

Desert Control enters strategic agreement for the Kingdom of Saudi Arabia

Sandnes, Norway, 3 July 2023 – Desert Control AS (DSRT) (the "Company") today announces that it, pursuant to the strategic review, has entered into an agreement with Holistic Earth Advanced Regeneration Technologies SA (H-EART) to become a licensed operator for production, sales, distribution, and implementation of Liquid Natural Clay (LNC) in the Kingdom of Saudi Arabia (KSA).

The agreement marks a significant milestone in Desert Control's transition to a royalty-based licensed operator structure for the Middle East. The change in business model unlocks cash, reduces operating costs, and allows Desert Control to leverage the capacity and reach of local partners while dedicating additional resources to core business activities and accelerating development in the United States and other markets.

"The strategic partnership with H-EART drives expansion of LNC offerings in KSA while strengthening the core innovation of the Liquid Natural Clay technology and enhancing global reach. By leveraging the capabilities of H-EART, we can grow our impact in the Middle East and accelerate efforts in other key markets," said Ole Kristian Sivertsen, President and Group CEO of Desert Control.

H-EART will acquire one LNC production cluster, consisting of 4 LNC production units, for USD 1 million. In addition, H-EART will anchor the strategic partnership by becoming a shareholder in Desert Control AS with an investment of \$1 million at NOK 10,- per share in a directed share issue, along with entering into a non-exclusive agreement for the production, sales, distribution, and implementation of LNC in KSA.

"We are honored to partner with Desert Control to tackle critical issues in the Kingdom of Saudi Arabia. The impact of technologies such as LNC is crucial for KSA as we strive towards achieving strategic national objectives and priorities outlined in the Saudi Vision 2030 and the Saudi Green Initiative. Emphasizing food security, water security, and climate action leadership, this agreement allows us to step up our efforts to tackle desertification and water scarcity," said Constandinos Felder, CEO of H-EART.

The strategic partnership with H-EART marks another milestone in Desert Control's strategy to enhance its business model for the Middle East. The Board of Directors believes the partnership model will enable Desert Control to implement its vision more effectively across the Middle East region with the support of its local partners. Meanwhile, shareholders will benefit from the value creation generated from royalty-based licensing, revenue from asset purchases, and equity infusion.

For the initial implementation of the agreement, a total consideration for the combined transactions of USD 2 million will be payable to Desert Control. During the license period, Desert Control will receive a customary royalty payment calculated as a percentage of revenues from the business of H-EART in KSA. Completion of these agreements is subject to customary terms and conditions.

The Board is pleased to have reached important milestones in the strategic review.

For further inquiries, please contact:

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About Desert Control:

Desert Control specializes in climate-smart AgTech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) restores and enhances soil ecosystems to reduce water usage and improve the efficiency of fertilizers and natural resources for agriculture, forests, and green landscapes. LNC enables sandy and arid soil to retain water and nutrients, thus increasing crop yields, plant health, and ecosystem resilience while preserving water and natural resources by up to 50%.

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

Important notice:

This information is considered to be inside information pursuant to the EU Market Abuse Regulation (MAR) and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act. The stock exchange announcement was published by Marianne Vika Bøe, Chief Financial Officer of Desert Control AS, at the time and date stated above in this announcement.

The directed share issue towards H-EART represents a deviation from the shareholders' pre-emptive right to subscribe for shares in the Company. The directed share issue will be carried out as a private placement to secure H-EART as a long-term strategic shareholder in Desert Control and to facilitate the opportunity to raise capital without a discount. On this basis, the Board has considered the proposed transaction structure and the investment to be in the common interest of the Company and its shareholders.

Disclaimer related to forward-looking statements

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 believe 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.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm, or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

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