

## STOCK EXCHANGE RELEASE – FOR IMMEDIATE DISTRIBUTION

### **DSRT: Desert Control extends agreement with Mawarid and prepares for stage two**

*Sandnes/Abu Dhabi, 21 October 2021*

Reference is made to the stock exchange release published by Desert Control AS ("Desert Control" or the "Company") on 8 June 2021, announcing the Memorandum of Understanding ("MOU") with Mawarid Holding Investment and its subsidiaries, including Barari Natural Resources ("Mawarid").

Desert Control today announces that preliminary results from the pilot project have been assessed together with Mawarid. The interim results highlight broader opportunities for food security initiatives that will be of significant value when realized. Based on positive preliminary results and the successful collaboration, the pilot project is being extended to gain further knowledge in some additional areas, including more strategic crop varieties, formulations, and applications of LNC that may further expand the business opportunities for the parties. Both parties' express commitment to move forward towards stage two of the MOU based on the positive results and experience gained thus far. Stage two includes to establish a strategic partnership for accelerated deployment of LNC within the United Arab Emirates and the wider Middle East region.

*"The foundation for any successful partnership is a united culture built on shared values with transparency that foster strong relationships and trust. Through these principles, we achieve excellent execution and solid value creation in our collaboration. Working together as partners during the initial pilot is evidence that we are successfully building this foundation between Mawarid and Desert Control, says CEO Ole Kristian Sivertsen."*

The first stage of the MOU is a pilot project that consists of reversing soil degradation, creating arable land with fertile soil in desert conditions, and reducing water consumption within agriculture, forestry, green landscapes, and nature conservation, using Desert Control's Liquid Natural Clay ("LNC") on several Mawarid managed forests and agricultural properties in the United Arab Emirates ("UAE").

*"Mawarid and Barari create value by being at the forefront of innovations and sustainable practices and adopting them to improve the environment while driving profitable growth," says Mawarid Holding Investment CEO Ayman El Gayar. "In partnership with Desert Control, we can save water, reduce fertilizer usage, improve desert soils, fight desertification, and reduce costs for our own operation as well as for our clients and our country. The partnership we aim to build will have a tremendous environmental impact in UAE and the wider MENA region."*

The pilot project is well underway and is, as announced today, now extended to include additional strategic opportunities. LNC treatment is complete for six out of eight work packages. The treatment of vegetables indicates preliminary water-saving measures according to targeted levels. Palm trees in developed arable land do not yet show a significant impact from the LNC treatment. The soil quality of the specific palm tree area was already very high before LNC treatment, with good water holding capacity. Therefore, the pilot is extended to include treatment of palm trees in more regular sandy soil, representative of the majority of palm trees in the Middle East. The area for animal food (alfalfa and panicum) has recently been seeded and still needs more time to gain sufficient water consumption data. However, analysis from soil samples of the animal feed area are promising, showing a significant increase in water holding capacity in the LNC treated field compared to the control reference. A visual demonstration is shown in this video: <https://bit.ly/3nd3UWS>

Further, the application of LNC for a variety of forest trees has been completed, with the last forest area finalized on October 13. The pilot has further been extended to include a wider variety of fruit trees to support national food security initiatives. For both forest trees and fruit trees, the visible results of soil improvement are positive. A visual demonstration is shown in this video: <https://bit.ly/2Xxv7Lg>

The parties are optimistic about the outlook for successfully establishing the strategic partnership based on the preliminary and indicative results from the pilot project under the MOU. The parties further express the collaboration in the pilot phase has been outstanding, demonstrating a good cultural fit and a solid foundation for the future partnership.

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*"Today, by extending the agreement, we demonstrate commitment to develop a long-term strategic partnership between Mawarid and Desert Control. The preliminary results of the pilot strengthen our belief that the Liquid Natural Clay innovation aligns with our goals to maintain the legacy of His Highness, the late Sheikh Zayed, by greening the desert and securing food security resources. These initiatives further align with the vision of our president H.H. Sheikh Khalifa Bin Zayed Al Nahyan and Crown Prince H.H. Sheikh Mohamed Bin Zayed Al Nahyan, says Chairman of Mawarid, H.H. Abdul Jaleel Alblouki. The pilot has already demonstrated ability to reduce water demand for growing food, protecting our natural resources and safeguarding the biodiversity and climate of our ecosystems."*

In stage two, it is Desert Control and Mawarid's intention to establish a strategic partnership for development of further projects and accelerated deployment of Liquid Natural Clay in large scale operations in the United Arab Emirates ("UAE"). It is contemplated that the Company will continue the development and production of Liquid Natural Clay, while the partnership – Desert Control and Mawarid collectively – will develop the go-to-market channel and specialize in application solutions to provide LNC treatment for agriculture, forestry, ecosystem restoration and nature conservation. Desert Control has a global market for Liquid Natural Clay, and, under the MOU and subject to the final terms of the partnership, Mawarid is granted exclusive rights for UAE and a potential to expand the relationship with priority partnership for areas in other jurisdictions across the Middle East and North Africa. Any final agreement remains subject to the results from the pilot project as well as commercial negotiations between the parties. Hence, it is noted that the Company cannot provide any guarantee that the collaboration as contemplated by the MOU is feasible or that any further agreement will be entered into in the future.

The Company also emphasizes that the pilot project is not completed and that final results may differ from current preliminary results. Known uncertainties includes the fact that the pilot project has been extended in scope and duration, and as such is not completed, and hence results are also incomplete. Further, read-outs from sensors are not verified and may be subject to correction based on a variety of matters such as defects and incorrect installation. The final conclusive results from the pilot project are expected to be available during second half of November.

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### **About Desert Control AS**

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. Liquid Natural Clay (LNC) enables sand and degraded soil to retain water and nutrients. LNC increases crop yields while reducing water and fertilizer consumption by up to 50%.

Agriculture and food production consume 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. There are tremendous growth opportunities in a market that is growing rapidly. Annually, 12 million hectares of fertile land perish to desertification.

### **About Mawarid Holding Investment L.L.C**

Mawarid Holding Investment L.L.C (MHI) is a reputable holding company that has wide experience, through its subsidiaries, in many diversified domains including but not limited to Agricultural, Industrial, Services, Hospitality and other related business in the United Arab of Emirates and in the MENA region. Mawarid is specialized in identifying, creating, and managing services in accordance with the highest international standards. Within its current portfolio of diversified group of companies, Mawarid has certain subsidiaries which core business are of an agricultural nature, including Barari Natural Resources, Mawarid Services and Mawarid Nurseries. Mawarid, through its subsidiaries, is

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one of the leaders in landscaping field as well as the conservation with management of 438 forest and reservations in the Emirates of Abu Dhabi covering over 200,000 Hectares comprising of 13 million forestry trees and 400,000 date palm trees. Mawarid Holding Investment employees over 11,000 personnel within different industries across the UAE and outside.

### **Important Notice:**

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange announcement was published by Erling Rasmussen, Chief Financial Officer of Desert Control AS on 21 October 2021 at 11.00 CEST.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "strategy", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond their control. Actual events may differ significantly from any anticipated development due to a number of factors, including without limitation, changes in public sector investment levels, changes in the general economic, political and market conditions in the markets in which the Company operates, the Company's ability to attract, retain and motivate qualified personnel, changes in the Company's ability to engage in commercially acceptable acquisitions and strategic investments, and changes in laws and regulation and the potential impact of legal proceedings and actions. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not make any guarantee that the assumptions underlying the forward-looking statements in this announcement are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this announcement or any obligation to update or revise the statements in this announcement to reflect subsequent events. You should not place undue reliance on the forward-looking statements in this announcement.

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