Q4 REPORT 2024

www.desertcontrol.com

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CEO Message

2024 marked a turning point for Desert Control, setting the stage for larger-scale commercialization and accelerated growth. With revenues and project deployments more than doubling year over year, our technology is now transitioning from validation to broader market adoption, driven by technological breakthroughs, commercial successes in the United States, and strong traction with our partners in the Middle East.

A significant milestone in the fourth quarter was the selection of Liquid Natural Clay (LNC) by the United Nations World Food Programme (WFP) Innovation Accelerator. Together with Soyl and WFP Iraq, LNC will be deployed in drought-affected areas to restore degraded soil, creating a blueprint for food security and water resilience in climate-stressed regions. This initiative reinforces our mission of Making Earth Green Again by delivering scalable solutions to some of the world's most urgent environmental challenges.

In the United States, milestone agreements with Berkeley Country Club and Woodland Hills Country Club mark the first full-scale LNC deployments for golf courses under our "pay-as-you-save" model. This innovative approach accelerates adoption, generates recurring revenue, and delivers immediate cash-flow-positive water savings for customers. In agriculture, the transition of pilots to larger-scale deployments continues to demonstrate LNC's impact on water conservation, soil health, and farm profitability. This momentum was further underscored by a post-quarter agreement with North America's largest date grower, Oasis Date, to roll out LNC starting with one of their many farms in California — a pivotal step toward scaling LNC adoption in permanent crops.

The Middle East is now a growth driver, with licensing income and deployment volumes tripling in the fourth quarter. The region's growing demand for water and soil conservation solutions signals a shift from pilot programs to commercial-scale adoption. At COP16 UNCCD in Riyadh, global commitments of over $12 billion to combat desertification and drought underscored the critical need for scalable innovations like LNC. Our Saudi partner, Saudi Desert Control, further advanced this agenda by signing a landmark agreement with Estidama, positioning LNC as a cornerstone for sustainable agriculture and water efficiency in the Kingdom.

Technology development and R&D remain the backbone of our strategy, driving cost efficiencies, scaling production capacity, and expanding the reach and impact of LNC. Our next-generation production system remains on track for commercial readiness in mid-2025, enabling us to meet the growing demand for sustainable soil and water management solutions. As our innovation ecosystem expands, LNC is increasingly recognized as a platform for water conservation and soil health, strengthening clients' economic resilience.

With a robust pipeline, secured agreements, and a new business model driving recurring revenue streams, 2025 will be a transformational year for Desert Control. The technological breakthroughs, strategic partnerships, and business model innovations achieved in 2024 set the stage for scaling revenues and LNC deployment more than tenfold in 2025.

Thank you to our team, clients, partners, and shareholders for your continued support as we scale solutions for a more sustainable future.

Sincerely,

Ole Kristian Sivertsen
Chief Executive Officer
Desert Control

Financial Review

KEY FIGURES *

NOK million	Quarters		YTD	
	Q4 2024	**Q4 2023**	**2024**	**2023**
LNC Revenue	0,00	-0,00	1,88	0,89
Licensing Royalties	0,22	-	0,29	-
Other Income	-	15,54	-	17,24
Total revenue and other income	**0,22**	**15,54**	**2,17**	**18,13**
EBITDA	**-11,99**	**0,76**	**-56,78**	**-60,05**
Net Income	**-7,07**	**-8,41**	**-53,14**	**-65,27**
Total cash balance	**63,57**	**119,29**	**63,57**	**119,29**
(Bank deposits and funds)				
Equity at 31 December 2024	**74,27**	**129,07**	**74,27**	**129,07**
Equity Ratio	**90,7%**	**96,7%**	**90,7%**	**96,7%**

* Includes both continued and discontinued operations. For more details, refer to Note 5, "Discontinued Operations," and the 2023 Annual Report.

For the full year of 2024, Desert Control reached a record number of installations, increased LNC deployment volumes, and more than doubled LNC revenue compared to the previous year. These milestones reflect improved operational efficiency enabled by next-generation LNC production system, enhanced irrigation system integration, and insights gained from pilots and prior projects.

- **LNC Revenue and Licensing Royalties Increase:** Desert Control generated NOK 2.17 million in LNC revenue for 2024, compared to NOK 0.89 million in 2023. This increase reflects the company's continued expansion and operational scaling in line with strategic objectives. Total revenue and other income declined year over year, primarily due to one-off impact of NOK 15.54 million related to the Middle East licensing transition, which was reported as part of discontinued operations.

  In Q4 2024, total revenue and other income reached NOK 0.22 million, compared to NOK 0.00 million in Q4 2023. This reflects the initial phase of royalty revenue from our Middle East operations, demonstrating the progress of our licensing model.

  While some revenue streams remain at an early stage, these figures highlight the transition from pilot projects to commercial operations and the increasing traction of our licensing model.

  Additionally, contract momentum has strengthened in late 2024, with several agreements secured that will primarily contribute to 2025 financial performance. These developments reinforce the company's commercial progress and provide a strong foundation for scaling operations in the year ahead.

- **Improved EBITDA:** For the full year of 2024, EBITDA improved to NOK -56,78 million from NOK -60.05 million in the same period last year. This improvement was primarily driven by operational efficiencies and the transition to a licensed operator model in the Middle East. Additionally, the capitalization of development efforts related to LNC production units in 2024 further contributed to the improvement, particularly impacting Salary and Employee Benefit Expenses.

  In Q4 2024, EBITDA declined to NOK -11.99 million, compared to NOK 0.76 million in Q4 2023. The financial results for Q4 2023 included a one-off positive impact of NOK 15.54 million related to the Middle East licensing transition, which was reported under discontinued operations.

  Excluding this one-off item, Desert Control's full-year EBITDA improvement amounts to approximately NOK 19 million in 2024.

- **Cash Position:** Desert Control ended Q4 2024 with a cash balance of NOK 64 million, compared to NOK 119 million at year-end 2023. The company continues to operate with no interest-bearing debt. The combination of increasing project volumes, improved unit economics, and EBITDA progress underscores our ability to scale operations efficiently while maintaining financial resilience. Our continued focus on cost discipline and optimizing deployment efficiency positions us for sustainable growth in the coming years.

Company Update

SCALING MARKET ADOPTION WITH DIVERSIFIED BUSINESS MODELS IN THE U.S.

In the fourth quarter, Desert Control developed and launched its "pay-as-you-save" business model, securing its first binding agreements for implementation in 2025. This model is designed to fast-track market adoption by offering customers immediate financial benefits from water savings, with monthly payments structured as a share of those savings. While enabling faster penetration into high-water-cost markets, this model also establishes long-term recurring revenue streams for Desert Control.

The first agreements under this model were signed with Berkeley Country Club in the San Francisco Bay Area and Woodland Hills Country Club in Los Angeles. These five-year contracts are likely to exceed NOK 14 million in revenues over the term of the agreements and mark an important milestone in Desert Control's expansion into the golf and turf management sector. Initial implementations are scheduled for April 2025, aligning with the golf club maintenance schedules to ensure minimal course disruptions.

California, home to over 950 golf courses, represents a significant market opportunity for Desert Control. The company is targeting additional agreements across high-water-cost regions, from San Francisco in the north to San Diego in the south. These projects are expected to serve as key reference points, facilitating expansion into adjacent landscaping markets and other large-scale irrigation applications.

A key enabler of this market expansion has been the technological breakthroughs achieved in 2024. The next-generation LNC production system—at half the size and eightfold capacity compared to the current mobile factories—will significantly improve deployment speed and scalability. This advancement allows entire golf courses to be treated in days rather than weeks and months, aligning with tight maintenance windows and overcoming previous barriers to adoption.

California's 950+ golf courses represent a major growth opportunity for Desert Control, with plans for expansion from San Francisco to San Diego.

While the pay-as-you-save model is expected to play a role in accelerating adoption, Desert Control will continue to secure traditional upfront-paid contracts. The company anticipates a balanced revenue mix, combining high-value upfront sales with recurring revenue contracts, ensuring sustainable growth while optimizing the utilization of financial resources.

ADVANCING AGRICULTURE COMMERCIALIZATION IN THE U.S.

Desert Control continued its development in the U.S. agriculture sector, advancing from pilot programs to commercial deployments. Following successful trials and negotiations, the company secured a post-quarter agreement with Oasis Date, North America's largest date grower and processor, to deploy LNC across 160 acres of organic Medjool date palms at Corn Springs Ranch in California. This NOK 1.5 million deployment follows a successful pilot

launched in July 2024, demonstrating improved soil health, water retention, and crop performance. The project is scheduled for completion in the first quarter of 2025 and is the first of multiple commercial deployments anticipated across Oasis Date's 5,000-acre farming operations.

During the fourth quarter, the company initiated discussions for 2025 expansions with three date farms, reflecting growing industry interest in LNC for permanent crops. These expansions will further serve as solid references for LNC's role in enhancing soil productivity and water efficiency, critical for long-term farm profitability.

Ongoing pilot programs across multiple crops and applications continue to demonstrate LNC's value beyond water savings. While high water costs remain a key financial driver for adoption, trials confirm that yield improvements and soil enhancement alone can justify investment, even in regions where water remains inexpensive. For high-value permanent crops such as dates, citrus, and vineyards, LNC has proven long-term economic benefits that further strengthen the value proposition. Desert Control's near-term commercialization strategy, therefore, focuses on high-value permanent crops in high-water-cost regions, where ROI is strongest. Meanwhile, the yield and land value improvement benefits from LNC adoption in lower-water-cost regions remain a mid to long-term focus as economic conditions evolve.

REGULATORY SHIFTS STRENGTHENING LNC'S VALUE PROPOSITION

The evolving water policy landscape in Arizona and regions reliant on Colorado River water is expected to drive LNC adoption. The expiration of the Law of the River agreements in 2026 is anticipated to increase water costs for farmers, significantly improving the financial case for LNC. In preparation, Desert Control is advancing pilot programs that showcase LNC's soil-health-driven yield benefits, ensuring readiness as regulatory shifts further drive the demand.

Desert Control secures a NOK 1.5 million agreement with Oasis Date to deploy LNC across 160 acres of organic Medjool date palms in California, following successful pilot trials.

MIDTERM VALIDATION FROM THE UNIVERSITY OF ARIZONA

The midterm status from Desert Control's five-year program with the University of Arizona confirm that LNC helps sandy soils retain water longer. Different seasons have shown similar or higher yields for LNC treated vs control plots at reduced irrigation volumes (20-50% less) or reduced irrigation frequencies (up to 33% less frequent). Recent crop cycles of the program have demonstrated up to 32% higher cotton yields and 56% higher celery yields with regular irrigation.

The program continues to validate LNC's impact, and the midterm report is available on the company's website. https://desertcontrol.com/midterm-validation-from-the-university-of-arizona/

THE MIDDLE EAST BECOMES A HIGH-GROWTH REGION FOR LNC ADOPTION

After years of market development, the Middle East is now a high-growth region for Desert Control, with licensing revenue and deployment activity tripling from the third to the fourth quarter. This momentum underscores the region's accelerating transition from pilots to commercial-scale projects, supported by growing demand across landscaping and agriculture.

Desert Control's licensed partner in the UAE is scaling operations to meet demand. In the first half of 2025, LNC volumes are expected to exceed six times the total deployment for all of 2024. Key commercial landscaping projects completed in the fourth quarter provide critical references that strengthen market confidence and create pathways for future growth.

For Desert Control's local partners, the shift toward higher-volume deployments demonstrates the scalability of the licensed business model. These partnerships deliver on local sustainability goals and serve as a blueprint for how licensing can expand globally, enabling rapid deployment while leveraging local expertise. With commitments to water conservation and sustainability becoming national priorities, the Middle East highlights how strategic partnerships can unlock scalable solutions for land restoration, urban development, and agriculture.

With strong UAE and Saudi partnerships, Desert Control focuses on scaling commercial volumes, leveraging government collaborations, and driving regional growth in 2025.

WORLD FOOD PROGRAMME (WFP) INNOVATION ACCELERATOR AND COP16 COMMITMENTS

During the fourth quarter, Desert Control was selected for the United Nations World Food Programme (WFP) Innovation Accelerator's SPRINT Program, funding a six-month demonstration project in Iraq in collaboration with WFP Iraq Country Office and Desert Control's regional partner, Soyl. The initiative aims to develop a blueprint for drought response and land restoration, turning degraded desert land into arable soil capable of sustaining resilient farming in water-stressed regions.

The WFP program aligns closely with the outcomes of COP16 UNCCD in Riyadh, where global stakeholders pledged over $12 billion to combat desertification, land degradation, and drought. The financial commitments made at COP16 reinforce the increasing importance of solutions like LNC to support sustainable agriculture, water conservation, and climate adaptation. As the WFP project progresses, it could serve as a validation platform for scaling LNC-based solutions in arid regions while informing future funding mechanisms aimed at drought resilience and food security.

EXPANDING LNC'S ROLE IN SUSTAINABLE AGRICULTURE

In the agriculture sector of the Middle East, Desert Control's LNC technology is positioned to improve water-use efficiency for existing farms and expand cultivated land within the constraints of available water resources. LNC further creates opportunities for climate-smart farming and food security in arid regions by transforming desert land into fertile soil. One example is a demonstration project with Tanmiah Food Company. LNC is deployed to convert desert land into productive farmland for growing local feedstock, reducing reliance on imported feed, and optimizing water, energy, and carbon efficiency. This project highlights the growing demand for regenerative farming solutions and will serve as a reference case for scaling LNC applications in desert agriculture.

Further strengthening LNC's role in sustainable agriculture, Saudi Desert Control signed a landmark agreement with Estidama, the Saudi National Center for Sustainable Agriculture, under the Ministry of Environment, Water, and Agriculture (MEWA). This collaboration will focus on enhancing water efficiency, soil health, and crop productivity in line with Saudi Arabia's national sustainability goals. The agreement is expected to drive further pilot-to-commercial transitions and position LNC as a scalable solution for water conservation in the Kingdom's agricultural sector.

With established partners in the UAE and Saudi Arabia, Desert Control's focus in 2025 will be on scaling commercial volumes, strengthening licensing revenue, and leveraging government partnerships to integrate LNC into larger-scale sustainability initiatives and regulatory water conservation frameworks. The long-term investments made in the region are now materializing into tangible growth, positioning the Middle East as a key contributor to the company's growth.

TECHNOLOGY BREAKTHROUGHS ENABLE SCALABLE, COST-EFFICIENT LNC DEPLOYMENTS

Desert Control achieved key technology breakthroughs in 2024, significantly improving scalability, cost efficiency, and market reach. The next-generation production system remains on track for commercial readiness in the first half of 2025, with extensive field testing completed in the second half of 2024. Recent trials confirmed that the system will reach its target capacity of over 120,000 liters per hour, reinforcing confidence in scalability and operational performance. The unit's 50% smaller footprint and weight make it highly mobile, enabling rapid deployment, lower costs, and faster project turnaround times, unlocking high-volume opportunities requiring short operational windows.

Another major milestone was enabling the shift from manual, labor-intensive applications to applying LNC through existing irrigation systems, drastically reducing labor

costs and improving scalability for large-scale deployments. Additionally, automated bulk handling of raw materials—transitioning from 25kg bags to 1-tonne bulk bags with direct feeding mechanisms—improves efficiency, reduce operating costs, and enables sustained high-volume production.

Further advancements in automation and process optimization, developed in collaboration with Siemens, enhance labor efficiency, production predictability, fleet management, and deployment quality, ensuring consistent, cost-effective scaling.

R&D ADVANCEMENTS EXPAND MARKET POTENTIAL & REDUCE DEPLOYMENT COSTS

Adaptive formulation increasingly allows using the varying water qualities available locally at client sites for LNC production, including higher salinity variations, eliminating the need for trucked-in potable water, and significantly reducing logistics and operational costs. The technology's applicability has also shown promising potential for expansion beyond sandy soils, increasing the addressable market and enabling broader adoption across more regions.

Additionally, studies show enhanced soil health benefits, including synergies with biostimulants and biologicals such as fungi. Early results from the collaboration with Limoneira in Yuma, Arizona, indicate that LNC improves conditions for mycorrhizal colonization, which is of high value for nutrient absorption and long-term soil fertility in desert farming.

STRENGTHENING THE INNOVATION ECOSYSTEM

Desert Control continues to build a strong innovation ecosystem, leveraging strategic partnerships to accelerate technological advancement and market adoption. The collaboration with Siemens drives automation, digital process optimization, and efficiency improvements for LNC production, ensuring higher precision and scalability. Meanwhile, the engagement with Syngenta is focused on exploring synergies between LNC and biological solutions, strengthening its potential as an ecosystem platform for soil health and regenerative agriculture.

As Desert Control enters 2025, the focus remains on commercializing these advancements to drive large-scale adoption, lower costs, and drive growth across key markets.

Webcast presentation for Desert Control Q4 2024 Report and Interim Financial Results is hosted on 12 February 2025 at 10:00 AM, Central European Time (CET). Register: https://go.desertcontrol.com/Q4-2024

Outlook

STRATEGIC PRIORITIES FOR 2025

With accelerating market adoption and scalable technology capabilities, Desert Control enters 2025 strongly positioned to expand its commercial footprint. The company's key priorities for the year include:

- Expanding LNC's footprint in golf and turf management, building on the early success of the pay-as-you-save model to drive recurring revenue and expand adoption.
- Scaling deployments in high-value permanent crops, leveraging industry partnerships and strong reference projects to drive adoption.
- Growing licensing revenues and deployment volumes in the Middle East following the transition of pilot projects into larger-scale commercial implementations.
- Executing the commercial launch of the next-generation production system, unlocking significant operational efficiencies, cost reductions, and the ability to meet increasing demand while opening new revenue opportunities from sales of production units and hardware to partners.

With a strong pipeline, secured contracts, strategic partnerships, and a diversified revenue model—including recurring revenues, upfront projects, hardware and licensing revenues, Desert Control is on track to grow its contracted revenues more than tenfold in 2025.

With a strong pipeline and diversified revenue model, Desert Control is set to grow contracted revenues more than tenfold by 2025.

Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer have reviewed and approved the Desert Control Group Condensed Interim Financial Statements as of 31 December 2024.

Pursuant to the Norwegian Securities Trading Act § 5-6 and the Norwegian Accounting Act § 3-3d, we hereby confirm, to the best of our knowledge, that:

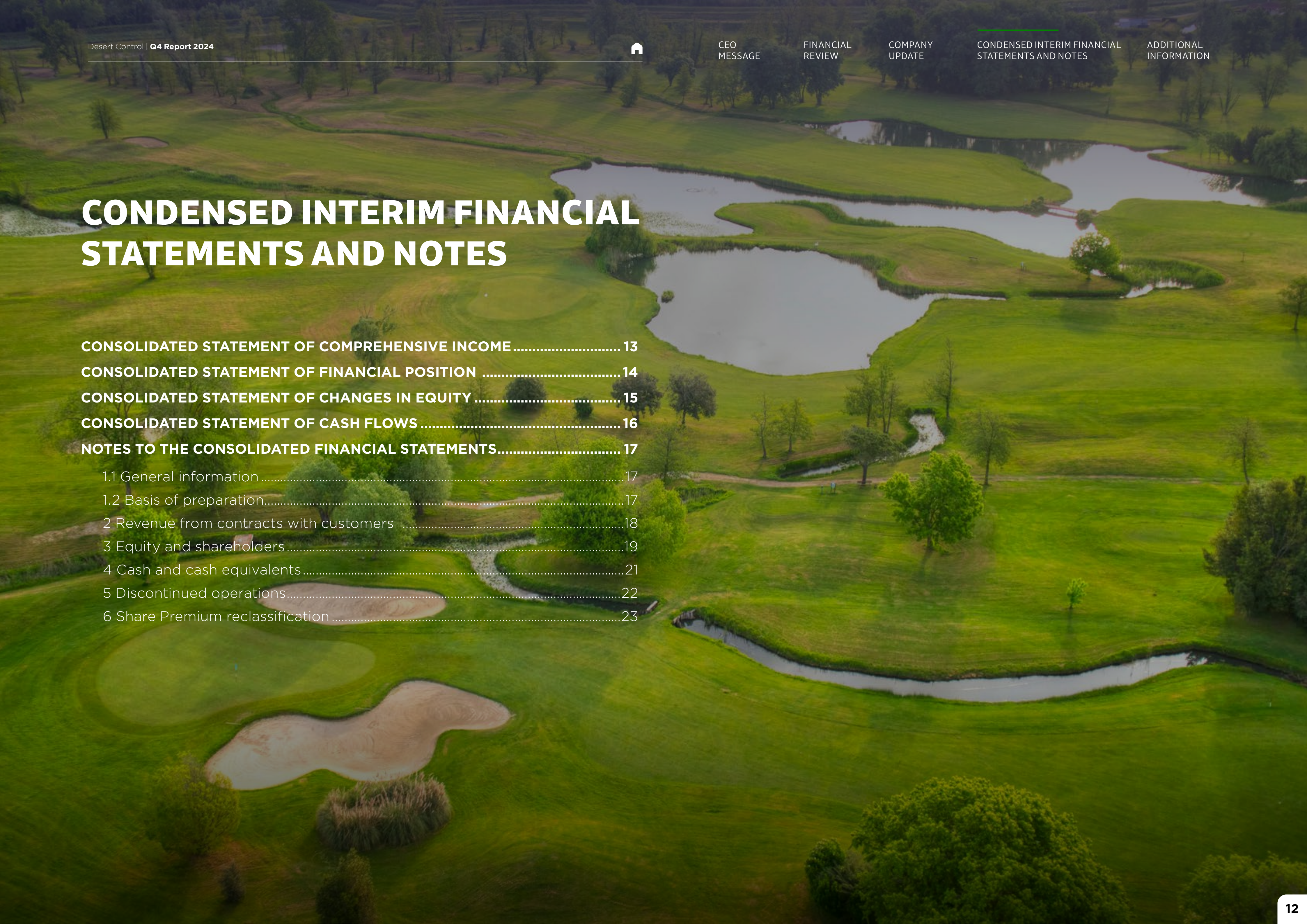
The Desert Control Group Condensed Interim Financial Statements for the fourth quarter and full year ended 31 December of 2024 have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU), IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), and additional Norwegian disclosure requirements.

The Condensed Interim Financial Statements give a true and fair view of the Group's assets, liabilities, financial position, and results as of 31 December 2024.

The interim report provides fair and objective view of important events that have occurred during financial year ended 31 December 2024 and their impact on the Condensed Interim Financial Statements.

Sandnes, 11.02.2025

Lars R. Eismark Executive Chairman	**Marit Røed Ødegaard** Board Member	**Maryne Lemvik** Board Member
Ole Kristian Sivertsen Chief Executive Officer	**Roar Husby** Board Member	**James Thomas** Board Member



CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTES

Consolidated Statement of Comprehensive Income

(Amounts in NOK thousand)	Notes	Quarters Q4 2024	Q4 2023[1]	Full year 2024 (unadited)	2023 (audited)
Revenue from sales	2	220	-0	2 172	844
Other income		-	5	-	543
Total revenue and other income		**220**	**4**	**2 172**	**1 387**
Cost of goods sold (COGS)		14	-1	270	62
Gross margin		**206**	**5**	**1 901**	**1 325**
Salary and employee benefit expenses		4 952	7 696	31 308	39 064
Other operating expenses		7 408	4 564	27 043	22 286
Depreciation and amortisation		1 291	1 212	5 112	4 175
Operating profit or loss		**-13 445**	**-13 467**	**-61 562**	**-64 200**
Finance income		5 758	6 840	13 545	17 600
Finance costs		28	11 095	5 053	12 776
Profit or loss before tax from continuing operations		**-7 715**	**-17 721**	**-53 071**	**-59 376**
Income tax expense		-7	-0	52	-13
Profit or loss for the year from continuing operations		**-7 708**	**-17 721**	**-53 123**	**-59 364**
Discontinued operations					
Profit or loss after tax for the year from discontinued operations	5	638	9 310	-15	-5 910
Profit or the loss for the year		**-7 070**	**-8 411**	**-53 139**	**-65 274**

(Amounts in NOK thousand)	Notes	Quarters Q4 2024	Q4 2023[1]	Full year 2024 (unadited)	2023 (audited)
Allocation of profit or loss:					
Profit/loss attributable to the parent		-7 070	-8 411	-53 139	-65 274
Other comprehensive income:					
Items that subsequently may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		-3 913	1 383	-7 439	1 414
Total items that may be reclassified to profit or loss		-3 913	1 383	-7 439	1 414
Total other comprehensive income for the year		**-11 622**	**1 383**	**-60 578**	**1 414**
Total comprehensive income for the year		**-11 622**	**-7 028**	**-60 578**	**-63 860**
Allocation of total comprehensive income					
Total comprehensive income attributable to owners of the parent		-11 622	-7 028	-60 578	-63 860

1) Certain 4Q 2023 line items have been restated to align with the audited full year 2023 financial statements. These adjustments ensure that the sum of quarterly published line item values agree with the numbers published in audited 2023 annual report.

Consolidated Statement of Financial Position

(Amounts in NOK thousand)	Notes	At 31 December 2024 (unaudited)	At 31 December 2023 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	11 200	8 044
Right-of-use assets		-	439
Total non-current assets		**11 200**	**8 484**
Current assets			
Inventory		152	217
Trade receivables		376	17
Other receivables		6 576	5 172
Other current financial assets		3	19 616
Cash and cash equivalents	4	63 572	100 008
Total current assets		**70 678**	**125 030**
TOTAL ASSETS		**81 878**	**133 514**
EQUITY AND LIABILITIES			
Equity			
Share capital	3	161	161
Share premium	6	133 402	321 180
Currency translation differences		-6 156	-80
Retained earnings		-53 139	-192 194
Total equity		**74 267**	**129 067**

(Amounts in NOK thousand)	Notes	At 31 December 2024 (unaudited)	At 31 December 2023 (audited)
Current liabilities			
Current lease liabilities		-	464
Trade and other payables		4 205	1 873
Public duties payable		1 383	912
Other current liabilities		2 023	1 198
Total current liabilities		**7 611**	**4 447**
Total liabilities		**7 611**	**4 447**
TOTAL EQUITY AND LIABILITIES		**81 878**	**133 514**

Sandnes, 11.02.2025

Lars R. Eismark
Executive Chairman

Marit Røed Ødegaard
Board Member

Maryne Lemvik
Board Member

Ole Kristian Sivertsen
Chief Executive Officer

Roar Husby
Board Member

James Thomas
Board Member

Consolidated Statement of Changes in Equity

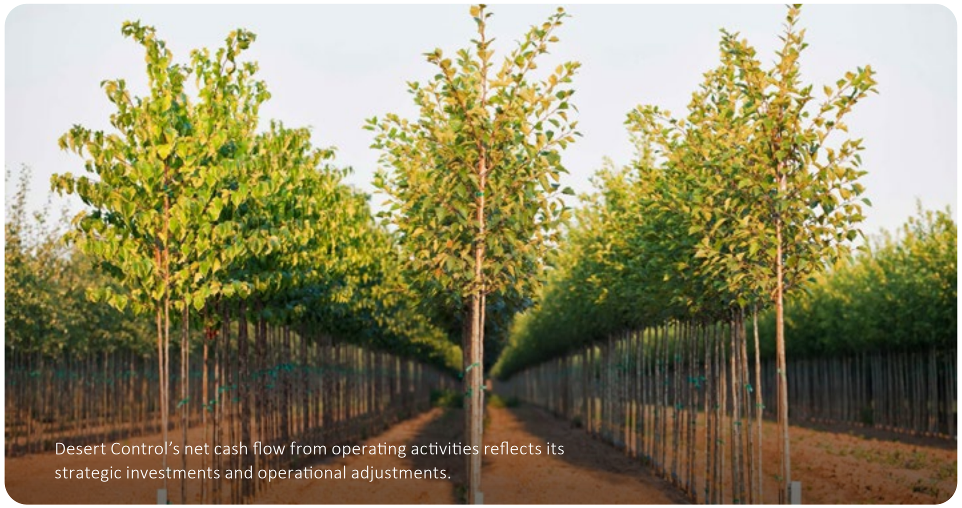
(Amounts in NOK thousand)	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
At 1 January 2023	**123**	**235 132**	**-1 336**	**-126 919**	**107 001**
Profit (loss) for the year				-65 274	-65 274
Other comprehensive income			-1 837		-1 837
Translation differences related to deconsolidated subsidary reclassified to proft or loss			3 093		3 093
Issue of share capital	37	85 436			85 473
Transaction cost		-3 608			-3 608
Share based program options		4 219			4 219
At 31 December 2023 (audted)	**161**	**321 180**	**-80**	**-192 194**	**129 067**
At 1 January 2024 (audited)	**161**	**321 180**	**-80**	**-192 194**	**129 067**
Profit (loss) for the period				-53 139	-53 139
Currency translation differences in OCI			-6 076		-6 076
Issue of share capital	0				0
Share based program options		4 416			4 416
Share premium reclassification1		-192 194		192 194	-
At 31 December 2024 (unaduted)	**161**	**133 402**	**-6 156**	**-53 139**	**74 267**

1) For more information see note 6. Share Premium reclassification

Consolidated Statement of Cash Flows

(Amounts in NOK thousand, unaudited)	Quarters Q4 2024	Q4 2023[1]	Full year 2024 (unadited)	2023 (audited)
Profit or loss before tax from continuing operations	**-7 715**	**-17 721**	**-53 071**	**-59 376**
Profit or loss before tax for discontinued operations	**638**	**9 310**	**-15**	**-5 910**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation	1 291	2 177	5 112	6 492
Net financial income/expense	-6 167	3 798	-8 478	-4 449
Foreign exchange gains or losses	89	3 186	115	3 186
Share-based payment expense	220	1 409	4 416	4 219
Derecognition of Goodwill	-	7 220	-	7 220
Working capital adjustments:				
Changes in accounts receivable and other receivables	894	25 267	-1 696	5 802
Changes in trade payables, duties and social security payables	2 577	-931	2 802	-3 162
Changes in other current liabilities and contract liabilities	1 357	-29 107	825	-4 236
Net cash flows from operating activities	**-6 817**	**4 608**	**-49 991**	**-50 214**
Cash flows provided by (used in) investing activities (NOK)				
Capital expenditures and investments	-4 860	-345	-7 823	-691
Sale (Purchase) of financial instruments	-0	209	19 613	22 346
Proceeds from sale of property, plant and equipment	-	9 331	-	10 556
Interest received	438	217	2 065	398
Net cash flow provided by (used in) investing activities	**-4 422**	**9 412**	**13 855**	**32 610**

(Amounts in NOK thousand, unaudited)	Quarters Q4 2024	Q4 2023[1]	Full year 2024 (unadited)	2023 (audited)
Cash flow provided by (used in) financing activities (NOK)				
Proceeds from issuance of equity	-	75 471	-	85 473
Transaction costs on issue of shares	-	-3 608	-	-3 608
Lease payments	-87	-2 169	-471	-1 146
Interest paid	-5	-20	-5	-23
Net cash flows provided by (used in) financing activities	**-557**	**69 674**	**-476**	**80 696**
Net increase/(decrease) in cash and cash equivalents	**-11 332**	**83 694**	**-36 612**	**63 092**
Cash and cash equivalents at beginning of the year/period	74 833	15 731	100 008	36 791
Net foreign exchange difference	72	583	176	125
Cash and cash equivalents, end of period	**63 572**	**100 008**	**63 572**	**100 008**



Desert Control's net cash flow from operating activities reflects its strategic investments and operational adjustments.

1) Certain 4Q 2023 line items have been restated to align with the audited full year 2023 financial statements. These adjustments ensure that the sum of quarterly published line item values agree with the numbers published in audited 2023 annual report.

Notes to the Consolidated Financial Statements

1.1 GENERAL INFORMATION

Corporate information

The condensed interim financial statements of Desert Control AS and its subsidiaries (collectively, "the Group", "Company" or "Desert Control") for the fourth quarter of 2024 were authorised for issue by a Board meeting held on 11 February 2025.

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.

1.2 BASIS OF PREPARATION

The condensed interim financial statements include the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and the accompanying notes. These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

The interim financial statements are condensed and do not include all the disclosures required by IFRS® Accounting Standards for a complete set of financial statements. Accordingly, they should be read in conjunction with the company's consolidated annual financial statements for the year ended 31 December 2023.

The 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.

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.

Going concern basis of accounting

Desert Control is currently in the pre-commercialization phase, focusing on refining our technologies and securing key partnerships for market entry. We anticipate completing this phase within the next two years, transitioning into commercial operations and revenue generation by the end of 2025.

This timeline is based on our current progress in product development, expected regulatory approvals, and initial customer engagement strategies. Management is committed to regularly reviewing and updating this timeline as circumstances evolve, ensuring our financial strategies are aligned with operational milestones to support the ongoing viability of the company. Desert Control's consolidated financial statements are prepared on a going concern basis.

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

ACCOUNTING POLICIES

Revenue from sales is recognised 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 recognised 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.

Revenue from royalties is recognized in accordance with IFRS 15.B63, whereby royalties based on sales or usage of licensed intellectual property are recognized when the licensee's underlying sales occur.

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

	Quarters		Full Year	
By area of operation: (Amounts in NOK thousand)	**Q4 2024**	**Q4 2023**	**2024** (unaudited)	**2023** (audited)
Liquid NaturalClay (LNC) continued operations	-	-	1879	844
Liquid NaturalClay (LNC) discontinued operations	-	-	-	48
Licensing Royalties	220	-	293	-
Total Revenues from contracts with customers and other revenues	**220**	**-**	**2172**	**892**

	Quarters		Full Year	
By geographic market:	**Q4 2024**	**Q4 2023**	**2024** (unaudited)	**2023** (audited)
Norway	220	-	293	-
USA	-	-	1879	844
UAE, ref note 5 discontinued operations	-	-	-	48
Revenue from contracts with customers	**220**	**-**	**2172**	**892**

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 31 December 2022	**41 099 680**	**0,003**	**123 299**
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
At 31 December 2023	**53 507 977**	**0,003**	**160 524**
Share issue 22 February 2024	120 000	0,003	360
At 31 December 2024	**53 627 977**	**0,003**	**160 884**

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

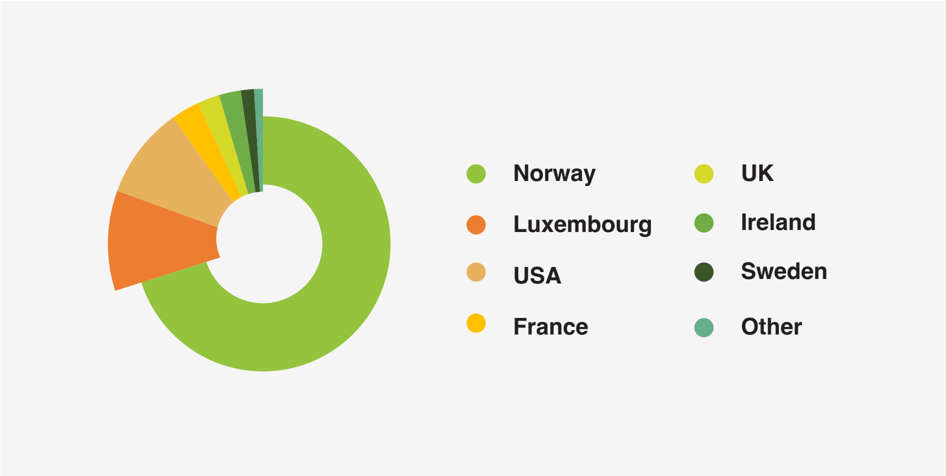
Reconciliation of the Group's equity is presented in the statement of changes in equity.

The Group's shareholders:

Shareholders in Desert Control AS at 31.12.2024	Total shares	Ownership/ Voting rights
Woods End Interests LLC	5 343 472	10,0%
J.P. Morgan SE	4 247 077	7,9%
Citibank	3 610 828	6,7%
Nordnet Livsforsikring AS	2 617 583	4,9%
Lithinon AS	1 720 002	3,2%
BNP Paribas	1 627 836	3,0%
Olesen Ole Morten	1 586 083	3,0%
Lin AS	1 502 275	2,8%
Olesen Consult HVAC AS	1 475 000	2,8%
Glomar AS	1 368 456	2,6%
DNB Bank ASA	1 315 718	2,5%
Ninas Holding AS	1 225 173	2,3%
Jakob Hatteland Holding AS	1 222 222	2,3%
Hako Ventures AS	1 112 431	2,1%
Idland Atle	1 090 491	2,0%
OKS Consulting AS	1 050 000	2,0%
The Northern Trust Comp	958 275	1,8%
Sortun Invest AS	949 937	1,8%
Clearstream Banking S.A.	945 107	1,8%
Yggdrasil Venture AS	787 220	1,5%
Sundvolden Holding AS	594 431	1,1%
Others	17 278 360	32,2%
Total	**53 627 977**	**100,0 %**

Origin of shareholders:

Country of Origin	No of shares	%	No of shareholders
Norway	35 394 135	66,0%	3 103
United States	5 636 059	10,5%	7
Luxembourg	5 222 184	9,7%	8
Ireland	3 626 814	6,8%	12
France	1 618 104	3,0%	5
United Kingdom	1 117 175	2,1%	7
Sweden	604 403	1,1%	14
Others	409 103	0,8%	33
Grand Total	**53 627 977**	**100%**	**3 189**



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 December	
Cash and cash equivalents (Amounts in NOK thousand)	**2024** (unaudited)	**2023** (audited)
Bank deposits, unrestricted	62 819	99 522
Bank deposits, restricted	753	486
Total cash and cash equivalents	**63 572**	**100 008**

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

5 DISCONTINUED OPERATIONS

ACCOUNTING POLICIES

In June 2023, Desert Control entered into a significant agreement with Mawarid Holding Investment LLC (MHI) for the sale of its production entity in the United Arab Emirates, which included transferring the shares in the joint venture, Mawarid Desert Control, along with the Liquid Clay (LNC) production assets. This agreement designated MHI as the exclusive licensed operator for the UAE, aiming to expand operations across the Middle East. Subsequently, in July 2023, an agreement was reached with Holistic Earth Advanced Regeneration Technologies SA (H-EART), resulting in the transfer of a single LNC Production cluster, which includes four production units, and granting H-EART the operational license on behalf of Desert Control in the Kingdom of Saudi Arabia.

Following these agreements, Desert Control Middle East LLC initiated the liquidation process to phase out the company's operations in the Middle East effectively.

In alignment with IFRS 5, the Group has classified its operations in the United Arab Emirates as discontinued following the strategic decision to exit the market. This reflects a significant shift in our geographical and operational focus, deemed material to our business structure and financial outlook.

The financial results from these discontinued operations, including the gain or loss on deconsolidation, are separately reported in the Consolidated Statement of Comprehensive Income to enhance clarity and decision-usefulness for our stakeholders. Non-current assets and disposal groups related to these operations were measured at the lower of their carrying amount and fair value less costs to sell and have been presented as held for sale in prior reporting periods until their disposal in 2023.

As of this date, Desert Control has no assets classified as held for sale, indicating the completion of significant transactions related to the discontinued operations within the 2023 fiscal year. All remaining minor transactions are expected to be settled by the final liquidation of Desert Control Middle East LLC in 2024.

The net results from these discontinued operations have been reported as a single line item in the Consolidated Statement of Comprehensive Income. For enhanced transparency and comparability, prior period figures have been restated

Net result for discontinues operations as of 31 December		Quarters		Full year	
(Amounts in NOK thousand, unaudited)	Notes	Q4 2024	Q4 2023[1]	2024 (unaudited)	2023 (audited)
Revenue from sales	2	0	0	0	48
Other income		0	15 540	5	16 697
Total income from discontinued operations		**-**	**15 540**	**5**	**16 745**
Cost of goods sold (COGS)		-164	51	156	353
Gross margin from discontinued operations		**164**	**15 490**	**-151**	**16 393**
Salary and employee benefit expenses		-	1 346	-	10 398
Other operating expenses		1	1 128	184	6 016
Depreciation and amortisation		-	146	-	2 317
Impairment			-	-	-
Operating profit or loss from discontinued operations		**163**	**12 870**	**-335**	**-2 338**
Finance income		-	-	-	-
Finance costs		-	688	-	3 571
Profit or loss before tax from discontinued operations		**163**	**12 182**	**-335**	**-5 910**
Income tax expense		-	-	-	-
Profit or loss for the year from discontinued operations		**163**	**12 182**	**-335**	**-5 910**

1) Certain 4Q 2023 line items have been restated to align with the audited full year 2023 financial statements.
These adjustments ensure that the sum of quarterly published line item values agree with the numbers published in audited 2023 annual report.

6 SHARE PREMIUM RECLASSIFICATION

During Q3 2024, NOK 192,193,571 was reclassified from the share premium account to retained earnings to offset accumulated losses. This reclassification was approved by the Board of Directors and will be submitted for shareholder approval at the upcoming Annual General Meeting (AGM), in accordance with the Norwegian Companies Act (Aksjeloven). The reclassification did not impact the total equity of the company, as it was an internal adjustment within equity.

The purpose of this adjustment was to offset retained earnings losses with share premium and strengthen the company's equity position, ensuring compliance with Skattefunn and other relevant regulatory requirements.

There were no further reclassifications in Q4 2024.

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.

Q4 2024
The information enclosed is subject to the disclosure requirements pursuant to sections 5-12 in the Norwegian Securities Trading Act.

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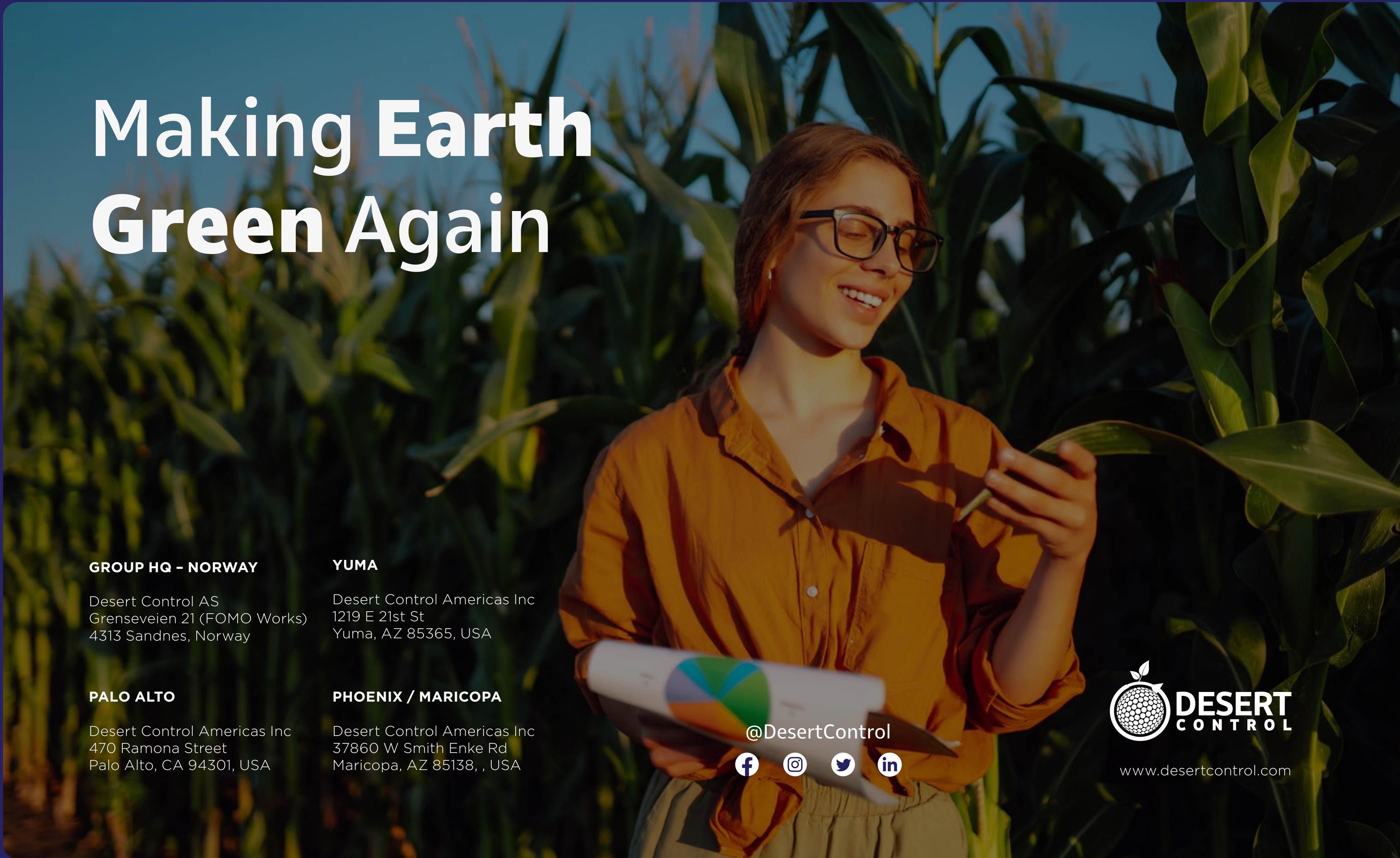

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