

Desert Control and Mawarid Enter into Agreement to Form a New Company

Norwegian AgTech company Desert Control has developed Liquid Natural Clay (LNC) to reduce water usage for agriculture, forests, and green landscapes. The company entered a memorandum of understanding agreement with Abu Dhabi based agriculture and nature conservation giant Mawarid Holding on 8 June 2021. Based on a previously announced collaborative pilot initiative, the Parties today announce entering into a strategic partnership by forming a new company in the United Arab Emirates (UAE) to combine forces to accelerate adoption of climate-smart ecosystem management enabled by LNC.

Stavanger, Norway, 15 December 2021 – Desert Control AS (DSRT) today announce entering into strategic partnership with Mawarid Holding Investment (MHI) by forming a new company.

Further to the results of the previously announced collaborative pilot, the Norwegian company Desert Control and the Abu Dhabi based Mawarid Holding Investment today announce their decision to execute stage two of the previously signed MOU. The Parties will enter into a strategic partnership, under which the Parties will establish a new company. The new company is intended to be named Mawarid Desert Control LLC ("MDC") a limited liability company incorporated in the Emirate of Abu Dhabi in UAE. The shareholding of "MDC" shall be 49% Desert Control and 51% Mawarid. The new company is formed as a recognized local company in the UAE backed by reputable shareholders to secure Mawarid Desert Control LLC a strong strategic position in the Middle East region.

Through this strategic partnership, Mawarid Holding Investment and Desert Control commonly join forces to leverage the competitive advantage and value proposition of Liquid Natural Clay ("LNC") along with Mawarid's global and regional network and substantial capabilities in the sectors of managing natural resources, forests, landscapes, and agriculture. The strategic partnership will promote and increase business for climate-smart ecosystem management in the UAE and across the Middle East and North Africa region (MENA) through the new company. The partnership aims to drive accelerated adoption of sustainable products and services to create significant value for the MENA region as an Agri-tech Powerhouse.

"Mawarid's legacy aligns perfectly with our vision of making earth green again, says CEO of Desert Control, Ole Kristian Sivertsen. By joining forces in the Middle East, we aim to develop a blueprint for sustainable ecosystem management and climate-smart agriculture in the UAE with global impact. Water, food, and a stable climate is the pathway to peace and prosperity for people and planet - this is the legacy we strive to build."

Mawarid Desert Control LLC ("MDC") will be the driving force for sales and distribution of Desert Control's Liquid Natural Clay ("LNC") across the Middle East and will be Desert Control's exclusive partner in the UAE. Desert Control Middle East LLC in Abu Dhabi will operate Desert Control's LNC production factories in the region to secure LNC supply for the partnership at commercial terms utilizing the know-how and strengths of the Parties to maximize value creation. The new Mawarid Desert Control company shall become a leading provider of climate-smart agriculture solutions to combat desertification and soil degradation. MDC will focus on sustainable ecosystem management for agriculture, forestry, afforestation, and landscaping, to preserve water resources, strengthen food security, restore biodiversity, and safeguard our environment by contributing to efficient use of our natural resources.

"Mawarid and Barari create value at the forefront of innovation and sustainable practice that improve the environment while driving profitable growth, says CEO of Mawarid Holding Investment, Ayman El Gayar. In partnership with Desert Control, we can save water, reduce fertilizer usage, improve desert soils, fight desertification, and reduce costs to deliver value for our operation, for our clients, and for our nation. Our partnership will create a tremendous environmental impact in the UAE and the wider MENA region by enabling more efficient use of precious resources."

The Parties have agreed on the essential elements of a business plan, formed a roadmap of future expansions, and agreed on cash requirements necessary to establish and develop the new company. Mawarid will support the new company with sufficient working capital to establish and grow the business. The business plan further targets alignment with Desert Control's previously announced plan for ramp-up of LNC production capacity.

The nominated Board of Directors for Mawarid Desert Control LLC are H.E. Abdul Jalil Alblouki (Chairman) and Ayman El Gayar representing the Mawarid shareholding, along with Knut Nesse and Ole Kristian Sivertsen representing Desert Control's shareholding. The Parties are committed to the highest level of ethical standards and corporate governance under an internationally recognized code of conduct.

The new company will be incorporated as soon as possible and targets the start of operation in Q1 2022.

About Desert Control:

Desert Control specializes in climate-smart agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and protects soil, reducing water usage for agriculture, forests, and green landscapes. LNC enables sand and degraded soil to retain water and nutrients, thus increasing crop yields and ecosystem resilience while preserving water resources by up to 50%.

Agriculture and food production already consume more than 70% of all available freshwater. Desertification and soil degradation further increases water consumption in a negative spiral. Our growing global population will require more food in the next 40 years than was produced over the last 500 years, putting even more pressure on vital resources such as water. This is the problem Desert Control is determined to solve. According to the United Nations, twelve million hectares of fertile land perish to desertification, representing an annual \$490 billion loss to the global economy. Our vision is to make earth green again.

<https://www.desertcontrol.com>

About Mawarid Holding Investment L.L.C

Mawarid Holding Investment LLC (MHI) is a reputable holding company with broad experience, through its subsidiaries, in many diversified domains, including but not limited to agriculture, industry, services, hospitality, and other related business in the United Arab Emirates and the MENA region. Mawarid is specialized in identifying, creating, and managing services in accordance with the highest international standards. Within its current portfolio of a diversified group of companies, Mawarid has certain subsidiaries whose core business is agricultural, including Barari Natural Resources, Mawarid Services, and Mawarid Nurseries. Mawarid, through its subsidiaries, is one of the leaders in the landscaping field as well as nature conservation with the management of 438 forest and nature reserves in the Emirates of Abu Dhabi covering over 200,000 hectares comprising of 13 million forestry trees and 550,000 date palm trees. Mawarid Holding Investment employs over 11,000 personnel within different industries across the UAE and outside.

<http://mawaridhi.com>

Important Notice:

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange announcement was published by Erling Rasmussen, Chief Financial Officer of Desert Control AS on 15 December 2021 at 09.30 CET.

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