.

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

	Quarters		Full Year
	Q1 2024	Q1 2023	2023
<b>By area of operation:</b> (Amounts in NOK thousand)			
Liquid NaturalClay (LNC) continued operations	1 263	826	845
Liquid NaturalClay (LNC) discontinued operations		48	48
<b>Total</b>	<b>1 263</b>	<b>874</b>	<b>893</b>
<b>By geographic market:</b>			
Norway	0	0	0
USA	1 263	826	845
UAE, ref note 5 discontinued operations	0	48	48
<b>Total</b>	<b>1 263</b>	<b>875</b>	<b>893</b>

## 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:

	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position
<b>Share capital in Desert Control AS</b>			
<b>At 31 December 2022</b>	<b>41 099 680</b>	<b>0,003</b>	<b>123 299</b>
Share issue 10 March 2023	227 109	0,003	681
Share issue 31 July 2023	1 000 000	0,003	3 000
Share issue 13 October 2023	10 000 000	0,003	30 000
Share issue (rep) 17 November 2023	1 181 188	0,003	3 544
<b>At 31 December 2023</b>	<b>53 507 977</b>	<b>0,003</b>	<b>160 524</b>
Share issue 22 February 2024	120 000	0,003	360
<b>At 31 March 2024</b>	<b>53 627 977</b>	<b>0,003</b>	<b>160 884</b>

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

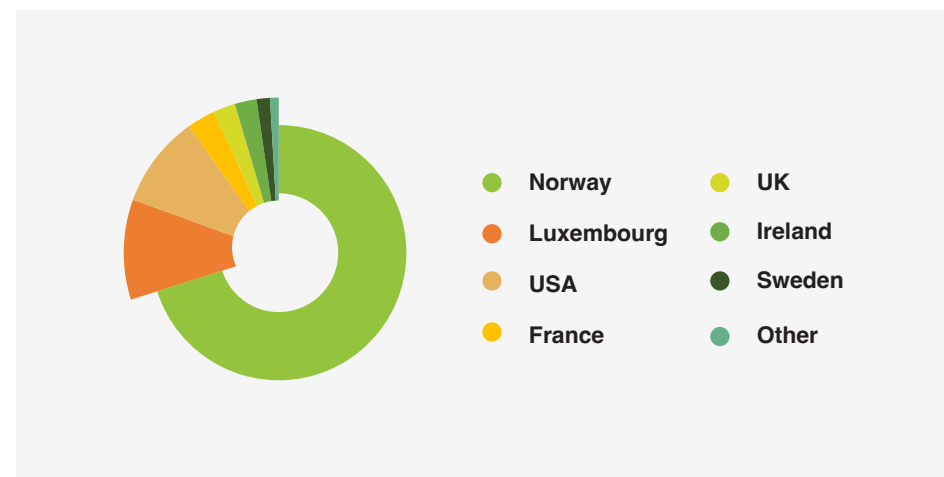
Reconciliation of the Group's equity is presented in the statement of changes in equity.

**The Group's shareholders:**

Shareholders in Desert Control AS at 31.03.2024	Total shares	Ownership/ Voting rights
OLESEN CONSULT HVAC AS	5 900 000	11,0%
Woods End Interests LLC	4 844 444	9,0%
NORDNET LIVSFORSIKRING AS	2 305 762	4,3%
DNB BANK ASA	1 954 077	3,6%
J.P. Morgan SE	1 808 533	3,4%
LITHINON AS	1 720 002	3,2%
J.P. Morgan SE	1 714 379	3,2%
OLESEN	1 630 685	3,0%
LIN AS	1 502 275	2,8%
GLOMAR AS	1 368 456	2,6%
NESSE & CO AS	1 360 000	2,5%
BNP Paribas	1 300 000	2,4%
CLEARSTREAM BANKING S.A.	1 242 476	2,3%
JAKOB HATTELAND HOLDING AS	1 222 222	2,3%
Citibank	1 100 000	2,1%
OKS CONSULTING AS	1 050 000	2,0%
The Northern Trust Comp	958 275	1,8%
SORTUN INVEST AS	949 937	1,8%
IDLAND	888 700	1,7%
SUNDVOLDEN HOLDING AS	579 431	1,1%
Others	18 228 323	34,0 %
<b>Total</b>	<b>53 627 977</b>	<b>100,0 %</b>

**Origin of shareholders**

Country of Origin	No of shares	%	# shareholders
Norway	37 596 658	70,1%	3 434
Luxembourg	5 603 682	10,4%	7
USA	5 150 882	9,6%	9
France	1 589 698	3,0%	5
UK	1 235 365	2,3%	7
Ireland	1 221 398	2,3%	11
Sweden	740 979	1,4%	15
Others	489 315	0,9%	29
<b>Grand Total</b>	<b>53 627 977</b>	<b>100%</b>	<b>3 517</b>







## 4 CASH AND CASH EQUIVALENTS

### ACCOUNTING POLICIES

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. 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.

	At 31 March		At 31 December
	2024	2023	2023
<b>Cash and cash equivalents</b> (Amounts in NOK thousand)			
Bank deposits, unrestricted	104 624	17 180	99 522
Bank deposits, restricted	501	615	486
<b>Total cash and cash equivalents</b>	<b>105 125</b>	<b>17 795</b>	<b>100 008</b>

Bank deposits earns a low interest at floating rates based on the bank deposit rates.





## 5 DISCONTINUED OPERATIONS

### Middle East Operations

During the fiscal year 2023, Desert Control Middle East LLC finalized the sale of its UAE production entity and transferred operational licenses and assets related to Liquid Natural Clay (LNC) production to Mawarid Holding Investment LLC and Holistic Earth Advanced Regeneration Technologies SA. These transactions completed our strategic exit from the

Middle East, leading to the classification of these operations as discontinued in accordance with IFRS 5.

Following these significant divestitures, all assets previously classified as held for sale were disposed of by the end of 2023. As of the first quarter of 2024, there have been no material changes or additional transactions related to these discontinued operations.

This status confirms the completion of all significant transactions within the 2023 fiscal year, aligning with the IFRS 5 requirement to disclose major changes in discontinued operations.

The net results from these operations for the prior periods are reported as a single line item in the Consolidated Statement of Comprehensive Income to ensure comparability and enhance transparency.

Desert Control continues to oversee any minor remaining obligations anticipated to be resolved by the final liquidation of Desert Control Middle East LLC in 2024.

Should any material subsequent events or obligations arise, further disclosures will be provided in accordance with IFRS 5.

### Net result for discontinues operations as of 31 March 2024

	Notes	Quarters		Full Year
		Q1 2024	Q1 2023	2023
(Amounts in NOK thousand, unaudited)				
Revenue from sales	2	-0	48	48
Other income		5	506	16 697
<b>Total income from discontinued operations</b>		<b>5</b>	<b>554</b>	<b>16 746</b>
Cost of goods sold (COGS)		156	392	353
<b>Gross margin from discontinued operations</b>		<b>-151</b>	<b>162</b>	<b>16 393</b>
Salary and employee benefit expenses		-	4 032	10 398
Other operating expenses		172	2 114	6 016
Depreciation and amortisation		-	1 044	2 318
Impairment		-	-	-
<b>Operating profit or loss from discontinued operations</b>		<b>-323</b>	<b>-7 028</b>	<b>-2 339</b>
Finance income*		-	-	-
Finance costs		-	1 579	3 571
<b>Profit or loss before tax from discontinued operations</b>		<b>-323</b>	<b>-8 606</b>	<b>-5 910</b>
Income tax expense		-	-	-
<b>Profit or loss for the year from discontinued operations</b>		<b>-323</b>	<b>-8 606</b>	<b>-5 910</b>



## FORWARD-LOOKING STATEMENTS

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.

### Q1 2024

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







## INQUIRIES

**For more information, please contact:**

**Ole Kristian Sivertsen**

*President and Group CEO*

Email: oks@desertcontrol.com

Mobile (NOR): +47 957 77 777

Mobile (USA): +1 650 643 6136

**Leonard Chaparian**

*Chief Financial Officer*

Email: leonard.chaparian@desertcontrol.com

Mobile: +47 90 66 55 40



# Making Earth Green Again

## GROUP HQ - NORWAY

Desert Control AS  
Grenseveien 21 (FOMO Works)  
4313 Sandnes, Norway

## PALO ALTO

Desert Control Americas Inc  
470 Ramona Street  
Palo Alto, CA 94301, USA

## YUMA

Desert Control Americas Inc  
1219 E 21st St  
Yuma, AZ 85365, USA

## PHOENIX / MARICOPA

Desert Control Americas Inc  
37860 W Smith Enke Rd  
Maricopa, AZ 85138, USA

@DesertControl



[www.desertcontrol.com](http://www.desertcontrol.com)