



## Desert Control ready for IPO

**The Norwegian company Desert Control is raising NOK 150 to 200 million to accelerate scale-up. It is ready for the commercial roll-out of LNC, a liquid natural clay that can turn sand into fertile soil.**

**Norway, March 24<sup>th</sup> 2021** - Desert Control is ready to grow. After successfully validating the technology, the company is now preparing to scale up with cost effective volume production of the product LNC (Liquid Natural Clay).

Agriculture and food production consumes more than 70% of all available freshwater. When topsoil degrades, water consumption increases further as it permeates through sandy soils like a sieve. Simultaneously, population growth drives the need for more food over the next 40 years, than was produced in the last 500 years, putting even more pressure on scarce resources such as water.

This is the problem Desert Control is determined to solve. The company has created a liquid clay compound which allows degraded topsoil, sandy soil, and desert sand to regain the ability to retain water and nutrients. An independent research organization has validated and documented irrigation water savings of 47% with optimal growth conditions.

In 2019, Desert Control raised NOK 42 million for developing technology for industrial scale production of LNC and expand testing and validation efforts on a larger scale than before. Now, this phase is concluded, and public listing on the Euronext Growth stock exchange is approaching.

The Desert Control technology platform enables mechanically produced liquid clay to be applied to degraded sandy soil, boosting water and nutrient uptake and retention. Thanks to this solution, food crops and plants can be grown in areas that once were barren. The company has confirmed that the process can successfully scale up for larger deployments and is now accelerating the roll-out.

- Arctic Securities and Sparebank 1 SR-Bank Markets have received significant anchor demand and interest from investors indicating a pre-secured transaction for the lower range. Book building starts on Wednesday, 24 March at 09:00 CET and runs until 16:30 CET on Friday, 26 March. The minimum subscription in the issue is EUR 100,000. The capital raised will finance the company's growth plan with commercial roll-out in the United Arab Emirates, and the western United States, says CEO Ole Kristian Sivertsen.

The listing on the Euronext Growth stock exchange is expected to complete mid-April.

### **Substantial market potential**

Ole Kristian Sivertsen of Desert Control is confident that the company has a market for its product.

Droughts, overexploitation, and desertification have already degraded 20% of the earth's fertile land. 12 million hectares of productive land perish to desertification annually, according to the United Nations; this means that areas equivalent to 2,000 football fields per hour turn into sand and dust. Liquid natural clay can both halt and reverse this degradation, and the market is vast, he says.

Several new LNC production units will enter operation in the United Arab Emirates during 2021, and in 2022 commercial operations will expand to the United States.

Desert Control has two business segments: landscaping/commercial greenery, and agriculture. Landscaping includes urban greenery such as parks and sports fields. In areas such as the Emirates,



this is extremely water-intensive. The LNC solution reduces water consumption significantly, and there is a high willingness to pay to achieve such savings. A 50-hectare landscape area can have irrigation water exceeding USD \$1 million per year. In California, the water shortage has increased sharply in recent years, driving demand in this market. In agriculture, Desert Control has documented that liquid natural clay significantly reduces water and fertilizer consumption while increasing crop yields. In the years ahead, agriculture will have to produce more with less resources, making this a significant market potential.

Initially, Desert Control will sell the solution to farmers and landowners in these markets. For the time being, the core business model is to treat land areas with liquid natural clay at a price per square meter. Additional services and revenue models are under development as we advance.

### **Gaining global attention**

When the company conducted field validation with the independent research institution ICBA, where watermelons, zucchini and grain were to be grown in the desert of the Emirates during the Covid-19 pandemic, the goal was to keep it all quiet. It didn't work out that way. When people discovered that the desert was turning green, the phones started ringing at the company HQ in Stavanger, Norway. Shortly after that, stories about green deserts were broadcasted both by the BBC and CNN.

- In addition to significant media interest, the pandemic has also increased interest in the United Arab Emirates. The food security strategy has been offsetting the cost of food imports with profits from oil and gas. When the pandemic hit, their focus on local agriculture and food production grew significantly. The country has some 38,000 farms – 60% are privately owned, with sizes ranging from one to ten hectares. These farms are ideal customers in this phase, and it is a market segment that is growing rapidly, says Sivertsen.

The company is experiencing substantial demand and has already started pilot projects and PoC's with customers in the Abu Dhabi and Dubai area. The United Nations is also showing interest in liquid natural clay for initiatives to stop and reverse desertification and restore arable land for the Sahel region of sub-Saharan Africa.

Desert Control has also received numerous awards for its sustainability innovation. Both the Katerva Foundation and Mastercard's innovation program "Lighthouse Massive" have awarded the company. Further EXPO 2020 Live has awarded the company a global innovator status for climate change and social impact. World Economic forum awarded the company top-100 start-ups. Ole Kristian Sivertsen is optimistic about the future. The company recently received an award of NOK 11.9 million from Innovation Norway, which funds a NOK 26 million environmental technology innovation project.

- As our next step, we will establish solid delivery capacity in the United Arab Emirates and the US to generate positive cash flow that can accelerate further growth, says Sivertsen.

### **About Desert Control:**

Desert Control is a climate technology company specialized in reclaiming degraded soil and turning desert sand into fertile soil. The patented product LNC (Liquid Natural Clay) is a liquid clay compound that enables sand and degraded soil to retain water and nutrients. LNC thus increases crop yields, while consumption of water and fertilizer decreases by up to 50%. Read more:

[www.desertcontrol.com](http://www.desertcontrol.com)