

## Desert Control Q4 2022 and Year-to-Date Company Update Presentation (Transcript)

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Welcome to the Desert Control Q4 2022 and Year-to-Date Company Update webcast. It will cover the Q4 Report and Interim Financial Results for the fiscal period that ended on December 31<sup>st</sup>, 2022. Some recent updates for Q1-2023 will also be included.

A Q&A session will follow the presentation, and we invite you to use the Q&A function for questions.

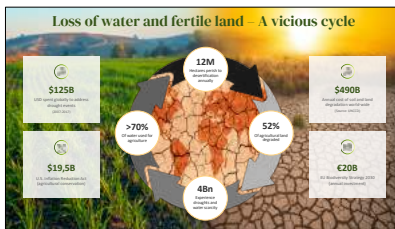
Before the official Q4 Update Agenda, allow us to introduce Desert Control's CEO for a brief introduction.

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Before we dive into updates on our recent progress, I will share a brief recap of our company presentation and our vision of making earth green again.

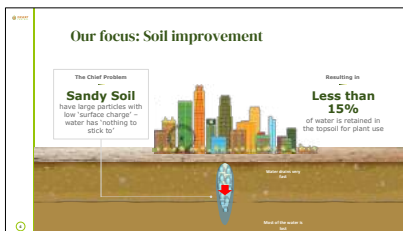
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Our planet is drying, fertile land is dying, and water scarcity accelerates in a vicious cycle.

The annual cost of droughts and land degradation is hundreds of billions of dollars, and governments invest heavily in initiatives for drought mitigation and safeguarding agriculture, which now needs more than 70% of all available freshwater on earth.

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When soil turns to sand, even more water is needed to maintain life and grow food.

In sandy soils, less than 15% of water is retained for plant use. Most is quickly lost to deep drainage, causing fertilizer wash-out, increasing costs, and lost productivity.

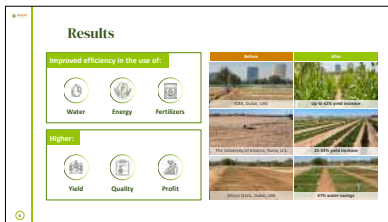
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Liquid Natural Clay is a nature-based solution to upgrade sandy soils with a larger storage bank. The liquid coats each grain of sand with an electrical charge that holds onto water like a magnetic force, creating a soil structure that retains water and nutrients like a sponge.

One treatment can last for five years or more with maintenance programs.

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LNC saves up to 50% on water and energy usage while improving fertilizer efficiency, leading to higher yields, better crop quality, and increased profit.

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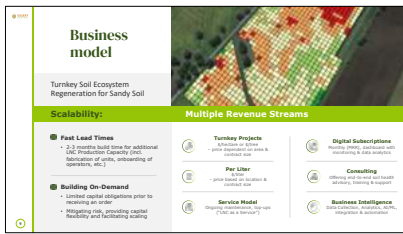
If you think “it sounds too good to be true,” note that LNC is backed by 12 years of R&D followed by five years of independent validation and field pilots with consistent results.

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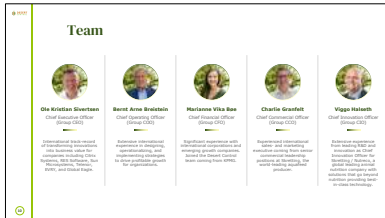
The total available market is huge, and our initial focus is the UAE and the United States, targeting sandy soil areas affected by drought and water scarcity. Clients are farmers, landowners, and governments.

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Our business model is turnkey projects priced by hectare or number of trees combined with various services for additional revenue streams.

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We're a team of 53 intelligent and passionate people with strong leadership to execute our mission.

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Commercial agreements are signed. The first salespeople are hired, and the pipeline grows with solid tailwinds from government incentives, positive references from pilots, and strong results from independent validation programs.

As a result, LNC is deployed to more acreage in the last three months than over the previous five years combined.

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I am Ole Kristian Sivertsen, CEO of Desert Control, and I will take us through today's agenda, which has four parts:

- First, I will present **Q4 highlights**
- Next, Marianne, our CFO, will take us through the **financial update**
- Then I will share a brief **outlook** before we close with the **Q&A session**



I will focus the main highlights for Q4-2022 in three areas:

1. The progress on sales and commercial activities in the United States
2. The continued streamlining of operations in the UAE and the first project fully self-driven by Mawarid Desert Control (in short MDC)
3. Significant achievements in project execution for LNC production and delivery; in the volume of LNC produced, size of projects, and efficiency levels; which strengthen confidence in the ability to scale and achieve profitable execution of projects.

I will share more details for each area in the following slides, starting with the progress in the United States.



The successful completion of the first pre-project with Limoneira is a significant milestone

- 2,000 citrus trees over 20 acres in the Mojave desert in Cadiz, California, was completed in December 2022. – While it took 3 days to complete 50 trees in the Limoneira pilot in July, the team reached a pace of 250 trees per day in Cadiz.
- The final 2000 trees for the Limoneira pre-project launched successfully in January 2023 covered 20 acres in Yuma, Arizona. In this project, the pace increased from 250 to 500 trees per day with the same team and equipment as used in Cadiz. This is significant progress, and we identified ways to continue increasing efficiencies.

Let’s watch a short video clip from the field in Yuma: <https://vimeo.com/desertcontrol/limoneirayuma>

If you noticed the square basins being filled with LNC, the next step is to fill entire lanes or rows of trees without any borders between them. With the success of this we will reach a pace increase from 500 to thousands of trees per day.



As mentioned in the introduction, the recent projects represent significant achievements in execution for LNC production and delivery.

More LNC was deployed, covering more acreage of LNC-treated land from December 2022 – February 2023 than over the foregoing five years combined.

From November 2017 to November 2022, twenty LNC deployments were completed for validation studies and various pilots. Most implementations were less than one acre, with only one project beyond 2 acres. In comparison, the Limoneira projects alone were 40 acres.

The experience gained from increasing project sizes is essential for future large-scale projects and to validate the ability to deliver on the growing demand, which is driven by multiple factors:

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Droughts and increasing water scarcity continues accelerating in the U.S.

- Regulatory action to increase water-use restrictions is being enforced.
- And more incentives to promote water conservation are being introduced
- Desert Control offers a relevant solution to these issues and is positioned to qualify for government incentives that can support accelerated LNC implementation for farmers and landowners.

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Another positive driver is the 5-year program for independent validation of LNC for American soil by the University of Arizona launched in March 2022.

We experienced positive interim indications already in the first season with the watermelon and bell pepper crops that showed positive potential for reduced irrigation frequency, 50% increased lateral movement of water, and reduced mortality rates of seedlings.

Several well-attended field days have been hosted by the University at the project site, and the interest from local farmers has been growing.

The second season with crops expanded to romaine lettuce and celery, even made headline news with Reuters after the romaine was harvested in December. The University field plots consist of three unique LNC formulations compared against untreated control plots. The lowest-performing formulation showed a 21% higher yield compared to the control, while the best-performing formulation yielded 53% higher salad production.

The celery grows more slowly and was recently harvested. Although data is still being processed, we notice similar trends as for the romaine.

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The mentioned drought-related drivers, combined with positive references from the Limoneira projects and the results from the University of Arizona, encouraged accelerated recruitment of a sales team, and the first U.S. salesperson started in December 2022.

In preparation for accelerating activities, we recently opened our first U.S. operational base in Yuma, Arizona, strategically located to reach customers across Southern Arizona and California.

Further, two additional LNC production units are being sent to the U.S. The units are expected to arrive at the newly established operational base during April 2023 and will double production capacity in the United States. The long-term objective is to establish local fabrication of LNC production units for the U.S. market to support scale-up.

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Sales activity in the U.S. is increasing, and the new year started with the signing of three new agreements for commercial pilots. The customers are: Five Rivers Cattle Feeding in Wellton Mohawk, Arizona, Limoneira Citrus in Calipatria, California, and the golf course Fortuna De Oro in Yuma, Arizona.

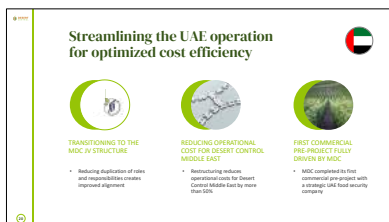
We’re experiencing growing interest in the program designed to convert prospects into customers for large-scale LNC rollout.

- The program's first phase is a smaller-scale commercial pilot to quickly build trust and document the financial value for the customer.
- Phase two is a pre-project of larger size to demonstrate that results can be replicated over larger areas.
- Based on positive results, the next phase is the full-scale rollout of LNC.

The time required from the launch of a commercial pilot to deciding on a large-scale deployment varies by the crop's growing season. Limoneira's citrus growing season is long, with one harvest per year. Crops at the other end of the scale, like alfalfa, grow fast and often have 8-10 harvests yearly. Therefore, diversification of the sales portfolio is a focus for 2023.

Agreements to convert pre-projects like Limoneira to full-scale deployment are expected towards the end of 2023 based on results from the harvesting of this year's crops.

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Turning to updates on the UAE operations.

The transition to the Joint Venture structure in partnership with Mawarid has taken longer than expected and is now in the final stage. The company Mawarid Desert Control (in short MDC) established to be the exclusive sales and distribution company in the UAE, became operational in the fourth quarter. The process of reducing duplication of roles and responsibilities between Desert Control and MDC creates improved alignment and is further contributing to reducing the operational costs for Desert Control Middle East by more than 50%.

Changing from direct to indirect sales and distribution with a JV required some changes to the formal company and business licenses in the UAE – this has taken additional time. Further, with the newly operational MDC model, some extra steps to register and qualify for doing business with governmental clients are being finalized. This is expected to conclude shortly after Ramadan and will open doors to additional opportunities for MDC in the UAE.

In the meantime, MDC focuses on smaller opportunities in the private sector. In December, we passed the milestone for MDC’s first fully self-driven project, where LNC was sold and implemented for a commercial pre-project with a strategic food security company that manages farms across the UAE.

We congratulate MDC on its first successful project!

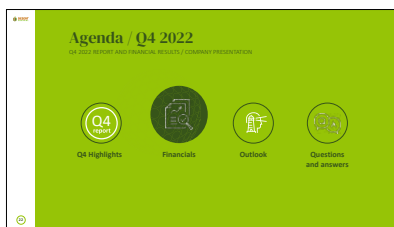


Finally, let me reiterate the value of the advances made in LNC delivery capabilities.

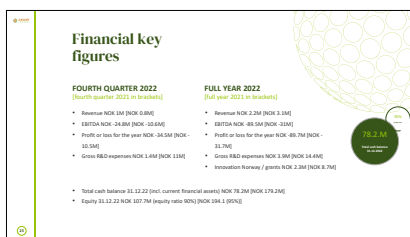
The efficiency gains and learnings from the recent projects strengthen the foundation for future deployments and the company’s confidence in the ability to reach the efficiency levels required for profitable business and scalable unit economics.

Growing the number of commercial pilots and pre-projects also brings more value to our digital services; – designed to measure, document, and visualize the impact of the LNC. Live dashboards with real-time performance data from LNC-treated soil compared to untreated control areas are effective in creating a sense of urgency to drive customers towards deploying LNC at a larger scale.

Finally, with additional LNC production units deployed between geographies in the new year, we also get further confirmation on the flexibility and agility to quickly shift production capacity to regions with high demand for LNC.



We will now turn to the Financial update, and I pass it over to our CFO, Marianne Vika Bøe.



The figures are shared in detail in the financial report published earlier this morning.

These financial key figures will be covered in more detail in the following slides.

I want to highlight that the company closed the fourth quarter with a positive cash balance of NOK 78.2 Million and has no interest-bearing debt.

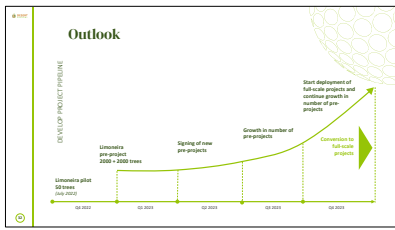
Note that the revenue recognized in 2021 relates to the pilot evaluation with Mawarid Holding Investment in conjunction with the partnership negotiations that led to the Joint Venture with the establishment of Mawarid Desert Control (MDC).

The sales pipeline is growing, and streamlining the UAE operation for optimized cost efficiency further contributes to reducing operational costs for Desert Control Middle East by more than 50%, aligning our cash runway with the anticipated timeline for entering contracts for large-scale LNC deployment.









Desert Control's sales strategy for 2023 focuses on generating revenue and developing a pipeline of opportunities through commercial pilots and pre-projects, with the objective to start converting pre-projects into contracts for large-scale deployment by the end of the year.

Three new agreements for commercial pilots were signed by the 28<sup>th</sup> of February, 2023, and the company anticipates signing several additional agreements for similar projects during Q1-2023.

The company will provide guidance and quarterly reporting on the number of commercial pilots and pre-projects with anticipated conversion rates going forward.

Based on the current pipeline, we anticipate securing a minimum of five commercial pilots per quarter, of which we expect a minimum of 50% conversion rate.

Please take note of the disclaimer relating to forward-looking statements.

We will now start the Q&A session. We invite you to use the Q&A function for questions, and we will also answer questions that have been submitted by email.

**Q:** When will you be listed at bigger exchanges to reach out to more investors?

**A:** There were questions sent by email related to OTC trading of the Desert Control share as well. In the U.S. any investor can submit a request to the OTC to be allowed to trade foreign shares in certain selected markets, for instance from the Oslo Stock Exchange. That means that you can get registered for trading on markets in the U.S. such as OTC without any initiatives from the company. Desert Control has not actively been working on, or spending time and energy on registering for any kind of listing in the U.S. That's fully driven by the market itself in the same way that our stock is also facilitated by other companies to trade on stock markets, for example, in Germany and other places. No initiatives from the company on this side as of yet. And what the future will bring - we are seeing significant progress in the U.S. Now we're focused on building sales and developing the market.

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**Q:** Congratulations on the great progress in U.S. The UAE, however, seems to be sticky. Why is this? And what are you planning to do to mitigate the slow speed in the UAE?

**A:** As shared in the UAE update, the progress in the UAE have taken longer than expected. We are working on those final steps to mitigate the steps of, for example, being fully qualified to do business with large-scale government entities. In the meantime, we're focusing together with MDC on smaller opportunities in the private sector, such as the food security company that was recently announced. We are seeing significant benefits of the model in terms of reducing our operational costs in the Middle East so that we get more resources to accelerate commercial activities in the U.S.

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**Q:** Please say something about a issue of new stocks. Will this happen? Or are you trying to get funds from contracts?

**A:** The general cash situation in Desert Control and potential capital rates, we are completing the restructuring process in the UAE with the transition to the joint venture as we speak, which will impact our costs and our burn rate. On the other side, with the increased activity in the U.S., we expect to see an increased cost there. However, we are also seeing revenue coming in now. And we did communicate last quarter that we had a runway of approximately 1 year. There has been no significant changes to that. And what we also mentioned in the third quarter, there are of course alternative sources to financing which are even more relevant now that we are generating revenue.

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**Q:** How is MDC, Mawarid Desert Control and Mawarid working?

**A:** Mawarid Desert Control, MDC, is working as an autonomous company. They are the exclusive sales and distribution company for selling and delivering LNC and delivering projects in the UAE. That means that they are building a sales organization, they're developing marketing activities, bringing customers and doing the entire end-to-end delivery of LNC projects. Desert Control through Desert Control Middle East is a material supplier who produces and delivers the required volume of LNC. And all other elements of the business is driven autonomously by Mawarid Desert Control, MDC.

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**Q:** Are the two LNC units coming to the U.S. built in Norway? Or are they being delivered from UAE?"

**A:** We did build a number of clusters in the UAE early on. We did not build those clusters because we had contracts or demand for the production capacity, but we needed to make sure that we were able to build units of a consistent quality. And we needed to know that we were going to be able to do so on budget and on time so that we know based on the projects and the contracts that we're entering what is it going to cost and how long is it going to take to provision additional capacity. That cannot only be an Excel exercise or a PowerPoint maneuver. You need to really build those and get the experience of that. We had additional capacity in the UAE that was not yet utilized in terms of capacity utilization. We therefore shipped additional units from the UAE to the U.S. both last year, 2 units, and this year additional 2 units wo we'll have a full cluster operational, doubling the capacity in the U.S. in the timeframe of April this year.

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**Q:** Are the 3 new pilots prepaid? If so, is it possible to give an indication on the price?

**A:** Yes. They are commercial projects, but not significant in terms of revenue as it's smaller areas that we start to quickly build trust and move on to larger pre-projects. Once agreements reach a larger significant size, we will report those as we go.

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**Q:** What is the negative financial costs or currency loss?

**A:** I mentioned in the presentation that the financial cost relates to unrealized currency loss on intercompany loan. So that is 4Q isolated. If you look at the full year, we have a net financial income which relates to the same item - intercompany loans.

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**Q:** And is there any need for new equity or debt?"

**A:** We have no significant changes to what has been communicated in the last quarter, which is the runway of approximately 1 year. That correlates with the timeline of when we're anticipating to enter larger contracts that will have a positive cash contributing element to it. Those are the considerations that we're continuously looking at.

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**Q:** How are the processes which will end up in time contracts?

**A:** We are now seeing example of these processed in the U.S.; the project of a commercial pre-pilot or commercial pilot that can quickly demonstrate the financial value and build trust with the client to expand it to larger scale to show that the results can be replicated over larger areas. Based on the result achievements there, we're then moving forward to a full-scale rollout. We are also targeting to get as many as possible of these contracts combined with signed letter of intents (LOIs) of the full-scale rollout as we have with the Limoneira contract, where the contract went from the commercial pilot to the larger pre-project combined with an LOI for full-scale deployment. I can also add that the digital services make a important contribution and factor here because it's not in a way where you have to sit and watch the grass grow. You will be able to see pretty instantly the improvement of water use efficiency by soil sensors that are deployed in the soil of LNC-treated areas, as well as in control areas that are managed just the way they are today. Then we'll see indications from the water applied, the maintained moisture levels and the performance of the LNC with real-time data and these live dashboards that will drive a sense of urgency to the client to see what they're missing out on in terms of water saving potential for the remaining areas that they have. That's also a very strong contributor to convert sales more quickly. The final part being the diversification of our sales portfolio where if we only go after tree base crops like lemons, for example, it's going to take a full year before the client has harvested the crop and see the full impact. By diversifying with row crops, vegetables that you have 2-4 harvests per year on, or alfalfa with 8 to 10 cuts per year, we can get a good healthy balance of diversification and quicker conversions.

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**Q:** Can you provide some flavor on the full potential of the 3 customers you have signed pilot projects with?

**A:** There are some estimates being made by various people already. I don't want to go in detail today on the total estimates on them, but they are significant. The size of the alfalfa fields of Five Rivers are huge, a lot of it being sandy soil. We need to understand the total potential of the farm and potential additional farms in more detail as we move

along. The potential for the citrus project with Lemonica is 1,200 acres of mandarins and lemons being cultivated there. Very, very sandy soil conditions, desert environment where we are confident to make a huge impact on water savings, reducing the usage of pumping time, sulfur burners, water treatment, as well as improving the efficiencies of fertilizers to help them produce more per acre to be profitable in their business. For the golf course, it is the full scale of the course that is the potential. And as I mentioned, we're also working on a handful of additional similar projects that we anticipate signing in the first quarter here.

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**Q:** Have you been contacted by fertilizer producers or others who have shown interest in strategic collaborations or acquisitions?

**A:** Yes, we have had a dialogue with fertilizer companies who see the value of improving fertilizer efficiency and also see a big interest in creating a larger market by creating agricultural land out of areas that currently struggle to be farmed and protecting and safeguarding agricultural land. Another component that we have discussed is potential impacts of reducing leaching and loss of fertilizers to groundwater systems. That is something that we will look deeper into. It's going to require more scientific data. And those are things that we see a potential of adding on to projects such as, for example, the University of Arizona initiative.

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**Q:** What timeline do you expect with the government project contracts with UAE? Do you expect small pre-projects or big commercial contracts from the start?"

**A:** Timelines on governmental projects are lengthy. Because there is risk averseness, they will likely start with stages as well. And the stages may be bigger steps than we typically see in the smaller private sector areas because we're talking about vast sort of total areas under management there. Once the processes with being fully registered and qualified for these governmental projects, there will be very interesting opportunities that open up for MDC.

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**Q:** How much do you need to sell to go breakeven? Like how many acres needs to be treated or how customers do you anticipate to get breakeven?

**A:** We are seeing significant improvement in both our production and application efficiency, which will definitely impact our breakeven target. We don't see any changes to what we have communicated earlier. But keep in mind that we are still a start-up company moving towards a scale-up company. We do not have all the answers yet. But these projects that we are doing now are definitely giving us a lot of useful knowledge and experience to improve our cost efficiency.

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**Q:** Where do you see the greatest market potential? In the U.S. or in the UAE?"

**A:** With the 40% of the Continental United States being at risk of desertification, we see sandy soil areas in multiple strategic locations. The potential in the U.S. is significant. Let's also remember that the United States is the most advanced and largest homogeneous agricultural market in the world. Also, the United States has significant strengths in terms of globalizing products and services within these sectors through all the intelligence of the U.S. Commerce Department, the World Bank, et cetera. So the U.S. is really the strategic stepping stone for our development.

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**Q:** Are there any other Five Rivers farms outside Arizona applicable for LNC application?

**A:** I think there may be multiple areas applicable for LNC application. We need to analyze the potential in more depth. And that's typically what we see with every customer that we work with, that you start with a focus area and then additional opportunities show up while working with the client as they present problems that you didn't know about before you came there, like, for example, walking around in the fields in the Mojave Desert, talking to the people of Limoneira, being on the fields in Yuma. Suddenly, you have discussions where you figure out that these farmers are spending quite a lot of money and time and energy on irrigating and putting water on all of the farm roads inside of the orchards and around the fields because they need to keep the dust off the sandy dirt roads away from the crops. Suddenly, we then discover a potential to also put LNC on the roads to reduce the amount of water that they need to put there. And those kind of development opportunities, we find a lot of in the field with each project.

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**A:** Do Desert Control have any direct competitors?

**Q:** We do not see any other liquid-based solutions like ours. But there are, of course, alternatives to increase water holding capacity in sandy soils. There are other technologies or products such as biochar, polymers, et cetera, that are physical products that needs to be mechanically worked into the soil, where Desert Control is building on the advantage of having a non-intrusive way to be applied to the fields. But there are other options as well for farmers. For example in the U.S. we see following programs, where a farmer may be paid an amount of money to not use water at all, to stop farming for a number of years. We are not seeing that as a direct competitor, but as an alternative use of the fields. And we're seeing clients that are considering following programs. They don't do that because they want to do so because a farmer will always want to farm. They love farming, that's their life, that is their families, that's their business. They do not want to stop farming. And that's where we see that we can help them to overcome those challenges, to make sure they are not pursuing those kind of alternatives by being able to get to a profitable model where they can maintain yields with less water, less fertilizers, less energy spend.

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**Q:** Have you been approached by any wine producers in the United States?

**A:** That market is as well struggling in some areas with water. Some have fields of sandy soil and it is a market where we have opportunities. We are actively working with some and we will announce progress we're making also in that segment as we go along.

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**Q:** Any news on the partnership with Amarenco?

**A:** We had the CEO of Amarenco visiting our offices in Stavanger very recently, where we were sitting together to identify specific opportunities and discuss the next steps. So the planning is in progress.

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**Q:** Do you feel any pressure regarding the share price? And do you feel that your guiding is reflected in it?

**A:** We are focused on selling and bringing this product to market, overcoming the hurdles that we have had in the UAE, and mitigating any slowness by the activities we're doing in the U.S., et cetera. We always get remarks on the share price, but for us we are focused on really developing the business and creating the results. When it comes to

guiding, and if that is built into it, it's somewhat of a more difficult question because we haven't been giving any guidance. I can understand that without any guidance through last year, that following the Desert Control share may be like watching a football or a soccer game where there isn't any much activity or scores. That's why we said it last year, and in Q3 and Q2, that as we enter 2023, we will start giving guidance. And that's going to start first with a focus on the sales pipeline. Now we're doing that on a concrete basis on the number of commercial pilots, pre-projects and anticipated conversion rates. That's something that we already announced early last year, that we would start doing from the beginning of 2023. And it's a natural evolution. Once we reach maturity levels, we'll be giving more and more sort of rich matrixes of parameters to be guiding on.

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**Q:** Is it hard to sell LNC in general?

**A:** It's not a hard sell if you price it extremely cheap. What is hard is to do an approach where you're trying to optimize and find a fair way of balancing the rewards with your client in solution-based selling. It's also the strategy that we have chosen deliberately in the beginning because if you take a sort of a pricing strategy, just cost plus and just try to get it out as cheap as possible, you will very much struggle later on to bring up a fair value of your product in the market. Secondly, remember also what I said about our historic ability to deliver. All the projects that we have delivered up until November last year have been tiny. They have been the size of a football field or smaller. If you think about the validation projects with International Center for Biosaline Agriculture in the UAE, that was 15% of a football field in terms of size. And many of these deployments have now been growing significantly. We have shown that we can deliver at larger scale and that's important to remember. If you're then driving too much into your pipeline too early, you risk actually delivering something that is not going to be a good experience for the client. The approach that we have taken now is really building trust with the clients and is also building trust and confidence in our organization, in our team's ability to know that we can master what we're doing, to make sure that we're delivering in a way where every single client and every single project becomes a reference and an ambassador for Desert Control.

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**Q:** Are there any progress on R&D regarding automating of the mixing of the LNC. And would this impact required personnel requirement per unit cluster?"

**A:** Yes. We're continuously seeing opportunities of improvement. Our main focus in the last period and in the short term is to make sure that we utilize the equipment and the assets that we have, while being ready to quickly improve and upgrade the capacity of the current assets when we see that we reach the utilization rates that require it. But we're always looking in areas of improvement. When we heard the improvements of going from 50 trees taking 3 days to 250 trees per day to 500 trees per day. We need to look at the totality as well so that we make sure that we have a technology readiness level that is harmonized across the ability to apply and the ability to produce and the logistical elements to support the overall operations together with people, processes and technology.

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**Q:** Does this mean that you're guiding 10 new customers within the next year? Meaning that there's 5 pilots every quarter with 50% conversion?

**A:** Conversion is not a win rate for the pilots. What we are sharing in our guidance is that we are targeting a minimum of 5 signed commercial pilots every quarter. There is no conversion to sign them. We will be guiding on signing a minimum of 5, and then we're guiding on a 50% conversion of those pilots to larger-scale deliveries, right, as a minimum. Our experience so far is very, very good. But sometimes you may run into some pilots where for the client,

they're changing landowners and they are suddenly saying we need to make that decision a year later or whatever. We are not going to go out and give an unrealistic guidance of converting 100%. That's why we've said minimum 5 projects like this per quarter and thereafter of these, a conversion rate of minimum 50%.

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**Q:** Is there a plan of doing the live time lapse of crops with and without LNC deployed side-by-side?

**A:** Yes. I love that time lapsing thing. It's actually more difficult than I had imagined to get those time lapses, really of the close ups of the crops. We do have some of entire fields, but it doesn't really give the impact that is being asked about. But we are focused on trying to capture some. I have a few very, very beautiful night clips from field with the University of Arizona, which were interesting because you could see the LNC-treated crops and the control rows next to each other. Every time they got a little bit of water, both of the crops kind of elevated themselves. Then you could see the control crops are quickly pulling down, whereas the LNC ones were more slowly holding up and then, some potential videos to look out for on that side at least.

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**Q:** Is LNC expensive to produce? And do you produce LNC overseas for our customers?

**A:** We are doing the pricing for our customers on a project-by-project basis because in the stage we are now, it can vary. However, as we have mentioned, we are seeing significant improvement in our production and application efficiency, which will definitely impact our margins going forward. And if we produce LNC overseas, right now we are producing in the U.S. and in the UAE.

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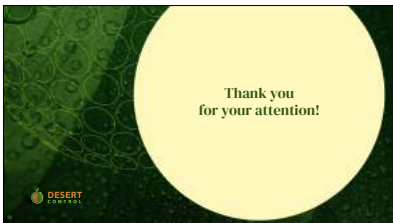


Thank you for joining the Desert Control Q4 2022 and Year-to-Date Company Update.

In closing, we leave you with a short video from our December project in the Mojave desert:

<https://vimeo.com/desertcontrol/limoneira3min>

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Thank you!



## **Cautionary Note**

Disclaimer related to forward-looking statements

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