Q2 and First Half-Year Report

2022

DESERT CONTROL

Contents

H1 2022: Commercial activities commenced in the UAE. The company progressed ahead of expectations in the United States and continued to deliver on commitments in the second quarter.

Desert Control Second-Quarter and Half-Year Report 2022

Sandnes, Norway, 26 August 2022 – Desert Control AS (DSRT) announces its second-quarter and half-year report for the fiscal period ending 30 June 2022.

Commercial activities commenced in the UAE. The company progressed ahead of expectations in the United States and continued to deliver on commitments in the second quarter.

Desert Control specializes in climate-smart Ag-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil's ability to preserve water and increase yields for agriculture, forests, and green landscapes.

Q2 and H1 2022 Highlights

Commercial activities commenced in the UAE:

- The first commercial deliveries commenced in the UAE end of June according to plan and included clients in the agriculture and landscaping sectors.
- Desert Control's first Dubai-based customer pilot converted into a paid delivery, extending LNC treatment to the entire property under commercial terms.
- Mawarid Desert Control LLC is gradually becoming operational after a slow start in H1.
- Hiring activities to build the UAE salesforce with Mawarid Desert Control kicked off in June, with new salespeople anticipated to onboard during the third quarter.

Progressing ahead of expectations in the United States:

- The LNC validation study with the University of Arizona shows positive interim results. https://lnkd.in/dsd5wpkg
- Awareness of Desert Control and LNC is growing in Arizona, driven by the collaboration with the University of Arizona and the continuing severity of droughts and water shortage.
- The U.S. team is preparing for engagement with commercial farmers in Yuma in parallel with stage 2 of the validation study with the University of Arizona in H2. Progress with the first potential client is anticipated in the third quarter, significantly ahead of the initial plan.
- The operational U.S. headquarter was established in central Arizona, strategically positioned to serve the initial target market in the U.S.
- LNC production capacity increased with two new LNC production units (half cluster) arriving in Arizona from the UAE ahead of plan ultimo Q2. https://vimeo.com/742387476/81fa90f038
- Hiring activities to staff the added production capacity commenced in June, with personnel anticipated to onboard during Q3.

Continued to deliver on commitments:

- Strengthened the Executive Leadership Team and onboarding the new team members from 1 July. (Accelerated learning kicked off with UAE field trip from 2 July). https://vimeo.com/741108939/d0d6f5f1b3
- Hired a business development team to accelerate go-to-market initiatives.
- Successfully deployed prototype to accelerate large-scale open-field LNC application. https://vimeo.com/742374710/bf8d870338
- Finalization of the third LNC production cluster confirms on-demand capacity readiness, and the units deployed to the U.S. demonstrate the global mobility potential of assets.

Webcast presentation for Desert Control Q2 2022 Report and Interim Financial Results is hosted on 26 August 2022 at 10.00 AM, Central European Time (CET). Register: https://bit.ly/3T1s99u

Financial Key Figures

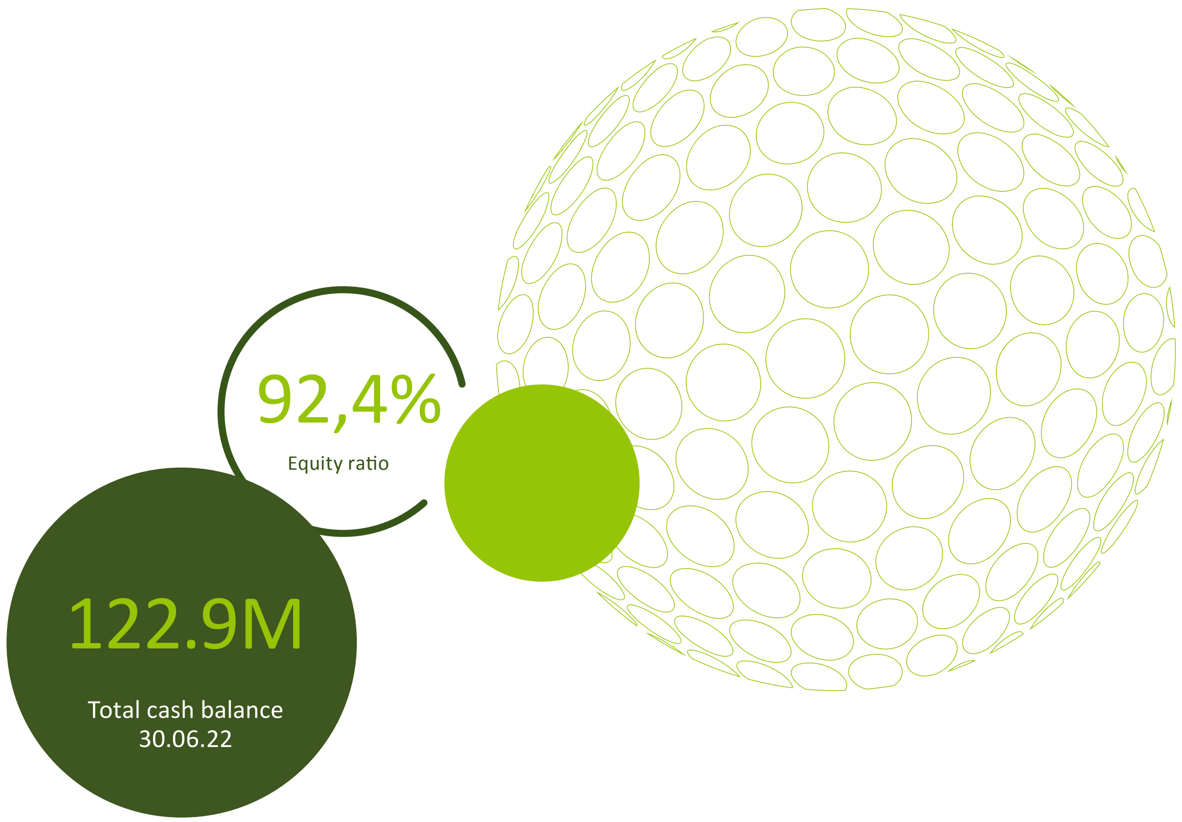
Second quarter 2022
[second quarter 2021 in brackets]

- Revenue NOK 0.5M [NOK 0.0M]
- EBITDA NOK -20.3M [NOK -3.4M]
- Profit or loss for the year NOK -16.8 M [NOK -3.4M]
- Gross R&D expenses NOK 0.9M [NOK 0.2M]
- Innovation Norway grants NOK 0.9M [NOK 1M]

First half 2022
[first half 2021 in brackets]

- Revenue NOK 1M [NOK 0.0M]
- EBITDA NOK -43.1M [NOK -12.6M]
- Profit or loss for the year NOK -40.5M [NOK -12.7M]
- Gross R&D expenses NOK 2.5M [NOK 4.1M]
- Innovation Norway grants NOK 2.9M [NOK 1M]

- Total cash balance 30.06.22 (incl. other current financial assets) NOK 122.9M [NOK 204.5M]
- Equity 30.06.22 NOK 150.4M (equity ratio 92.4%) [NOK 213.3 (94.5%)]



Company Update Q2 2022

Desert Control has developed Liquid Natural Clay (LNC) to restore soil and reduce water usage for agriculture, forests, and green landscapes. The innovation has undergone external validation, feasibility studies, and pilot projects in the United Arab Emirates (UAE) from 2019 to 2021.

In March 2021, the company raised 200 MNOK to fund the next development stage of the business with a larger-scale proof of concept to demonstrate the ability to commercialize in the initial validation market and prove transferability to other geographic regions. This initiative launched as the "2+2 strategy" with efforts and investments focused on two countries and two segments; the UAE and the United States, and the segments agriculture and landscaping.

More than 110 countries worldwide suffer desertification, degradation of vital topsoil, and increasing water scarcity. The impact of rising temperatures and more severe droughts are further driving increasing demand from multiple regions. According to the United Nations, the global addressable market is growing by 12 million hectares of land perishing to desertification annually. Building the foundation to serve the global demand requires focus and relentless execution.

"We must think big, start small, act fast, and build the foundation to scale exponentially. This is at the core of our 2+2 strategy, says President and Group CEO Ole Kristian Sivertsen."

The priorities driven by the "2+2 strategy" are to (1) Commercialize in the UAE, (2) Validate in the United States, and (3) Build the foundation; to drive the transition from start-up to scale-up. The company progressed in all areas during Q2 and the first half of 2022.

1. Commercialize in the UAE

First paying LNC adopters announced

Desert Control entered the commercialization phase in the UAE, with the first commercial deliveries of LNC to clients commencing end of June according to plan. The deliveries targeted smaller-scale projects well suited for the initial stage of the newly formed Mawarid Desert Control sales and distribution company. The projects included clients in both agriculture and landscaping.

Client projects

AGRICULTURE:
Private Organic Farm | Al Ain, UAE

USE CASE:

- LNC applied to reduce water usage for date palms.
- LNC applied to improve soil health, crop quality, and yields while conserving water and organic inputs for growing organic vegetables and fruits in greenhouses.
- LNC application performed using existing drip irrigation systems in the greenhouses, demonstrating high flexibility and scalability of deployment. Date palms treated by combining deep root injection and precision filling of the irrigation pits (LNC percolation by gravity).

LANDSCAPING:
Pump Park, Masdar City | Abu Dhabi, UAE

USE CASE:

- LNC applied to reduce water and fertilizer usage to foster sustainability and climate resilience for lawns, shrubs, and trees.
- LNC application was performed by utilizing an existing subsurface drip irrigation system, representing a novel application method of LNC with significant potential.

Subsurface irrigation systems are used for many new green developments in the UAE and worldwide.

- Masdar City is a pioneer in sustainability and a hub for research and development, spearheading the innovations to realize greener, more sustainable urban living.

LANDSCAPING:
in5 Tech, TECOM Group | Dubai, UAE

USE CASE:

- LNC applied to reduce water and fertilizer usage to foster sustainability and climate resilience for existing lawn areas and different species of shrubs, trees, palms, grasses, and vines.
- In5 Tech was Desert Control's first landscaping pilot in Dubai, now converted into a paid delivery extending LNC treatment to the entire property under commercial terms.
- In5 Tech became the first commercial LNC adopter going beyond the validation phase as true believers of the innovative water and soil saving solution.

The initial commercial deliveries are in line with expectations from the company's Q1 update. Projects are of smaller scale and not material from a financial perspective, and all projects are executed at commercial terms in-line with the company's anticipated market price level. The company anticipates, as previously communicated, that commercial deals in the UAE will continue as planned, to be represented by smaller-scale projects in the second half as the pipeline grows and Mawarid Desert Control matures to take on increasingly larger projects throughout the year.

Mawarid Desert Control LLC is gradually becoming operational

Mawarid Desert Control LLC is gradually becoming operational after a slow start in H1. The company received its business license on 29 March 2022, and the holy month of Ramadan postponed further incorporation and readiness activities to mid-May. Hiring activities to build the Mawarid Desert Control salesforce kicked off in June, with new salespeople anticipated to onboard during the third quarter.

The prolonged H1 impacts of Covid-19 and the change to the indirect sales model for the UAE, including the time required to establish and ramp up Mawarid Desert Control LLC, adjusted the group business plan with commercial activities in the UAE commencing from the end of Q2. The company anticipates long-term benefits of the indirect sales model for the UAE to offset the short-term impact. The indirect sales model for the UAE allows Desert Control to focus on its core business, developing and producing LNC and building the foundation for global expansion.

All former pilot projects and commercial opportunities previously developed by Desert Control in the UAE are going forward, managed, and delivered through Mawarid Desert Control.

Mawarid Desert Control further launched a public sector pilot project comprising 200 citrus trees along the highway in the Western Region of Abu Dhabi. Most major roads in the UAE have green belts of trees planted along roadsides and dividers, serving as natural barriers to sand and winds. Initial observations indicate water savings that further reduce irrigation frequency in ways that can provide additional operational benefits. Further initiatives to position LNC for afforestation initiatives are in progress.

Other pilots and reference implementations continue to perform consistently.

> *"It's inspiring to see firm actions towards the U.N. SDGs, says Ole Kristian Sivertsen, President and Group CEO of Desert Control. TECOM Group and Dubai Holding own, operate, and manage several billion square feet of land and demonstrate leadership in climate-smart sustainable land management through the in5 Tech LNC project. The project's objective is for in5 to serve as a reference for preserving natural resources to support a green future while freeing up valuable water resources for food security and climate impact initiatives."*

Some of our pilot references and water saving achievements in the UAE

CROPS/VEGETATION	WATER SAVINGS	SEGMENT	LOCATION
Carrots, Cauliflower, Green Pepper and Lady Fingers	40%	Agriculture	Private farm in Al Ain, Abu Dhabi
Pearl Millet, Zucchini and Watermelon	40%	Agriculture	ICBA* in Dubai (Independent validation)
Cucumber, Basil, and Beetroot	50%	Agriculture	Research farm in Al Ain, Abu Dhabi
Sweet Corn	35%	Agriculture	Private farm in Dubai
Date Palms	50%	Agriculture	Private farm in Al Ain, Abu Dhabi
Salvadora, Ghaf, and Ziziphus (native forest trees)	40%	Forest/trees	Forest in Al Ain, Abu Dhabi
Palm Trees	50%	Landscaping	Luxury residential resort in Dubai
Paspalum Grass	45%	Landscaping	Investment and real-estate firm in Dubai
Paspalum Grass	40%	Landscaping	Luxury residential resort in Dubai
Lawn Area	35%	Landscaping	VIP area in Abu Dhabi
Bermuda Grass	47%	Landscaping	ICBA* in Dubai (Independent validation)
Turf Grass / Lawn Area	40%	Landscaping	Public park in Abu Dhabi

*ICBA - International Centre for Biosaline Agriculture

Pilots have mainly utilized soil moisture based irrigation and compare water consumption required to maintain equal soil moisture at levels required to maintain plant growth for an LNC treated area versus a comparable control area. Water savings achieved represent the stable state over time after irrigation levels are adjusted to the LNC impact.

2. Validate in the U.S.

Progressing ahead of expectations in the United States

Field initiatives in the United States commenced ultimo March, and the U.S. launch is progressing ahead of expectations in terms of market reception. The awareness of Desert Control and LNC is growing steadily, driven by the collaboration with the University of Arizona and the continuing impact of severe droughts and increasing water restrictions enforced by the U.S. government.

While it took approximately two years to progress from independent validation to the first customer pilots in the UAE, the company anticipates that customer engagement with preliminary commercial projects may commence already during the second half of 2022 in the United States.

The LNC validation study with the University of Arizona shows positive interim results

Initial indications from the validation study with the University of Arizona show potential for reduced irrigation frequency, increased lateral movement of water in the soil profile, promising potential for fertilizer savings, and reduction in mortality rates of seedlings. Both watermelons and bell peppers further show promising interim results for fruit size and sugar content.

The validation study is part of a five-year program in collaboration with the University of Arizona. Field plots are anticipated to receive additional LNC in 2-3 stages during the first year to calibrate formulation to the optimal level for U.S. soil, followed by performance monitoring over the entire five-year period. The next stage is anticipated to commence in early September, with new crops that extend the validation from watermelons and bell peppers; to high-value produce such as celery and lettuce, which are important cash crops for the Yuma region.

Commercial activities are targeted in parallel with ongoing university programs.

Validation endorsement: Robert Masson, at the University of Arizona, interviewed by KYMA News at the Yuma Mesa Research Station:

https://www.youtube.com/watch?v=7BL8EV1bg6c

The University of Arizona hosted a well-attended field day in Yuma on 16 June, and several local farmers visited the field during the first stage of the LNC validation study. The level of awareness is growing steadily, and farmers express interest in opportunities for bite-sized implementations of LNC to get a head start for water-saving initiatives on their farmland. The U.S. team engages with commercial farmers and prepares for preliminary commercial projects in the area. Progress with the first potential client is anticipated in the third quarter, significantly ahead of the initial plan.

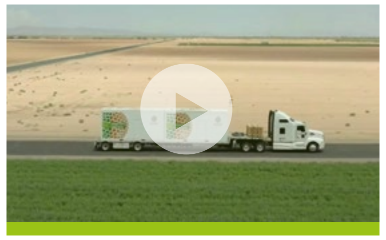
Operational headquarter established in central Arizona

Desert Control Americas established its operational base in the Greater Phoenix, Maricopa area of central Arizona during the second quarter. Greater Phoenix is among the fastest growing regions in the United States and the 5th largest metropolitan area. Home of excellent universities, Greater Phoenix attracts talent, innovators, and capital investments as a strategic location for serving key markets in the U.S. Southwest.

The Desert Control Americas operational base provides unique access to the University of Arizona's Maricopa Ag Centre (MAC), located south of Phoenix airport, with easy road access to Yuma. MAC is a 2100-acre research facility with 15,000 ft2 of greenhouse space, 24 labs, conference rooms, offices, and excellent facilities for growing knowledge and fostering innovation at the intersection of academia, applied science, and partnerships with industry alliances.

Increased LNC production capacity ahead of plan

LNC production capacity increased at the end of June, with two new LNC production units (half cluster) arriving from the UAE ahead of plan.



https://vimeo.com/742387476/81fa90f038

The added capacity will allow for preliminary commercial projects with clients that require coverage for somewhat larger areas. Hiring activities to staff the added production capacity commenced in June, with additional personnel anticipated to onboard during Q3.

3. Build the foundation

Drive the transition from start-up to scale-up

Strengthened Executive Leadership Team

During H1, Desert Control strengthened the Executive Leadership Team (ELT) with a Chief Strategy Officer (CSO), Chief Commercial Officer (CCO), Chief Operations Officer (COO), and Head of Group Marketing and Communications, in addition to a new Chief Financial Officer (CFO). Onboarding of the new team members commences from 1 July.

https://vimeo.com/741108939/d0d6f5f1b3

"It's time to shift gear on making the organization scalable says President and Group CEO Ole Kristian Sivertsen. Our strategy is to build the foundation to scale our innovation exponentially to the world. If you want to go fast, go alone. If you want to go far, go together: The new appointments to our leadership team are vital to accelerating our journey from start-up to scale-up."

Desert Control further hired three business developers to accelerate go-to-market initiatives during Q2. The team will be onboard in early Q3.

FTIPP update*

(*Full-Time Intelligent Passionate People – in other companies, referred to as FTE)

Nineteen nationalities have joined Desert Control from multiple sectors bringing unique experience, expertise, and skillsets. High diversity in education, ages, and cultural backgrounds enrich our organization and is vital deliver on our mission. Excluding the field workforce, 19% of the employees are female. The team has 22 people in Norway, 45 in the UAE, and 6 in the U.S.

Confirmation of capacity on-demand readiness and global mobility of assets

The finalization of the third LNC production cluster in Q2 confirmed that additional capacity can be provisioned on-demand with 2-3 months lead-time. Two units (half cluster) were deployed to the United States, further proving the ability to deploy capacity and assets worldwide.

Prototype for large-scale open-field LNC application

Initiatives to align application capabilities with production capacity continues—a prototype for larger-scale open-field LNC application launched in the UAE during Q2.

https://vimeo.com/742374710/bf8d870338

The business model to accelerate application capacity is to utilize existing agricultural and landscaping solutions and foster partnerships with equipment manufacturers across the relevant sectors. Desert Control will dedicate resources to core business activities such as developing formulation (recipes turned into algorithms), methodologies, and protocols for optimal context-based application of LNC independently of the physical equipment.

Exposure and accolades

- AGBI - Arabian Gulf Business Insight ranks Desert Control among the most sustainable businesses.
- Desert Control interview with Becky Anderson on CNN. https://lnkd.in/diENT8Nd

Desert Control Academy

The Desert Control Academy continued to evolve with more operational training programs and engaging sessions during the first half. The Academy will be a vibrant source for nurturing a uniting culture and is an essential component to support our exponential growth strategy. Starting with onboarding programs and HSE training, Desert Control Academy will evolve to cover all aspects of people development programs as an integral part of our growth culture.

Driving the transition from start-up to scale-up

The difference between a start-up and a scale-up is to have figured it out. Start-ups are still experimenting and pursuing the discovery of their sweet spot. Scale-ups have perfected their sweet spot and attained clarity to focus entirely on scaling up what they are already doing. Discovering and perfecting that sweet spot usually takes about a year of real commercial experience for most start-ups, and it requires solid and proactive leadership.

Scaling a start-up requires a constant sense of urgency, immediate action on observations and feedback, attention to detail, fearless creativity, and a relentless dedication to core values. Executive leaders must be accessible, on the front lines, curious, and open to feedback. Leaders must role-model the entrepreneurial attitude expected from team members and ensure everyone is committed to the company's unique culture.

Outlook H2 2022

The priorities for 2022 remain focused on commercialization in the UAE, validation in the U.S., and building the foundation to drive the transition from start-up to scale-up.

1.Commercialize in the UAE

- Strengthen Mawarid Desert Control with operational readiness and maturity initiatives to drive commercialization in the UAE.
- Develop and launch sales training programs to rapidly get the Mawarid Desert Control salesforce up to speed as new people onboard in H2.
- Convert pipeline and opportunities to commercial deals and deliveries.
- The company anticipates that commercial deals in the UAE will continue being represented by smaller-scale projects in the second half as the pipeline grows and Mawarid Desert Control matures to take on increasingly larger projects throughout the year.

2.Validate in the U.S.

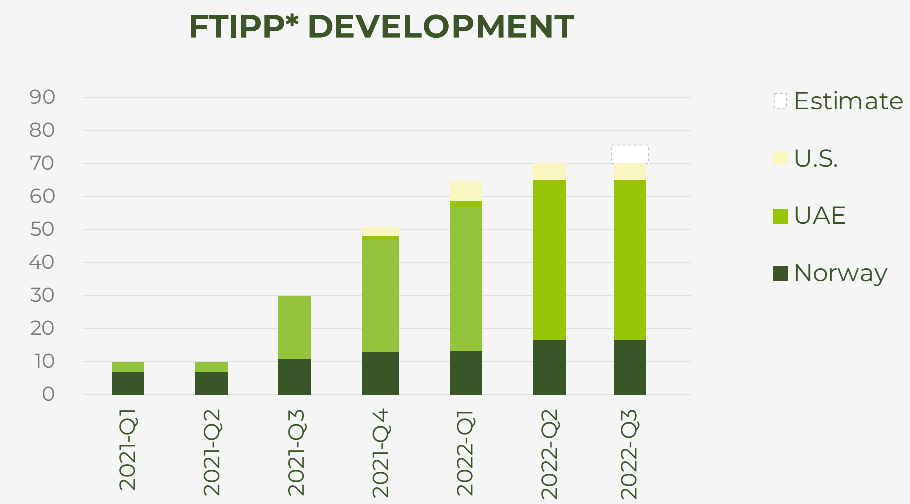
- Engage with commercial farmers and prepare for preliminary commercial projects.
- Secure progress towards the first potential client. The company anticipates the first commercial pre-project in the third quarter, significantly ahead of the initial business plan.
- Execute stage two of the validation study with the University of Arizona.
- Commission the added capacity (2 units – half cluster), including onboarding of staff.
- Continue building the team and align growth plans with market demand.
- Prepare for accelerated H2 ramp-up of the U.S. operations based on Q3 traction.

Strategic priorities

- Commercialize in the UAE
- Validate in the U.S.
- Build the team and ensure an effective organization to transition from start-up to scale-up

3.Build the foundation

- Onboard and empower new Executives and Business Developers.
- Launch “The Desert Control Way” organizational scale-up model to align people and technology with efficient processes.
- Expand the Desert Control Academy curriculum with sales training programs.
- Start building the foundation for digital subscription services.



*Full Time Intelligent Passionate People

About

Desert Control specializes in climate-smart Ag-Tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil's ability to preserve water and increase yields for agriculture, forests, and green landscapes.

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.

Desert Control's vision is making earth green again.

https://www.desertcontrol.com

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Cautionary Note

Disclaimer related to forward-looking statements

This release contains forward-looking information and statements relating to the business, performance, and items that may be interpreted to impact the results of Desert Control and/or the industry and markets in which Desert Control operates.

Forward-looking statements are statements that are not historical facts and may be identified by words such as “aims”, “anticipates”, “believes”, “estimates”, “expects”, “foresees”, “intends”, “plans”, “predicts”, “projects”, “targets”, and similar expressions. Such forward-looking statements are based on current expectations, estimates, and projections, reflect current views concerning future events, and are subject to risks, uncertainties, and assumptions, and may be subject to change without notice. Forward-looking statements are not guaranteeing any future performance, and risks, uncertainties, and other important factors could cause the actual business, performance, results, or the industry and markets in which Desert Control operates in, to differ materially from the statements expressed or implied in this release by such forward-looking statements.

No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecasted performance, capacities, or results will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statements.

Q2 2022 Report

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

Statement by the Management and Board of Directors

The Board of Directors and the CEO have considered and approved the Q2 2022 Report and Interim Financial Results for Desert Control AS (“Company”) and Desert Control Group (“Group”) for the first fiscal half ending on 30 June 2022. The interim consolidated financial statements are unaudited and have been prepared in accordance with IFRS as well as additional information requirements as per the Norwegian Accounting Act.

We confirm to the best of our knowledge that:

- The Q2 and 1H 2022 interim financial statements for the Company and the Group have been prepared in accordance with applicable accounting standards
- The information in the financial statements gives a true and fair view of the Company’s and the Group’s assets, liabilities, financial position, and results as of 30 June 2022
- The report for the Company and the Group gives a true and fair view of the Company’s and the Group’s development, performance, and financial position and includes a description of the principal risks and uncertainty factors facing the Company and the Group
- The Q2 and 1H 2022 Report has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a

Sandnes, 25.8.2022

Knut Nesse
Chair

Brage Wårheim Johansen
Board Member

Maryne Lemvik
Board Member

Geir Hjellvik
Board Member

Marit Røed Ødegaard
Board Member

Kristian P. Olesen
Board Member

Ole Kristian Sivertsen
Chief Executive Officer

Financial Statement Desert Control AS

Consolidated Statement of Comprehensive Income

		Quarters		First half		Full Year
(Amounts in NOK thousand)	Notes	Q2 2022	Q2 2021	2022	2021	2021
Revenue from sales	2.1	458	-	1 053	-	3 127
Other income		-	-	-	-	-
Total income		**458**	**-**	**1 053**	**-**	**3 127**
Cost of goods sold (COGS)		834	75	1 742	194	563
Gross margin		**-377**	**-75**	**-690**	**-194**	**2 564**
Salary and employee benefit expenses	2.3	13 821	29	30 163	4 580	14 993
Other operating expenses	2.4	6 091	3 260	12 251	7 822	18 662
Depreciation and amortisation	3.1,3.2	1 511	253	2 586	441	1 544
Impairment	3.1,3.2	-	-	-		658
Operating profit or loss		**-21 799**	**-3 618**	**-45 689**	**-13 036**	**-33 293**
Finance income		5 353	193	5 779	371	1 730
Finance costs		351	-	587	25	179
Profit or loss before tax		**-16 798**	**-3 425**	**-40 497**	**-12 689**	**-31 743**
Income tax expense		-	-	-		-
Profit or loss for the year		**-16 798**	**-3 425**	**-40 497**	**-12 689**	**-31 743**
Allocation of profit or loss:						
Profit/loss attributable to the parent		-16 798	-3 425	-40 497	-12 689	-31 743
Other comprehensive income:						
Items that subsequently may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		-	-			-72
Total items that may be reclassified to profit or loss		-	-			-72
Total other comprehensive income for the year		**-**	**-**			**-72**
Total comprehensive income for the year		**-16 798**	**-3 425**	**-40 497**	**-12 689**	**-31 815**
Allocation of total comprehensive income						
Total comprehensive income attributable to owners of the parent		-16 798	-3 425	-40 497	-12 689	-31 815
Earnings per share ("EPS"):						
Basic EPS - profit or loss attributable to equity holders of the parent	4.8	-0,41	-0,09	-0,99	-0,41	-0,88
Diluted EPS - profit or loss attributable to equity holders of the parent	4.8	-0,41	-0,09	-0,99	-0,41	-0,88

Consolidated Statement of Financial Position

(Amounts in NOK thousand)	Notes	30.06.2022	30.06.2021	31.12.2021
ASSETS				
Non-current assets				
Goodwill		6 504	6 413	6 504
Property, plant and equipment	3.1	21 462	1 799	10 525
Right-of-use assets	3.2	1 497	2 612	2 006
Deferred tax assets		-	-	-
Total non-current assets		**29 463**	**10 824**	**19 036**
Current assets				
Accounts receivable		564	-	544
Other receivables		8 131	10 383	5 597
Other current financial assets		40 850	90 000	77 347
Cash and cash equivalents	4.5	82 023	114 552	101 924
Total current assets		**131 658**	**214 934**	**185 412**
TOTAL ASSETS		**161 120**	**225 758**	**204 447**
EQUITY AND LIABILITIES				
Equity				
Share capital		123	122	122
Share premium		230 849	230 845	230 849
Currency translation differences		-3 571	26	-107
Retained earnings		-76 966	-17 683	-36 592
Total equity	-	**150 436**	**213 310**	**194 272**
Non-current liabilities				
Non-current lease liabilities	3.2	198	1 216	1 423
Total non-current liabilities		**198**	**1 216**	**1 423**
Current liabilities				
Current lease liabilities	3.2	1 195	1 369	528
Trade and other payables		4 617	1 339	2 523
Public duties payable		323	-558	1 023
Other current liabilities		4 352	9 082	1 497
Contract liabilities		-	-	3 181
Total current liabilities		**10 487**	**11 232**	**8 751**
Total liabilities		**10 685**	**12 448**	**10 175**
TOTAL EQUITY AND LIABILITIES		**161 120**	**225 758**	**204 447**

Sandnes, 25.8.2022

Knut Nesse
Chair

Brage Wårheim Johansen
Board Member

Maryne Lemvik
Board Member

Geir Hjellvik
Board Member

Marit Røed Ødegaard
Board Member

Kristian P. Olesen
Board Member

Ole Kristian Sivertsen
Chief Executive Officer

DESERT CONTROL

Consolidated Statement of Cash Flows

		Quarters		First half		Full Year
Cash flows from operating activities (NOK thousand)	**Notes**	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Profit or loss before tax		**-16 798**	**-3 425**	**-40 497**	**-12 689**	**-31 743**
Adjustments to reconcile profit before tax to net cash flows:						
Net financial income/expense		-5 001	-193	-5 192	-347	-1 550
Depreciation and amortisation	3.1	1 511	253	2 586	441	1 544
Impairment	3.2	-	-	-	-	658
Share-based payment expense		33	244	124	533	811
Working capital adjustments:						
Changes in accounts receivable and other receivables		78	-544	-2 553	-8 381	-4 139
Changes in trade payables, duties and social security payables		-4 774	-3 080	1 395	-472	2 292
Changes in other current liabilities and contract liabilities		1 496	-2 847	-326	6 984	2 579
Net cash flows from operating activities		**-23 455**	**-9 591**	**-44 464**	**-13 931**	**-29 547**
Cash flows from investing activities (NOK)						
Purchase of property, plant and equipment	3.1	-6 838	-504	-11 155	-414	-10 632
Purchase of financial instruments		24 521	-90 000	36 497	-90 000	-77 009
Proceeds from sale of property, plant and equipment	3.1	-	-	-	-	300
Interest received		-	-191	-	-	462
Net cash flow from investing activities		**17 683**	**-90 695**	**25 342**	**-90 414**	**-86 879**
Cash flow from financing activities (NOK)						
Proceeds from issuance of equity	4.4	-	200 000	1	200 000	200 000
Transaction costs on issue of shares	4.4		-10 093		-10 093	-10 093
Lease payments	3.2	-	-5	-727	-361	-1 098
Interest paid		-	12	-	-25	462
Net cash flows from financing activities		**-**	**189 914**	**-726**	**189 522**	**189 271**
Net increase/(decrease) in cash and cash equivalents		**-5 772**	**89 629**	**-19 848**	**85 178**	**72 845**
Cash and cash equivalents at beginning of the year/period	4.5	87 886	25 187	101 923	28 935	28 935
Net foreign exchange difference		-91	-264	-53	439	144
Cash and cash equivalents, end of period		**82 023**	**114 552**	**82 023**	**114 551**	**101 923**

Consolidated Statement of Changes in Equity

(Amounts in NOK thousand)	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
Balance at 1 January 2020	**68**	**43 537**	**-**	**-301**	**43 304**
Profit (loss) for the year		-4 209		-7 020	-11 229
Other comprehensive income			-35		-35
Issue of share capital (Note 4.5)	1	1 719			1 720
Transaction costs		-52			-52
Share based payments (Note 4.8)				1 608	1 608
Balance at 31 December 2020	**70**	**40 994**	**-35**	**-5 713**	**35 316**
Profit (loss) for the year				-31 743	-31 743
Other comprehensive income			-72	53	-19
Issue of share capital (Note 4.5)	53	199 948			200 000
Transaction costs		-10 093			-10 093
Share based payments (Note 4.8)				811	811
Balance at 31 December 2021	**122**	**230 849**	**-107**	**-36 592**	**194 272**
Profit (loss) for the year				-40 497	-40 497
Other comprehensive income			-3 464		-3 464
Issue of share capital (Note 4.5)	1				1
Transaction costs					
Share based payments (Note 4.8)				124	124
Balance at 30 June 2022	**123**	**230 849**	**-3 571**	**-76 966**	**150 436**

Notes to the Consolidated Financial Statements

1.1 GENERAL INFORMATION

Corporate information

The consolidated financial statements of Desert Control AS and its subsidiaries (collectively, “the Group” or “Desert Control”) for the second quarter and first half period ended 30 June 2022 were authorised for issue by a Board meeting held on 25 August 2022.

Desert Control AS is a private limited liability company incorporated and domiciled in Norway. It’s shares are traded at the unregulated market place Euronext Growth. The Group’s head office is located at Grenseveien 21, 4313 Sandnes, Norway.

Desert Control specializes in climate-smart Agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil’s ability to preserve water and increase yields for agriculture, forests, and green landscapes.

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 drive a negative spiral of increasing water consumption and decreasing yields for global food production. Feeding our planet’s growing 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, thirty million acres of fertile land (equal to Pennsylvania) perish to desertification annually, representing an annual loss of $490 billion to the global economy. Desert Control’s vision is to make our planet earth green again.

1.2 BASIS OF PREPARATION

The interim consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated interim financial statements have been prepared in accordance withInternational Accounting Standard 34, Interim Financial Reporting as adopted by the EU (IAS 34). The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statement. The condensed interim financial statements do not include all of the information and disclosures required by International Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the most recent annual financial statements. The annual financial statements were prepared in accordance with International Financial Reporting Standards and interpretations as issued by the International Standards Board and as adopted by the EU.

The interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. Further, the financial statements are prepared based on the going concern assumption. There have been no changes to significant accounting policies since the preparation of the annual financial statements for 2021. The condensed interim financial statements are unaudited.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows. The consolidated financial figures for Q2 2021 and the first half of 2021 are restated due to the first time adoption of IFRS.

Presentation currency and functional currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions.

1.3 SIGNIFICANT ACCOUNTING POLICIES

Desert Control AS has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Capitalisation of internal development costs

Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Other costs are classified as research and are expensed as incurred.

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone, such as regulatory approval.

1.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:

- Share based payments
- Measurement of deferred tax assets

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.1 REVENUE FROM CONTRACTS WITH CUSTOMER

ACCOUNTING POLICIES

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principle in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

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

	Quarters		First half		Full Year
By area of operation: (Amounts in NOK thousand)	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Liquid NaturalClay (LNC)	458	-	1 053	-	3 127
Total	**458**	**-**	**1 053**	**-**	**3 127**

	Quarters		First half		Full Year
By geographic market:	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Norway	-	-	331	-	223
USA	-	-		-	-
UAE	458	-	722	-	2 903
Total	**458**	**-**	**1 053**	**-**	**3 127**

2.3 SALARY AND EMPLOYEE BENEFIT EXPENSES

	Quarters		First half		Full Year
Employee benefit expenses (NOK thousand)	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Salaries	16 549	2 251	24 042	4 522	14 644
Government grant	-467	-953	-1 624	-953	-2 367
Social security costs	591	157	2 780	580	1 481
Pension costs	582	56	853	129	275
Other employee expenses	-3 434	-1 481	4 112	302	960
Total employee benefit expenses	**13 821**	**30**	**30 162**	**4 580**	**14 993**
Average number of full time employees (FTEs)	72,5	10,0	66,5	9,8	18,4

2.4 OPERATING EXPENSES

ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

	Quarters		First half		Full Year
Other operating expenses (NOK thousand)	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Audit and accounting fees	204	145	267	170	526
Consulting fees	955	328	1 677	503	336
Legal expenses	214	475	434	605	1 149
Travel expenses	1 188	297	2 211	311	1 832
Lease expenses	701	215	1 185	269	41
Research expenses	912	202	2 506	4 125	14 387
Government grant	-478	-34	-1 226	-34	-6 496
Other operating expenses	2 396	1 631	5 195	1 871	6 887
Total other operating expenses	**6 091**	**3 261**	**12 251**	**7 821**	**18 662**

3.1 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The abbreviation CGU means cash generating unit.

(NOK thousand)	Plant and machinery	Fixtures and fittings	Total
Cost as at 1 January 2021	**1 188**	**206**	**1 394**
Additions	9 779	553	10 332
Cost as at 31 December 2021	**10 967**	**759**	**11 726**
Additions	10 817	338	11 155
Disposals	-	-	-
Currency translation effects	1 805	-	1 805
Cost as at 30 June 2022	**23 589**	**1 097**	**24 686**
Depreciation and impairment as at 1 January 2021	**-**	**9**	**9**
Depreciation and impairment for the year	1 035	157	1 192
Depreciation and impairment as at 31 December 2021	**1 035**	**166**	**1 201**
Depreciation for the period	1 736	157	1 893
Impairment for the period	-	-	-
Disposals	-	-	-
Currency translation effects	130	-	130
Depreciation and impairment as at 30 June 2022	**2 901**	**323**	**3 224**
Net book value:			
At 30 June 2021	**1 059**	**740**	**1 799**
At 31 December 2021	**9 932**	**593**	**10 525**
At 30 June 2022	**20 688**	**774**	**21 462**
Economic life (years)	5	3	
Depreciation plan	Straight-line method	Straight-line method	

3.2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICIES

At inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

GROUP AS A LESSEE

At the commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

The Group's leased assets

The Group leases two warehouse properties.

The Group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

Right-of-use assets (NOK thousand)	**Warehouse**	**Total**
Acquisition cost at 1 January 2021	**-**	**-**
Additions of right-of-use assets	2 998	2 998
Currency translation effects	-	-
Acquisition cost at 31 December 2021	**2 998**	**2 998**
Depreciation and impairment at 1 January 2021	**-**	**-**
Depreciation of right-of-use assets	992	992
Depreciation and impairment at 31 December 2021	**992**	**992**
Depreciation of right-of-use assets	693	693
Currency translation effects	-184	-184
Depreciation and impairment at 30 June 2022	**1 501**	**1 501**
Carrying amount at 1 January 2021	**-**	**-**
Carrying amount at 31 December 2021	**2 006**	**2 006**
Carrying amount at 30 June 2022	**1 497**	**1 497**
Remaining lease term or remaining useful life	0-3 years	
Depreciation plan	Straight-line method	

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	**30.06.2022**	**30.06.2021**	**31.12.2021**
Less than one year	1 210	1 419	1 453
One to two years	199	1 229	532
Total undiscounted lease liabilities	**1 409**	**2 648**	**1 986**

Changes in the lease liabilities - 2022	**Total**
At 1 January 2022	**1 952**
New leases recognised during the period	
Cash payments for the lease liability	-727
Interest expense on lease liabilities	21
Currency translation effects	148
Total lease liabilities at 30 June 2022	**1 394**
Current lease liabilities in the statement of financial position	1 195
Non-current lease liabilities in the statement of financial position	198

4.4 EQUITY AND SHAREHOLDERS

ACCOUNTING POLICIES

Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

No distributions were made to shareholders in the current or prior period.

Issued capital and reserves:

Share capital in Desert Control AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position
At 1 January 2020	**22 681**	**3,00**	**68 043**
Share issue	497	3,00	1 491
At 31 December 2020	**23 178**	**3,00**	**69 534**
Share split 1:1 000	23 178 000	0,003	69 534
Share issue 22 February 2021	340 000	0,003	1 020
Share issue 9 April 2021	17 108 640	0,003	51 326
Share issue 6 August 2021	98 000	0,003	294
			-
At 31 December 2021	**40 724 640**	**0,003**	**122 174**
Share issue 10 March 2022	375 040	0,003	1 125
At 30 June 2022	**41 099 680**	**0,003**	**123 299**

All shares are ordinary and have the same voting rights and rights to dividends.
Reconciliation of the Group's equity is presented in the statement of changes in equity.

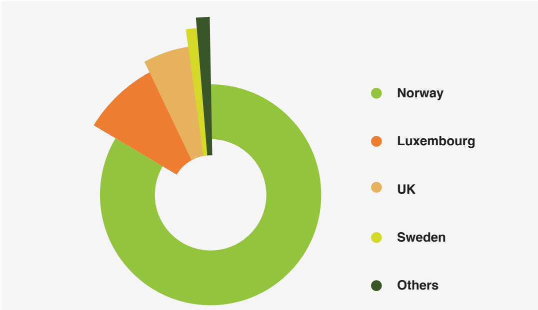
ISSUE PRICE AS OF
14 APRIL 2021: NOK 11.69

SHARE PRICE AS OF
30 June 2022: NOK 27

Notes to the consolidated financial statements

Origin of shareholders

No of shares	%	Origin	# shareholders
34 733 460	85	Norway	3 734
3 518 636	9	Luxembourg	6
1 972 141	5	UK	10
307 845	1	Sweden	13
567 597	1	Others	53
41 099 679	100	Total	3 816



The Group's shareholders:

Shareholders in Desert Control AS at 30.06.2022	Total shares	Ownership/ Voting rights
Olesen Consult HVAC AS	5 900 000	14,4 %
J.P. Morgan SE	1 761 720	4,3 %
Ole Morten Olesen	1 650 000	4,0 %
Nordnet Livsforsikring AS	1 572 768	3,8 %
Beyond Centauri AS	1 506 371	3,7 %
Lithinon AS	1 423 706	3,5 %
Nesse & Co AS	1 360 000	3,3 %
LIN AS	1 215 275	3,0 %
Monsunen Forvaltning AS	1 182 942	2,9 %
Atle Idland	1 135 843	2,8 %
DnB NOR Bank ASA	1 115 061	2,7 %
Jakob Hatteland Holding AS	1 000 000	2,4 %
The Northern Trust Comp, London Br	958 275	2,3 %
Clearstream Banking S.A.	950 214	2,3 %
Investore Finans AS	883 147	2,1 %
JPMorgan Chase Bank, N.A. London	880 081	2,1 %
OKS Consulting AS	800 000	1,9 %
Sortun Invest AS	627 715	1,5 %
Glomar AS	627 715	1,5 %
J.P. Morgan SE	573 550	1,4 %
Others	13 975 297	34,0 %
Total	**41 099 680**	**100%**

4.5 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Cash and cash equivalents (Amounts in NOK thousand)	**30.06.2022**	**30.06.2021**	**31.12.2021**
Bank deposits, unrestricted	81 246	114 351	101 303
Bank deposits, restricted	777	201	621
Total cash and cash equivalents	**82 023**	**114 552**	**101 924**

Bank deposits earns a low interest at floating rates based on the bank deposit rates. Other current financial assets consists of fixed income fund.

4.8 EARNINGS PER SHARE

ACCOUNTING POLICIES

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

	Quarters		**First half**		**Full Year**
(NOK)	**Q2 2022**	**Q2 2021**	**2022**	**2021**	**2021**
Profit or loss attributable to ordinary equity holders - for basic EPS	-16 798 092	-3 424 796	-40 497 306	-12 688 696	-31 742 812
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution	-16 798 092	-3 424 796	-40 497 306	-12 688 696	-31 742 812
Weighted average number of ordinary shares - for basic EPS	41 099 680	39 105 872	40 957 998	31 213 714	35 976 313
Weighted average number of ordinary shares adjusted for the effect of dilution	41 274 680	39 765 872	41 132 998	31 873 714	36 526 313
Basic EPS - profit or loss attributable to equity holders of the parent	**-0,41**	**-0,09**	**-0,99**	**-0,41**	**-0,88**
Diluted EPS - profit or loss attributable to equity holders of the parent	**-0,41**	**-0,09**	**-0,99**	**-0,41**	**-0,88**

Environmental, Social, and Governance (ESG)

Sustainability and impact on the Sustainable Development Goals (SDGs)

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). Improved water efficiency and increased crop yields contribute significantly to a positive impact on the United Nations Sustainable Development Goals (SDGs), including reducing hunger and competition for scarce resources and securing access to clean water. Arid regions using energy-intensive seawater desalination can further significantly reduce CO_2 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 CO_2 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 CO_2 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, home to 95% of all biological species on earth. Reclaiming and protecting soil is therefore critical to preserving and restoring biodiversity.

Mining clay and the production of LNC requires energy. Logistics and transportation of material, equipment, personnel, and manufacturing 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 impacts 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.

Vision and Mission

Why

Making earth green again to foster the prosperity of life

- We aim to reclaim 100 million hectares of degraded land and desert by 2030
- We strive to create sustainable social impact, immense water savings, global food security, and regeneration of ecosystems to sequester carbon and balance our climate
- We aim to establish a social impact initiative throughout the Sub Shahara region by 2025 to reduce poverty and hunger

WATER, FOOD, AND A STABLE CLIMATE IS THE PATHWAY TO PEACE AND PROSPERITY FOR PEOPLE AND PLANET.

How

We combat desertification, land degradation, and water scarcity by;

- Restoring and protecting vital topsoil;
- Reclaiming degraded land – turning sand into soil;
- Regenerating soil biodiversity and natural ecosystems;
- Reducing the consumption of water, fertilizers, and natural resources; for agriculture, forests, and green landscapes

DESERTIFICATION, LOSS OF FERTILE SOIL, AND GROWING WATER SCARCITY THREATEN ALL LIFE ON EARTH, FURTHER ACCELERATED BY CLIMATE CHANGE AND OVEREXPLOITATION OF NATURAL RESOURCES.

What

Desert Control specializes in climate-smart Agri-tech solutions to combat desertification, soil degradation, and water scarcity. Our patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil's ability to preserve water and increase yields for agriculture, forests, and green landscapes.

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%.

FROM SAND TO SOIL IN 7 HOURS.

Our Strategy

Desert Control's strategy is to build the foundation to bring our innovation to global markets with exponential scalability. The fundamental principles for executing our strategy are:

Think Big:

Everything we do connects to a bigger picture and our vision of making earth green again.

Start Small:

Even the longest journey starts with the first step. Focus is vital, and we do not spread our resources too thin. Our business plan starts with a 2 + 2 strategy focusing on two segments and two countries; agriculture and landscaping in the United Arab Emirates and the United States.

Act Fast:

Everything we do is with a sense of urgency. Once we reach our ambition, we level up quickly. With a good foundation for 2 + 2, we move on to 4 + 4, always accelerating with strong resolve.

Design to scale exponentially:

Everything we do must be scalable. The positive impact of our innovation must grow at an increasingly rapid rate in proportion to time. Climate change is a battle against time. With less than 60 years left before we run out of fertile topsoil, the only way to succeed is by solutions that can scale exponentially.

Keep it simple:

Keeping it simple is vital to achieving exponential scalability. In everything we do, we prepare for the future without "over-engineering" by the principle of simplicity. We constantly consider what happens if we multiply what we do today by thousands. By always preparing for the impact of growth, we design for efficiency at scale.

Our Core Values

Leadership
Inspirational pro-active execution

Growth-mindset
Curious and solution-oriented

Innovation
Challenge status-quo | create value

Integrity
Keep promises | grow strong relationships

Contribution
Desire to make everything better

Diversity
Inclusive | open-minded | respectful

Making Earth Green Again

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