

Q3

Report

2023



Contents

DESERT CONTROL THIRD QUARTER 2023 REPORT	4
Q3 2023 HIGHLIGHTS	5
FINANCIAL KEY FIGURES	6
COMPANY UPDATE	7
OUTLOOK	8
ABOUT	9
INQUIRIES	10
CAUTIONARY NOTE	11
STATEMENT BY THE MANAGEMENT AND BOARD OF DIRECTORS	12
FINANCIAL STATEMENT DESERT CONTROL AS	13
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG).....	25
OUR CORE VALUES.....	26

Desert Control concluded the third quarter with a strengthened financial position and continued consistent execution. The successful Q3 capital raise and the preceding strategic review secured more than NOK 100M in additional liquidity to support the company’s commercialization phase through the first half of 2025.



Desert Control Third Quarter 2023 Report

SANDNES, NORWAY, 22 NOVEMBER 2023 – DESERT CONTROL AS (DSRT) ANNOUNCES ITS THIRD QUARTER REPORT FOR THE FISCAL PERIOD ENDING 30 SEPTEMBER 2023.

Desert Control concluded the third quarter with a strengthened financial position and continued consistent execution. The successful Q3 capital raise and the preceding strategic review secured more than NOK 100M in additional liquidity to support the company's commercialization phase through the first half of 2025.



Q3 2023 Highlights

- Completed a capital raise of NOK 67.50 million, solidifying the company's financial runway through H1-2025.
- Secured five new pilot projects in the United States, maintaining consistent quarterly performance aligned with targets.
- Advanced the transition to a licensed operator model in the Middle East, enhancing operational efficiency and strengthening momentum in collaboration with partners.
- Prepared for deploying the first LNC production units to Saudi Arabia.

Webcast presentation for Desert Control Q3 2023 Report and Interim Financial Results is hosted on 22 November 2023 at 10:00 AM, Central European Time (CET). Register: go.desertcontrol.com/Q3-2023



Financial Key Figures

FINANCIAL HIGHLIGHTS THIRD QUARTER 2023

[third quarter 2022 in brackets]

- Revenue NOK 0,2 M [NOK 0,1 M]
- EBITDA NOK -17,9 M [NOK -21,6 M]
- Net Income NOK -19,3 M [NOK -14,7M]

FINANCIAL HIGHLIGHTS FIRST NINE MONTHS 2023

[first nine months 2022 in brackets]

- Revenue NOK 2,6 M [NOK 1,2 M]
- EBITDA NOK -60,8M [NOK -64,7M]
- Net Income NOK -56,8M [NOK -55,2M]

- Total cash balance 30.09.23 (bank deposits and funds) NOK 35,0 M* [NOK 100,4 M]
- Equity 30.09.2023 NOK 52,5 M (equity ratio 60,0%) [NOK 133,3 (94,2%)]



* The company received cash post-quarter totaling 91.9 million NOK, which included payments from the the Middle East agreements and the capital raise of October 13th. Additional 8 million NOK secured through repair issue closed on 17 November 2023.

The figures presented in this section include both continued and discontinued operations.

Company Update

SOLIDIFIED FINANCIAL POSITION AND CONTINUED CONSISTENT EXECUTION



Desert Control concluded the third quarter with a solidified financial position following a capital raise of NOK 67.50 million announced on 28 September 2023. The capital raise and the preceding strategic review secured more than NOK 100M in additional liquidity to fund the company’s commercialization phase through the first half of 2025.

The team has diligently executed the sales strategy and customer conversion model in the United States, securing five new pilot projects during Q3, marking three

consecutive quarters of on-target achievement. The pipeline is developing positively to maintain this performance, with the strategy pivoting towards the conversion of technical pilots to extended deployments in 2024.

The shift to a licensed operator model in the Middle East is making headway, enhancing operational efficiency and market responsiveness. The new Go-to-Market model drives increased commercial traction in the United Arab Emirates and Saudi Arabia,

and regulatory approvals obtained in the UAE have been instrumental in fostering new opportunities. The Middle East license partners share an optimistic outlook for sales growth in the upcoming quarters, and several promising opportunities are progressing.

Outlook

Moving forward, Desert Control's strategic focus in the United States shifts toward advancing technical pilots into subsequent developmental stages, evolving towards extended deployments. The company has an objective of converting approx. 50% of technical pilots (stage 1) to extended commercial pre-projects (stage 2), and to convert approx. 50% of stage 2 projects into larger-scale deployments (stage 3). Conversion of technical pilots secured this year is anticipated to commence in 2024. Around the end of the year, the company further anticipates concluding dialogues with Limoneira

Company, assessing the future scale and timing of LNC deployment for the Yuma ranch.

The transition to the licensed operator model in the Middle East is anticipated to be completed by the end of the year. The first LNC production units in Saudi Arabia are expected to be deployed in November, marking a significant milestone. Partner-driven opportunities in the UAE and Saudi markets are progressing toward the initial delivery stages, developing a solid base for accelerating market traction and LNC adoption in 2024.

With the financial foundation secured in Q3, Desert Control remains focused on accelerating commercialization, reinforcing its role as a pioneer in sustainable solutions for soil restoration and water conservation within the initial target markets of the Middle East and the United States. The company remains steadfast in its commitment to drive the adoption of its Liquid Natural Clay innovation by building trust, laying the groundwork for a sustainable and prosperous future.



About

Desert Control specializes in climate-smart AgTech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and enhances soil ecosystems to reduce water usage and improve the efficiency of fertilizers and natural resources for agriculture, forests, and green landscapes. LNC enables sandy and arid soil to retain water and nutrients, thus increasing crop yields, plant health, and ecosystem resilience while preserving water and natural resources by up to 50%.

Agriculture and food production consumes more than 70% of all available freshwater. Desertification and soil degradation further increase the pressure on water and natural resources in a negative spiral. Feeding the global population requires growing more food in the next 40 years than was produced over the last 500 years; this can only be achieved by improving resource efficiency and regenerating nature.

According to the United Nations, twelve million hectares of fertile land perish annually to desertification, representing an annual \$490 billion loss to the global economy. Desert Control's vision is making earth green again to foster the prosperity of life.

For more about Desert Control, visit <https://www.desertcontrol.com> 



Inquiries

FOR MORE INFORMATION, PLEASE CONTACT:

Ole Kristian Sivertsen

President and Group CEO

Email: oks@desertcontrol.com

Mobile (NOR): +47 957 77 777

Mobile (USA): +1 650 643 6136

Leonard Chaparian

Chief Financial Officer

Email: leonard.chaparian@desertcontrol.com

Mobile: +47 90 66 55 40



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.

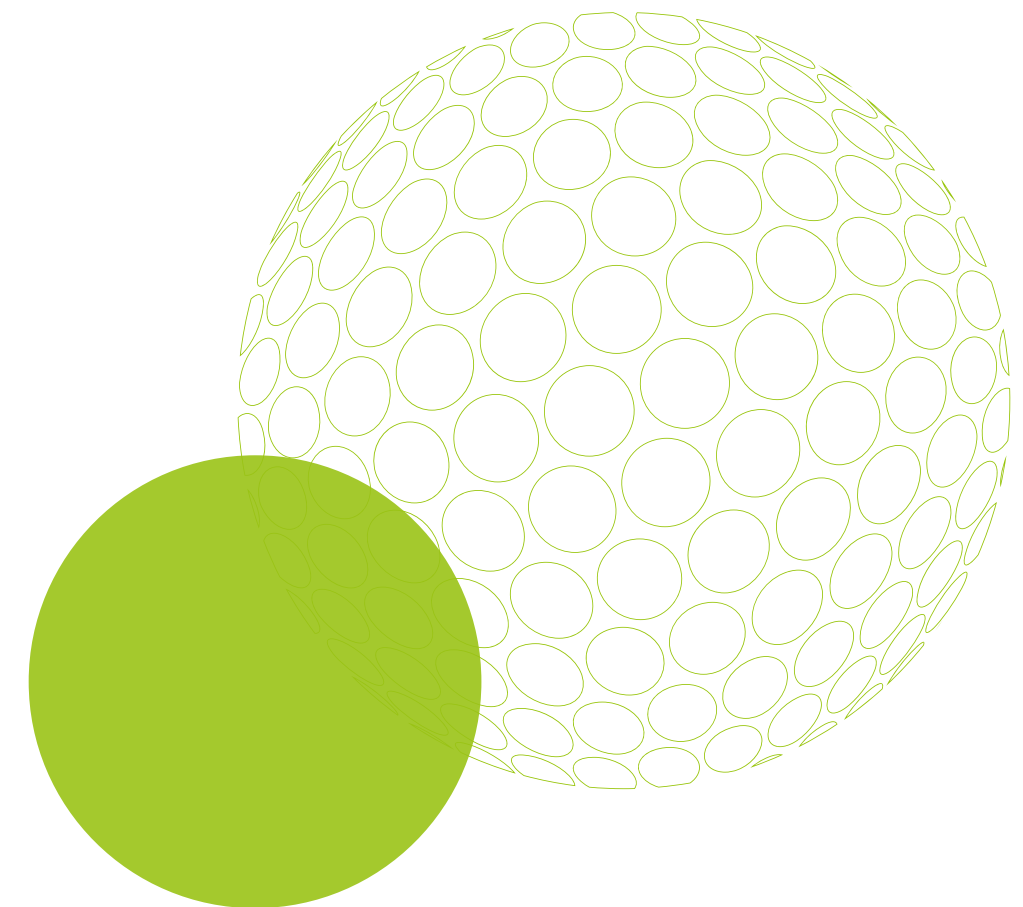
Forward-looking statements are statements that are not historical facts and may be identified by words such as “aims”, “anticipates”, “believes”, “estimates”, “expects”, “foresees”, “intends”, “plans”, “predicts”, “projects”, “targets”, and similar expressions. Such forward-looking statements are based 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.

Q3 2023 REPORT

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

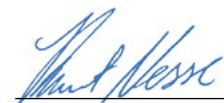


Statement by the Management and Board of Directors

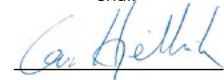
The Board of Directors and the CEO have considered and approved the Q3 2023 Report and Interim Financial Results for Desert Control Group ("Group") for the three months ending on 30 September 2023. The interim consolidated financial statements are unaudited and have been prepared in accordance with IFRS as well as additional information requirements as per the Norwegian Accounting Act.

We confirm to the best of our knowledge that:

- The Q3 2023 interim financial statements for 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 Group's assets, liabilities, financial position, and results as of 30 September 2023
- The report for the Group gives a true and fair view of the Group's development, performance, and financial position and includes a description of the principal risks and uncertainty factors facing the Group
- The Q3 2023 Report has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a



Knut Nesse
Chair



Geir Hjelvik
Board Member

Sandnes, 21.11.2023



James Thomas
Board Member



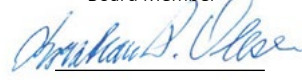
Marit Røed Ødegaard
Board Member



Ole Kristian Sivertsen
Chief Executive Officer



Maryne Lemvik
Board Member



Kristian P. Olesen
Board Member

Financial Statement Desert Control AS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATED STATEMENT OF CASH FLOWS	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	18
1.1 General information	18
1.2 Basis of preparation	18
2 Revenue from contracts with customer	19
3 Equity and shareholders.....	20
4 Cash and cash equivalents	22
5 Discontinued operations	23
6 Subsequent events	24

Consolidated Statement of Comprehensive Income

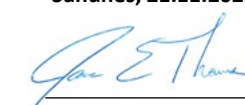
(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2023	Q3 2022	2023	2022	2022
Revenue from sales	2	0	-	845	331	1 328
Other income		13	-	538	-	-
Total income		14	-	1 383	331	1 328
Cost of goods sold (COGS)		0	10	63	279	1 049
Gross margin		13	- 10	1 320	52	279
Salary and employee benefit expenses		11 239	8 314	31 368	29 475	41 670
Other operating expenses		4 251	5 455	17 722	14 720	21 588
Depreciation and amortisation		965	558	2 962	1 191	1 807
Impairment		-	-	-	-	-
Operating profit or loss		-16 442	-14 337	-50 732	-45 334	-64 786
Finance income		935	8 635	10 760	14 415	15 873
Finance costs		1 241	26	1 267	592	9 940
Profit or loss before tax from continuing operations		-16 747	-5 728	-41 239	-31 511	-58 853
Income tax expense		- 23	-	- 11	-	3
Profit or loss for the year from continuing operations		-16 725	-5 728	-41 227	-31 511	-58 856
Discontinued operations						
Profit or loss after tax for the year from discontinued operations	5	-2 606	-8 998	-15 635	-23 712	-31 603
Profit or loss for the year		-19 331	-14 726	-56 863	-55 223	-90 459
Allocation of profit or loss:						
Profit/loss attributable to the parent		-19 331	-14 726	-56 863	-55 223	-90 459
Other comprehensive income:						
Items that subsequently may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		- 15	-1 107	31	-3 387	-43
Total items that may be reclassified to profit or loss		- 15	-1 107	31	-3 387	-43
Total other comprehensive income for the year		- 15	-1 107	31	-3 387	-43
Total comprehensive income for the year		-19 346	-15 833	-56 832	-58 610	-90 503
Allocation of total comprehensive income						
Total comprehensive income attributable to owners of the parent		-19 346	-15 833	-56 832	-58 610	-90 503

Consolidated Statement of Financial Position

(Amounts in NOK thousand, unaudited)	Notes	30.09.2023	30.09.2022	31.12.2022
ASSETS				
Non-current assets				
Goodwill	5	-	8 032	7 221
Property, plant and equipment	5	6 316	24 345	21 002
Right-of-use assets	5	526	1 240	1 635
Total non-current assets		6 842	33 616	29 857
Current assets				
Inventory		227	99	584
Accounts receivable		27 386	127	1 572
Other receivables		2 702	7 228	9 052
Other current financial assets		19 279	40 943	41 416
Cash and cash equivalents	4	15 732	59 453	36 791
Total current assets		65 325	107 850	89 415
Assets classified as held for sale	5	15 409	-	-
TOTAL ASSETS		87 577	141 466	119 272
EQUITY AND LIABILITIES				
Equity				
Share capital	3	127	123	123
Share premium		240 846	230 849	230 849
Currency translation differences		-1 305	-6 052	-1 336
Retained earnings		-187 154	-91 658	-122 636
Total equity		52 515	133 263	107 001
Non-current liabilities				
Non-current lease liabilities		578	-	425
Total non-current liabilities		578	-	425
Current liabilities				
Current lease liabilities		-	648	1 059
Trade and other payables		2 912	4 597	5 004
Public duties payable		804	- 209	944
Other current liabilities		30 768	3 167	4 839
Total current liabilities		34 484	8 203	11 846
Total liabilities		35 062	8 203	12 271
TOTAL EQUITY AND LIABILITIES		87 577	141 466	119 271


Sandnes, 21.11.2023


Knut Nesse
Chair

Geir Hjellvik
Board Member

James Thomas
Board Member

Marit Røed Ødegaard
Board Member

Ole Kristian Sivertsen
Chief Executive Officer

Maryne Lemvik
Board Member

Kristian P. Olesen
Board Member

Consolidated Statement of Cash Flows

(Amounts in NOK thousand, unaudited)

	Notes	Quarters		First nine months		Full Year
		Q3 2023	Q3 2022	2023	2022	2022
Cash flows from operating activities (NOK thousand)						
Profit or loss before tax for continued operations		-16 747	-5 728	-41 239	-31 511	-58 853
Profit or loss before tax for discontinued operations		-2 606	-8 998	-15 635	-23 712	-31 603
Adjustments to reconcile profit before tax to net cash flows:						
Net financial income/expense		316	-8 603	-9 067	-13 795	-5 886
Depreciation and amortisation		1 136	1 707	5 135	4 294	6 108
Impairment		-	-	-	-	-
Share-based payment expense		-1 130	33	2 811	157	4 283
Working capital adjustments:						
Changes in accounts receivable and other receivables		-25 663	1 241	-19 465	-1 313	-5 066
Changes in trade payables, duties and social security payables		- 268	- 552	-2 232	842	2 402
Changes in other current liabilities and contract liabilities		28 071	- 546	24 870	- 872	161
Net cash flows from operating activities		-16 891	-21 446	-54 822	-65 910	-88 455
Cash flows from investing activities (NOK)						
Purchase of property, plant and equipment		-	-2 643	- 346	-13 798	-13 969
Sale of financial instruments		4 700	247	22 138	36 744	36 744
Proceeds from sale of property, plant and equipment		- 9	890	1 225	890	890
Interest received		11	594	181	594	867
Net cash flow from investing activities		4 703	- 912	23 198	24 430	24 533
Cash flow from financing activities (NOK)						
Proceeds from issuance of equity		10 001		10 001	1	1
Transaction costs on issue of shares		-		-		
Lease payments		347	- 824	1 023	-1 551	-1 590
Interest paid		- 0	3	- 3	- 232	- 3
Net cash flows from financing activities		10 348	- 821	11 021	-1 782	-1 592
Net increase/(decrease) in cash and cash equivalents		-1 841	-23 179	-20 603	-43 261	-65 514
Cash and cash equivalents at beginning of the year/period		18 004	82 023	36 786	101 923	101 924
Net foreign exchange difference		- 432	608	- 451	790	380
Cash and cash equivalents, end of period		15 731	59 452	15 732	59 453	36 790

The cash flow for discontinued operations is presented along with continued operations.

Consolidated Statement of Changes in Equity

(Amounts in NOK thousand, unaudited)

	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
Balance at 31 December 2021	122	230 849	- 107	-36 592	194 272
Profit (loss) for the period				-55 223	-55 223
Other comprehensive income			- 5 945		-3 464
Issue of share capital	1	-			1
Transaction costs					-
Share based payments				157	157
Balance at 30 September 2022	123	230 849	-6 052	-91 568	133 262
Balance at 31 December 2022	123	230 849	-1 336	-122 636	107 001
Profit (loss) for the period				-56 832	-56 832
Other comprehensive income			31	-10 496	-10 465
Issue of share capital	4	9 997			10 001
Transaction costs					-
Share based payments				2 810	2 810
Balance at 30 September 2023	127	240 846	-1 305	-187 153	52 516

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 third quarter period ended 30 September 2023 were authorised for issue by a Board meeting held on 21 November 2023.

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.

1.2 BASIS OF PREPARATION

However, the following accounting principle related to discontinued operations was not described in the consolidated financial statements for 2022 and is thus described herein. In the event of a deconsolidation – if the disposal group being deconsolidated comprises a material business segment or operation, the profit or loss after taxes associated with the disposal group is reported separately as discontinued operations in the statement of income. The previous period’s income statements are restated accordingly. The profit after taxes from discontinued operations comprises the discontinued operation’s current earnings and the gain or loss from deconsolidation.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where the Group continues its operations but loses control over the operation. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, management must be committed to the plan, and must be expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.

2 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. Revenue from sale of LNC is recognised when a customer obtains control of LNC, which normally is when LNC is applied at point of delivery, based on the contractual terms of the agreements. Each sale represents a single performance obligation.

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

	Quarters		First nine months		Full Year
By area of operation: (Amounts in NOK thousand)	Q3 2023	Q3 2022	2023	2022	2022
Liquid NaturalClay (LNC)	0	129	893	1 182	2 223
Total	0	129	893	1 182	2 223

	Quarters		First nine months		Full year
By geographic market:	Q3 2023	Q3 2022	2023	2022	2022
Norway	-	-	-	331	228
USA	0	-	845		1 100
UAE	0	129	48	851	895
Total	0	129	893	1 182	2 223

3 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 2022	40 724 640	3	122 174
Share issue 10 March 2022	375 040	0,003	1 125
At 30 September 2022	41 099 680	0,003	1 125
At 31 December 2022	41 099 680	0,003	1 125
Share issue 10 March 2023	227 109	0,003	681
Share issue 31 July 2023	1 000 000	0,003	3 000
At 30 September 2023	42 326 789	0,003	4 806

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.

THE GROUP'S SHAREHOLDERS:

Shareholders in Desert Control AS at 30.09.2023

	Total shares	Ownership/ Voting rights
OLESEN CONSULT HVAC AS	5 900 000	13,9 %
J.P. Morgan SE	2 516 761	5,9 %
NORDNET LIVSFORSIKRING AS	2 123 393	5,0 %
OLESEN	1 635 800	3,9 %
LITHINON AS	1 423 706	3,4 %
NESSE & CO AS	1 360 000	3,2 %
BNP Paribas	1 312 765	3,1 %
LIN AS	1 215 275	2,9 %
CLEARSTREAM BANKING S.A.	1 135 217	2,7 %
Citibank	1 115 465	2,6 %
IDLAND	1 101 506	2,6 %
DNB BANK ASA	1 081 005	2,6 %
JAKOB HATTELAND HOLDING AS	1 000 000	2,4 %
The Northern Trust Comp	958 275	2,3 %
OKS CONSULTING AS	930 000	2,2 %
SORTUN INVEST AS	727 715	1,7 %
BEYOND CENTAURI AS	720 998	1,7 %
GLOMAR AS	627 715	1,5 %
INVESTORE FINANS AS	499 028	1,2 %
SUNDEVOLDEN HOLDING AS	330 000	0,8 %
Others	14 612 165	34,5 %
Total	42 326 789	100,0 %

Origin of shareholders

No of shares	%	Origin	# shareholders
33 579 246	79%	Norge	3 770
3 749 636	9%	Luxembourg	7
1 176 937	3%	Storbritannia	9
1 311 892	3%	Frankrike	5
693 673	2%	Others	38
696 264	2%	Sverige	16
1 119 141	3%	Irland	9
42 326 789	100%	Grand Total	3 854



ISSUE PRICE AS OF
14 April 2021:
NOK 11,69

SHARE PRICE AS OF
30 September 2023:
NOK 7,02

4 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. 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	30.09.2023	31.12.2022	30.09.2022
Bank deposits, unrestricted	14 770	35 617	101 303
Bank deposits, restricted	961	1 174	621
Total cash and cash equivalents	15 732	36 791	101 924

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

5 DISCONTINUED OPERATIONS

MIDDLE EAST OPERATIONS

In June 2023, an agreement was executed by the company with Mawarid Holding Investment LLC (MHI) for the sale of the production entity in the United Arab Emirates and the corresponding shares in the Joint Venture, Mawarid Desert Control, along with the LNC production assets. This agreement conferred upon MHI the status of exclusive licensed operator for the UAE, with the intention to broaden its reach across the Middle East.

In the following month, an agreement was concluded with Holistic Earth Advanced Regeneration Technologies SA (H-EART), which resulted in H-EART acquiring of a single LNC Production cluster, consisting of four units, and granted H-EART SA the license to operate in the Kingdom of Saudi Arabia.

These agreements have precipitated the phasing out of the company's operations in the Middle East. Desert Control Middle East LLC has initiated the liquidation process accordingly.

Assets involved in these transactions are now classified as 'held for sale'. The company's operations in the Middle East are regarded as discontinued operations, and the corresponding net results are presented as a single line item in the Consolidated Statement of Comprehensive Income from Q3 2023 onwards. For comparative clarity, prior period figures have been restated in concurrence with this reclassification.

Net result for discontinued operations as of 30 September 2023*

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2023	Q3 2022	2023	2022	2022
Revenue from sales		0	-	48	851	895
Other income	2	234	-	1 157	-	1 995
Total income from discontinued operations		235	-	1 206	851	2 890
Cost of goods sold (COGS)		76	10	302	2 079	1 459
Gross margin from discontinued operations		158	-10	903	-1 229	1 431
Salary and employee benefit expenses		1 822	8 314	9 052	14 630	20 417
Other operating expenses		760	6 640	4 888	4 724	8 271
Depreciation and amortisation		171	558	2 172	3 103	4 301
Impairment		-	-	-	-	-
Operating profit or loss from discontinued operations		-2 595	-15 522	-15 209	-23 685	-31 558
Finance income		-	8 635	-	-	-
Finance costs		11	26	426	28	46
Profit or loss before tax from discontinued operations		-2 606	-6 912	-15 635	-23 712	-31 604
Income tax expense		-	-	-	-	-
Profit or loss for the year from discontinued operations		-2 606	-6 912	-15 635	-23 712	-31 604

The classes of assets classified as held for sale at 30 September 2023 are as follows:

ASSETS	Q3 2023
Goodwill	7 878
Property, plant and equipment	7 366
Right-of-use assets	166
Assets held for sale	15 409

* Within this quarter, no revenue was recognized from these agreements due to some closing conditions outstanding as of September 30. However, by Q4, these conditions have been met, with the company having delivered equipment and received all payments

6 SUBSEQUENT EVENTS

Subsequent to the third quarter's end, the company executed a private placement on the 13th of October, resulting in a capital increase of 67.5 million NOK. Additionally 8 million NOK was secured through repair issue closed on 17 November 2023. These financial events also led to material changes in the company's ownership structure, which are not reflected in the Q3 report.

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 CO2 and greenhouse gas (GHG) emissions.

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

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

Non-intrusive soil treatment is further gentle to fragile soil ecosystems, 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.



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

GROUP HQ – NORWAY

Desert Control AS
Grenseveien 21 (FOMO Works)
4313 Sandnes, Norway

ABU DHABI

Desert Control Middle East LLC
Abu Dhabi Business Hub
Unit No. B2-25 and B2-26, ICAD1
P.O.BOX 114043 Abu Dhabi, UAE

PALO ALTO

Desert Control Americas Inc
470 Ramona Street
Palo Alto, CA 94301, USA

PHOENIX / MARICOPA

Desert Control Americas Inc
37860 W Smith Enke Rd
Maricopa, AZ 85138, USA

YUMA

Desert Control Americas Inc
1219 E 21st St
Yuma, AZ 85365, USA