

09

2023 Company Update
Desert Control AS



DESERT
CONTROL



DESERT
CONTROL

MAKING EARTH GREEN AGAIN

WATER AND FERTILE LAND: A GLOBAL CRISIS

Increasing droughts, degradation of fertile land and growing water scarcity is an accelerating vicious cycle.



12M

Hectares of fertile land turn to sand annually
(2K football pitches per hour)



4Bn

Experience severe water scarcity >1 month/year
(almost 2/3 of the world's population)



52%

Of agricultural land affected by soil degradation



>70%

Of all available freshwater consumed by agriculture



\$19.5B

U.S. government pledge to
agricultural conservation efforts
(U.S. Inflation Reduction Act)



\$4B

U.S. funding to mitigate the
impacts of long-term drought



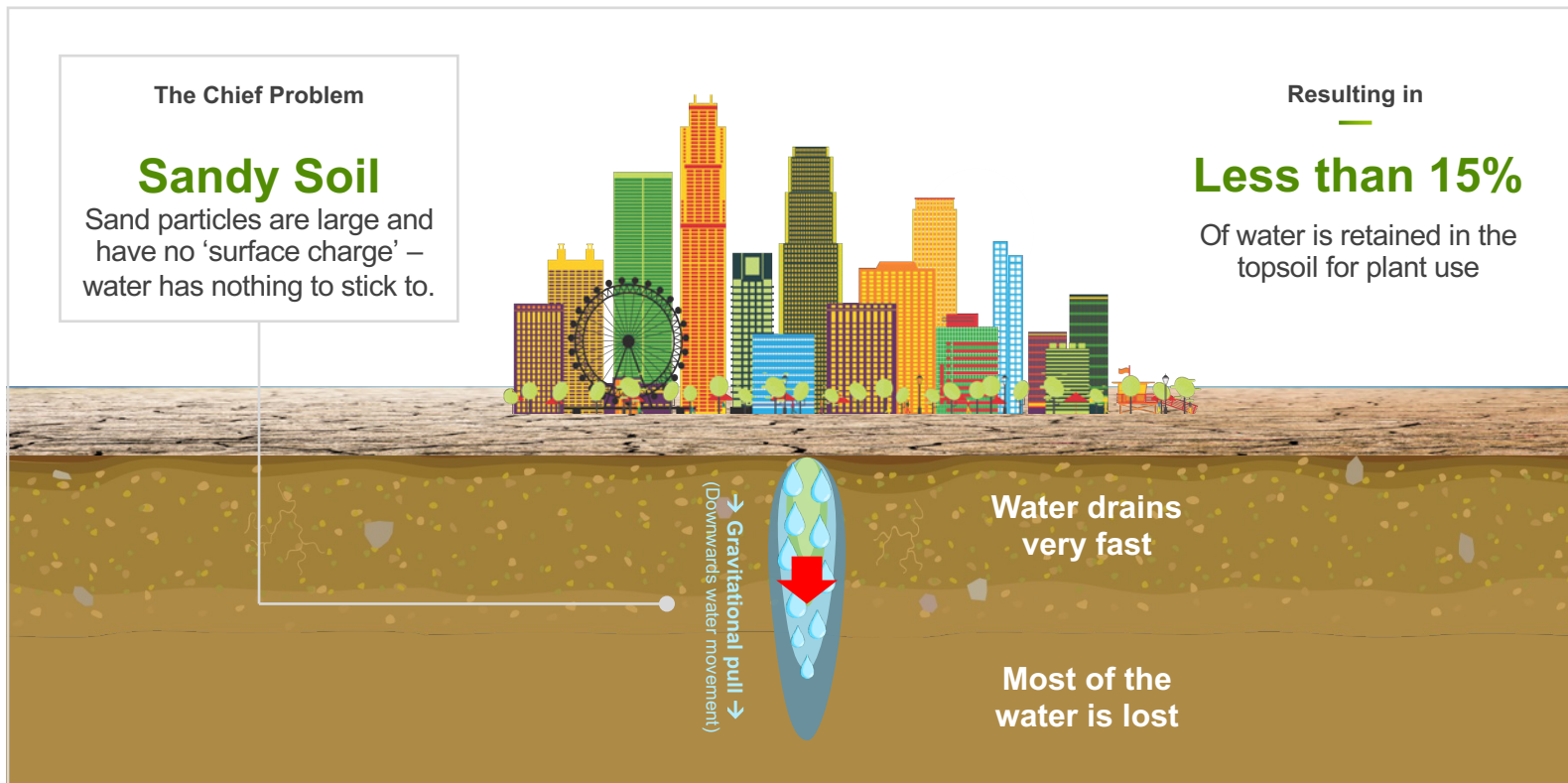
€20B

EU dedicated funds to restore
degraded ecosystems in Europe
(EU-wide Biodiversity Strategy)

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

THE PROBLEM: SOIL DEGRADATION

When soil turns to sand, even more water and natural resources are needed to maintain plant life and grow food.

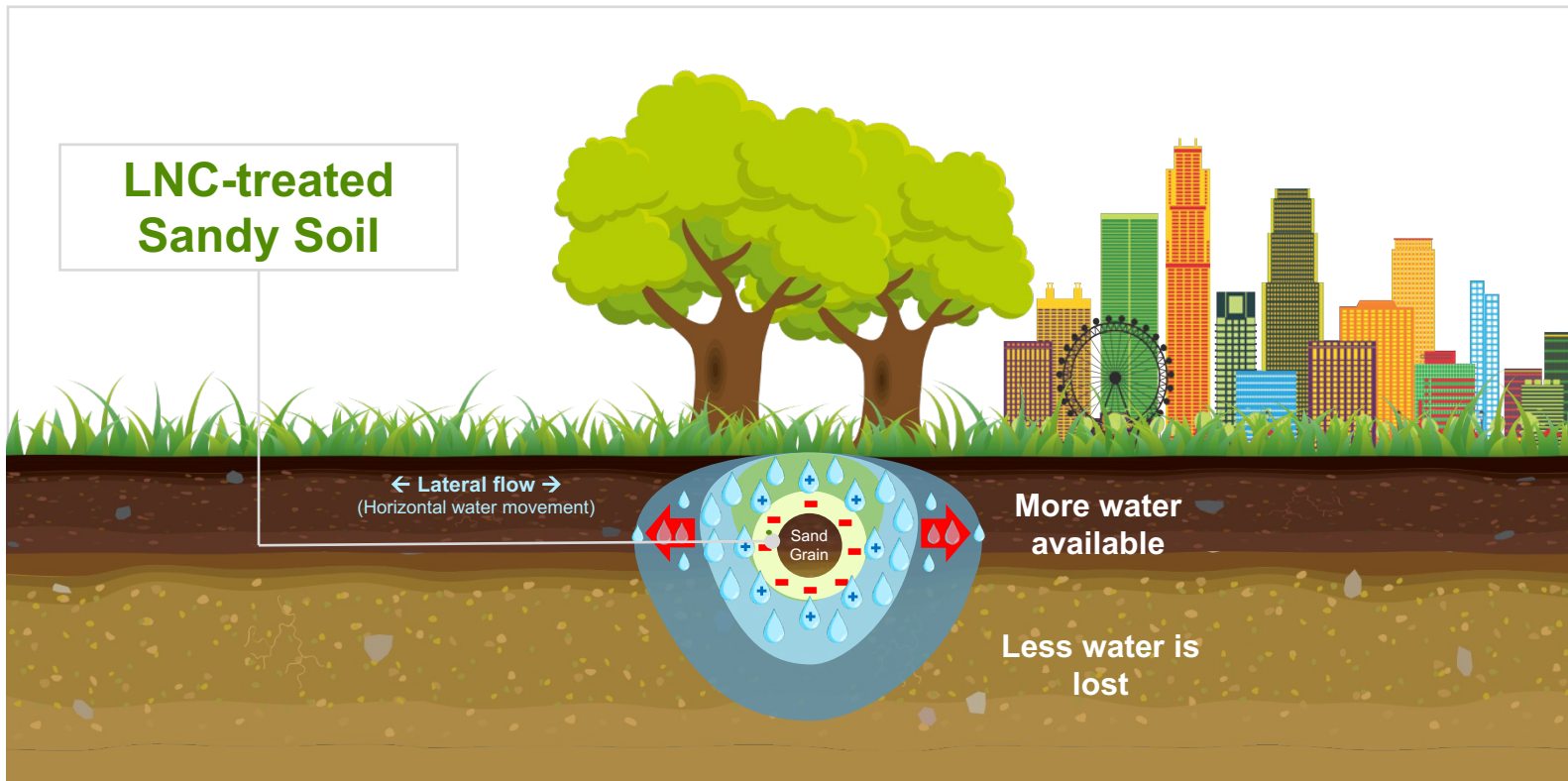


Additional Problems

- Water lost to deep drainage cause washout of fertilizers & organic matter
- Increased energy, fertilizer & water costs
- Soil salinization and further degradation
- Declining soil fertility and loss of fertile land

OUR SOLUTION: LIQUID NATURAL CLAY (LNC)

How the LNC treatment of sandy soil works:

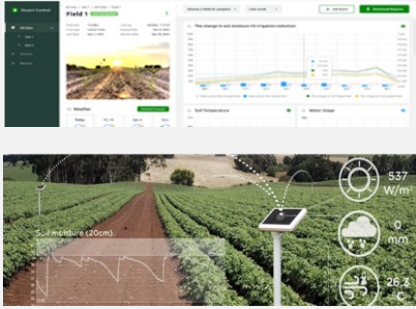
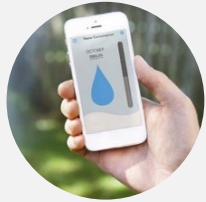


- LNC is made up of tiny clay and mineral 'platelets' with electrical charge
- When poured into sandy soil, LNC's platelets bind to ("coat") the sand grains – giving them a negative surface charge (-)
- Because water molecules (H) naturally have positive charges (+), water now 'sticks' to the soil
- Larger platelets form bridges between sand grains, 'binding the soil together' (aggregates)

Reducing Water Use by up to 50% - Effectively Solving Sandy Soil's Water and Fertility Issues

TREATMENT OVERVIEW

Our product is combined with advanced data analytics, end-to-end services, and customized formulations to produce outstanding & scalable results. One treatment lasts for up to 5 years.



01

Analyze & Prescribe Design Performance Monitoring

- Each location has highly specific soil needs.
- Our soil sampling and sensors monitor soil health KPIs and LNC performance, including water use, soil moisture, soil temperature, etc.

02

Tailored Formulation On-Site LNC Production

- By combining our analytics with proprietary algorithms, we customize each formulation to match the local soil.
- LNC is then produced onsite with mobile factories.

03

Easy Non-Intrusive Application

- LNC can be sprayed directly onto the ground surface or applied via established irrigation methods.
- LNC percolates down by the force of gravity to form a soil structure in the plant root zone that retains water and nutrients like a sponge.

RESULTS

Savings



Water



Energy



Fertilizers

Increased Returns



Yield



Quality



Profit

Before



Silicon Oasis, Dubai, UAE

After



47% water savings



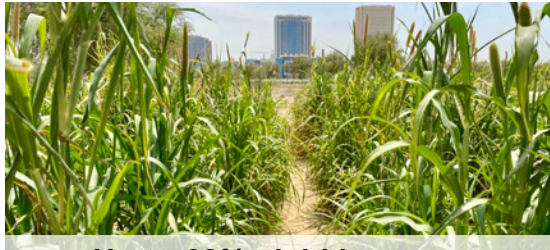
The University of Arizona, Yuma, U.S.



21-53% yield increase



ICBA, Dubai, UAE



Up to 62% yield increase

PROVEN, PATENTED, AND VALIDATED

- ▶ 12+ years of R&D, 5+ years of field validation and pilots
- ▶ Independent validation by ICBA & University of Arizona
- ▶ Patents achieved in 48 countries

LNC Achieved Documented Results in 20+ Field Implementations & Data-Driven Pilots in UAE & USA:



Partnerships (Achieved as of July 2023):

LIMONEIRA®
SINCE 1893



H-EART

Global recognition:



Global Innovator program supported by:

BILL & MELINDA
GATES foundation

Top Innovator & UpLink Winner:



Winner of the Lighthouse MASSIV 2020 program:



35-50%

Water Savings



8-62%

Increased Yield
(crop-dependent)



2-4X

ROI per investment
cycle (with applications
lasting ~5 years)

MARKET



\$490B

Annual cost of soil and land degradation world-wide
(Source: UNCCD)



\$125B

USD spent globally to address drought related events
(2007-2017)

\$2.5B

Global soil conditioner market (2025)

\$6B

Global soil amendment market (2027)

\$8.7B

Current Regenerative Agriculture market size

+14% CAGR

Projected for regenerative agriculture market (\$16.8B by 2027)



Additional Growth Driven by Carbon Credits:
LNC enhances sandy soil's capability to sequester & store CO2

➤ Initial target markets: U.S. Southwest & UAE/Middle East – sandy soil areas affected by drought, desertification, and water scarcity.

➤ The water and fertile land crisis is global, and LNC has potential to scale across sandy soil areas worldwide in multiple sectors:

AGRICULTURE



LANDOWNERS



GOVERNMENTS AND NGOS



BUSINESS MODEL

Turnkey Soil Ecosystem Regeneration for Sandy Soil

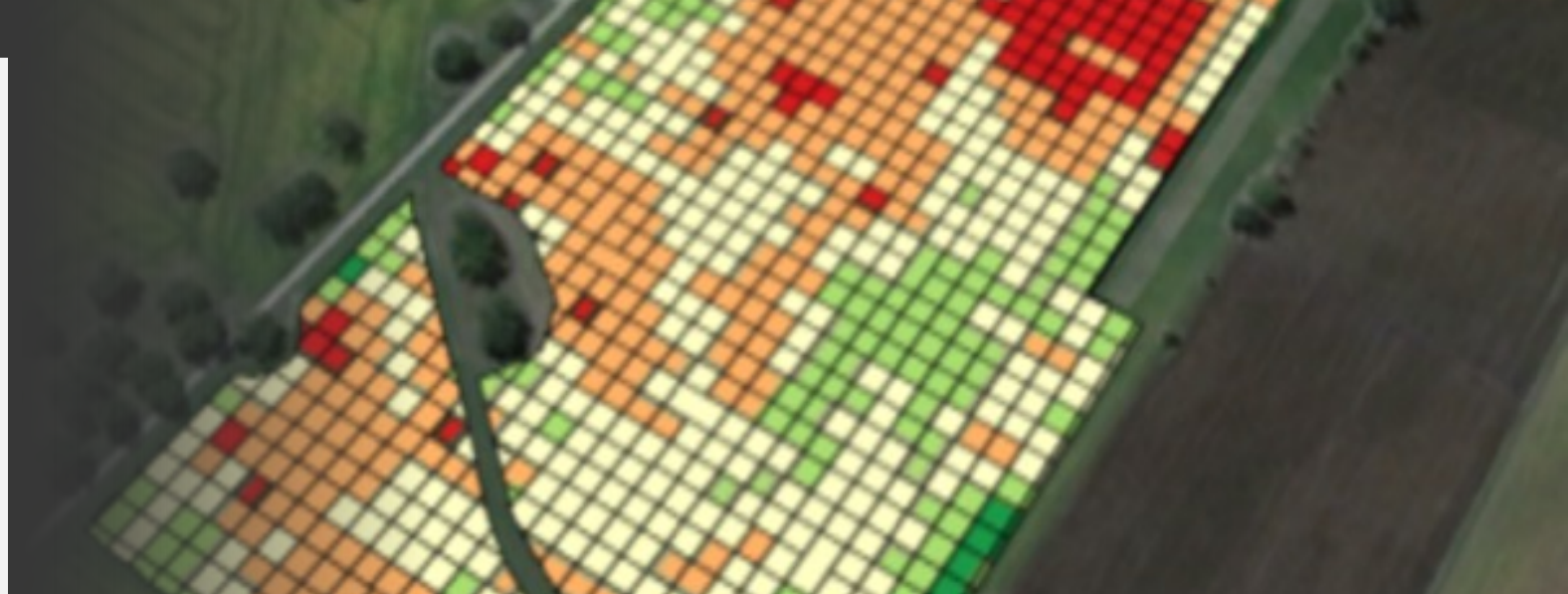
Scalability:

➤ Fast Lead Times

- 2-3 months build time for additional LNC Production Capacity (incl. fabrication of units, onboarding of operators, etc.)

➤ Building On-Demand

- Limited capital obligations prior to receiving an order
- Mitigating risk, providing capital flexibility and facilitating scaling



Multiple Revenue Streams



Turnkey Projects

\$/acre or \$/tree – project pricing dependent on area & contract size



Service Model

Ongoing maintenance, top-ups & services



Licensing Model (Middle East)

Licensed operator agreements with royalty based on volumes - \$/liter



Digital Subscriptions

Monthly (MRR), dashboard with monitoring & data analytics



Consulting

Offering end-to-end soil health advisory, training & support



Business Intelligence

Data Collection, Analytics, AI/ML, integration & automation

Agenda / Q2 2023

Q2 2023 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



**Q2 & YTD
Highlights**



Financials



Outlook



**Questions
and answers**

Company Update



CORPORATE

- Strategic Review & Outcome
- Improved Unit Economics
- Global Recognition



UNITED STATES

- On Target Execution
- Crop Diversification
- Efficiency Improvements



MIDDLE EAST

- Mawarid Licensing Agreement
- Regulatory Approvals
- H-EART Agreement for KSA

Corporate Highlights



STRATEGIC REVIEW & OUTCOME

- Process from April 27 – July 3
- Middle East Licensing Model
- Streamlined value chain
- Reducing Opex >NOK 15M/y
- Securing ≈NOK 40M cash
- Reducing CAPEX pressure



IMPROVED UNIT ECONOMICS

- >2X Increase in LNC Production Capacity for all Units
- Extending Reach of Deployed CAPEX



GLOBAL RECOGNITION

- Entrepreneurship World Cup
- Norwegian Impact Awards
- World Economic Forum & UpLink Challenge

Corporate Highlights



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BACKGROUND

Previous model functioned to a Joint Venture structure in the UAE

- Mawarid Desert Control LLC (MDC)
- Desert Control Middle East LLC
- Desert Control Liquid Natural Clay Manufacturing LLC

THE CHALLENGE

The Middle East operations had structural inefficiencies:

1. **Complexities in the value chain** due to fragmented responsibilities
2. **Elevated overheads** from running multiple company entities
3. **Financial strain** as Desert Control bore all CAPEX for LNC production assets

THE SOLUTION

Transition to a fully licensed operator model:

1. **Efficiency & Clarity:** Streamlining the value chain
2. **Optimized Capital Use:** Removing the need for local Desert Control entities
3. **Shared Investment:** Shifting CAPEX for LNC production assets to operators

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CURRENT LNC PRODUCTION CAPACITY

UNITED STATES

LNC Production Units Deployed:

- 4 X Oasis Units (capacity 30k liter per hour per unit)
- 1 X Mirage Unit (capacity 8k liter per hour)
- Total capacity ≈128.000 liter/hour

UAE

LNC Production Units Deployed:

- 4 X Oasis Units (capacity 30k liter per hour per unit)
- 3 X Prototype Backup Units (capacity 30k liter per hour)
- Total capacity ≈210.000 liter/hour

SAUDI ARABIA

LNC Production Units Procured by H-EART:

- 4 X Oasis Units (capacity 30k liter per hour per unit)
- Total capacity ≈120.000 liter/hour

>15 000 / H
@ avg. 30 liter per m²

>3 000 / H
@ avg. 150 liter per tree

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United States



ON TARGET EXECUTION

- 5 Pilots Signed in Q1
- 5 Pilots Signed in Q2
- On Track for H2



OPERATIONAL MILESTONES

- 30X Application Improvement
- >2X LNC Production Capacity
- Increased Diversity



REGULATORY CERTIFICATION

- OMRI certification in compliance with the USDA National Organic Program

United States



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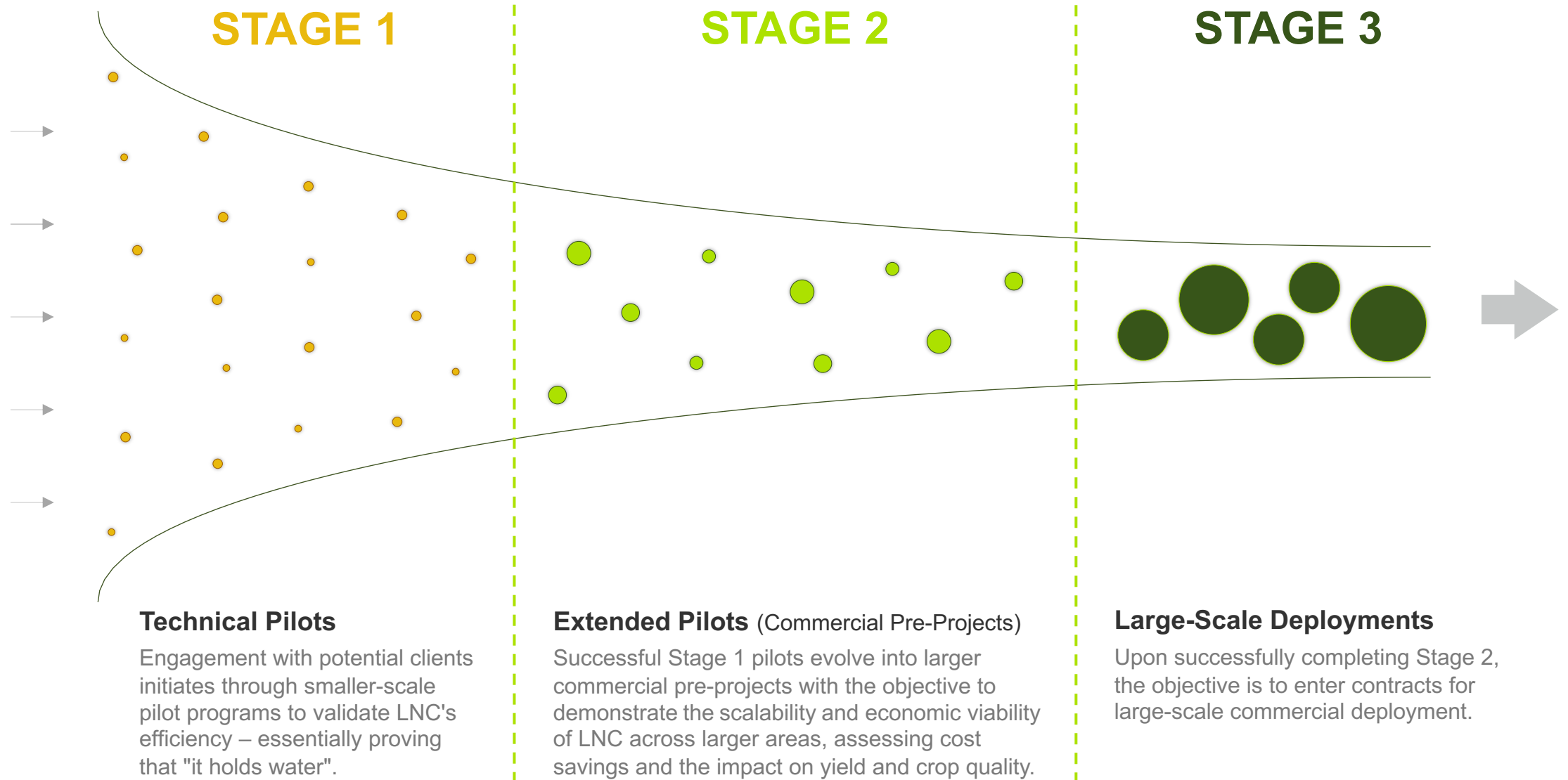
Q1 SIGNED PILOTS

- Five Rivers (Alfalfa)
 - Lemonica (Citrus)
 - Fortuna de Oro (Golf)
 - Coyote Wash (Golf)
 - Griffin Farms (Dates)
- + Implementation of Stage 2
Pre-Project with Limoneira Yuma

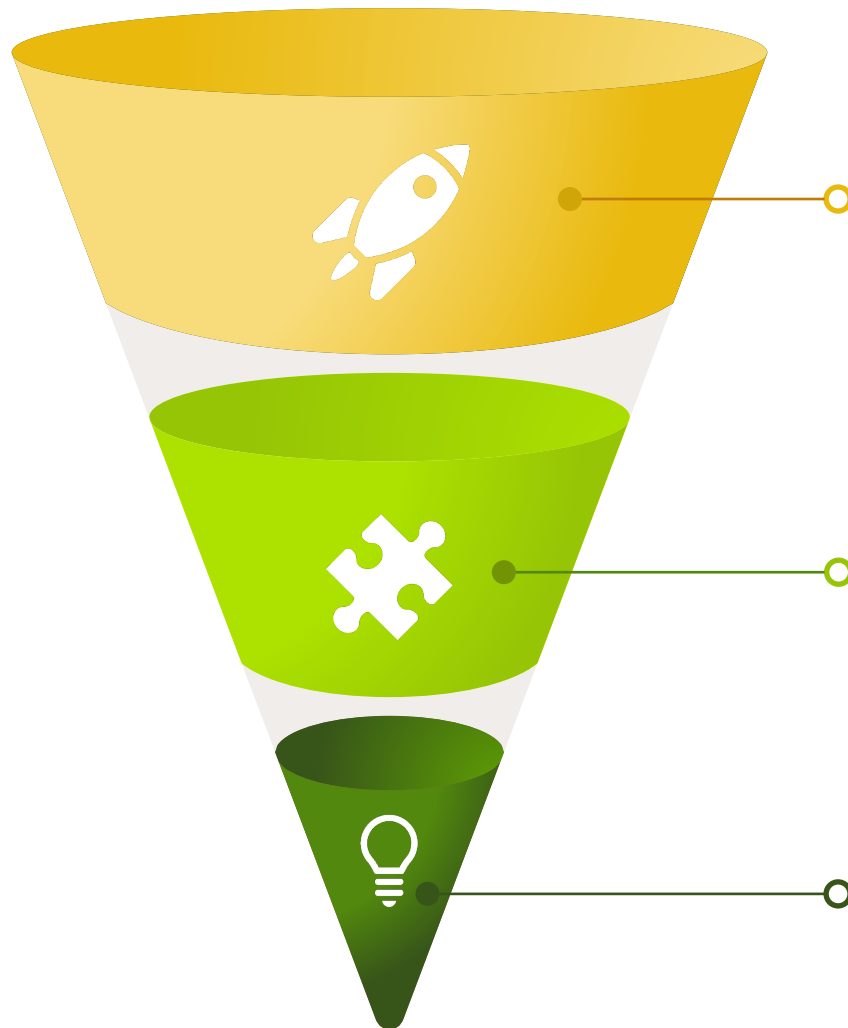
Q2 SIGNED PILOTS

- Yuma Organics (Herbs)
- Confidential Vineyard
- Daily Farms (Sudan Grass)
- Native Tribe (Land restoration)
- Harrison Farm (Vegetables)

Customer Conversion Model



H1-2023 U.S. Projects – Status



STAGE 1

Technical Pilots

Engagement with potential clients initiates through smaller-scale pilot programs to validate LNC's efficiency – essentially proving that "it holds water".

- Griffin Farms (Dates)
- Fortuna de Oro (Golf)
- Coyote Wash (Golf)
- Lemonica (Citrus)
- Daily Farms (Sudan Grass)
- Yuma Organics (Herbs)
- Confidential Vineyard
- Five Rivers (Alfalfa)
- Native Tribe (Land restoration)
- Harrison Farm (Vegetables)

STAGE 2

Extended Pilots

(Commercial Pre-Projects)

Successful Stage 1 pilots evolve into larger commercial pre-projects with the objective of demonstrating the scalability and economic viability of LNC across larger areas, assessing cost savings, and the impact on yield and crop quality.

- Limoneira Company (Citrus)

STAGE 3

Large-Scale Deployments

Upon successfully completing Stage 2, the objective is to enter contracts for large-scale commercial deployment.

- Anticipating negotiations for the inaugural stage 3 contract to start around the end of the year

United States



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United States



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Diversity in Applications & Crops:

Deployments continue to demonstrate that LNC application is not limited by crop type. LNC is expanding its reach as a viable solution for diverse vegetation growing in sandy soils.



H1 Deployments:

- Sudan Grass (Forage crop)
- Vine grapes (Viticulture)
- Vegetables (Row-crops)
- Specialty crops (Organic farming)
- Turf grass (2 different golf courses)
- Date palms
- Cotton
- Citrus (2 different application methods)

H2 Planned Deployments:

- Two additional vegetable applications
- Alfalfa (Forage crop)
- Turf grass (New golf application)
- Land upgrade (Conversion of barren land)



United States



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Middle East



LICENSED OPERATOR MODEL

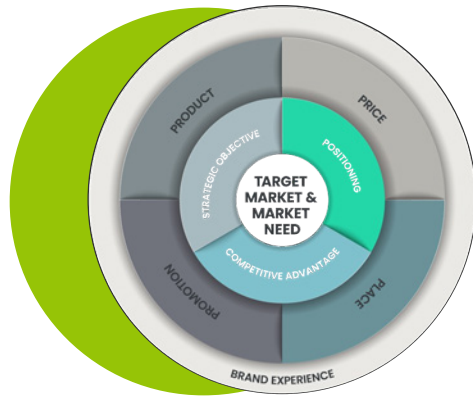


UNITED ARAB EMIRATES



KINGDOM OF SAUDI ARABIA

Middle East



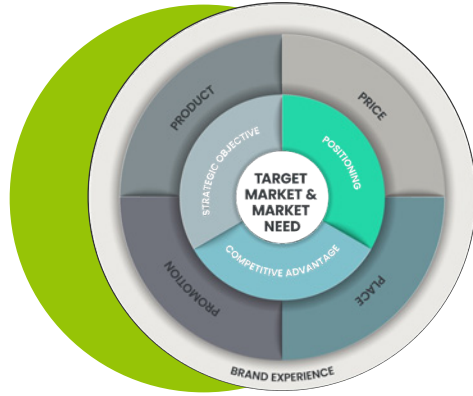
LICENSED OPERATOR MODEL

- Empowers Local Operators
- Removes Need for Local Subsidiaries
- Lowers Operational Cost
- Unlocks Cash
- Reduces CAPEX Requirements

FOR MORE DETAILS:

<https://go.desertcontrol.com/FAQ-LicenseModel>

Middle East



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UNITED ARAB EMIRATES

- Strategic Agreement with Mawarid Holding Investment
- Organic Certification by MoIAT
- Regulatory Approval by MOCCAЕ authorizing LNC for Sale and Use Across All Sectors in the UAE

Middle East



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MAWARID HOLDING INVESTMENT (MHI)

Moving together for a better tomorrow



Middle East



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KINGDOM OF SAUDI ARABIA

- Strategic Agreement with Holistic Earth Advanced Regeneration Technologies (H-EART)

Middle East



KINGDOM OF SAUDI ARABIA

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ABOUT H-EART

Holistic Earth Advanced Regeneration Technologies (H-EART)

- A start-up company focused on climate-smart technology for the regeneration of soil and natural ecosystems.
- Strong alignment with the Saudi Vision 2030.
- LNC will be a fundamental core for the company's offering of solutions for soil restoration, water conservation, and climate resilience.
- A unique team of high-energy, skilled, passionate, and strategically connected people who embark on this start-up journey driven by a dedication to making a positive impact on the future of our planet!

H-EART's mission is to regenerate and rejuvenate our planet, fostering a future that is resilient and climate-smart.

Summary



CORPORATE

- Strategic Review & Outcome
- Improved Unit Economics
- Global Recognition



UNITED STATES

- On Target Execution
- Crop Diversification
- Efficiency Improvements



MIDDLE EAST

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Agenda / Q2 2023

Q2 2023 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



**Q2 & YTD
Highlights**



Financials



Outlook



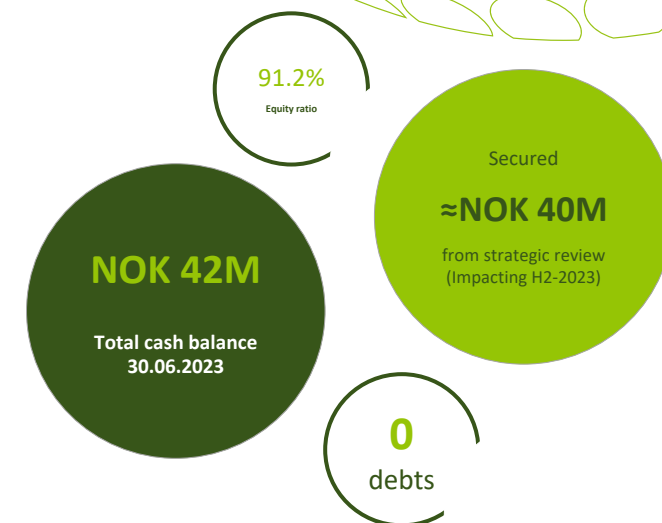
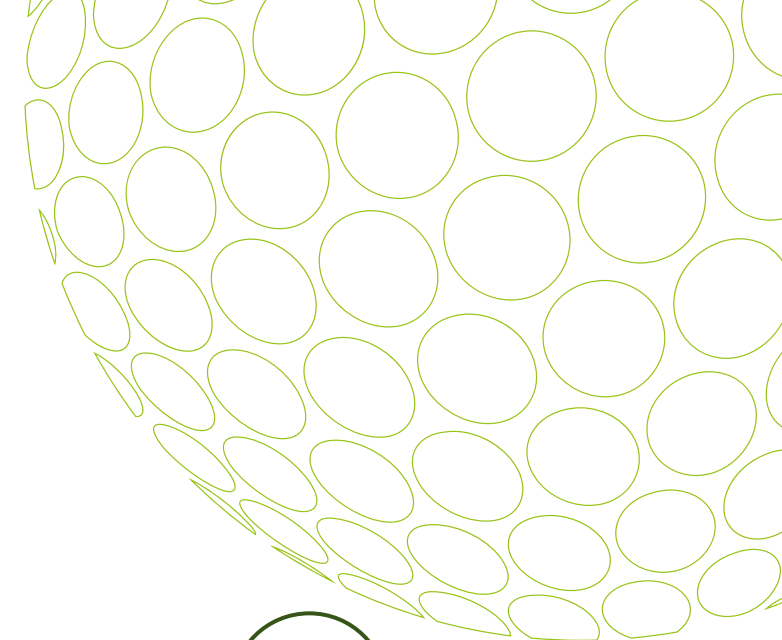
**Questions
and answers**

Financial key figures

SECOND QUARTER 2023

[second quarter 2022 in brackets]

- Revenue NOK 0.5M [NOK 0.5M]
 - EBITDA NOK –19.5M [NOK –20.3M]
 - Profit or loss for the year NOK –18.2M [NOK –16.8M]
 - Gross R&D expenses TNOK 300 [TNOK 900]
-
- Total cash balance 30.06.23 (incl. current financial assets) NOK 42.0M [NOK 122.9M]
 - Equity 30.06.23 NOK 67.8M (equity ratio 91.2%) [NOK 150.4 (92.4%)]



Consolidated statement of comprehensive income

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First half	Full Year	
		Q2 2023	Q2 2022	2023	2022	2022
Revenue from sales	2	18	458	893	1 053	2 223
Other income		432	-	1 448	-	1 995
Total income		450	458	2 341	1 053	4 218
Cost of goods sold (COGS)		-164	834	289	1 742	2 508
Gross margin		614	- 377	2 052	- 690	1 711
Salary and employee benefit expenses		11 266	13 821	27 360	30 163	62 087
Other operating expenses		8 864	6 091	17 598	12 251	29 859
Depreciation and amortisation		2 092	1 511	3 999	2 586	6 108
Operating profit or loss		-21 608	-21 799	-46 905	-45 689	-96 343
Finance income		3 821	5 353	9 825	5 779	15 873
Finance costs		441	351	441	587	9 987
Profit or loss before tax		-18 228	-16 798	-37 521	-40 497	-90 457
Income tax expense		8	-	11	-	3
Profit or loss for the year		-18 236	-16 798	-37 532	-40 497	-90 459
Allocation of profit or loss:						
Profit/loss attributable to the parent		-18 236	-16 798	-37 532	-40 497	-90 459
Other comprehensive income:						
Items that subsequently may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		-2 693	-	46	-	- 43
Total items that may be reclassified to profit or loss		-2 693	-	46	-	- 43
Total other comprehensive income for the year		-2 693	-	46	-	- 43
Total comprehensive income for the year		-20 930	-16 798	-37 486	-40 497	-90 503
Allocation of total comprehensive income						
Total comprehensive income attributable to owners of the parent		-20 930	-16 798	-37 486	-40 497	-90 503

Consolidated statement of financial position

(Amounts in NOK thousand, unaudited)	Notes	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Non-current assets				
Goodwill	5	-	6 504	7 221
Property, plant and equipment	5	7 055	21 462	21 002
Right-of-use assets	5	647	1 497	1 635
Total non-current assets		7 701	29 463	29 857
Current assets				
Inventory		230	90	584
Accounts receivable		21	564	1 572
Other receivables		4 404	8 131	9 052
Other current financial assets		23 979	40 850	41 416
Cash and cash equivalents	4	18 004	82 023	36 791
Total current assets		46 637	131 658	89 415
Assets classified as held for sale	5	20 046	-	-
TOTAL ASSETS		74 385	161 120	119 272

Consolidated statement of financial position (continue)

EQUITY AND LIABILITIES

Equity

Share capital	3	124	123	123
Share premium		230 849	230 849	230 849
Currency translation differences		-1 290	-3 571	-1 336
Retained earnings		-161 840	-76 966	-122 636
Total equity		67 843	150 436	107 001

Non-current liabilities

Non-current lease liabilities		702	198	425
Total non-current liabilities		702	198	425

Current liabilities

Current lease liabilities		217	1 195	1 059
Trade and other payables		3 294	4 617	5 004
Public duties payable		690	323	944
Other current liabilities		1 638	4 352	4 839
Total current liabilities		5 839	10 487	11 845

Total liabilities		6 541	10 685	12 270
TOTAL EQUITY AND LIABILITIES		74 385	161 121	119 272

Consolidated statement of cash flows

Cash flows from operating activities (NOK thousand)	Notes	Quarters		First half	Full Year	
		Q2 2023	Q2 2022	2023	2022	2022
Profit or loss before tax		-18 228	-16 798	-37 521	-40 497	-90 457
Adjustments to reconcile profit before tax to net cash flows:						
Net financial income/expense		-3 380	-5 001	-9 384	-5 192	-5 886
Depreciation and amortisation		2 092	1 511	3 999	2 586	6 108
Share-based payment expense		2 025	33	3 940	124	4 283
Working capital adjustments:						
Changes in accounts receivable and other receivables		5 066	78	6 198	-2 553	-5 066
Changes in trade payables, duties and social security payables		-1 682	-4 774	-1 964	1 395	2 402
Changes in other current liabilities and contract liabilities		-1 370	1 496	-3 200	- 326	161
Net cash flows from operating activities		-15 477	-23 455	-37 932	-44 464	-88 455

Consolidated statement of cash flows (continue)

Cash flows from investing activities (NOK)

Purchase of property, plant and equipment	-	-6 838	- 346	-11 155	-13 969
Purchase of financial instruments	14 924	24 521	17 437	36 497	36 744
Proceeds from sale of property, plant and equipment	433	-	1 234	-	890
Interest received	82	-	170	-	867
Net cash flow from investing activities	15 439	17 683	18 495	25 342	24 533

Cash flow from financing activities (NOK)

Proceeds from issuance of equity	1	-	1	1	1
Lease payments	128	-	677	- 727	-1 590
Interest paid	-4	-	-2	-	-3
Net cash flows from financing activities	125	-	676	- 726	-1 592

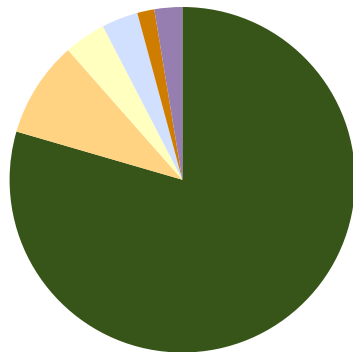
Net increase/(decrease) in cash and cash equivalents

Net increase/(decrease) in cash and cash equivalents	87	-5 772	-18 761	-19 848	-65 514
Cash and cash equivalents at beginning of the year/period	17 795	87 886	36 790	101 923	101 924
Net foreign exchange difference	121	- 91	-25	- 53	380
Cash and cash equivalents, end of period	18 004	82 023	18 004	82 023	36 790

The DSRT share



ORIGIN OF SHAREHOLDERS



■ Norway ■ Luxembourg ■ UK ■ France ■ Sweden ■ Others

THE GROUP'S SHAREHOLDERS:

Shareholders in Desert Control AS at 30.06.2023

	Total shares	Ownership/ Voting rights
Olesen Consult HVAC AS	5 900 000	14,3 %
J.P. Morgan SE	2 528 989	6,1 %
Nordnet Livsforsikring AS	1 815 692	4,4 %
Ole Morten Olesen	1 635 800	4,0 %
Lithinon AS	1 423 706	3,4 %
Nesse & Co AS	1 360 000	3,3 %
BNP Paribas	1 313 365	3,2 %
LIN AS	1 215 275	2,9 %
DNB BANK ASA	1 108 449	2,7 %
Idland	1 101 506	2,7 %
Clearstream Banking S.A.	1 047 871	2,5 %
Jakob Hatteland Holding AS	1 000 000	2,4 %
The Northern Trust Comp, London Br	958 275	2,3 %
Beyond Centauri AS	928 771	2,2 %
OKS Consulting AS	925 000	2,2 %
Sortun Invest AS	677 715	1,6 %
Glomar AS	627 715	1,5 %
Investore Finans AS	499 028	1,2 %
JPMorgan Chase Bank, N.A., London	422 104	1,0 %
Others	14 837 528	35,9 %
Total	41 326 789	100,0 %

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**Questions
and answers**

RECAP



WHAT WE HAVE DONE

- Executed Strategic Review
- Delivered on Target in the U.S.
- Improved Unit Economics and Increased Efficiencies
- Secured Regulatory Approvals



WHERE WE ARE NOW

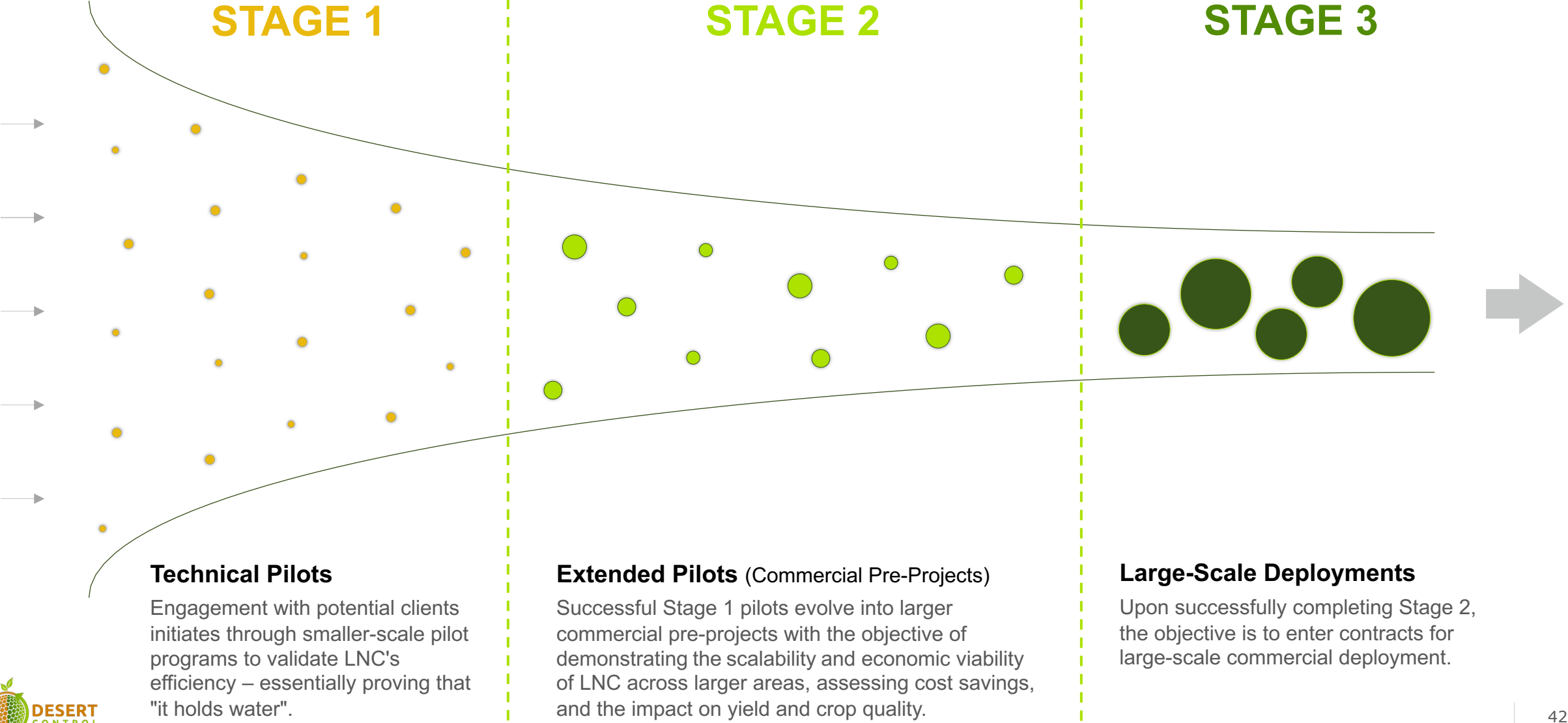
- Stronger Financial Position
- Streamlined Organization
- Increased Agility
- Strengthened Focus



WHAT WE WILL DO NEXT

- Execute Transition to Licensed Operator Model
- Focus on the United States
- Drive Sales and Adoption of LNC at the Speed of Trust

FOCUS ON THE EXECUTION OF OUR SALES STRATEGY



STAGE 1

STAGE 2

STAGE 3

Technical Pilots

Engagement with potential clients initiates through smaller-scale pilot programs to validate LNC's efficiency – essentially proving that "it holds water".

Extended Pilots (Commercial Pre-Projects)

Successful Stage 1 pilots evolve into larger commercial pre-projects with the objective of demonstrating the scalability and economic viability of LNC across larger areas, assessing cost savings, and the impact on yield and crop quality.

Large-Scale Deployments

Upon successfully completing Stage 2, the objective is to enter contracts for large-scale commercial deployment.



GROWTH OBJECTIVES

Target 2023:

Secure >5 pilots per quarter targeting >50% conversion to larger deployments

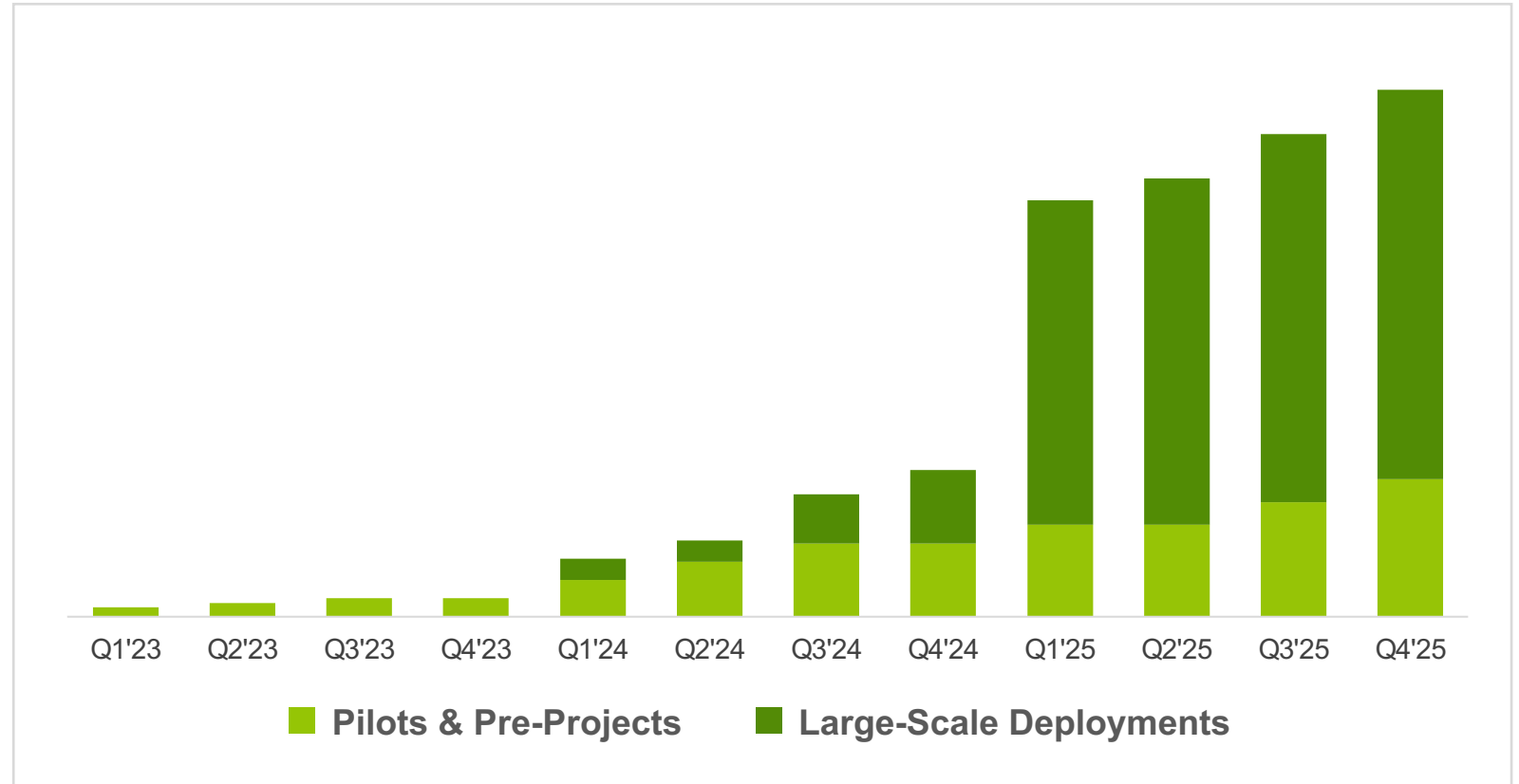
Target 2024:

Reach cashflow-positive revenue contribution from projects

Target 2025:

Achieve positive EBITDA

Leveraging Attractive Unit Economics



Financial and Trading Data (DSRT:NO)

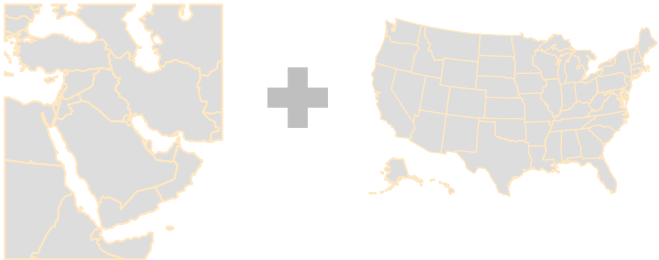
- > Current market cap of NOK ~400M (corresponding to NOK ~10 per share)
- > Net cash position of NOK ~42M as of 30 June 2023 | Adding +NOK ~40M in H2 (result of strategic review)
- > The company has no interest-bearing debt

PHASE 1: BUILDING THE FOUNDATION

PHASE
01

MENA & USA

- > Transition to a licensed operator model in the Middle East and accelerate U.S. operations to gain foothold and prove the technology on a larger-scale



PHASE
02

Southern Europe

- > Continue scale-up and expansion to areas prone to desertification, including Southern Europe



PHASE
03

Australia, Africa, Asia/India, RoW

- > Global expansion to all regions experiencing desertification, drought and water shortage



110 countries are exposed to desertification, land degradation, droughts and water scarcity

Agenda / Q2 2023

Q2 2023 REPORT AND FINANCIAL RESULTS / COMPANY PRESENTATION



**Q2 & YTD
Highlights**



Financials



Outlook



**Questions
and answers**

Cautionary note

DISCLAIMER RELATED TO FORWARD-LOOKING STATEMENTS

This presentation 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.

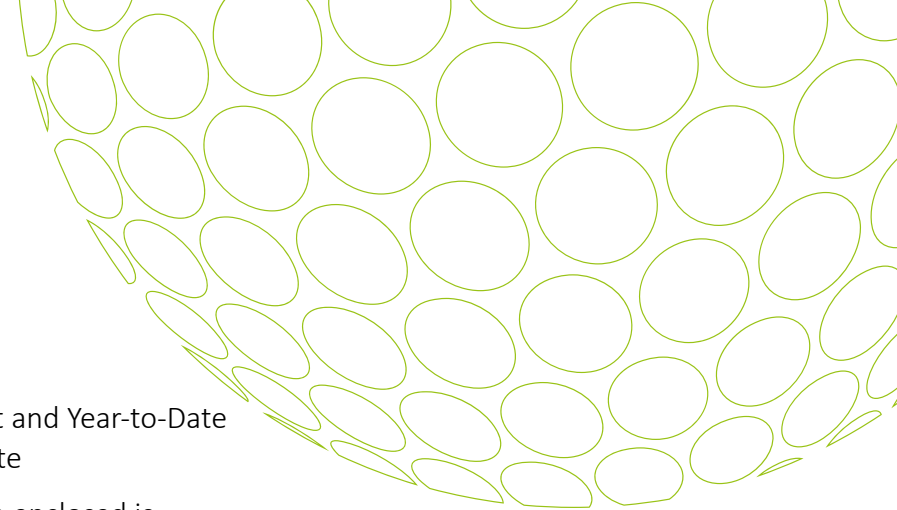
Forward-looking statements are statements that are not historical facts and may be identified by words such as "aims", "anticipates", "believes", "estimates", "expects", "foresees", "intends", "plans", "predicts", "projects", "targets", and similar expressions. Such forward-looking statements are based on current expectations, estimates, and projections, reflect current views concerning future events, and are subject to risks, uncertainties, and assumptions, and may be subject

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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 2023 Report and Year-to-Date Company Update

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



**Thank you
for your attention!**

