

Desert Control releases its Q2 2022 Report and Interim Financial Results

Sandnes, Norway, 26 August 2022

Desert Control today published Q2 2022 Report and Interim Financial Results.

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.

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.

Promising progress in the United States:

- The LNC validation study with the University of Arizona shows positive interim results.
- 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.
- Operational headquarter 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.
- 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).
- Hired a business development team to accelerate go-to-market initiatives.
- Successfully deployed prototype to accelerate large-scale open-field LNC application.

- 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.

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 -16.8M [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 (bank deposits and funds) NOK 122.9M [NOK 204.5M]

Equity 30.06.22 NOK 150.4M (equity ratio 92.4%) [NOK 213.3 (94.5%)]

About Desert Control

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.

Inquiries

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