H1 2021 Report
Financial Results for the First Half
(Fiscal half year ended 30 June 2021)
Desert Control AS
MAKING EARTH GREEN AGAIN

to foster the prosperity of life

Cultivate and green 100 Million Hectares of degraded land and desert by 2030

Contribute to sustainable social impact, immense water savings and balanced climate with carbon sequestering

Establish a social impact initiative throughout Sub Sahara by 2025 to reduce poverty and hunger
ABOUT DESERT CONTROL
HIGH-LEVEL COMPANY OVERVIEW | FOCUS AND SOLUTION AREAS

FOCUS

- Desert Control specializes in climate-smart agriculture technology to combat desertification, soil degradation, and water scarcity

SOLUTION

- Liquid Natural Clay (LNC) restores and protects soil, reduce water usage, and increase yields; for agriculture, forests, and green landscapes

12 million hectares of fertile land perish to desertification and droughts annually

Less than 60 years left for global agriculture if soil degradation continue at current pace

1.8 Billion people will suffer absolute water scarcity by 2025
AGENDA | H1 2021
H1 2021 REPORT AND FINANCIAL RESULTS | COMPANY PRESENTATION

HIGHLIGHTS AND OUTLOOK
Ole Kristian Sivertsen
Chief Executive Officer

FINANCIAL RESULTS
Erling Rasmussen
Chief Financial Officer

QUESTIONS AND ANSWERS
Moderator
Webcast Session
HIGHLIGHTS | H1 2021
FOCUSED EXECUTION TO PREPARE FOR OPERATIONAL SCALE-UP

CORPORATE DEVELOPMENT

- Raised NOK 200M in Private Placement
- IPO: Successfully listed on Euronext Growth, Oslo Stock Exchange (Ticker: DSRT)
- Established subsidiary in Abu Dhabi, United Arab Emirates (Operational HQ)
- Planning US subsidiary for H2 activities (Focus: California, Arizona, and Nevada)
- Was awarded Innovation Norway grant
- Maintain a solid net cash position of NOK 204M as of June 30 2021

TECHNOLOGY AND OPERATION

- Launched first industrial mobile LNC production prototype in January 2021
- Increased LNC production capacity by 15,000 litres per hour (l/h) in July 2021 (launch of 2nd prototype)
- Achieved traction to increase LNC production capacity by 30,000 l/h by Q4, and expecting another 120,000 l/h by EoY
- Accelerated front-loading of resources for organizational scale-up in H2 2021

COMMERCIAL AND MARKET

- Was awarded first commercial contract valued at NOK 3.4M
- Entered MoU for strategic partnership with Abu Dhabi, UAE based agriculture and nature conservation giant Mawarid Holding and Barari Natural Resources
- Won award for green innovation at global climate impact event; Greentech Festival
- Exceeded water-saving KPI’s for several pilot projects
MAWARID PILOT
COMMERCIAL CONTRACT WITH AGRICULTURE AND NATURE CONSERVATION GIANT MAWARID HOLDING

PILOT OVERVIEW | PART 1

- Initiatives for strengthening food-security (local agriculture production) in desert climate conditions

Cucumber, Beetroot, and Basil (to be grown in the desert sand)

Date Palms (existing plantation)

Alfalfa and Panicum (to be grown in the open-field)
MAWARID PILOT
COMMERCIAL CONTRACT WITH AGRICULTURE AND NATURE CONSERVATION GIANT MAWARID HOLDING

PILOT OVERVIEW | PART 2

- Initiatives for reducing water and resource requirements for maintaining and planting trees and forests in desert climate conditions

Ghaf, Salvador, Ziziphus
(existing planted forests – nature reserves and green belts along highways)

Fruit Trees
(existing plantation)

Tree Planting
(making the desert green)
MAWARID PILOT
HIGH-LEVEL PLAN FOR EXPECTED LNC APPLICATION

First LNC Applied 30.08.2021

Weeks:

W1 | W2 | W3 | W4 | W5 | W6

KPI Data Collection Start

All crops/species represented in KPI monitoring

Project Report

Vegetables:
- Date Palms
- Alfalfa
- Panicum
- Forest 1

Fruit Trees
- Forest 2

Tree Planting
OTHER PILOTS
EXCEEDED WATER-SAVING KPI’S FOR PRE-COMMERCIAL PILOTS

RESULTS

- Pilot for ≈1,000 m² of a 200-hectare VIP property in Abu Dhabi delivered 35% water savings versus 25% KPI target
- Pilot for agriculture (sweet corn) delivered 35% water savings
- Pilot for landscaping areas with Tecom Group and Dubai Holding maintained >45% water savings versus 30% KPI target
- Pilot for improving the sustainability of trees came in at 50% water savings
- Pilot for testing LNC application through existing drip-irrigation systems proven technically feasible
- Negotiations and planning ongoing to covert pilots into commercial contracts
COVID-19 | 2021
STILL NEGATIVE IMPACT ON BUSINESS OPERATION IN H1 | SOME IMPACT EXPECTED TO CONTINUE IN H2

- Negative impact related to travel restrictions
  - Especially for travel between Norway and United Arab Emirates

- Impact on hiring activities
  - United Arab Emirates closed boarders for several key workforce countries

- Some impact on vendors and supply chains
  - Vendor for assembly of LNC production units exposed to some delays due to foreign workforce issues (i.e. re-entry to UAE after Ramadan)
  - Some delays in delivery of certain parts and components from overseas

- Expect continued impact from Covid-19 also in H2
  - Extensive field-work and increased collaboration with partners and suppliers will expose workforce to related Covid-19 risks
  - Covid-19 incidents within internal workforce may cause delays
  - Ongoing global sea-freight challenges may impact supply chain
OUTLOOK | FOCUS AND AMBITIONS FOR H2 2021
ACCELERATE OPERATIONAL SCALE-UP | EXECUTE ON PROJECTS AND MARKET ACTIVITIES

CORPORATE DEVELOPMENT

- Establish US subsidiary to prepare for H2 2021 planned activities focused on California, Arizona, and Nevada (Including preparations for upcoming field study with Arizona University)
- Prepare for potential establishment of partner company with Mawarid Holding (Partnership for LNC deployment and application projects in UAE/MENA)
- Develop enhanced ESG and impact measurement reporting framework

TECHNOLOGY AND OPERATION

- Increase LNC production capacity by ≈150,000 l/h to reach total ≈180,000 l/h
  - Additional 2 units (≈30,000 l/h) by Q4
  - Additional 2 clusters (≈120,000 l/h) by EoY
- Scale-up operational capacity to execute critical priorities, operate units, and deliver projects
- Anticipating to grow the organization with additional ≈40 FTEs during H2 2021 (Majority share: field workforce and operators)

COMMERCIAL AND MARKET

- The #1 objective for H2 is the successful pilot execution with Mawarid Holding and Barari Natural Resources in order to move forward with strategic partnership
- Other objectives:
  - Continue work aimed at converting other pilots into commercial contracts
  - Exhibit at EXPO 2020
  - Build sales pipeline for 2022

- in partnership to make the desert green again
MAWARID PARTNERSHIP
STRATEGIC PARTNERSHIP TO SERVE THE ENTIRE UAE MARKET AND WIDER MIDDLE-EAST, NORTH AFRICA REGION

ABOUT MAWARID

- Manage agriculture, forests, green landscapes and natural resources on large scale
  - 11,000 employees
  - 3,000 vehicles, specialty equipment, and machinery for their forest management and agriculture operation which includes;
  - 200,000 hectares of cultivated land and areas of nature conservation
  - 160,000 km of irrigation pipelines
  - 438 forests
  - 13 million forest trees
  - 630,000 date palms
  - 80 private farms and 30 organic farms
  - A range of nurseries with a combined capacity of 25 million seedlings per year

- Mawarid is dedicated to strategic initiatives for national food security, climate resilience, and sustainability in the UAE and MENA region
STRATEGIC UPDATE
POTENTIAL CHANGE OF BUSINESS MODEL FOR MIDDLE EAST PENDING SUCCESSFUL MAWARID PILOT

CURRENT BUSINESS MODEL
- Service based business model (direct to customers)
  - Desert Control deliver turnkey projects for LNC treatment
  - All aspects of Production and Application of LNC carried out by Desert Control

POTENTIAL BUSINESS MODEL WITH MAWARID
- Partner based business model (in-direct delivery to customers)
  - Desert Control: Production of LNC
  - Partnership company: Application of LNC and last-mile delivery
EXPO 2020
DUBAI, UNITED ARAB EMIRATES, 1 OCTOBER 2021 – 31 MARCH 2022

DESERT CONTROL AT EXPO 2020

- Desert Control is featured at the “Good Place Pavilion” in the Opportunity District

- The “Plantar Project” is a specific landscaping plot in the “Good Place Pavilion” allocated to Desert Control for LNC application showcasing

- Demos with LNC kits will feature at the Sustainability Pavilion for the full six months of EXPO 2020

- Desert Control is one of 140 selected Global Innovators

- During the Climate and Biodiversity week (October 3-9, 2021) Desert Control is selected along with 16 relevant Global Innovator’s for presentations & panel sessions
UNITED STATES

ESTABLISH US SUBSIDIARY TO PREPARE FOR PLANNED ACTIVITIES IN 2H

ACTIVITIES

- Establish US subsidiary in Q4 2021 to prepare for planned activities focused on California, Arizona, and Nevada
  - The subsidiary is likely to be incorporated in the state of Delaware
  - Branch office for states of operation to be considered when required

- Initial FTEs expected to be hired during Q4 2021 to run activities including;
  - Preparation for field study with University of Arizona
  - Local assembly of mobile LNC production unit suited for pilots and field studies
  - Develop capabilities to produce and apply LNC for field studies and other pilots (similar approach as in the UAE from 2018 to 2019)

- Field study with University of Arizona H1 2022
  - Focus for the field study is to validate the transferability of water saving results achieved at International Centre for Biosaline Agriculture in the UAE
  - Season for seeding of selected crops is from January
  - Project may run 3-6 months
  - Other pre-commercial pilots may be initiated during the timeframe
TECHNOLOGY AND OPERATION
SIGNIFICANT INCREASE OF LNC PRODUCTION CAPACITY

DEFINITIONS

- LNC production unit: mobile factory for in-situ LNC production
- Cluster: 4 units
- Capacities:
  - 15,000 l/h per unit
  - 60,000 l/h per cluster

PRODUCTION CAPACITY DEVELOPMENT

PRODUCTION CAPACITY FORECAST (EOY)
ORGANIZATIONAL DEVELOPMENT | 2021
BUILD OPERATIONAL CAPABILITY TO DELIVER PROJECTS AND UTILIZE THE GROWING LNC PRODUCTION CAPACITY

FTE DEVELOPMENT

- Estimate EoY
- UAE - Operations
- UAE - Technology
- UAE - Administration
- Norway - Technology
- Norway - Administration
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Q&A
KEY FIGURES | H1 2021

DESERT CONTROL MAINTAINS A SOLID NET CASH POSITION OF NOK 204M AS OF 30 JUNE 2021

FINANCIAL HIGHLIGHTS
(30 June 2020 in brackets)

- Net proceeds from capital injection: NOK 190M
- Total cash balance: NOK 204M
- Equity: NOK 221M (equity ratio 96% as of 30 June 2021)
- EBITDA*: NOK -8.2M [NOK -2.6M]
- Net Income: NOK -8M [NOK -2.6M]
- Gross R&D Investments: NOK 7.5M [NOK 1.6M]

COMMENTS TO H1 RESULTS

- EBITDA of NOK -8.2M H1 2021 vs NOK -2.6M H1 2020 is primarily reflecting increased activity level compared to a Covid-19 impacted 2020
- Hiring activities to accelerate front-loading of resources for operational scale-up is expected to be reflected in H2 financials, and are according to plan
- Booked revenue for initial pilot with Mawarid is at large up-front payment, and revenue will be recognized in line with completion of work packages during H2

* EBITDA, Earnings Before Interest Taxes Depreciations and Amortizations
**STATEMENT OF OPERATIONS | H1 2021**

**INTERIM CONSOLIDATED PROFIT AND LOSS (P&L) STATEMENT**

Unaudited NOK (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>For the six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2021</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>821</td>
</tr>
<tr>
<td><strong>Cost of Goods Sold (COGS)</strong></td>
<td>194</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>(194)</td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td>4 047</td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>3 997</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>8 044</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(8 238)</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>126</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>(8 364)</td>
</tr>
<tr>
<td><strong>Finance Expenses</strong></td>
<td>(356)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>(8 009)</td>
</tr>
</tbody>
</table>

EBITDA: Earnings Before Interest Taxes Depreciations and Amortizations
EBIT: Earnings Before Interests and Taxes
**STATEMENT OF FINANCIAL POSITION | H1 2021**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Unaudited NOK (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>For the six months ended</th>
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<tbody>
<tr>
<td></td>
<td>30 June 2021</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
</tr>
<tr>
<td>Research &amp; development</td>
<td>7 566</td>
</tr>
<tr>
<td>Goodwill</td>
<td>6 413</td>
</tr>
<tr>
<td>Total intangible assets</td>
<td>13 979</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>1 059</td>
</tr>
<tr>
<td>Equipment and other movables</td>
<td>740</td>
</tr>
<tr>
<td>Total tangible assets</td>
<td>1 799</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>15 778</td>
</tr>
</tbody>
</table>

| **Current assets**             |                          |                          |
| Debtors                        | -                        | -                        |
| Other short-term receivables   | 10 383                   | 2 002                    |
| Total receivables              | 10 383                   | 2 002                    |
| Fixed income funds             | 90 000                   | -                        |
| Cash and bank deposits         | 114 552                  | 28 935                   |
| **Total current assets**       | 214 934                  | 30 937                   |
| **Total assets**               | 230 712                  | 42 325                   |

| **Equity**                     |                          |                          |
| Share capital (40 626 639 shares at 0.003) | 122                      | 70                       |
| Other paid-up capital          | 230 845                  | 40 994                   |
| **Total paid-up equity**       | 230 967                  | 41 064                   |
| Retained earnings              | (10 118)                 | (2 090)                  |
| **Total equity**               | 220 849                  | 38 974                   |

| **Liabilities**                |                          |                          |
| Current debt                   |                          |                          |
| Trade creditors                | 1 339                    | 838                      |
| Public duties payable          | (558)                    | 363                      |
| Other current debt             | 9 082                    | 2 151                    |
| **Total current debt**         | 9 863                    | 3 351                    |
| **Total liabilities**          | 9 863                    | 3 351                    |
| **Total assets, equity, and liabilities** | 230 712                  | 42 325                   |
# STATEMENT OF CASH FLOWS | H1 2021

## INTERIM CONSOLIDATED CONDENSED CASH FLOWS

Unaudited NOK (in thousands)

<table>
<thead>
<tr>
<th>For the six months ended 30 June 2021</th>
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<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
</tr>
<tr>
<td>Profit before taxes</td>
</tr>
<tr>
<td>Taxed paid</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
</tr>
<tr>
<td>Changes in working capital</td>
</tr>
<tr>
<td><strong>Cash used in operating activities</strong></td>
</tr>
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**Cash flow from investment activities**

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<tbody>
<tr>
<td>Investments in research and development, gross</td>
<td>(7 500)</td>
</tr>
<tr>
<td>Soft funding from Innovation Norway / skattefunn</td>
<td>3 375</td>
</tr>
<tr>
<td>Investments in research and development, net</td>
<td>(4 125)</td>
</tr>
<tr>
<td>Investments in good will</td>
<td>149</td>
</tr>
<tr>
<td>Investments in fixed assets</td>
<td>(414)</td>
</tr>
<tr>
<td>Investments in fixed income funds</td>
<td>(90 000)</td>
</tr>
<tr>
<td><strong>Net cash used in investment activities</strong></td>
<td>(94 389)</td>
</tr>
</tbody>
</table>

**Cash flow from financing activities**

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<tbody>
<tr>
<td>Net borrowing</td>
<td></td>
</tr>
<tr>
<td>Capital injection</td>
<td>189 903</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>189 903</td>
</tr>
</tbody>
</table>

Net change in cash equivalents 85 763
Net foreign exchange differences (112)
Cash and cash equivalents at beginning of period 28 935
Cash and cash equivalents at end of period 114 585
SHAREHOLDERS

Top 20 shareholders

No of shares | % | Account name | Type | Citizenship
--- | --- | --- | --- | ---
5 900 000 | 14,52% | OLESEN CONSULT HVAC AS | NOR |
2 154 715 | 5,30% | JAKOB HATTELAND HOLDING AS | NOR |
2 154 715 | 5,30% | MONSUNEN FORVALTNING AS | NOR |
1 881 950 | 4,63% | J.P. Morgan Bank Luxembourg S.A. | NOM | SWE |
1 750 000 | 4,30% | KONTRARI AS | NOR |
1 650 000 | 4,06% | OLE MORTEN OLESEN | DEN |
1 543 371 | 3,79% | BEYOND CENTAURI AS | NOR |
1 500 000 | 3,69% | JPMorgan Chase Bank, N.A., London | NOM | LUX |
1 360 000 | 3,44% | NESSE & CO AS | NOR |
1 355 431 | 3,33% | LITHINON AS | NOR |
1 283 147 | 3,15% | INVESTORE FINANS AS | NOR |
1 283 147 | 3,15% | DnB NOR Bank ASA | BRO |
1 135 843 | 2,79% | ATLE IDLAND | NOR |
1 075 000 | 2,64% | KRISTIAN FALNES AS | NOR |
1 026 518 | 2,52% | CACEIS Bank | NOM | LUX |
855 431 | 2,10% | SOBER AS | NOR |
855 431 | 2,10% | LIN AS | NOR |
590 000 | 1,45% | URBAN COWBOY AS | NOR |
560 000 | 1,37% | OKS CONSULTING AS | NOR |
527 715 | 1,29% | SORTUN INVEST AS | NOR |
30 442 414 | 74,93% | 20 largest shareholders |
10 184 225 | 25,07% |
40 626 639 | 100,00% | Total shares |

Share development

Issue price as of 14. apr: NOK 11,69

Source: Oslo Market Solutions

Origin of shareholders | largest countries

No of shares | % | Origin | No of shareholders
--- | --- | --- | ---
34 252 319 | 84,31% | Norway | 1308 |
2 628 544 | 6,47% | Luxembourg | 3 |
1 994 768 | 4,91% | Sweden | 13 |
1 665 692 | 4,10% | Denmark | 5 |
85 316 | 0,21% | Other | 26 |

Total number of shareholders: 1355 from 23 countries
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DESERT CONTROL
COMPANY PRESENTATION
VISION, MISSION & VALUES
OUR PURPOSE | THE REASON WHY WE EXIST AND OUR VALUES

OUR MISSION

- Our mission is to combat desertification, land degradation, and water scarcity
  - Restore and protect vital topsoil
  - Make desert land fertile and arable
  - Reduce water consumption
- To foster climate resilient agriculture, forestry, and green landscapes

OUR VISION

- Our vision is making earth green again
  - Desertification, loss of fertile soil, and growing water scarcity are threats to all life on earth, further accelerated by climate change and overexploitation of natural resources
- What drives us is making earth green again to foster the prosperity of life

VALUES

- Leadership
  - Inspirational pro-active execution
- Growth-mindset
  - Curious and solution oriented
- Innovation
  - Challenge status-quo | create value
- Integrity
  - Keep promises | strong relationships
- Contribution
  - Desire to make everything better
- Diversity
  - Inclusive | open-minded | respectful
POPULATION GROWTH DRIVING INCREASED DEMAND FOR FOOD AND WATER

WATER DEMAND EXPECTED TO EXCEED RELIABLE WATER SUPPLY BY 40% IN 2030

**INCREASING POPULATION...**

(billion people)

<table>
<thead>
<tr>
<th>Year</th>
<th>1928</th>
<th>1950</th>
<th>1987</th>
<th>2019</th>
<th>2100e</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.0</td>
<td>2.5</td>
<td>5.0</td>
<td>7.7</td>
<td>10.9</td>
</tr>
</tbody>
</table>

**...NEEDS MORE FOOD AND WATER...**

Food production required to increase by **60-70%** by 2050 and water demand estimated to increase by **50%** to feed the growing population

**...WATER SHORTAGE EXPECTED TO BE SUBSTANTIAL**

(billion m³ of water)

<table>
<thead>
<tr>
<th>Current demand</th>
<th>4,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030e demand</td>
<td>6,900</td>
</tr>
<tr>
<td>Existing reliable supply</td>
<td>4,200</td>
</tr>
</tbody>
</table>

By 2025, 1.8 billion people will experience absolute water scarcity, and 2/3 of the world will be living under water-stressed conditions

Source: Our World Data; Food and Health Organization; Water 2030 Global Water Supply and Demand model; agricultural production based on IFPRI IMPACT-WATER base case
UNITED NATIONS HAS DECLARED DESERTIFICATION AND LAND DEGRADATION THE GREATEST ENVIRONMENTAL CHALLENGE OF OUR TIME

110
Countries exposed to desertification and land degradation

1.3Bn
People trapped on degrading agricultural land

12m
hectares productive land becomes barren every year

$490Bn
annual cost world-wide

20%
Of Earth’s drylands degraded

52%
Of agricultural land affected by soil degradation

<60 years
Farming left at current degradation rate

Source: Global Land Outlook, United Nations Convention to Combat Desertification (UNCCD), http://www.sustainabilitylabs.org
Source: Pravali et al., Quantification of land degradation sensitivity areas in Southern and Central Southeastern Europe, 2017

PROBLEM – IMPACT WAY BEYOND THE “TRADITIONAL DESERTS”

2008

59% of territory with a higher or medium sensitivity to desertification

74% of territory at risk of desertification

+50% of mainland at risk of desertification

99% of territory vulnerable to desertification

2017

99% of territory vulnerable to desertification

Source: Pravali et al., Quantification of land degradation sensitivity areas in Southern and Central Southeastern Europe, 2017
70% of freshwater in the world is used for agriculture

Current approaches in agriculture yield low water efficiency gains

- The shortfall between demand and supply of water is estimated to be 40% by 2030
- Approx. 1/3 of the population will live in areas where the deficit is >50%
- The agriculture industry represents the single largest consumer of water in the world, accounting for ~70% of water withdrawals
  - Water challenges are therefore closely tied to food provisions and trade

1. Water 2030 Global Water Supply and Demand model; agricultural production based on IFPRI IMPACT-WATER base case
DESERT CONTROL’S LNC TREATMENT IS PART OF THE SOLUTION
ENRICHES THE FERTILITY CAPABILITY IN DESERT SAND – LOWER WATER USAGE AND IMPROVED SOIL HEALTH

1. UNIQUE FORMULATION PROCESS
Clay is processed into a liquid compound

2. SPRAY ON
Applied directly to sand or arid soil

3. EFFECT
Forms a soil structure that retains water like a sponge

4. RESULT
- 20-50% water and fertilizer savings
- Increased crop yields and carbon uptake
PATENTED PROCESS BASED ON 12 YEARS RESEARCH
LIQUID NATURAL CLAY («LNC»)

PREMISE
Clay-rich soil retains water effectively and has high resilience to droughts
Working clay into the soil, however, is challenging
Up to 100 kg of clay needed per m²

DESERT CONTROL’S PATENTED LNC PROCESS
Natural clay is turned into a liquid nearly as thin as water
Liquid is applied onto the surface, and percolates down to form a soil structure that retains water like a sponge

KNOWLEDGE BASED STRATEGY
• Each clay type has unique properties
• Different soils require custom liquid compositions
• Plants have different preferences

LNC is made scalable:
• Automation
• Formulation
• Data Analytics
• AI & Machine Learning

Unique nano-technology reduces the clay consumption from 100 kg to less than 1 kg per m²
UNIQUE PRODUCT OFFERING WITH NO DIRECT COMPETITOR
SUBSTITUTES AND OTHER METHODS FOR SOIL ENHANCEMENT ARE INTRUSIVE, TIME CONSUMING AND COSTLY

DESSERT CONTROLS LNC PROCESS IS THE ONLY NON-INTRUSIVE SOIL ENHANCEMENT OPTION

**INTRUSIVE**
(mechanical/manual intervention)

**NON-INTRUSIVE**
(self-percolating into the soil)

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**VS.**

Solid form soil amendment

Liquid soil amendment

Intrusive soil enhancement treatments are costly, time consuming and to a large extent less effective

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LNC’S ADVANTAGES

- Immense water savings: Up to 50%
- Possible to Spray or Inject
- Uniform Application
- Natural Product
- Applied using existing systems
- Can be applied on existing greenery
- Returns of 2X – 3X per investment cycle
- One application lasts up to 5 years

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Up to 5 YEARS

x2-3

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PROVEN, VALIDATED AND PATENTED
MULTI-YEAR FIELD TRIALS

EGYPT - BEFORE AND AFTER APPLICATION OF LNC

UAE, AL AIN AFTER APPLICATION OF LNC

SCIENTIFIC ACCREDITATION BY ICBA

Source: International Center for Biosaline Agriculture; https://www.biosaline.org
THE RESULTS – UAE DESERT EXAMPLE

- Less than 1kg of clay per m²
- Water and fertilizer savings (20-50%)
- Increased crop yields (17-62%)
- Improved soil, biodiversity, and carbon uptake

CROP YIELD INCREASE

<table>
<thead>
<tr>
<th>Crop</th>
<th>Yield Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zucchini</td>
<td>62%</td>
</tr>
<tr>
<td>Pearl millet</td>
<td>28%</td>
</tr>
<tr>
<td>Watermelon</td>
<td>17%</td>
</tr>
</tbody>
</table>

Pictures: Transformation of UAE desert land Mar - Sep 2020
LNC IDENTIFIED AS A POTENTIAL IMPACT SOLUTION BY THE UNITED NATIONS
THE GREATEST CHALLENGE OF OUR TIME: THE GREAT GREEN WALL

RESTORE 100 MILLION HECTARES OF DEGRADED LAND
SEQUESTER 250 MILLION TONNES OF CARBON
CREATE >10 MILLION GREEN JOBS IN RURAL AREAS

RECEIVED OVER $14 BILLION IN DONATIONS TO REGREEN THE SAHEL – WORLD BANK AMONG DONORS

Source: UN; The Great Green Wall – www.greatgreenwall.org
Collectively ~57% of required reduction to reach 2DS target

Source: World Research Institute, UN, Carbon brief, Climate Interactive

Stopping deforestation, restoring forests and improving forestry practices could cost-effectively remove 7 billion metric tons of carbon dioxide annually – equivalent to eliminating 1.5 billion cars, more than all of the cars in the world today.
ESG AND IMPACT

IMPACT ON EXTERNAL ENVIRONMENT AND SUSTAINABILITY

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

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

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

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

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

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

Powered by operational data, an updated ESG and impact reporting framework will be under development during Q4 to align with ESG reporting standards for investors and stakeholders.
ABOUT DESERT CONTROL

COMPANY OVERVIEW

Desert Control is a company specialized in climate-smart agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay restores and protects soil, reducing water usage for agriculture, forests, and green landscapes.

Liquid Natural Clay (LNC) enables sand and degraded soil to retain water and nutrients. LNC increases crop yields while reducing water and fertilizer consumption by up to 50%.

Desert Control’s business model is service-based and targets turnkey projects for LNC treatment of land areas, vegetation, crops, plants and trees etc. LNC is produced on-site at customer locations using mobile factories. Further, the LNC is applied across the customer’s land areas using existing irrigation systems and techniques. LNC is sprayed or applied directly onto the surface and percolates into the ground forming a soil structure that retains water and nutrient like a sponge. One LNC treatment may last 3-5 years, followed by periodic top-up to maintain the optimal ability to retain water and nutrients. The Company’s revenue model is pre-paid project deliveries direct (B2B) to customers within the segments; agriculture, forestry, and landscaping. Project pricing considers size of land, type of vegetation, crops, number of trees, etc. Additional revenue sources may come from (1) periodic maintenance and (2) digital subscription services related to soil health monitoring, water management optimization, and digital farming services for precision agriculture and sustainable land management.

Desert Control AS is a private limited liability company incorporated under the laws of Norway. The Group has active subsidiaries in Abu Dhabi and Dubai, the United Arab Emirates.

United Arab Emirates is Desert Control’s first geographic market, to be followed by broader expansion in the Middle East region. In 2022 the Company aims to expand operations to the United States, focusing on California, Arizona, and Nevada. More than 110 countries worldwide suffer accelerating desertification, loss of fertile soil, and water scarcity. Desert Control’s ambition is to develop a global business with its vision of making earth green again.