

# Desert Control Q4 2023 Company Update Presentation (Transcript)

-1-

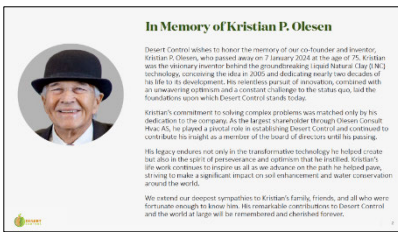


Welcome to the Desert Control Q4 2023 and Year-to-Date Company Update webcast. It will cover the Q4 Report and Interim Financial Results for the fiscal period that ended on 31 December 2023. Some updates for Q1-2024 will also be included.

A Q&A session will follow the presentation, and we invite you to use the Q&A function to submit questions.

Before the official Q4 Update Agenda, Desert Control's CEO will share a brief company presentation as an introduction.

-2-



I want to start by paying tribute to Desert Control's co-founder and inventor of LNC, Kristian P. Olesen, who passed away on 7 January 2024 at the age of 75.

Kristian played a pivotal role in establishing Desert Control, and as the company's largest shareholder through Olesen Consult HVAC, he continued to contribute his insight as a member of the board of directors until his passing.

We extend our deepest sympathies to Kristian's family, friends, and all who were fortunate enough to know him. His remarkable contributions to Desert Control and the world at large will be remembered and cherished forever.

-3-



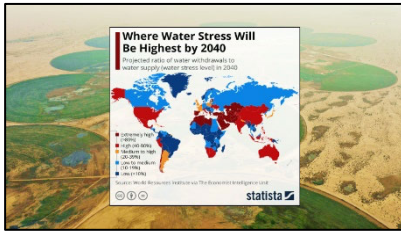
The vision born from Kristian's work to Make Earth Green Again keeps driving the Desert Control journey and shapes how we target bringing our LNC solution to the market in ways that are good for the bottom line of our clients and good for the planet at the same time.

-4-



Today, more than 20% of Earth's drylands are degraded, with more than 52% of agricultural land affected. The annual cost of droughts and land degradation is hundreds of billions of dollars, and according to the United Nations, we keep losing another twelve million hectares of fertile land to desertification every year.

-5-



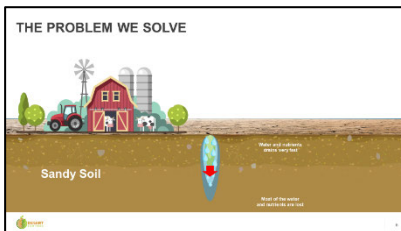
Growing food and maintaining plant life also requires water.

Agriculture already consumes more than 70% of all available freshwater resources on Earth, and when more soil turns to sand, even more water is needed to grow food and maintain life.

Maintaining green landscapes, parks, golf courses, irrigated forests, and supporting new tree-planting and reforestation initiatives further add to the water demand, creating a cycle that current practices cannot sustain.

As water stress intensifies, we, therefore, focus on building the foundation for the adoption of our innovation in geographies where the value of our solution is highest.

-6-

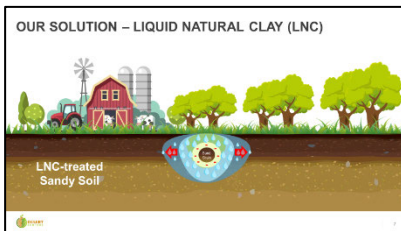


The problem we address focuses on the lighter sandy soils, degraded lands, and desert regions where the soils are very thirsty – and very little water is retained.

When irrigating these soils, less than 15% of the water remains in the topsoil long enough for plants to make use of it.

Most of the water is quickly lost to deep drainage, causing fertilizer wash-out and leaching, continued degradation of the soil, increasing input costs, and declining productivity.

-7-



Liquid Natural Clay (LNC) is a nature-based solution to upgrade sandy soil's ability to retain water and nutrients.

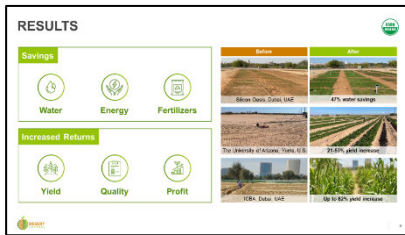
It's well known that clay-rich soils retain a lot of water. Mixing clay into sandy soil, however, is difficult. We have, therefore, invented a patented process to create a liquid clay and mineral compound nearly as thin as water for easy application.

This liquid can be applied to agricultural fields, trees, and green landscapes in the same way irrigation water is applied.

The liquid seeps deep into the ground, coating each grain of sand with charged mineral platelets and creating a soil structure that retains water and nutrients like a sponge. This process further creates a favorable habitat for soil microbiology that can kick-start the soil's natural regenerative processes.

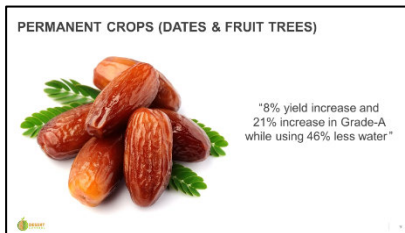
LNC is produced on-site with mobile processing units and delivered as a turn-key service. It is a one-time treatment that can last for five years – or longer with maintenance programs.

-8-



LNC saves up to 50% on water and energy usage while improving nutrient efficiency, leading to higher yields, better plant quality, and increased profit.

-9-



Projects have documented increased yield and quality while using less water for dates and a wide variety of fruit trees and permanent crops.

-10-



As a nature-based solution, LNC is certified for organic farming and has shown significant results for vegetables and open-field crops.

-11-



Wheat, millets, alfalfa, corn, and any plants in arid sandy climates can be grown more sustainably.

-12-



LNC can also add compounding benefits in combination with precision irrigation technology and controlled environments like greenhouses.

-13-



A unique advantage of a liquid solution is the ability to apply it to existing landscapes without damaging or needing to remove established vegetation. The liquid will seep through surface vegetation and permeate the soil around the root zone of plants.

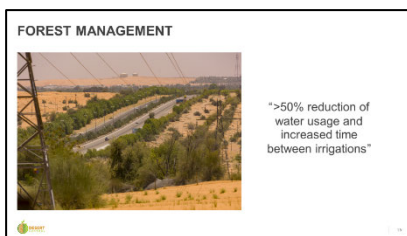
-14-



Tree planting initiatives can also demand significant water, and unless we create a solid foundation, many of the trees will not survive.

With LNC for soil regeneration, we have proven a reduction in water use combined with an increased survival rate of trees.

-15-



We've also treated established trees and forests. Projects in Abu Dhabi have achieved more than 50% reduction in water use, with additional benefits from increasing the number of days between irrigations.

-16-



Witnessing first-hand the transformation of desert sand into green oases is truly inspiring and shows that there is hope for overcoming the challenges we face!

-17-



The total available market is huge, and our initial focus is the United States and the Middle East, targeting sandy soil areas affected by drought and water scarcity. Initial clients are farmers, landowners, and governments.

-18-



Once again, thank you for joining us!

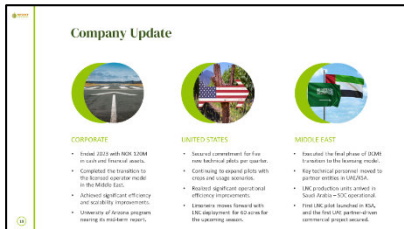
I am Ole Kristian Sivertsen, CEO of Desert Control, and I will take us through today's agenda, which has four parts:

First, I will present Q4 & Year-to-Date Highlights

Next, Leonard, will take us through the Financial Update

Then, I will share a brief Outlook before we close with the Q&A session

-19-



We will structure the Q4 and Year-to-Date Company Update into 3 sections: Corporate – United States – and the Middle East.

Corporate updates:

- 2023 was marked by operational milestones and strategic restructuring, increasing the balance sheet by more than NOK 100M of added liquidity.
- As a result, Desert Control closed the year with cash and financial assets of NOK 120M, which, combined with the transition to the licensed operator model for the Middle East, led to an annual reduction of operating expenses by approx. NOK 20M extends the runway into H2-2025 (excluding revenue).
- During the past year, we also achieved significant efficiency and scalability improvements for our LNC technology, which I will come back to in a few slides.
- Further, the 5-year validation program with the University of Arizona is nearing its mid-term report. I will also share more details on the recent winter crop harvest later in the presentation.

United States:

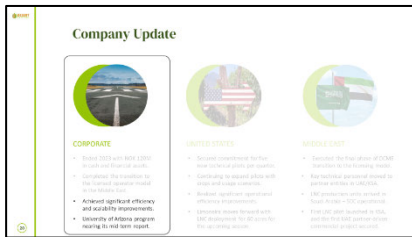
- In the United States, we secured commitments for five new pilots also in the fourth quarter, maintaining consistent pilot acquisition throughout the year.

- With 10 of the 20 pilots secured during 2023 implemented, we are continuing to expand our insights with a growing variety of crops and application scenarios, and the deployments are also adding to our experience in ways that drive significant operational efficiency improvements.
- Last but not least, an important highlight is the progress with Limoneira. After pilot testing of LNC since 2022, they concluded to move forward with LNC deployment, and the first commercial order for 60 acres of the Yuma ranch for the upcoming season was received on 31 January 2024.

Middle East:

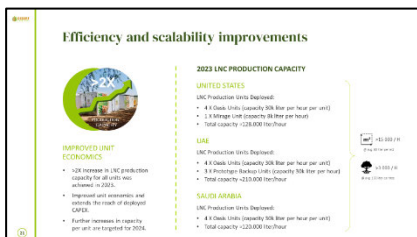
- For the Middle East, we completed the final phase of transitioning to the licensed operator model during the fourth quarter.
- Key technical personnel have moved from Desert Control Middle East to partner entities in the UAE and KSA, ensuring regional retention of expertise.
- The growing momentum with the licensed operators, as evidenced by Mawarid Desert Control having secured its first commercial agreement in the UAE and launched its inaugural pilot in KSA, combined with our licensed operator H-EART turning operational with its Saudi Arabia entity Saudi Desert Control with LNC production units and core team in place from early January, sets a promising tone for 2024.

-20-



Let's take a closer look at the achievements in improved efficiency and scalability of our technology before I share some more details from the University of Arizona program.

-21-



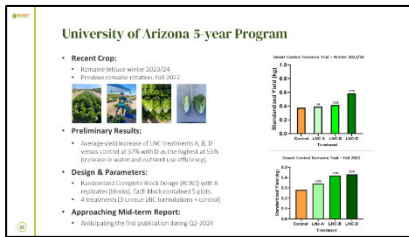
We doubled the LNC production capacity per unit during 2023, which also impacted all existing units. With a base capacity that started with 15.000 liters per hour per unit – R&D efforts enabled the production capacity to reach 30.000 liters per hour per unit.

Some of you may remember that we previously talked about clusters and that one cluster had a capacity of 60.000 liters per hour. One such cluster was a grouping of 4 single identical LNC production units, which can be deployed one by one or with multiple units grouped together if the specific job requires higher peak capacity.

Looking forward, R&D efforts target another doubling of LNC production capacity per unit during 2024, which will continue to improve unit economics and scalability.

Operational advancements have further increased the efficiency and scalability of LNC application. From 2022 to 2023, we increased the application rate from 250 to 500 trees per day. For the upcoming Limoneira deployment, projections are set to exceed 1000 trees per day, achieved with less labor and asset requirements for project execution.

These improvements are important as they contribute to making LNC deployments more scalable. Additionally, they make it possible to do smaller jobs at a reasonable price point with acceptable margins.



We are now two years into the 5-year validation and research study program with the University of Arizona.

The program is taking place in Yuma, Arizona, at the University's extension and research center. It looks at the transferability of previous LNC results from the UAE while also considering additional factors, such as the longevity of various LNC formulations under rotational crop farming practices.

That means there are a minimum of 2 crop rotations per year with tillage, disking, and bed preparations between each planting of crops. We also look at planting both with direct seeding and with transplant of seedlings, as well as gaining experience with a variety of different crops.

The field is designed by Randomized Complete Block Design, and we have three different LNC formulations in the ground and a number of replications of each treatment for statistical power. We have soil sensors in every block and plot and flow meters to measure the amount of water in the various plots to ensure solid data collection and control of the program.

The latest crop was romaine lettuce, which is an important high-value crop in Yuma. The harvest was recently completed, and I am sharing some interim data and remark that the season's results are still being analyzed and evaluated.

We also did romaine lettuce in the fall of 2022, and I have included the results for comparison and some preliminary observations.

LNC clearly increases the soil water-holding capacity, and by looking at yield factors for treatments that have received the same amount of water and nutrients, we can measure estimates of increased water and nutrient use efficiency – in simple terms, how many kilos or pounds of produce do I get per unit of water and nutrients spent.

Based on the preliminary results, we are learning that LNC formulation is a key factor. For this season, the LNC-D formulation indicates a 55% higher yield/water and nutrient use efficiency over the control, which is fairly consistent with the results from 2022, where it gave a 53% increase versus the control. This is also an early positive longevity indication for this specific formulation.

Formulation LNC-A and B show indications of being more exposed to the impact of tillage and soil disturbance and show less increase over the control in this season compared to 2022. It's worth noticing that the total yield and average size and weight of each individual romaine is larger this season than in 2022 – and that for the first time, we actually see produce at market spec comparable to farming in the more fertile soils down in the valley grown in basically sand up at the Mesa research station.

This season, we have also added some organic inputs to the nutrient program for specific plots, such as compost – and we are making early-stage observations of the synergistic effects of LNC in combination with organic inputs that will inspire additional research in this area. I will come back to this a bit later in the presentation as well, as it's a very exciting topic.

This is, as mentioned, a 5-year program, and we target a mid-term report after completing the analysis of the first full 2-year datasets, aiming for the first publication during Q2 this year.

We are excited about the learnings from this collaborative program with the University, and findings along the way contribute to shaping our ongoing R&D to create optimal formulations to meet specific objectives. I'm also excited about this because it clearly shows that know-how and adoption of the LNC innovation through formulation and adaptation to local conditions are more valuable than patents – and much more difficult to copy.



I also want to share some more in-depth updates on the developments in the United States.



After pilot testing of LNC since 2022, Desert Control, on 31 January 2024, received a purchase order from Limoneira to apply LNC for 6,652 trees over 60 acres at the Yuma ranch for the upcoming season – marking an important milestone as the first entirely commercial adoption of LNC in the U.S., transcending the pilot program phase.

I want to highlight the comment of Edgar Gutierrez, Vice President of Farming Operations at Limoneira, who says that their decision to expand LNC deployment in Yuma is a testament to the effectiveness and scalability of Liquid Natural Clay in enhancing soil health. This technology optimizes the use of natural resources, paving the way for more sustainable and profitable desert farming practices.

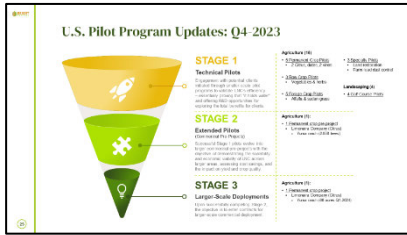
The two keywords from his comment I want to underscore are scalability and soil health.

Demonstrating scalability for the implementation of LNC at their ranch has been essential. When we deployed the first pilot in 2022, it took us three days to apply LNC for 50 trees – and at this level, it would have been impossible to roll out on a larger scale. When we later in the year deployed LNC at their Cadiz ranch we got to 250 trees per day, and in Q1 2023, deploying LNC for the pilot of 2000 trees in Yuma, we reached 500 trees per day. For the upcoming project, we anticipate surpassing 1000 trees per day with less labor, equipment, and production assets compared to the previous project. This increase in efficiency and scalability was key to Limoneira's decision to move forward with LNC.

Secondly, soil health. I want to emphasize that Limoneira's decision is motivated by way more than saving water. Limoneira views water conservation as very important for the sustainability of their business. However, the cost of water in Yuma is still low – farmers in Southern Arizona may pay as little as \$20 per acre-foot of water – while the total water-related costs Limoneira had in Cadiz was north of \$1000 per acre-foot of water, including energy and pumping costs. The decision to move forward with commercial LNC roll-out is therefore rooted in both water conservation and, more importantly, the potential of LNC as a core building block in the cultivation of soil health that, over time, will continue to increase in value that will be reflected in the overall yield and quality of their produce, contributing to growing climate-smart lemons with less inputs and less strain on natural resources.

I also want to highlight that Limoneira is a purpose-driven innovator – and in the theoretical model of the law of diffusion of innovation – with the famous "bell curve theory," they are amongst the initial 2,5% of the market. Limoneira's decision to move forward with the LNC roll-out after pilot testing, therefore, marks an important milestone in the commercialization of LNC in the U.S. Further, I want to say that the collaboration with Limoneira goes beyond a vendor-client relationship. The insights of the piloting phase bring great value to both parties, and our continued collaboration will open doors to even more additional areas of sustainable impact of our innovation.

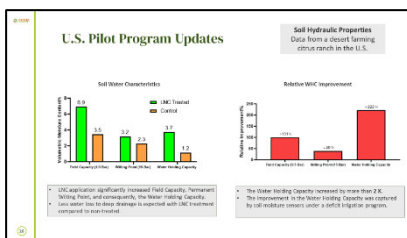




As of Q4-2023, we have secured commitments for 20 technical pilots in the U.S. By the end of the year, 10 of the pilots were implemented, with the remaining planned for LNC application in 2024.

The 20 pilots are split between agriculture with various crops and initial landscaping pilots, as highlighted in this slide.

In the following slides, I will share some more technical data on LNC performance from pilots.

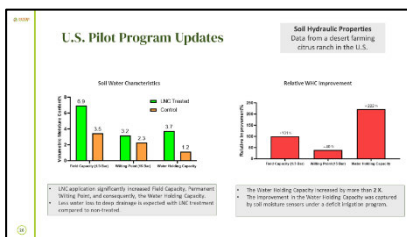


As I mentioned, under the University of Arizona program update, LNC clearly increases soil water holding capacity.

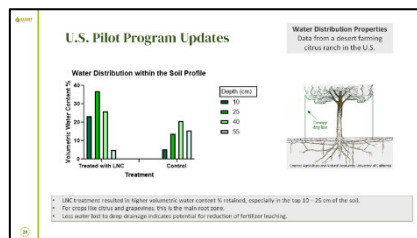
This is re-confirmed by soil sensor data from our various pilots in the U.S.

Here, we can see data from a citrus ranch where the green bars in the left-side graph show the volumetric moisture content retained in LNC-treated soil compared to the orange bars showing the same data for soil without LNC.

Looking at the relative improvement on the right-side graph, this shows a doubling of soil water holding capacity for LNC-treated sandy soil compared to control without LNC.



Here, we see an extract of soil sensor data from the citrus farm showing by the green line on the top how moisture levels are constantly retained higher over time for the LNC-treated soil compared to the control represented by the orange line.



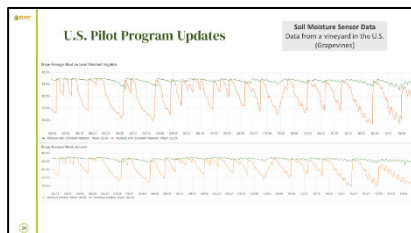
Diving one level deeper, it is also interesting to see how the water distribution in the soil profile is impacted by LNC treatment.

The bars on the left side of the graph show volumetric water content retained at 10-, 25-, 40- and 50-centimeters depth. To the right, we see the same depths represented in a control without LNC.

For this specific citrus application, we see a significantly higher retention of water in the upper 10-40 centimeters of the soil. This is the layer where the main roots of the citrus trees are.

When considering the water movement of the control, we see that the water is quickly lost to deep drainage. It moves down to the 40 – 55-centimeter depth and below much faster than the LNC-treated soil, which is the opposite – retaining the water in topsoil and losing less to deep drainage.

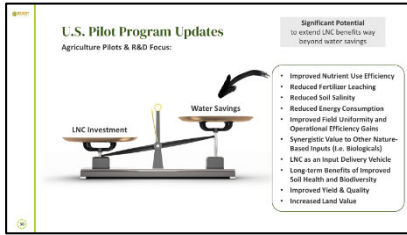
This further indicates the potential of LNC to reduce the leaching of fertilizers and other inputs. Leaching is the process where fertilizers are washed out and lost below the root zone to deeper drainage, eventually ending up in the water systems. Reducing such leaching is valuable for the environment and to increase fertilizer use efficiency, ensuring that vital nutrients are retained in the root zone where plants can use them.



Here, we see another soil sensor data set from a vineyard pilot, again with the green line representing the moisture level of LNC-treated areas compared to the control without LNC in the orange line.

In addition to showing the potential for water conservation – in other words, less water is needed to maintain the desired soil moisture over time – this also indicates several other benefits.

A more stable curve indicates a more stable soil environment that can be positive for reducing plant stress and further improve the conditions for the soil biology that, over time, can foster improved soil health and productivity.



To summarize the implemented agriculture pilots, I want to highlight that the water-saving impact potential we have looked at in the previous slides is only the starting point.

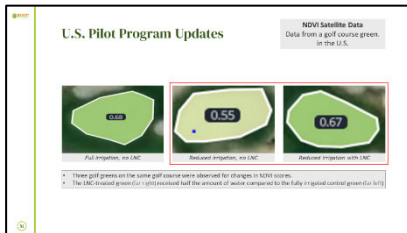
The bigger impact is driven by what the change of water movement in the soil can lead to in a holistic perspective.

For the agriculture pilots in the U.S., this is even more relevant as water continues to remain cheap for most farmers. As mentioned, in Southern Arizona, as low as \$20 per acre-foot of water.

The focus of these pilots, therefore, targets factors additional to water savings, such as improving the efficiency of nutrients and other inputs, the reduction of fertilizer leaching, lowering soil salinization, energy and operational efficiency gains, long-term benefits of improving soil health, and the associated impact on increasing yield and land value, which is strengthened by multiple seasons and longevity data.

Given these considerations, we are excited about the continued development of the total benefits for the agriculture sector by extending R&D interaction with the continuous learnings from these pilot programs over multiple seasons.

As mentioned previously, this adds significant value to our know-how and formulation data that far exceeds the value of patents alone and is far more difficult to copy.



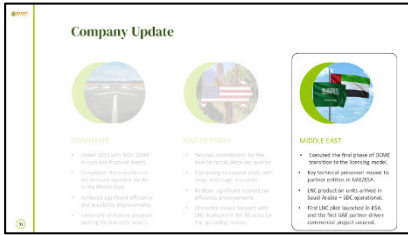
In parallel with continuing the pilot programs in the U.S. agriculture sector, we are excited about the results from early-stage landscaping and golf course pilots. Pilots on the initial golf courses in the Yuma, Arizona, area continue demonstrating positive water savings and improved root and turf health.

This slide shows NDVI satellite data indicating the health of the grass where the greener color and higher score indicate a richer plant canopy, in this case, a greener green.

To the left, we see a control area that is receiving full irrigation. The image in the middle shows a control area that receives half the amount of water, and the far-right image shows the LNC treated green with the same water reduction as the image in the middle. This clearly demonstrates that turf grass can be maintained healthy and green with way less water.

For the golf sector, this shows promise because most landscaping users pay a lot more for water than agricultural users. While a farmer in Southern Arizona may pay as little as \$20 per acre-foot of water, landscaping users in Southern California and Nevada may pay from \$1000 - \$3500 for the same amount of water. This means that water savings alone may provide sufficient economic benefits to justify LNC investment in the landscaping sector.

We are therefore adding additional resources and hiring salespeople for a focused development effort of this sector in 2024 – targeting specifically the high water users in the high water cost areas in Southern California and Nevada.



Now, turning to the Middle East, where the start of the year has kicked off with a positive tone.

During Q4, we finalized the transition to the licensed operator model. Key technical personnel have moved from Desert Control Middle East to partners in the UAE and Saudi Arabia, which is great for retaining expertise in the region.

Both our partners, Mawarid Desert Control and Saudi Desert Control, are now operational.

Mawarid Desert Control has secured the first commercial project in Abu Dhabi for 3 million liters of LNC, and they recently launched their first pilot in KSA.

Saudi Desert Control has the first 4 LNC production units together with the core team in place. They turned operational in early January, and momentum is building for the year ahead.



As previously announced, we have now transitioned to a licensed operator model for the Middle East.

That means all sales and distribution of LNC in the region are done by the local partners, Mawarid Desert Control and Saudi Desert Control, under royalty-based licensing agreements supported by Desert Control in Norway.

For more details on the licensing model, please refer to the detailed FAQ published on our website.



The Middle East is home to 6% of the global population, and they have less than 2% of the world's renewable freshwater resources. As a result, this region is under severe water stress, which is only predicted to increase in the decade ahead.

Therefore, we are seeing several opportunities where the benefits of water savings alone will bring substantial value from LNC investment in this region. This is evidenced by, for example, the government, municipalities, and water authorities in the UAE now starting to enforce payment for water consumption with increasing tariffs. In Saudi Arabia, we are even seeing enforcement of government-regulated meetings of private wells and groundwater consumption, also with increasing tariffs.

Through our local partners, we believe that LNC can add significant value to users across landscaping, forest management, and agriculture – and we are excited about the opportunities ahead.

-35-



We will now turn to the Financial update, and I will pass it over to our CFO, Leonard Chaparian

-36-



Thank you, Ole Kristian, and good morning to you all.

The figures are shared in detail in the financial report published earlier this morning.

These financial key figures will be covered in more detail in the following slides.

The company closed the fourth quarter with a positive cash balance of 119.6 Million kroner and has no interest-bearing debt.

These figures encompass both the ongoing and the discontinued operations of Desert Control.

It is important to highlight that the revenues depicted in this section are the net results of our transactions with our Middle Eastern partners, H-EART and Mawarid.

These figures have been adjusted to account for goodwill and assets held for sale.

We have, within this quarter, recognized the majority of the accounting implications of this transaction.

-37-

	Notes	Q4 2023	Q4 2022	Q4 2021	Q4 2020
Revenue		13,204	51,831	13,204	51,831
Cost of goods sold		(6,373)	(41,000)	(6,373)	(41,000)
EBITDA		6,831	10,831	6,831	10,831
EBIT		(6,404)	(10,384)	(6,404)	(10,384)
Profit or loss		(6,404)	(10,384)	(6,404)	(10,384)
Other comprehensive income		0	0	0	0
Profit or loss for the quarter		(6,404)	(10,384)	(6,404)	(10,384)

In this quarter's report, we have continued distinguishing the financials between ongoing and discontinued operations.

The financial figures have been thoroughly split to provide transparency for the readers.

A more detailed overview of the discontinued operations will be presented later in this segment

"The net financial items this quarter have been significantly impacted by the strengthening of the Norwegian krone towards the end of the year.



-41-

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

	Q4 2022	Q4 2021	Q4 2020
<b>Cash flows from investing activities (2022)</b>			
Purchase of property, plant and equipment	13,939	1,570	12,912
Acquisition of financial instruments	487	-	18,892
Proceeds from sale of property, plant and equipment	267	-	1,862
Interest received	127	483	100
<b>Net cash flow from investing activities</b>	<b>14,810</b>	<b>2,053</b>	<b>33,766</b>
<b>Cash flows from financing activities (2022)</b>			
Proceeds from issuance of equity	75,473	83,473	1
Transaction costs related to share issues	1,468	1,000	-
Lease payments	108	35	1,421
Interest paid	11	33	31
<b>Net cash flow from financing activities</b>	<b>76,013</b>	<b>84,541</b>	<b>1,453</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>91,223</b>	<b>86,654</b>	<b>35,229</b>
Cash and cash equivalents at beginning of the year (2022)	12,751	12,621	19,792
Net change exchange rate	1,200	260	680
<b>Cash and cash equivalents, end of period</b>	<b>104,174</b>	<b>100,000</b>	<b>55,701</b>

This part of the cash flow statement also incorporates the effects of share issues in Q4, in addition to changes in assets primarily regarding discontinued operations.

No other significant sources of capital have been added through the fourth quarter.

-42-

**Discontinued operations note**

	Q4 2022	Q4 2021	Q4 2020
<b>Net result for discontinued operations</b>			
Change in net investment, consolidated	0	65	200
Revenue from sales	22,540	1,905	14,017
Other income	11,140	2,809	10,765
<b>Total net sales from discontinued operations</b>	<b>33,680</b>	<b>4,779</b>	<b>24,982</b>
Cost of goods sold (COGS)	11	625	611
<b>Gross margin from discontinued operations</b>	<b>33,669</b>	<b>4,154</b>	<b>24,371</b>
Other operating expenses	1,144	1,245	12,300
Other operating revenues	1,128	1,245	4,300
Depreciation and amortization	145	1,155	2,315
Provision for impairment	12,879	7,871	12,300
Financial results	1,245	11	1,571
<b>Profit or loss before tax from discontinued operations</b>	<b>2,124</b>	<b>2,902</b>	<b>10,042</b>
Income tax expense	1,724	4,912	14,100
<b>Profit or loss for the year from discontinued operations</b>	<b>400</b>	<b>-1,010</b>	<b>-4,058</b>

As previously anticipated, our activities in the Middle East, as reflected in the discontinued operations note, have now undergone the forecasted decline. Ceasing our Middle Eastern operation has resulted in substantial cost savings, with expenses now approaching zero

We have recognized the bulk of the financial impacts from this regional exit within the current quarter's figures, as evidenced by the net revenue adjusted for goodwill and assets held for sale.

Reclassified Other Comprehensive Income (OCI) is the main component of financial expenses for discontinued operations.

For further information regarding the Q4 Financials, please see the full Q4 report

-43-

**The DSRT share**

Net DSRT share (millions of shares)

Shareholder	Shares	Percentage
Desert Control	1,000,000,000	100%
Investor	1,000,000,000	100%
Other	1,000,000,000	100%

Origin of shareholders

Shareholder	Shares	Percentage
Investor	1,000,000,000	100%
Other	1,000,000,000	100%

The development of the Desert Control share and the Top 20 shareholders are updated at our webpage [desertcontrol.com/investors](http://desertcontrol.com/investors) [Investor — Desert Control](#)

-44-

**Agenda / Q4 2023**

Q4 & YTD Highlights | Financials | Outlook | Questions and answers

We will now turn to Outlook before we close with the Q&A

-45-



For Outlook, I will also structure this under Corporate - United States - and the Middle East.

Corporate:

- From a corporate level, we anticipate substantial progress for the LNC technology in 2024, backed by commercial deployments in the Middle East, ongoing pilot programs in the U.S., and targeted development to support broader agriculture and landscaping adoption.
- We are also committed to driving further improvement in capacity, scalability, and unit economics for the coming year. As mentioned previously, we anticipate another doubling of LNC production capacity per unit for 2024.
- On the R&D side, we are seeing early results, especially with nature-based additives in LNC, that indicate significant potential to extend the benefits of LNC way beyond water savings, which sets the scene for an exciting year ahead.

United States:

- The short-term focus in the U.S. is to complete the implementation of the Limoneira project, which is targeted for April 2024.
- We are also excited about the continued development of the agriculture pilot program to showcase LNC's multifaceted benefits while launching the parallel focus to develop the landscaping and golf courses segment in Southern California and Nevada.

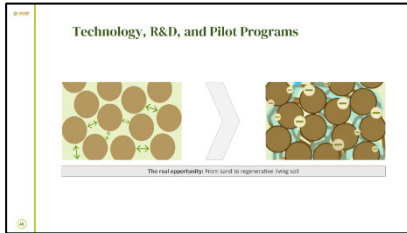
Middle East:

- The focus is to enable local partners to establish and grow the regional business through support programs, R&D efforts to advance LNC formulation, and technology development to keep improving unit economics and production capacity.
- Revenue generation in the short term is anticipated to be limited, with cautious growth expectations that anticipate the development of a run-rate business of initially smaller, partner-driven projects.
- While some large opportunities in development may represent an upside, timelines for substantial revenue growth remain fluid, reflecting the inherent unpredictability of market dynamics.

In summary:

- The year ahead is viewed with cautious optimism, shaped by the strides made across operational domains, pilots, technology development, advances of the company's business and go-to-market model, and a fortified financial position.





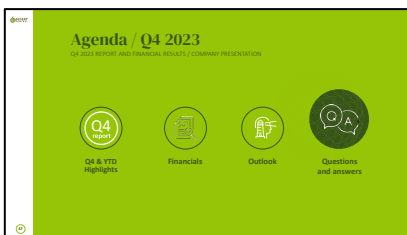
Before we move on to the Q&A, I want to reiterate my excitement about the R&D pathway we are on and the total potential of LNC.

The objective of LNC is to change the physical properties of sandy, light, degraded, and thirsty soils – depleted for organic matter with very limited biodiversity – AND to use this as the foundation to kick-start nature's regenerative processes of cultivating a living healthy soil.

If we imagine sandy soil as a jar of large marbles, there will be big void spaces of air between the marbles – which is why water filters through and is lost very quickly.

What we are aiming for with LNC is to introduce clay minerals without filling up these void spaces by attaching particles to the "marbles" and initiating clay-bridge bindings between the larger particles, which in the next phase starts the creation of soil aggregation.

Now, when we change the pore structure of the soil (the size of the void spaces of air between the marbles) from large macro pores to a mixture of smaller pores, we create a significantly better habitat for the soil biome. This increases the total surface area in the soil, and the clay particles introduce surface charges and increased cationic exchange capacity, all working together to create the multifaceted benefits I have discussed throughout this presentation.



We will now start the Q&A session. We invite you to use the Q&A function for questions.

**Q&A session** *(Summarized written answers to questions raised for the Q&A)*

---

**Q:** The Yuma ranch of Limoneira is around 13 hundred acres with approximately 120,000 trees, and Desert Control has received the commercial project for 6,600 plus trees. Can we expect Desert Control to win business for the rest of the 130,000 trees?

**A:** As mentioned in the press release and previous communication on the Yuma ranch, ongoing fallowing and forbearance programs are active on parts of the farm. We, therefore, expect the continued roll-out of LNC to be aligned with these fallowing forbearance programs.

A fallowing program means that the water authorities and/or local governments are funding the cessation of farming activities on parts of the land for a defined period for water conservation. That means that they need to turn the area completely barren. They need to remove any trees on this part of the land so they are guaranteed not to use a single drop of water.

It's, in fact, illegal to put a single drop of water on the fallowed land while they are under the programs, and then when these programs end, it will be split up segment by segment, block by block. We anticipate the continued roll-out of LNC aligned with replanting these areas.

---

**Q:** Can you elaborate a bit regarding the status and process of pilots signed in 2023 with regard to progression, their evaluation, and possible decisions? And do you expect some of them to enter stage two during the first half of 2024?

**A:** I've shared a good status in the presentation here, and I invite you also to revisit the slide on the distribution of the various pilots. As I mentioned, 10 of the 20 pilots were implemented by the end of the year.

There is a natural backlog of pilot implementations since many of them were secured late in the year, and we need to align the implementation with the farmers' farming programs, crop rotation, preparation of the land between the cropping seasons, etc. So, we still have 10 pilots from last year targeted for implementation in the new year. And the engagement with all of the pilot clients is very positive.

They're all positively committed to continuing the program to demonstrate the multifaceted benefits beyond the water savings throughout the year. We will share progress as they evolve towards later stages as things develop.

---

**Q:** Can you elaborate on whether fertilizers are a potential add-on with LNC? If so, would this be a huge potential? Wouldn't this be a huge potential collaboration market for energy control?

**A:** Organic inputs, fertilizers, and nutrient programs are potential areas for significant collaboration where LNC can add value. Remember the slide where we looked at how L&C retains the water in the top 10 to 40 centimeters of the soil instead of the control where it's being washed out, retains the nutrients in that zone, and reduces fertilizer leaching as a priority from a regulatory perspective. Many areas are introducing nitrogen taxes to reduce the leaching and runoff of chemicals, fertilizers, and pesticides.

So, we see that as an area of opportunity. When we look at the synergistic values as well from indications of the university program collaboration and the recent harvest where we looked at these synergistic effects with organic inputs like compost, etc., it shows great promise. This is all connected to the greater play of developing a soil that can retain these important nutrients but also create the right habitat for the soil's natural biodiversity and a regenerative living soil.

Let's also look at areas in addition to the traditional fertilizer programs. There is a lot of development in the regenerative agriculture space where the majority of the large ag players and large fertilizer companies are investing significant efforts. This is seen through initiatives we hear about, like biologicals, etc. So if you go back to my picture of the big marbles versus the tighter filtered sort of better pore structure, we clearly see a very promising area where we can make sure that these types of progress made by the ag industry in general actually also can be impactful in these sandy lighter soils, both through the initiatives that we are working with through our pilot programs and also through potential collaborations with other industry players.

---

**Q:** Out of the 20 pilot projects won last year, which ones are the closest to moving towards a commercial pre-project

**A:** I think, as I shared in last quarter's update, where we see the sort of strongest value proposition of the pilots are in permanent crops, the higher value crops, and selected areas where we're also targeting the development of increased land value or land use value.

Especially when it comes to yield, which is a key focus for many of these, combined with land value, which naturally requires a couple of seasons of data collection also to indicate longevity, but I would remain focused on highlighting the permanent crops as our number one area of agricultural pilots, evidenced by Limoneira moving forward after two years of piloting here as the strongest development.

---

**Q:** Can you elaborate on the relationship with Estidamah and the NEOM Topian project? Have there been any pilot projects for these sectors?

**A:** When it comes to Estidamah, which is more a broad Saudi Arabia entity, and especially talking about NEOM, this is an initiative that I think is extremely visionary and that I eagerly follow on social media with their developments. But when it comes to talking about LNC-related direct developments of any opportunities there, I refer again to the fact that we are now developing this market through our partners. I will defer detailed communication about these opportunities to be handled by our partners.

---

**Q:** There are several ongoing grants from, amongst others, the National Institute of Food and Agriculture around the 300 million U.S. dollars funding pool. How do you work to ensure that LNC is accepted for agriculture grants?

**A:** Yeah, so this is also a key sort of facet of the University of Arizona program because these grant programs require to have a documented impact that is validated by independent parties where publications, scientific publications, publications, and work done by universities are a key qualifying factor for that. This is one of the reasons we are very focused now on getting to the first publication during the second quarter with the University of Arizona. If you remember, we had a similar question on this irrigation efficiency grant program that we have started to engage with in Arizona, where the next stage we need to pass is publishing a peer-reviewed report.

We're making progress in these areas, and we also have engagement with these government entities through various government relations programs to make sure that we are being positioned in a way to qualify for being part of important incentive schemes. As you probably understood from my earlier presentation, water in agriculture in the U.S. and many other places in the world is a bit of a political area with lots of subsidies around it, and therefore, aligning with these types of incentives is an important priority for technologies for water conservation. In parallel, we're also seeing governments experimenting with significantly increased water tariffs for agricultural use.

We've seen that in one specific region in California where they've increased it to close to landscaping rates with significant impact on investments in water conserving technologies in that small region, and we're also seeing the same, as I mentioned in the UAE and the Middle East with increasing regulations and tariffs on water.

---

**Q:** You're currently looking for sales personnel aimed towards the golf courses, but could you share some information about the size of opportunities and expected market size within that segment, as well as some information on the experiences the company has gained from the golf course pilots?

**A:** The landscaping market is a substantial one. If you do market research by looking at some of the landscaping services companies in the U.S., you'll find multiple multi-billion dollar companies serving that industry. So, it's definitely a large market.

If you look at one small specific segment of that market, like golf courses, the United States has more than 18,000 golf courses, with a high percentage of those in arid and sandy regions like the U.S. Southwest and places like Florida. The areas where water prices are extremely high cover a huge number of opportunities in Nevada and Southern California as well. In addition to the golf courses, there are, of course, a lot of other privately owned entities with huge green spaces.

I'm mentioning privately held because we're also looking for simplified decision-making processes. There are different campuses, sports facilities, and high-end luxury landscaping areas here. There is also a huge sector of parks and urban greenery, etc. The areas of the addressable market here are substantial, both in the United States, the Middle East, and other markets.

---

**Q:** Can you elaborate on your work towards the state actors in the Middle East and North Africa and progress? And when do you imagine that these types of agreements would become relevant?

**A:** Yeah, as I've said previously, there are 110 countries of addressable markets worldwide. There are huge opportunities land size-wise on the Sahel side, the Great Green Wall initiatives, and other projects with state players, NGOs, the United Nations, etc. But to build a solid foundation, we don't want to spread ourselves too thin.

We are very focused now on these selected areas in the Middle East and empowering our partners to truly be successful in bringing the value of LNC to these markets, as well as our initiative to continue driving the development in the United States. So, we work with these other programs because we have good relationships, and we are engaged in discussions to look at how we can take this innovation in a more distant future and stage two and stage three to these markets. And we'll also be engaging with our partners to look at how we can accelerate certain markets in that segment.

---

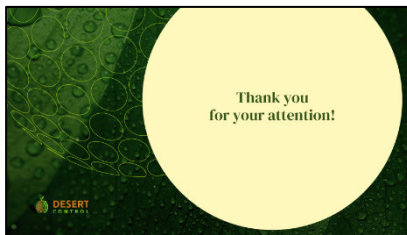
Thank you for joining the Desert Control Q4 2023 Company Update.

-48-



Before we close the session, please take note of the disclaimer relating to forward-looking statements.

-49-



In closing, we extend our deepest gratitude to our team and employees, partners, customers, and investors for unwavering support throughout a transformative year.

Looking forward to 2024, we are excited about the opportunities for impacting water conservation and soil regeneration!

Thank you for joining the Desert Control Q4 2023 and Year-to-Date Company Update Presentation.