

**Making Earth Green Again**  
– to foster the prosperity of life



**DESERT**  
CONTROL

## **H2 2021 Financial Update**

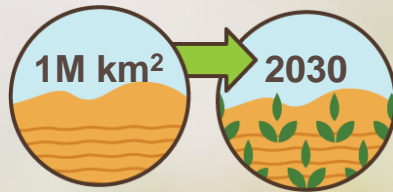
Financial Updates for the second half 2021

**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



*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*

### SOLUTION

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



# AGENDA | H2 2021

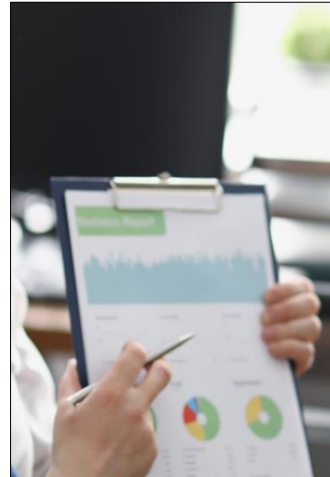
H2 2021 REPORT AND FINANCIAL RESULTS | COMPANY PRESENTATION

## HIGHLIGHTS AND OUTLOOK



Erling Rasmussen / Tor  
Karlsen  
CFO /CTO

## FINANCIAL RESULTS



Erling Rasmussen  
Chief Financial Officer

## QUESTIONS AND ANSWERS



Erling Rasmussen / Tor  
Karlsen  
Webcast Session

# HIGHLIGHTS | H2 2021

FROM START-UP TO SCALE-UP BACKED BY A SOLID FINANCIAL POSITION

## CORPORATE DEVELOPMENT



- Established Desert Control Americas as a wholly owned company in the U.S.
- Hired first employees in the U.S.
- Reached agreement to establish a new sales and distribution company in partnership with Mawarid in the UAE
- Grew the organization 5X (from 10 to 51 employees)

## TECHNOLOGY AND OPERATION



- 3X increase in LNC production capacity
- Gained significant experience running the first LNC production cluster
- Operational team for the first cluster are prepared as trainers for new hires to streamline onboarding and ramp-up
- Established new R&D center and innovation lab in Norway
- Started building first LNC unit in the U.S.

## COMMERCIAL AND MARKET



- Successfully executed stage two of the MoU with Abu Dhabi based Mawarid Holding Investment
- Ready for commercialization in the UAE
- Gained global awareness at EXPO 2020
- Concluded final agreement with the University of Arizona for the first pilot on American soil (launching in Q1 2022)
- Identified multiple leads in the U.S.

# THE MAWARID DESERT CONTROL PARTNERSHIP

STRATEGIC PARTNERSHIP IN THE MIDDLE EAST



# THE MAWARID DESERT CONTROL 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



# TECHNOLOGY AND OPERATION

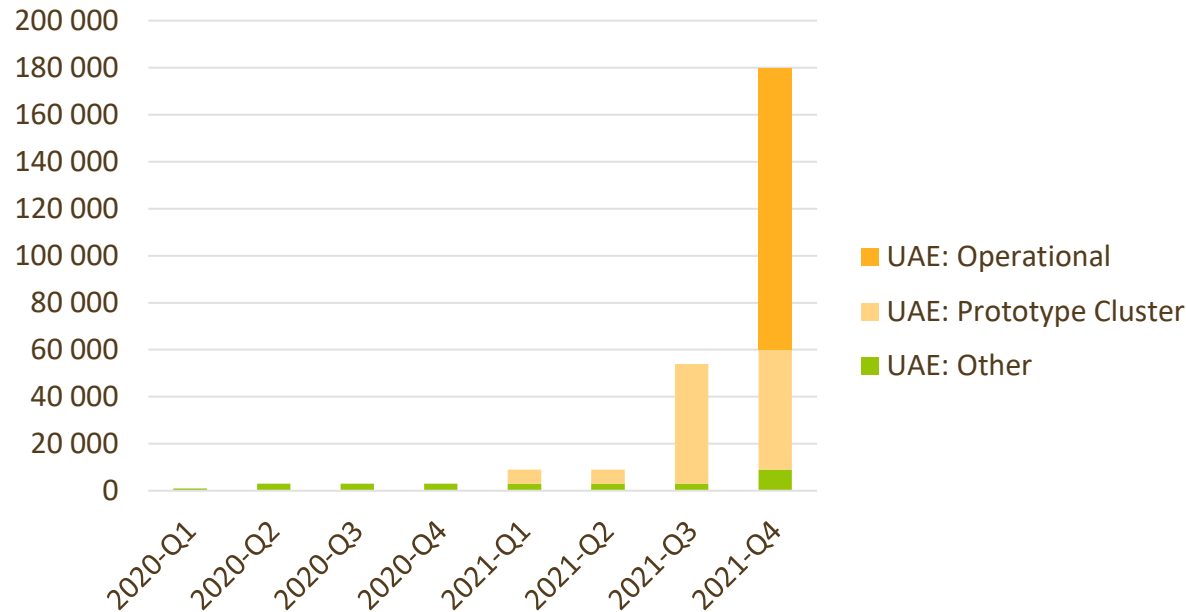
3X INCREASE IN LNC PRODUCTION CAPACITY | 5X GROWTH OF THE ORGANIZATION

## DEFINITIONS

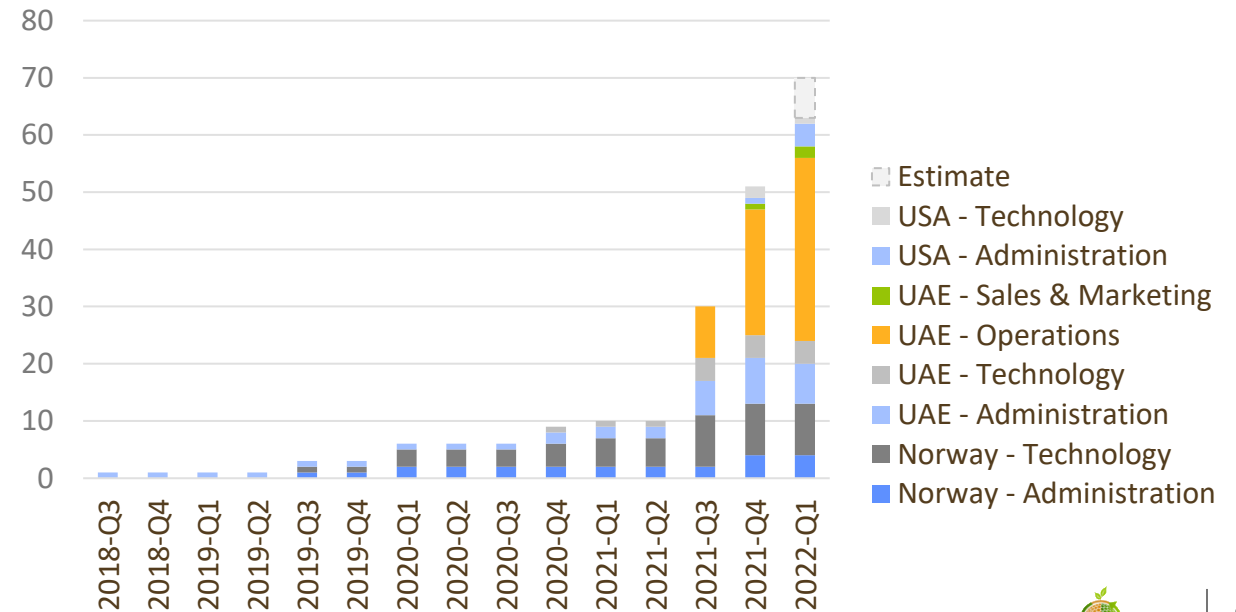
- LNC production unit: mobile factory for in-situ LNC production
- Cluster: 4 units
- Capacities:
  - 15,000 l/h per unit
  - 60,000 l/h per cluster



### PRODUCTION CAPACITY DEVELOPMENT



### FTE DEVELOPMENT





# NEW R&D CENTER IN NORWAY

THE CENTER WILL SERVE AS THE COMPANY'S GLOBAL INNOVATION LAB

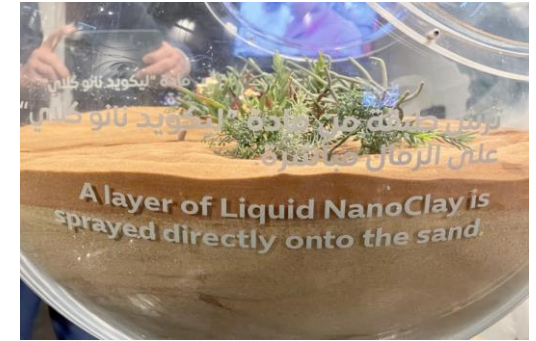


# EXPO 2020 HIGHLIGHTS

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 featured at the Sustainability Pavilion for the full six months of EXPO 2020
- Desert Control is one of 140 selected Global Innovators
- Significant leads and opportunities as well as global awareness



# OUTLOOK | FOCUS AND AMBITIONS FOR H1 2022

CONTINUED OPERATIONAL SCALE-UP TARGETING FULL-SCALE COMMERCIALIZATION IN UAE IN 2022

## KEY OBJECTIVES FOR THE FIRST HALF INCLUDE:

- Successfully establish the new sales and distribution company in partnership with Mawarid in Q1 and achieve sales with effect from Q2
- Transfer pilots and early-stage opportunities in the UAE to the new Mawarid Desert Control company
- Implement the first pilot projects on American soil in collaboration with the University of Arizona
- Launch additional LNC collaboration initiatives with universities in the US
- Align production capacity with the business plan and market demand
- Strengthen Desert Control's executive leadership team
- Build capabilities to support the next stage of full-scale commercialization in the UAE

# AGENDA | H2 2021

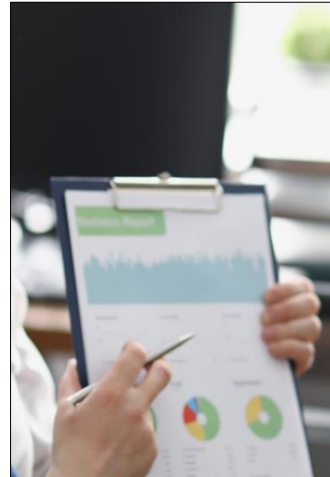
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# KEY FIGURES | H2 2021

DESERT CONTROL MAINTAINS A SOLID NET CASH POSITION OF NOK 179.3M AS OF 31 DECEMBER 2021



## FINANCIAL HIGHLIGHTS H2 2021

(H2 2020 in brackets)

- Revenue NOK 3.1M [NOK 0.2M] , full year NOK 3.1M [NOK 1.0M]
- EBITDA\* NOK -18.2M [NOK -5.6M] full year NOK -31.1M [NOK -11.1M]
- Net Income NOK -18.7M [NOK -7.6M] full year NOK -31.8M [NOK -11.2M]
- Total cash balance: NOK 179.3M
- Equity: NOK 194M (equity ratio 96% as of 31.12.2021)
- Gross R&D Investments: NOK 6.9M [NOK 2.9M] full year NOK 14.4M [NOK 4.5M]

## COMMENTS TO H2 RESULTS

- IFRS accounting policy has been implemented in 2021. Figures for 2020 and 2021 has been edited to reflect this policy. The profit for financial year 2021 has been depressed by NOK 8.7M and for the financial year 2020 by NOK 5.0M compared to the former GRS policy.
- Revenue for 2021 is purely income from pilot projects, mainly the Mawarid project mentioned earlier.
- Build capability for full commercialization in UAE
- Build capability to secure the scale-up from Norway

\* EBITDA, Earnings Before Interest Taxes Depreciations and Amortizations

# FINANCIAL RESULTS | H2 2021

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

Unaudited NOK (in thousands)

	2021	2020	2H 2021	2H 2020
<b>Total Revenue</b>	<b>3 127</b>	<b>1 041</b>	<b>3 127</b>	<b>220</b>
Cost of Goods Sold (COGS)	563	40	369	36
Gross Margin	2 564	1 001	2 758	184
Payroll	14 993	7 290	10 413	3 484
Other Expenses	18 622	4 813	10 500	4 178
Operating Expenses	33 614	12 103	20 913	7 662
<b>EBITDA</b>	<b>- 31 050 -</b>	<b>11 102 -</b>	<b>18 155 -</b>	<b>7 478</b>
Depreciation	1 546	9	1 045	9
Impairment	644		644	-
EBIT	- 33 241 -	11 110 -	19 844 -	7 487
Finance Expenses	- 1 476	119 -	1 120	124
<b>Net Income</b>	<b>- 31 765 -</b>	<b>11 229 -</b>	<b>18 724 -</b>	<b>7 611</b>

# STATEMENT OF FINANCIAL POSITION : ASSETS | H2 2021

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited NOK (in thousands)

### Balance sheet

All figures in NOK 000s

	31.12.2021	31.12.2020
<b>Fixed assets</b>		
Research & development	-	
Goodwill	6 504	6 345
Property, plant and equipment	10 425	1 385
Right-of-use assets	2 006	
<b>Total fixed assets</b>	<b>18 935</b>	<b>7 730</b>
<b>Current assets</b>		
Inventory	99	-
Debtors	544	-
Other short-term receivables	5 597	2 002
Fixed income funds	77 347	-
Cash and bank deposits	101 924	28 935
<b>Total current assets</b>	<b>185 510</b>	<b>30 937</b>
<b>Total assets</b>	<b>204 445</b>	<b>38 667</b>

# STATEMENT OF FINANCIAL POSITION : EQUITY & LIABILITIES | H2 2021

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited NOK (in thousands)

*All figures in NOK 000s*

31.12.2021

31.12.2020

### Equity

Share capital (40 724 639 shares at 0.003)	122	70
Other paid-up capital	230 849	40 994
Retained earnings	(36 701)	(5 748)
<b>Total equity</b>	<b>194 270</b>	<b>35 316</b>

### Non-current Liabilities

Non-current lease liabilities	1 423	
<b>Total non-current liabilities</b>	<b>1 423</b>	<b>-</b>

### Current Liabilities

Current lease liabilities	528	
Trade creditors	2 523	838
Public duties payable	912	415
Other current liabilities	1 608	2 098
Current provisions	3 181	-
<b>Total liabilities</b>	<b>8 751</b>	<b>3 351</b>
<b>Total equity and liabilities</b>	<b>204 445</b>	<b>38 667</b>



# STATEMENT OF CASH FLOWS | H2 2021

## INTERIM CONSOLIDATED CONDENSED CASH FLOWS

Unaudited NOK (in thousands)

### Consolidated cash flow statement

All figures in NOK 000s

	2021	2H 2021	2020
<b>Cash flow from operating activities</b>			
Profit before taxes	(31 765)	(18 724)	(11 229)
Taxed paid	-	-	-
Depreciation and amortization	2 190	1 689	9
Changes in working capital	1 162	2 498	39 165
<b>Cash used in operating activities</b>	<b>(28 412)</b>	<b>(14 537)</b>	<b>27 945</b>
Investments in good will	159	9	(217)
Investments in fixed assets	(13 395)	(12 981)	(1 168)
Investments in fixed income funds	(77 347)	12 653	-
<b>Net cash used in investment activities</b>	<b>(90 583)</b>	<b>(318)</b>	<b>(1 385)</b>
<b>Cash flow from financing activities</b>			
Non-current lease liabilities	1 423	1 423	
Capital injection	189 907	4	1 667
<b>Net cash flow from financing activities</b>	<b>191 331</b>	<b>1 428</b>	<b>1 667</b>
Net change in cash equivalents	72 335	(13 427)	28 227
Net foreign exchange differences	654	766	174
Cash and cash equivalents at beginning of period	28 935	114 585	534
<b>Cash and cash equivalents at end of period</b>	<b>101 924</b>	<b>101 924</b>	<b>28 935</b>

# SHAREHOLDERS

## Top 20 shareholders 31.12

No of shares	Account name	% of total
5 900 000	OLESEN CONSULT HVAC AS	14,48
1 761 720	J.P. MORGAN BANK LUXEMBOURG S.A.	4,32
1 754 715	MONSUNEN FORVALTNING AS	4,31
1 650 000	OLE MORTEN OLESEN	4,05
1 543 371	BEYOND CENTAURI AS	3,78
1 485 860	NORDNET LIVSFORSIKRING AS	3,64
1 360 000	NESSE & CO AS	3,34
1 355 431	LITHINON AS	3,33
1 266 087	DnB NOR Bank ASA	3,11
1 215 275	LIN AS	2,98
1 135 843	ATLE IDLAND	2,79
1 000 000	JAKOB HATTELAND HOLDING AS	2,45
995 109	CACEIS Bank	2,44
958 275	THE NORTHERN TRUST COMP LONDON BRANCH	2,35
883 147	INVESTORE FINANS AS	2,17
819 671	CLEARSTREAM BANKING S.A.	2,01
789 484	JP MORGAN CHASE BANK N.A LONDON	1,93
627 715	SORTUN INVEST AS	1,54
627 715	GLOMAR AS	1,54
560 000	OKS CONSULTING AS	1,37
<b>27 689 418</b>	<b>20 largest shareholders</b>	<b>67,99</b>
<b>40 724 639</b>	<b>Total shares</b>	<b>100,00</b>

## Share development

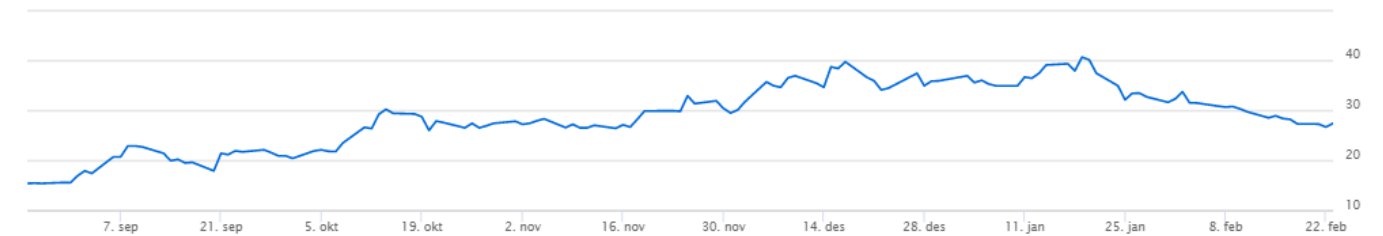
### DESERT CONTROL AS

DSRT

DSRT  
LISTED  
EURONEXT GROWTH

NOK <b>25.25</b>	CHANGE % <b>-2.25 (-8.20%)</b>	BUY / SELL 25.37 / 25.89	HIGH / LOW 26.70 / 24.48	TURNOVER 5.89 M.	MARKET CAP. 1.03 B.	VOLUME 232,556
🕒 2022-02-24 15:48 (CET)						

● DSRT.MERK



## Origin of shareholders | largest countries

No of shares	%	Origin	# shareholders
34 142 441	83,84 %	Norway	3 273
3 576 500	8,78 %	Luxembourg	3
2 232 720	5,48 %	UK	12
357 156	0,88 %	Sweden	14
415 822	1,02 %	Others	46
<b>40 724 639</b>	<b>100,00 %</b>	<b>Total</b>	<b>3 348</b>

Total number of shareholders: 3 348 from 16 countries



# AGENDA | H2 2021

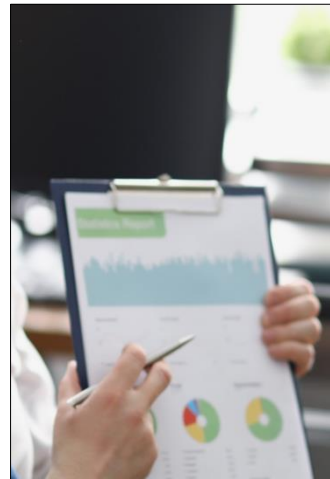
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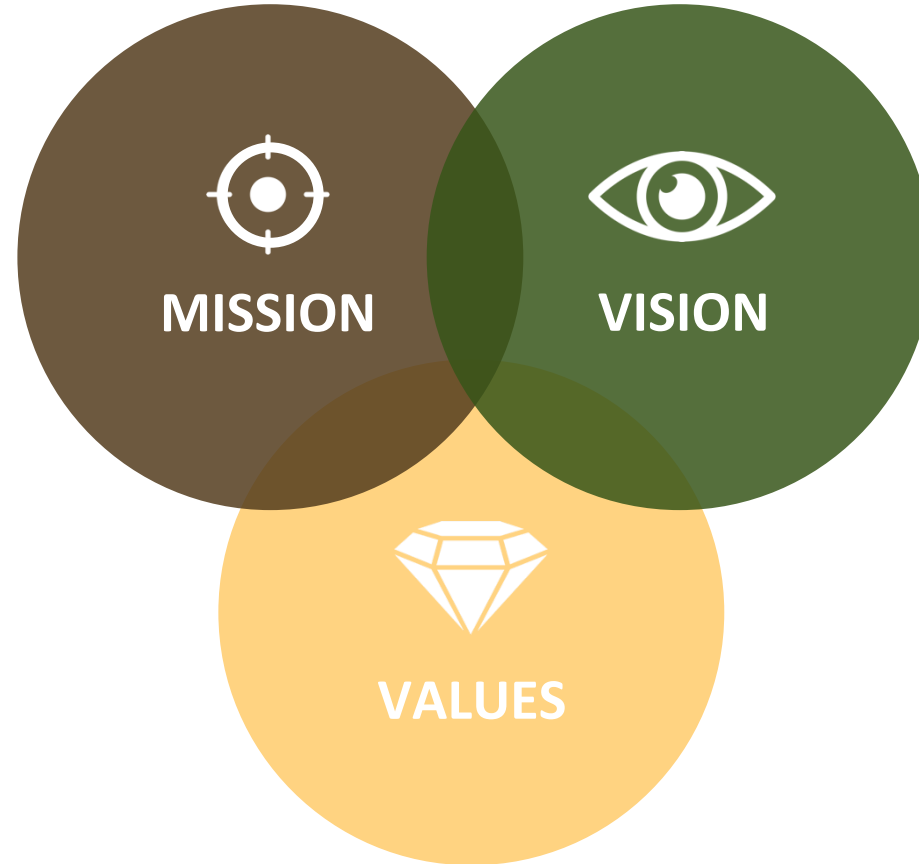
**DESERT CONTROL  
COMPANY PRESENTATION**

# 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

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### Leadership

Inspirational pro-active execution



### Growth-mindset

Curious and solution oriented



### Innovation

Challenge status-quo | create value



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### Integrity

Keep promises | strong relationships



### Contribution

Desire to make everything better



### Diversity

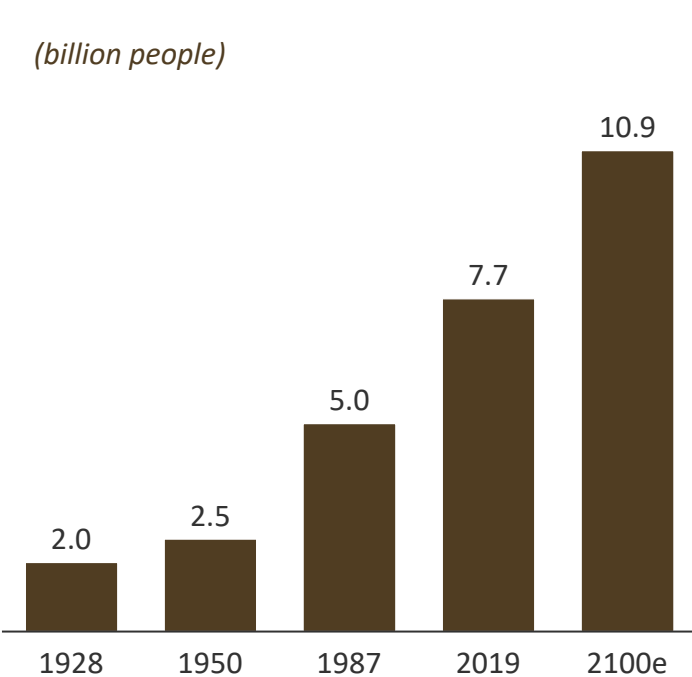
Inclusive | open-minded | respectful



# POPULATION GROWTH DRIVING INCREASED DEMAND FOR FOOD AND WATER

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

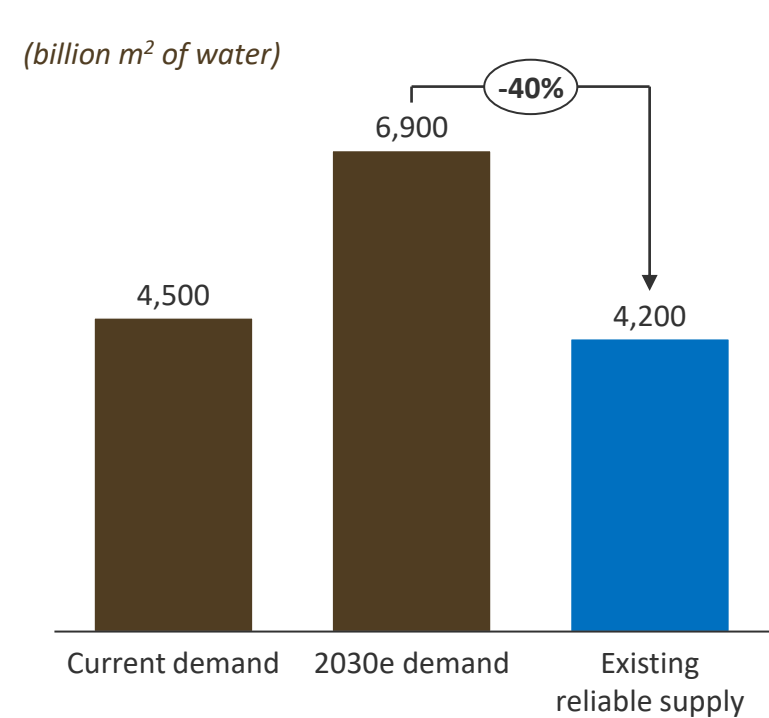
## INCREASING POPULATION...



## ...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



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



United Nations  
Convention to Combat  
Desertification

# 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

**20%**

Of Earths drylands degraded

**52%**

Of agricultural land affected by soil degradation

**<60 years**

Farming left at current degradation rate

**\$490Bn**

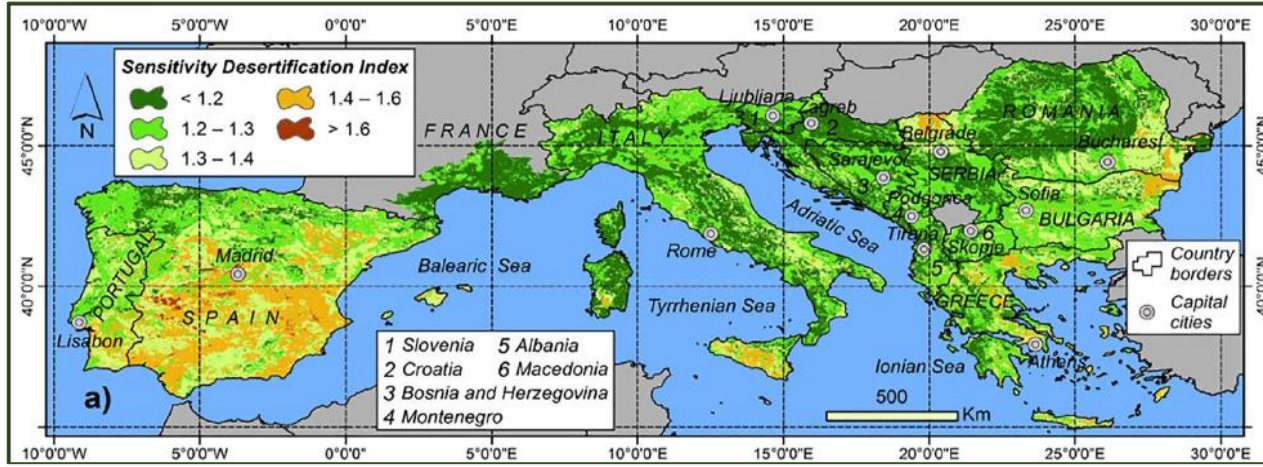
annual cost world-wide



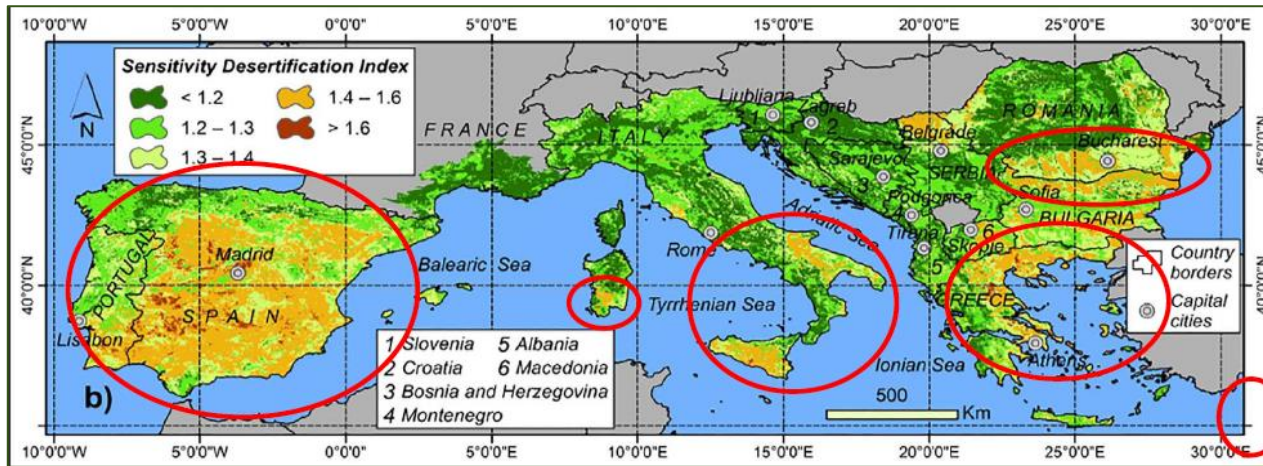


# PROBLEM – IMPACT WAY BEYOND THE “TRADITIONAL DESERTS”

2008



2017



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

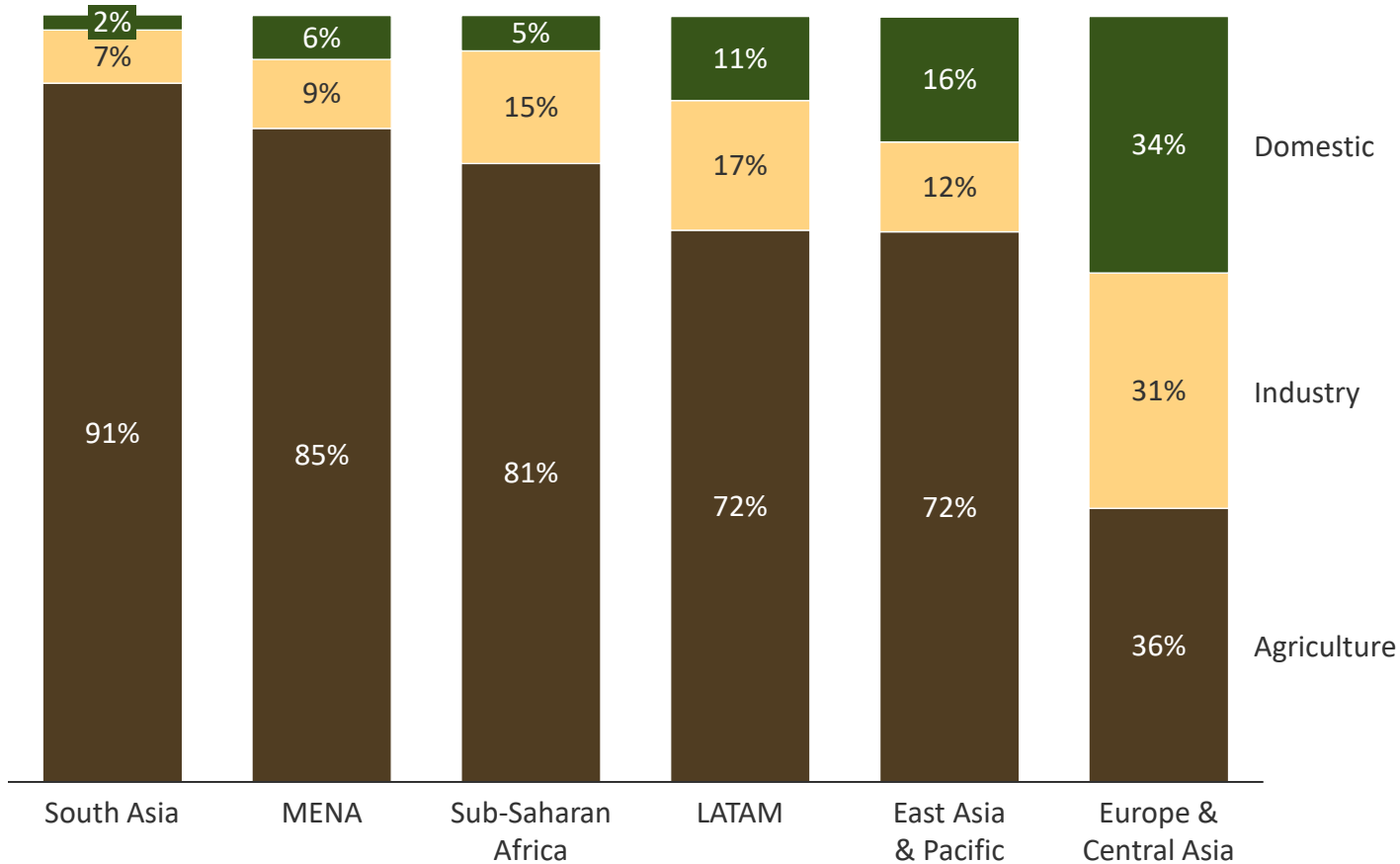


99% of territory vulnerable to desertification

# 70% OF FRESHWATER IN THE WORLD IS USED FOR AGRICULTURE

CURRENT APPROACHES IN AGRICULTURE YIELD LOW WATER EFFICIENCY GAINS

SHARE OF FRESHWATER WITHDRAWALS BY SECTOR (%)



- 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**

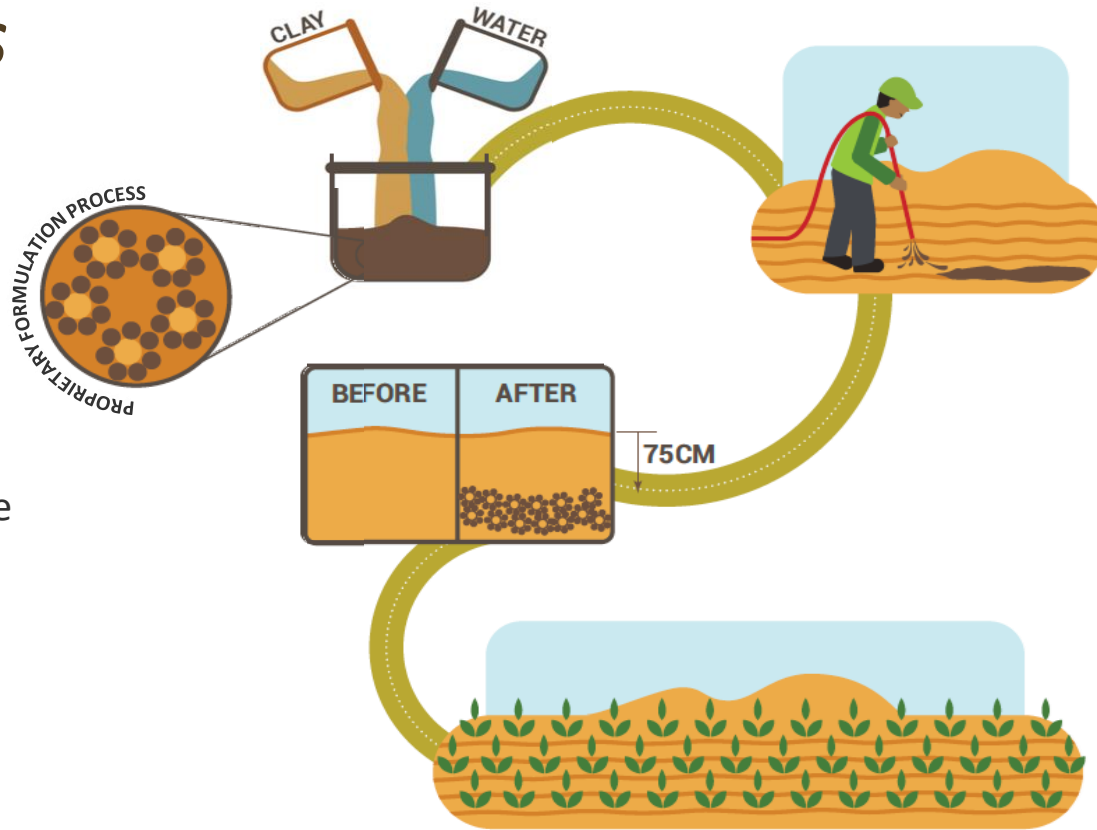
Applied directly to sand or arid soil

## 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*



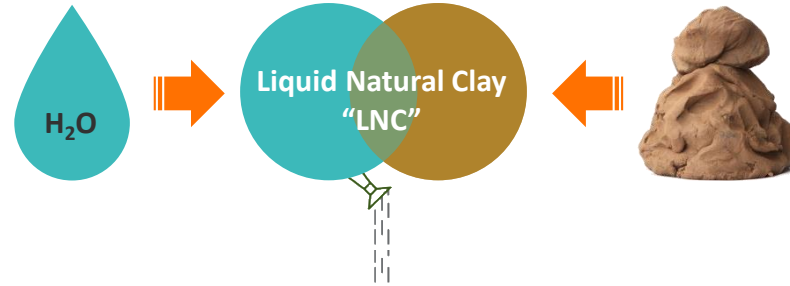
*Working clay into the soil, however, is challenging*



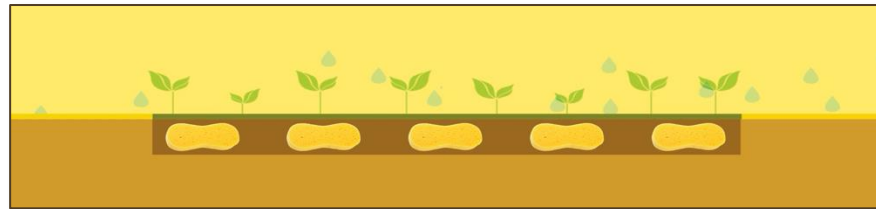
*Up to 100 kg of clay needed per m<sup>2</sup>*

### 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*

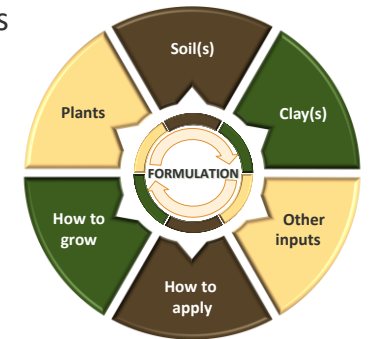


### KNOWLEDGE BASED STRATEGY

- 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 m<sup>2</sup>*

# UNIQUE PRODUCT OFFERING WITH NO DIRECT COMPETITOR

SUBSTITUTES AND OTHER METHODS FOR SOIL ENHANCEMENT ARE INTRUSIVE, TIME CONSUMING AND COSTLY

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

**INTRUSIVE**

(mechanical/manual intervention)



*Solid form soil amendment*

**VS.**

**NON-INTRUSIVE**

(self-percolating into the soil)



Liquid soil amendment

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

## 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

# 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



September 16, 2019

**Key findings for the Liquid Nano Clay (LNC) product being tested in turf and Bermuda grass pilot field trials in a desert environment**

It is very important to identify soil amendments that can enhance the soil properties in hot and dry conditions. Liquid Nano Clay (LNC) is one of the most promising solutions to improve the soil productivity and plant growth. Desert Control Company in collaboration with International Center for Biosaline Agriculture (ICBA) evaluated for the effectiveness of LNC product on turf and Bermuda grasses used for landscape purposes compared to the "business as usual" cultivation model of golf course companies. The experiment was conducted at ICBA's research station, looking into the water and nutrients retention and biomass production in desert conditions after LNC treatments application for one year. The key findings after evaluation of the 10 Liquid Nano Clay (LNC) treatments, untreated plots included, on turf and Bermuda grass plots were the following:

**Key findings tested in turf**

- 1) Bermuda grass constituted a good grass candidate for the UAE summer climate compared to turf grass since the latter grass species could not survive the high temperatures during the hot summer season and finally died.
- 2) Bermuda grass treated with LNC could have water savings as high as 47% and still higher biomass production for certain mixtures.
- 3) Topsoil salinity significantly decreased in the LNC treated plots. This outcome was observed and verified by two soil samplings one month and four months after the LNC applications (25<sup>th</sup> of February & 29<sup>th</sup> of May 2019).
- 4) LNC treatment significantly increased soil available P content of the surface soils compared to the available N which was highly consumed by the grasses for their development.
- 5) Soil analysis for the second sampling (late-May) showed that treatments 1.2 kg LNC injected, 1.2 kg LNC injected & combined with fungi, 0.7 kg LNC sprayed with aeration - 2 applications, 1.2 kg LNC sprayed with aeration - 20 L/m<sup>2</sup> and 1.2 kg LNC injected with sodium bentonite significantly increased soil Potassium available content compared to the control especially in the upper soil layer (up to 10 cm).
- 6) Treatments 1.2 kg LNC injected and 0.7 kg LNC sprayed with aeration were the ones that improved soil organic matter content especially at the second soil sampling.
- 7) F treatment (1.2 kg LNC injected combined with fungi) was very effective in boosting the growth of Bermuda grass species and demonstrated double fresh biomass production (2259.3 g/dm<sup>2</sup>) compared to the one observed for ET-based untreated plots (1081.7 g/dm<sup>2</sup>) with a total of water savings of 47%.
- 8) ET based irrigation schedules on LNC treated plots with reduced flow rates of water showed good results and could lead to confirmed water savings of over 30%.
- 9) During ET based irrigation of all plots the 1.2 kg LNC sprayed application seemed to have the highest soil moisture levels (almost twice as high as reference field) with over 30% less water consumption without any compromise on grass growth by using LNC.
- 10) Different LNC treatments showed better results at specific growth stages and time periods.

It is vital for agriculture implemented in desert areas to adopt management practices, methodologies and apply products that contribute to fresh-water savings and retain the soil moisture and nutrients in satisfactory levels that will enhance crops growth and continuous development. LNC is such a product that its efficiency is evaluated for the first time in field trials following a systematic research study in desert climatic conditions.

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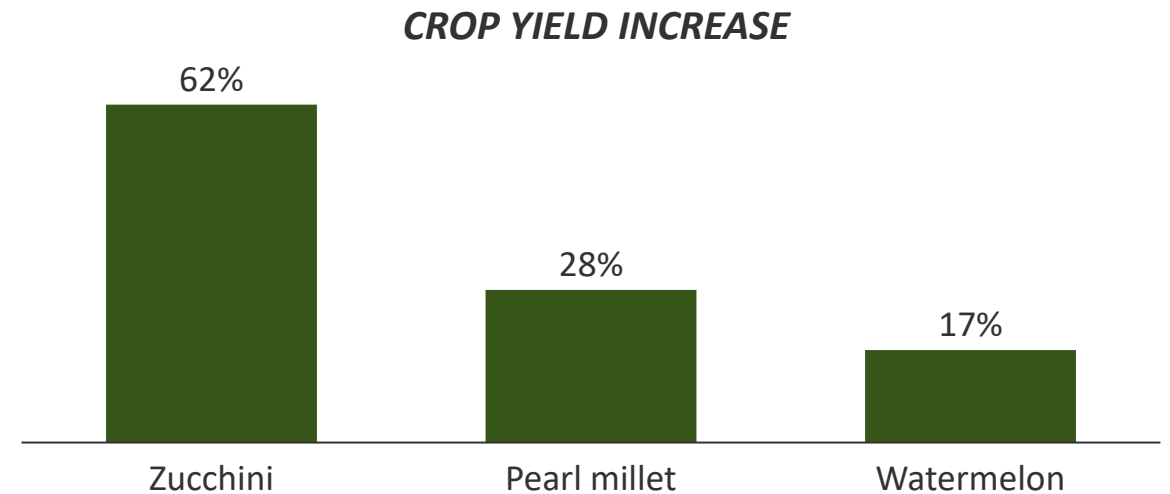
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Source: International Center for Biosaline Agriculture; <https://www.biosaline.org>

# THE RESULTS – UAE DESERT EXAMPLE



- ✓ *Less than 1kg of clay per m<sup>2</sup>*
- ✓ *Water and fertilizer savings (20-50%)*
- ✓ *Increased crop yields (17-62%)*
- ✓ *Improved soil, biodiversity, and carbon uptake*



# LNC IDENTIFIED AS A POTENTIAL IMPACT SOLUTION BY THE UNITED NATIONS

THE GREATEST CHALLENGE OF OUR TIME: THE GREAT GREEN WALL

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



RESTORE **100 MILLION HECTARES** OF DEGRADED LAND

SEQUESTER **250 MILLION TONNES** OF CARBON

CREATE **>10 MILLION GREEN JOBS** IN RURAL AREAS

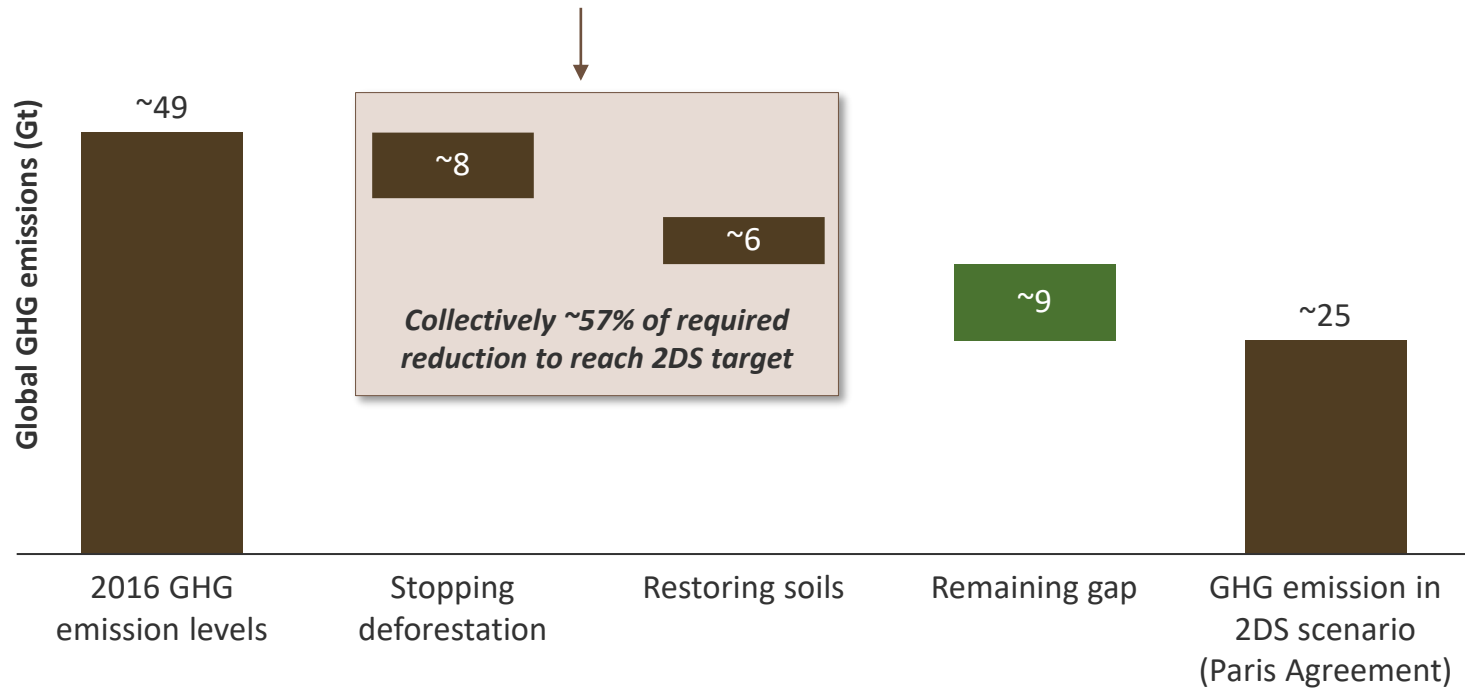




# LIQUID NATURAL CLAY | ESG AND IMPACT POTENTIAL

EXPECTED TO PLAY A VITAL ROLE IN SUSTAINABLE DEVELOPMENT FROM A FINANCIAL AND AN ESG PERSPECTIVE

In a conservative estimate of \$20 /t this translates to **\$280Bn** of annual cost



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

## ADDRESSING KEY UN SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

UN SUSTAINABLE DEVELOPMENT GOALS

# 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.



# FINANCIAL RESULTS | H2 2021

## CHANGE FROM NORWEGIAN ACCOUNTING POLICY TO IFRS\*

Interim, consolidated, unaudited NOK (in thousands)

### Increased costs to P&L from GRS to IFRS

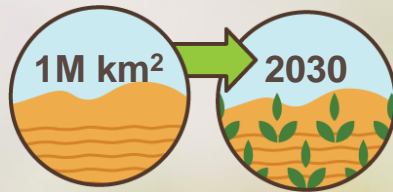
All figures in NOK 000's

	2H 2021	1H 2021	Total 2021	2H 2020	1H 2020	Total 2021
IFRS 2 share incentive program	278	533	811	611	997	1 608
IAS 37 R&D to expense	3 766	4 125	7 891	1 828	1 613	3 441
IFRS 16 lease agreements P&L deemed immaterial			-			-
<b>Total</b>	<b>4 044</b>	<b>4 658</b>	<b>8 702</b>	<b>2 439</b>	<b>2 610</b>	<b>5 049</b>
Reported EBIT from GRS	- 15 800	- 8 739	- 24 539	- 5 048	- 1 014	- 6 061
Net change	- 4 044	- 4 658	- 8 702	- 2 439	- 2 610	- 5 049
Reported EBIT from IFRS	- 19 844	- 13 397	- 33 241	- 7 487	- 3 624	- 11 110

\*IFRS International Financial Reporting Standards

# 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

