

Desert Control AS



# MAKING EARTH GREEN AGAIN

to foster the prosperity of life



Cultivate and green 100 Million Hectares of degraded land and desert by 2030



Contribute to sustainable social impact, immense water savings and balanced climate with carbon sequestering



Establish a social impact initiative throughout Sub Sahara by 2025 to reduce poverty and hunger

# The current balance sheet





### About Desert Control

#### A NATURE-BASED SOLUTION FROM SAND TO SOIL IN 7 HOURS

#### FOCUS

Desert Control specializes in climatesmart agriculture technology to combat desertification, soil degradation, and water scarcity



12 million hectares of fertile land perish to desertification and droughts annually



Less than 60 years left for global agriculture if soil degradation continue at current pace



1.8 Billion people will suffer absolute water scarcity by 2025

#### **SOLUTION**

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







## A problem worth solving



#### DESERT CONTROL'S PATENTED LNC PROCESS



Less than 15% of water retained in the soil for plants to use Natural materials and clay is turned into a liquid nearly as thin as water

H<sub>2</sub>O Liquid Natural Clay "LNC"

The liquid is applied onto the surface, and percolates down to form a soil structure that retains water like a sponge



## The value of restoring land and soil





# Agenda / Q1 2022

Q1 2022 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



# Q1 Highlights



#### COMMERCIALIZE IN THE UAE

- Incorporated Mawarid
   Desert Control
- Improved application capabilities
- Achieved further positive pilot results

#### VALIDATE IN THE UNITED STATES

- Hired CEO for Desert Control Americas
- First LNC deployment on U.S. soil
- Building additional capacity

#### BUILD THE FOUNDATION

- Strengthened executive leadership
- Launched business
   development team
- Established Desert Control Academy



#### MAWARID DESERT CONTROL LLC

- Awarded business license on 29 March 2022
- Operational readiness activities commenced from 9 May 2022
- Will operate as an independent company

#### **NEXT STEPS**

- Hire sales team and operational staff
- Finalizing administrative matters
- Prepare for commercial activity to commence from the end of Q2



#### **DESERT CONTROL MIDDLE EAST LLC**

- Strengthened leadership
- Completed hires for the operational team
- Conducted training and field readiness initiatives



#### FIELD INITIATIVES TO INCREASE LNC APPLICATION CAPACITY AND CAPABILITIES





#### **ACHIEVED FURTHER POSITIVE PILOT RESULTS**

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







Hired CEO for Desert Control Americas



 Accelerating US ramp up





Developed a new prototype LNC production unit for pilot projects in the U.S.



Building additional capacity

•







• First deployment of LNC on American soil

- Grew from 51 to 65 full-time intelligent and passionate team members (FTIPPs).
- Attracted new talent to accelerate commercialization and go-to-market activities
- Strengthened the executive leadership team



#### FTIPP\* development

(\* Full Time Intelligent Passionate People)

# Introducing the new executive leadership team



Ole Kristian Sivertsen President and Group CEO



Bernt Arne Breistein Chief Strategy Officer



Chief Financial Officer



**Tor M Karlsen** Chief Technology Officer



Nancy Carda
Head of Group Marketing and Communications



 Wichael Davidson

Desert Control Americas



Chief Commercial Officer



**Ordin Husa** Chief Operations Officer



Hege Kverneland Technology Strategy Officer

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# Financial key figures

#### FINANCIAL HIGHLIGHTS FIRST QUARTER 2022

[first quarter 2021 in brackets]

- Revenue NOK 0.6M [NOK 0.0M]
- EBITDA NOK -22.8M
   [NOK -9.2M]
- Net Income NOK -23.7M [NOK -9.3M]

- Gross R&D expenses NOK 1.6M [NOK 3.9M]
- Innovation Norway / Skattefunn grants NOK 1.9M [NOK 0.0M]
- Net proceeds from capital injection NOK 0.0 [NOK 190M]



- Total cash balance 31.03.22 (bank deposits and funds) NOK 153.3M [NOK 25.2M]
- Equity 31.03.22 NOK 170.6M (equity ratio 92.5%) [NOK 28.0 (63.2%)]

## Consolidated statement of comprehensive income

(Amounts in NOK thousand)	Notes	Q1 2022	Q1 2021	Full 2021
Revenue from sales	2.1	595	_	3 127
Other income		:=:	-	
Total income		595		3 127
Cost of goods sold (COGS)		908	118	563
Gross margin		-313	-118	2 564
Salary and employee benefit expenses	2.3	16 341	4 550	14 993
Other operating expenses	2.4	6 160	4 561	18 662
Depreciation and amortisation	3.1,3.2	1 075	188	1 544
Impairment	3.1,3.2	-	-	658
Operating profit or loss		-23 889	-9 418	-33 293
Finance income		427	191	1 730
Finance costs		236	37	179
Profit or loss before tax		-23 699	-9 264	-31 743
Income tax expense		121	-	12
Profit or loss for the year		-23 699	-9 264	-31 743

## **Consolidated statement of financial position**

(Amounts in NOK thousand)	Notes	31.03.2022	31.03.2021	31.12.2021
ASSETS				
Non-current assets				
Goodwill		6 504	6 3 4 5	6 5 0 4
Property, plant and equipment	3.1	14 132	1 475	10 525
Right-of-use assets	3.2	1 672	1 262	2 006
Deferred tax assets		-	-	-
Total non-current assets		22 308	9 082	19 036
Current assets				
Accounts receivable		103	<u>~</u>	544
Other receivables		8 670	9 839	5 597
Other current financial assets		65 371		77 347
Cash and cash equivalents	4.5	87 886	25 187	101 924
Total current assets		162 110	35 027	185 412
TOTAL ASSETS		184 418	44 109	204 447
EQUITY AND LIABILITIES				
Equity				
Share capital		123	71	122
Share premium		230 849	42 603	230 849
Currency translation differences		-71	-217	-107
Retained earnings		-60 289	-14 490	-36 592
Total equity	-	170 612	27 967	194 272

# **Consolidated statement of financial position (continue)**

(Amounts in NOK thousand)	Notes	31.03.2022	31.03.2021	31.12.2021
EQUITY AND LIABILITIES				
Equity				
Share capital		123	71	122
Share premium		230 849	42 603	230 849
Currency translation differences		-71	-217	-107
Retained earnings		-60 289	-14 490	-36 592
Total equity	•	170 612	27 967	194 272
Non-current liabilities				
Non-current lease liabilities	3.2	175	353	1 423
Total non-current liabilities		175	353	1 423
Current liabilities				
Current lease liabilities	3.2	1 060	690	528
Trade and other payables		3 551	2 756	2 523
Public duties payable		6 163	-282	1 023
Other current liabilities		1 911	12 626	1 497
Contract liabilities		945	-	3 181
Total current liabilities		13 631	15 790	8 751
Total liabilities		13 806	16 142	10 175
TOTAL EQUITY AND LIABILITIES		184 418	44 109	204 447

### **Consolidated statement of cash flows**

Cash flows from operating activities (NOK thousand) Notes		Q1 2022	Q1 2021	Full 2021
Profit or loss before tax		-23 699	-9 264	-31 743
Adjustments to reconcile profit before tax to net cash flows:				
Net financial income/expense		-191	-154	-1 550
Depreciation and amortisation	3.1	1 075	188	1544
Impairment	3.2	-	-	658
Share-based payment expense		90	289	811
Working capital adjustments:		2 624	7 0 0 7	4.120
Changes in accounts receivable and other receivables		-2 631	-/ 83/	-4 139
Changes in trade payables, duties and social security payables		6 168	2 608	2 292
Changes in other current liabilities and contract liabilities		-1 821	9 831	2 579
Net cash flows from operating activities		-21 007	-4 339	-29 547

## **Consolidated statement of cash flows (continue)**

Cash flows from investing activities (NOK)	Notes	Q1 2022	Q1 2021	Full 2021
Purchase of property, plant and equipment	3.1	-4 317	90	-10 632
Purchase of financial instruments		11 976	-	-77 009
Proceeds from sale of property, plant and equipment	3.1	-	1997 - 1997 -	300
Interest received		427	191	462
Net cash flow from investing activities		8 0 8 6	281	-86 879
Cash flow from financing activities (NOK) Proceeds from issuance of equity	4.4	1		200 000
Proceeds from issuance of equity	4.4	1		200 000
Transaction costs on issue of shares	4.4			-10 093
Lease payments	3.2	-727	-355	-1 098
Interest paid		-236	-37	462
Net cash flows from financing activities		-961	-392	189 271

### The DSRT share



#### **Origin of shareholders**

No of shares	%	Origin	# shareholders
34216734	83,25	Norway	3460
3878686	9,44	Luxembourg	5
2134341	5,19	UK	12
327605	0,80	Sweden	13
542313	1,32	Others	45
41099679	100,00	Total	3535

#### The Group's shareholders:

Total shares	Ownership/ Voting rights
5 900 000	14.3%
1 761 720	4.3%
1 650 000	4.0%
1 550 672	3.8%
1 543 371	3.8%
1 423 706	3.5%
1 360 000	3.3%
1 254 715	3.1%
1 215 275	3.0%
1 198 967	2.9%
1 135 843	2.8%
1 000 000	2.4%
958 275	2.3%
943 377	2.3%
905 648	2.2%
883 147	2.1%
800 000	1.9%
627 715	1.5%
627 715	1.5%
587 768	1.4%
13 771 766	33.5%
41 099 680	100%
	Total shares           5 900 000           1 761 720           1 650 000           1 550 672           1 550 672           1 550 672           1 543 371           1 423 706           1 360 000           1 254 715           1 215 275           1 198 967           1 135 843           1 000 000           958 275           943 377           905 648           883 147           800 000           627 715           587 768           13 771 766           41 099 680

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### Outlook

#### COMMERCIALIZE IN THE UAE

- Support getting Mawarid Desert Control operational
- Transfer commercial opportunities / pilots
- Targeting commercial activity from end Q2

#### VALIDATE IN THE UNITED STATES

- Build the team
- Establish operational headquarter in Arizona
- Continue validation initiative, launch pilots, prepare to accelerate U.S. activities in H2

#### BUILD THE FOUNDATION

- Onboard executive leadership and business development team
- Ensure readiness to scale on demand
- Focus R&D efforts on the scale-up strategy

### From start-up to scale-up

#### DRIVING THE TRANSITION FROM START-UP TO SCALE-UP





## **Cautionary note**

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### Thank you for your attention!



# Transformation in the making







### Appendix Desert control company presentation

### Vision and mission



How

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.

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.



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.

# Population growth driving increased demand for food and water



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



**United Nations** Convention to Combat Desertification

Source: Our World Data; Food and Health Organization; Water 2030 Global Water Supply and Demand model; agricultural production based on IFPRI IMPACT-WATER base case

### United nations has declared desertification and land degradation the greatest environmental challenge of our time

#### 110

Countries exposed to desertification and land degradation

#### **1.3Bn** People trapped on

People trapped on degrading agricultural land

### 12m

hectares productive land becomes barren every year

20% Of Earths drylands degraded

#### **52%**

Of agricultural land affected by soil degradation

#### <60 years

Farming left at current degradation rate

### \$490Bn annual cost world-wide

36

#### **Beyond traditional deserts.**







### Freshwater used for agriculture.

#### SHARE OF FRESHWATER WITHDRAWLS BY SECTOR (%)v



- The shortfall between demand and supply of water is estimated to be 40% by 2030
- Approx. 1/3 of the population will live in areas where the deficit is >50%
- The agriculture industry represents the single largest consumer of water in the world, accounting for ~70% of water withdrawals
  - Water challenges are therefor closely tied to food provisions and trade

#### LNC treatment

- 1. UNIQUE FORMULATION PROCESS Clay is processed into a liquid compound
- 2. SPRAY ON Applied directly to sand or arid soil
- 3. EFFECT

Forms a soil structure that retains water like a sponge

- 4. RESULT
  - 20-50% water and fertilizer savings
  - Increased crop yields and carbon uptake



LIQUID NATURAL CLAY («LNC»)

#### PREMISE

Clay-rich soil retains water effectively and has high resilience to droughts



Working clay into the soil, however, is challenging



Up to 100 kg of clay needed per  $m^2$ 

#### DESERT CONTROL'S PATENTED LNC PROCESS

Natural clay is turned into a liquid nearly as thin as water



Liquid is applied onto the surface, and percolates down to form a soil structure that retains water like a sponge



#### **KNOWLEDGE BASED STRATEGY**

- Each clay type has unique properties
- Different soils require custom liquid compositions
- Plants have different preferences

#### LNC is made scalable:

- Automation
- Data Analytics
- Formulation
- AI & Machine Learning



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### Unique product offering with no direct competitor

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

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

INTRUSIVE (mechanical/manual intervention)



Solid form soil amendment



NON-INTRUSIVE

Liquid soil amendment

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



### Proven, validated and patented





 EGYPT - BEFORE AND AFTER APPLICATION OF LNC

• UAE, AL AIN AFTER APPLICATION OF LNC

#### MULTI-YEAR FIELD TRIALS



### The results – UAE desert example

#### ✓ Less than 1kg of clay per m<sup>2</sup>

- ✓ Water and fertilizer savings (20-50%)
- ✓ Increased crop yields (17-62%)
- ✓ Improved soil, biodiversity, and carbon uptake



# LNC identified as a potential impact solution by the united nations

THE GREATEST CHALLENGE OF OUR TIME: THE GREAT GREEN WALL



# LNC / potential and impact potential.

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



Stopping deforestation, restoring forests and improving forestry practices could cost-effectively remove 7 billion metric tons of carbon dioxide annually – equivalent to eliminating 1.5 billion cars, more than all of the cars in the world today

#### ADDRESSING KEY UN SUSTAINABLE DEVELOPMENT GOALS



# Recognized as "one to watch" in various climate-tech competitions

#### AS WELL AS STRONG INTEREST FROM MEDIA



#### >70 EDITORIAL COVERAGE IMPRESSIONS OVER LAST 2 YEAR



### **ESG and impact**

#### IMPACT ON EXTERNAL ENVIRONMENT AND SUSTAINABILITY

Liquid Natural Clay (LNC) can reduce water consumption for agriculture, forests, and green landscapes by up to 50%. The amount of water required to produce LNC is recovered within 2-3 weeks (offset by irrigation water savings). Increased crop yields with improved water efficiency contribute significantly to the United Nations Sustainable Development Goals (SDGs), including reducing hunger and securing access to clean water. Arid regions using energy-intensive desalination of seawater can further significantly reduce CO2 and greenhouse gas (GHG) emissions.

LNC enables sandy soil and desert land to retain water and nutrients. Reduction of water consumption further allows for reducing fertilizer usage. Reduced leaching of fertilizers and pesticides through the soil can

further minimize the risk of chemical run-off reaching through to natural water systems and oceans. Stopping fertilizer and pesticide leaching can further improve life below the water by reducing ocean acidification and eutrophication.

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

safeguarding the carbon storage of soil ecosystems and fostering increased carbon sequestration.

Non-intrusive soil treatment is further gentle to fragile soil-ecosystems, which is the home of 95% of all biological species on earth. Reclaiming and protecting soil is therefore critical to preserve and restore essential biodiversity.

Mining clay and the production of LNC requires energy. Logistics and transportation of material, equipment, and personnel, and manufacturing of equipment also require energy. Desert Control strives to reduce energy consumption in all stages of the process and facilitate the use of renewable energy sources wherever available. These negative impact factors are, by far, surpassed by the

sum of positive impact from stopping and reversing desertification and soil degradation, reducing water consumption, and other environmental benefits.

LNC has no adverse impact on any of the 17 United Nations Sustainable Development Goals (SDGs). Further, LNC has a significant direct positive impact on 9 of the SDGs.

Powered by operational data, an updated ESG and impact reporting framework will be under development during Q4 to align with ESG reporting standards for investors and stakeholders.

### About Desert Control

Desert Control is a company specialized in climate-smart agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay restores and protects soil, reducing water usage for agriculture, forests, and green landscapes.

Desert Control AS is a private limited liability company incorporated under the laws of Norway. The Group has active subsidiaries in Abu Dhabi and Dubai, the United Arab Emirates.



### **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



### **Our strategy**

#### **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.



#### Customers

- Food producers (Agriculture)
- Landowners (Landscapes using irrigation water)
- Government, NGO, Corporate (Reforestation/Impact Programs)

#### 110 COUNTRIES ARE ALREADY EXPOSED TO DESERTIFICATION AND LAND DEGRADATION





MAKING EARTH GREEN AGAIN

to foster the prosperity of life





