

DESERT CONTROL RELEASES ITS Q4 2022 REPORT AND YEAR-TO-DATE COMPANY UPDATE

Sandnes, Norway, 28 February 2023 – Desert Control AS (DSRT) announces its fourth-quarter report and interim financial results for the fiscal period ending 31 December 2022.

Desert Control completes its first revenue-generating project and grows sales in the United States, continues streamlining the UAE operation for optimized cost efficiency, and deployed more LNC in the last three months than over previous years combined. The company closes the fourth quarter with a positive cash balance of NOK 78,2 Million and has no interest-bearing debt.

After successfully completing the first revenue-generating project with Limoneira Company in December 2022, Desert Control started 2023 by signing three new agreements for commercial pilots with; Five Rivers Cattle Feeding in Wellton Mohawk, Arizona, Lemonica Citrus in Calipatria, California, and the golf course Fortuna De Oro in Yuma, Arizona. The company is negotiating several additional agreements for similar projects, expected to be signed during Q1-2023.

Q4 and Year-to-Date Highlights

Completion of the first revenue-generating project and growing sales in the United States:

- Successful completion of the first commercial pre-project with Limoneira in Cadiz, California, for 2,000 citrus trees. Application for 20 acres in Yuma, Arizona, confirmed for January 2023.
- The first U.S. salesperson joined in December 2022, and the sales pipeline is growing.
- Romain harvest from field-trial with the University of Arizona demonstrated increased yield for LNC-treated plots of 21% to 53% compared to control.

Continues streamlining the UAE operation for optimized cost efficiency:

- Continued streamlining the UAE operation by transitioning to the Joint Venture partnership structure with Mawarid Desert Control (MDC).
- Restructuring reduces operational costs for Desert Control Middle East by more than 50%.
- MDC completed its first commercial pre-project with a strategic UAE food security company.

Deployed more LNC in the last three months than over previous years combined:

- First-ever LNC deployment for a single area larger than 1 hectare was successfully achieved in December 2022.
- LNC was deployed to more acreage from December 2022 – February 2023 than over the foregoing five years combined.
- Gained improved speed and efficiency of LNC application to support larger projects.

Q1-2023 Updates

The three newly signed agreements are with customers that represent significant potential; Five Rivers is the world's largest "cattle feeder," with farms in Colorado, Kansas, Oklahoma, Texas, Idaho, and Arizona. The commercial LNC pilot will be carried out on the McElhaney farm in Wellton Mohawk, which has 1,100 acres of irrigated fields and alfalfa as the main crop for animal feed. Lemonica Citrus has a 1200-acre citrus farming operation in Calipatria, California, and Fortuna De Oro is a 47 acres golf course in Yuma, Arizona, located in a desert region with very little rainfall. Based on positive pilot results, the objectives are to expand LNC deployments for larger-scale rollouts.

The company's sales pipeline keeps growing, and Desert Control is negotiating several similar projects, expected to be signed in Q1-2023. In preparation for increased activity, two additional LNC production units are being sent to the U.S. The units are expected to arrive at the newly established operational base in Yuma, Arizona, during April 2023 and will double production capacity in the United States. The long-term objective is to establish local fabrication of LNC production units for the U.S. market to support scale-up.

Financial Highlights

The company closes Q4-22 with a positive cash balance of NOK 78,2 Million and has no interest-bearing debt. The sales pipeline is growing, and streamlining the UAE operation for optimized cost efficiency further contributes to reducing operational costs for Desert Control Middle East by more than 50%, aligning cash runway with anticipated contracts for large-scale LNC deployment.

Fourth Quarter 2022

[fourth quarter 2021 in brackets]

- Revenue NOK 1M [NOK 0.8M]
- EBITDA NOK -24.8M [NOK -10.6M]
- Net Income NOK -34.5M [NOK -10.5M]
- Gross R&D expenses NOK 1.4 [NOK 11M]

Full-Year 2022

[full-year 2021 in brackets]

- Revenue NOK 2.2M [NOK 3.1M*]
- EBITDA NOK -89.5M [NOK -31M]
- Net Income NOK -89.5M [NOK -31.7M]
- Gross R&D expenses NOK 3.9M [NOK 14,4M]
- Innovation Norway / Skattefunn grants NOK 2.3M [NOK 8.7M]

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

- Total cash balance 31.12.22 (incl. other current financial assets) NOK 78.2M [NOK 179.2M]
- Equity 31.12.2022 NOK 107.7M (equity ratio 90%) [NOK 194.1M(95%)]

The experience gained during 2022 strengthens the foundation for achieving efficiency levels to ensure profitable project execution for the company's scale-up. Future CAPEX investments can be planned based on signed contracts, and global mobility of assets provides agility to respond quickly to local market demand.

Outlook

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

Three new agreements for commercial pilots were signed by 28 February 2023, and the company anticipates the signing of several additional agreements for similar projects during Q1-2023. The company will provide guidance and quarterly reporting on the number of commercial pilots and pre-projects with anticipated conversion rates going forward.

The Q4 report and presentation will be made available at <https://www.desertcontrol.com/investors>

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About Desert Control:

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%.

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

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.

Q4 Report 2022

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