

# Q3

## REPORT 2024



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





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## CEO Message



Desert Control made good progress in the third quarter of 2024. Promising pilot results across agriculture and landscaping continue to validate the economic and environmental value of LNC, providing a solid foundation for advancing commercial discussions with clients.

Landscaping pilots in California achieved impressive water savings, marking a significant milestone as the region's high water costs continue to rise. As we entered the fourth quarter, the first agreement with commitment to deploy our water conservation solution to a complete golf course was announced on November 8th. We have also seen substantial yield gains in the agriculture segment, demonstrating how farmers can achieve improved profitability from LNC investments, even where average water costs remain lower.

The quarter marked the first royalty income from the Middle East. While modest, this revenue shows that years of groundwork in the region start paying off. We are seeing growing commercial traction in this market driven by solid pilot results and our partners' increased investments in building dedicated sales teams and launching marketing initiatives.

Technology development and continuous innovation remain central to our strategy, unlocking new capabilities and market opportunities. The next-generation LNC production system—on track for commercial readiness in 2025—represents a 1000X capacity increase since 2019. These advancements will ensure the ability for scale-up to meet the growing global demand for sustainable soil health and water conservation solutions.

Strategic partnerships continue to add value, accelerating our development, growth, and market reach. On the R&D front, our collaboration with Syngenta is off to a good start, showing potential to fast-track the evolution of LNC as a platform for holistic soil health and opening opportunities for growth through established global channels. On the technology side, I'm also excited about Siemens' dedication to us as a valuable partner supporting our production system advancements.

During the quarter, we further strengthened our sales and soil science expertise in the U.S. and appointed Lars R. Eismark as Executive Chair. His leadership is already making an impact, and

I look forward to working with him to advance our strategic priorities. I extend our sincere gratitude to Knut Nesse for his leadership as Chair over the past six years. He has been a foundational force for Desert Control, and I am grateful for our collaboration in transforming the company from an idea to an emerging leader in soil health.

Thanks also to our shareholders, partners, and customers for your steadfast support. I'm excited about what lies ahead as we continue innovating to bring solutions to the market for a more sustainable future.

**Ole Kristian Sivertsen**  
Chief Executive Officer  
Desert Control



# Financial Review

## KEY FIGURES \*

NOK million	Quarters		YTD	
	Q3 2024	Q3 2023	2024	2023
LNC Revenue	0,11	0,00	1,88	0,85
Licensing Royalties	0,07	-	0,07	-
Other Income	-	0,01	-	0,54
<b>Total revenue and other income</b>	<b>0,18</b>	<b>0,01</b>	<b>1,95</b>	<b>1,38</b>
<b>EBITDA</b>	<b>-14,16</b>	<b>-17,90</b>	<b>-44,95</b>	<b>-60,81</b>
<b>Net Income</b>	<b>-15,21</b>	<b>-19,33</b>	<b>-45,43</b>	<b>-56,86</b>
<b>Total cash balance</b> (Bank deposits and funds)	<b>74,83</b>	<b>35,01</b>	<b>74,83</b>	<b>35,01</b>
<b>Equity 30.09.2024</b>	<b>86,32</b>	<b>52,52</b>	<b>86,32</b>	<b>52,52</b>
<b>Equity Ratio</b>	<b>95,4%</b>	<b>60,0%</b>	<b>95,4%</b>	<b>60,0%</b>

\* Includes both continued and discontinued operations. For more details, refer to Note 5, “Discontinued Operations,” and the 2023 Annual Report.



In the first nine months of 2024, Desert Control reached a record number of installations, increased LNC deployment volumes, and more than doubled LNC revenue compared to the previous year. These achievements highlight enhanced operational efficiency driven by the new prototype LNC production system, streamlined integration with irrigation systems, and insights gained from pilots and prior projects.

- **Revenue Increase:** For the first nine months of 2024, LNC revenue totaled NOK 1.88 million, up from NOK 0.85 million in the same period of 2023. (The first nine months of 2023 also included NOK 0.54 million from discontinued operations). In Q3 2024, total revenue and other income was NOK 0.18 million, up from NOK 0.01 million in Q3 2023. LNC revenue was NOK 0.11 million in Q3 2024, compared to zero in Q3 2023. Q3 2024 was the first quarter to include licensing royalties, generating NOK 0.07 million from our licensed operators.
- **Improved EBITDA:** For the first nine months of 2024, EBITDA improved to NOK -44.95 million from NOK -60.81 million in the same period last year. Operational efficiencies and the shift to a licensed operator model in the Middle East were key drivers in improving EBITDA to NOK -14.16 million in Q3 2024, compared to NOK -17.9 million in Q3 2023. These changes reduced overhead costs and increased cost efficiency and scalability for project deployments.
- **Cash Position:** Desert Control ended Q3 2024 with a cash balance of NOK 75 million, compared to NOK 35 million in Q3 2023. The company continues to operate with no interest-bearing debt.

The growth in project volume and LNC deployment, combined with improved EBITDA figures, underscores the enhanced efficiency of operations. Desert Control’s ability to handle larger volumes at a reduced cost base positions the company to maintain healthy margins as it scales up.



# Company Update

## POSITIVE U.S. MARKET RESULTS SET THE STAGE FOR LARGER COMMERCIAL OPPORTUNITIES

Desert Control continued to gain momentum in the U.S. agriculture and landscaping sectors with eight new installations completed during the third quarter, growing the project portfolio to 42 projects. Golf and turf pilots in California achieved irrigation savings of over 25%, with some clients reporting water reductions exceeding 50%. These positive results empower negotiations for larger projects with new and existing clients, as demonstrated by the post quarter milestone of November 8th, announcing the first agreement for a complete golf course deployment with Berkeley Country Club.



Desert Control at Berkeley Country Club.

In agriculture, second-year harvest data from a commercial date grower indicates nearly double the yield from LNC-treated trees compared to untreated ones. These outcomes highlight LNC's economic impact potential on high-value permanent crops and support the company's long-term expansion in agricultural markets.

## FIRST ROYALTY REVENUE SHOWS PROGRESS TOWARD GROWING MARKET ADOPTION IN THE MIDDLE EAST

In the third quarter of 2024, licensed operations in the Middle East generated the first royalty income for Desert Control. Although modest revenue, this marks a milestone toward sustainable growth under the new go-to-market model. The company's partners are optimistic, increasing investments in developing opportunities within this large, high-potential market.

A new commercial contract for around 1.8 million liters of LNC for water conservation for landscaped areas was secured for a leading real



Liquid Natural Clay (LNC) implementation at Saudi tree nursery.

estate development in the UAE. Additionally, the company's partners are making inroads in the landscape nursery market, with an ongoing pilot project in the UAE demonstrating positive early results and a separate project launched in Saudi Arabia. These initiatives are expected to drive further adoption of LNC in this rapidly expanding sector.



Ongoing pilots with real estate developers, golf courses, and government entities continue to advance toward long-term commercial contracts. These efforts align with regional strategies to integrate LNC technology into water conservation frameworks, strengthening the technology's position in sustainable land and water management.



Lab trials confirming LNC's positive impact on soil and plant health.

### TECHNOLOGY DEVELOPMENT UNLOCKS NEW CAPABILITIES AND EXPANDS MARKET POTENTIAL

Desert Control continued advancing its Liquid Natural Clay (LNC) technology development during the third quarter of 2024. Ongoing R&D efforts focus on enhancing LNC's versatility and expanding its impact beyond water conservation, unlocking new market opportunities. Research programs extend into soil health disciplines, focusing on several initiatives, including integrating beneficial microbes into LNC formulations. These efforts aim to enhance soil microbiology and ecosystem resilience across diverse environments, laying the foundation to optimize plant health and crop yields.

LNC shows solid potential for synergies with various soil-enhancing techniques, including biologicals, microbials, and other regenerative practices. Developing LNC into a platform for soil ecosystem services that enhance soil fertility and

resilience is a strategic R&D priority for Desert Control, with early positive results already emerging. As these synergies progress through focused R&D efforts, LNC will strengthen its position as a vital solution in sustainable agriculture.

The collaboration with Syngenta, one of the world's largest agricultural technology companies, has delivered promising laboratory results, showing improved water efficiency, root biomass, and microbial activity. Plans are in place to extend these trials to the field in the Middle East during the fourth quarter, validating the combined impact on soil health, crop yields, and water use efficiency under real-world conditions.

Partnerships with recognized industry giants like Syngenta strengthen the validation and recognition of LNC's potential and can open doors to established global sales and distribution channels, accelerating market adoption. The outcome of such partnerships will further strengthen LNC's role in promoting

sustainable agricultural practices, making collaboration a major factor in scaling Desert Control's impact globally.

### PRODUCTION SYSTEM ADVANCEMENTS STREAMLINE OPERATIONS TO SUPPORT LARGER-SCALE DEPLOYMENTS

Development of the next-generation LNC production system progressed as planned during the quarter, with throughput capacity nearing the target of 120,000 liters per hour.



Preparing for large-scale projects with a 120,000 liters per hour capacity goal.





This increased capacity improves cost efficiency and unlocks new commercial opportunities by enabling the timely execution of large-scale projects — such as treating an entire golf course within the 2-4 day maintenance windows typically available — providing access to market opportunities previously out of reach.

In partnership with Siemens, advanced digital solutions were integrated into the platform for the next-generation production system during the quarter. These include real-time production tracking, automated reporting, and telematics integration. These enhancements ensure consistent performance across deployments and lay the foundation for future automation and scalability optimization.

The new production system remains on track for commercial readiness during the first half of 2025 and will enable Desert Control and its partners to efficiently deliver projects in the current pipeline and meet growing demand.

## STRATEGIC FOCUS ON SCALABILITY AND LONG-TERM VALUE CREATION

Desert Control's focus on R&D, operational efficiency, and technology enhancement continues to pave the way for sustainable, scalable growth. Every advancement in technology, production systems, and deployment capabilities strengthens the company's ability to address global soil and water conservation challenges.



Record number of LNC-deployments in 2024.



Webcast presentation for Desert Control Q3 2024 Report and Interim Financial Results is hosted on 15 November 2024 at 10:00 AM, Central European Time (CET). Register: <https://go.desertcontrol.com/Q3-2024>



# Outlook

The company will continue advancing pilots in agriculture and landscaping across California and Arizona, leveraging recent results to secure larger commercial contracts. In the Middle East, efforts will focus on converting pilot projects into long-term agreements, securing new projects, and establishing LNC as a key part of regional water conservation requirement frameworks.

Technology development remains at the core of the company’s strategy, strengthening the foundation for scalable growth. R&D efforts are set to unlock new capabilities, increase value, and open new market opportunities. The next-generation production system, scheduled for commercial readiness in the first half of 2025, will enhance cost efficiency and pave the way for scalable operations.

Through continuous innovation, partnerships, and collaboration, Desert Control lays the groundwork for accelerated market adoption of sustainable soil health and water conservation solutions to deliver lasting value for all stakeholders.







# Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer have reviewed and approved the Desert Control Group Condensed Interim Financial Statements as of 30 September 2024.

Pursuant to the Norwegian Securities Trading Act § 5-6 and the Norwegian Accounting Act § 3-3d, we hereby confirm, to the best of our knowledge, that:

The Desert Control Group Condensed Interim Financial Statements for the first nine months of 2024 have been

prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU), IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), and additional Norwegian disclosure requirements.

The Condensed Interim Financial Statements give a true and fair view of the Group's assets, liabilities, financial position, and results as of 30 September 2024.

The interim report gives a fair view of important events that have occurred during the first nine months of the financial year and their impact on the Condensed Interim Financial Statements, and the principal risks and uncertainties for the remaining three months of the financial year.

Sandnes, 14.11.2024

**Lars R. Eismark**  
Executive Chairman

**Roar Husby**  
Board Member

**Marit Røed Ødegaard**  
Board Member

**Ole Kristian Sivertsen**  
Chief Executive Officer

**Maryne Lemvik**  
Board Member

**James Thomas**  
Board Member





# CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTES

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# Consolidated Statement of Comprehensive Income

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2024	Q3 2023	2024	2023	2023
Revenue from sales	2	182	-	1 952	845	846
Other income		-	13	-	538	543
<b>Total revenue and other income</b>		<b>182</b>	<b>14</b>	<b>1 952</b>	<b>1 383</b>	<b>1 389</b>
Cost of goods sold (COGS)		13	0	256	64	64
<b>Gross margin</b>		<b>169</b>	<b>13</b>	<b>1 696</b>	<b>1 320</b>	<b>1 325</b>
Salary and employee benefit expenses		9 126	11 239	26 356	31 368	39 064
Other operating expenses		4 892	4 251	19 636	17 722	22 286
Depreciation and amortisation		1 397	965	3 822	2 963	4 175
<b>Operating profit or loss</b>		<b>-15 247</b>	<b>-16 442</b>	<b>-48 117</b>	<b>-50 733</b>	<b>-64 200</b>
Finance income		-2 339	935	7 787	10 760	17 600
Finance costs		-2 055	1 241	5 026	1 682	13 192
<b>Profit or loss before tax from continuing operations</b>		<b>-15 531</b>	<b>-16 747</b>	<b>-45 356</b>	<b>-41 654</b>	<b>-59 791</b>
Income tax expense		-0	-23	59	-11	-11
<b>Profit or loss for the year from continuing operations</b>		<b>-15 531</b>	<b>-16 725</b>	<b>-45 415</b>	<b>-41 643</b>	<b>-59 780</b>
<b>Discontinued operations</b>						
Profit or loss after tax for the year from discontinued operations	5	-315	-2 606	-654	-15 220	-2 774
<b>Profit or the loss for the year</b>		<b>-15 846</b>	<b>-19 331</b>	<b>-46 069</b>	<b>-56 863</b>	<b>-62 554</b>

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2024	Q3 2023	2024	2023	2023
<b>Allocation of profit or loss:</b>						
Profit/loss attributable to the parent		<b>-15 207</b>	<b>-19 331</b>	<b>-45 430</b>	<b>-56 863</b>	<b>-62 554</b>
<b>Other comprehensive income:</b>						
Items that subsequently may be reclassified to profit or loss:						
Exchange differences						
on translation of foreign operations		-3 219	-15	-3 490	31	1 878
Total items that may be reclassified to profit or loss		-3 219	-15	-3 490	31	1 878
<b>Total other comprehensive income for the year</b>		<b>-18 426</b>	<b>-15</b>	<b>-48 921</b>	<b>31</b>	<b>1 878</b>
<b>Total comprehensive income for the year</b>		<b>-18 426</b>	<b>-19 346</b>	<b>-48 921</b>	<b>-56 832</b>	<b>-60 676</b>
<b>Allocation of total comprehensive income</b>						
Total comprehensive income attributable to owners of the parent		<b>-18 426</b>	<b>-19 346</b>	<b>-48 921</b>	<b>-56 832</b>	<b>-60 676</b>



# Consolidated Statement of Financial Position

(Amounts in NOK thousand)	Notes	At 30 September		At 31 December
		2024	2023	2023
		(unaudited)	(unaudited)	(audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	7 548	6 316	8 044
Right-of-use assets		80	526	439
<b>Total non-current assets</b>		<b>7 627</b>	<b>6 842</b>	<b>8 484</b>
<b>Current assets</b>				
Inventory		162	227	217
Trade receivables		264	27 386	17
Other receivables		7 571	2 702	5 172
Other current financial assets		3	19 279	19 616
Cash and cash equivalents	4	74 833	15 732	100 008
<b>Total current assets</b>		<b>82 832</b>	<b>65 325</b>	<b>125 030</b>
Assets classified as held for sale	5	-	15 409	-
<b>TOTAL ASSETS</b>		<b>90 459</b>	<b>87 577</b>	<b>133 514</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3	161	127	161
Share premium	6	133 182	240 846	321 180
Currency translation differences		-1 565	-1 305	-80
Retained earnings		-45 460	-187 154	-192 194
<b>Total equity</b>		<b>86 318</b>	<b>52 515</b>	<b>129 067</b>

(Amounts in NOK thousand)	Notes	At 30 September		At 31 December
		2024	2023	2023
		(unaudited)	(unaudited)	(audited)
<b>Non-current liabilities</b>				
Non-current lease liabilities		-	578	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>578</b>	<b>-</b>
<b>Current liabilities</b>				
Current lease liabilities		84	-	464
Trade and other payables		2 498	2 912	1 873
Public duties payable		513	804	912
Other current liabilities		1 047	30 768	1 198
<b>Total current liabilities</b>		<b>4 141</b>	<b>34 484</b>	<b>4 448</b>
<b>Total liabilities</b>		<b>4 141</b>	<b>35 062</b>	<b>4 448</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>90 459</b>	<b>87 577</b>	<b>133 514</b>

Sandnes, 14.11.2024

Lars R. Eismark  
Executive ChairmanRoar Husby  
Board MemberMarit Røed Ødegaard  
Board MemberOle Kristian Sivertsen  
Chief Executive OfficerMaryne Lemvik  
Board MemberJames Thomas  
Board Member





# Consolidated Statement of Changes in Equity

(Amounts in NOK thousand, unaudited)	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
<b>At 1 January 2023</b>	<b>123</b>	<b>230 849</b>	<b>-1 336</b>	<b>-122 636</b>	<b>107 001</b>
Profit (loss) for the year				-56 832	-56 832
Other comprehensive income			31	-10 496	-10 465
Issue of share capital	4	9 997			10 001
Transaction costs					-
Share based program options				2 810	2 810
<b>At 30 September 2023</b>	<b>127</b>	<b>240 846</b>	<b>-1 305</b>	<b>-187 153</b>	<b>52 516</b>
<b>At 1 January 2024</b>	<b>161</b>	<b>321 180</b>	<b>-80</b>	<b>-192 194</b>	<b>129 066</b>
Profit (loss) for the period				-45 460	-45 460
Currency translation differences in OCI			-1 485	-	-1 485
Issue of share capital	0				0
Share based program options		4 195		-	4 195
Share premium reclassification <sup>1</sup>		-192 194		192 194	-
<b>At 30 September 2024</b>	<b>161</b>	<b>133 182</b>	<b>-1 565</b>	<b>-45 460</b>	<b>86 318</b>

1) For more information see note 6. Share Premium reclassification



# Consolidated Statement of Cash Flows

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2024	Q3 2023	2024	2023	2023
<b>Profit or loss before tax from continuing operations</b>		<b>-15 538</b>	<b>-16 747</b>	<b>-45 356</b>	<b>-41 654</b>	<b>-59 376</b>
<b>Profit or loss before tax for discontinued operations</b>		<b>-315</b>	<b>-2 606</b>	<b>-654</b>	<b>-15 220</b>	<b>-5 910</b>
Adjustments to reconcile profit before tax to net cash flows:						
Depreciation and amortisation		1 397	316	3 822	4 315	6 492
Net financial income/expense		737	1 136	-2 311	-8 247	-4 449
Foreign exchange gains or losses		27	-	27	-	3 186
Share-based payment expense		1 409	-1 130	4 195	2 810	4 219
Derecognition of Goodwill		-	-	-	-	7 220
Working capital adjustments:						
Changes in accounts receivable and other receivables		-1 571	-25 663	-2 590	-19 465	5 802
Changes in trade payables, duties and social security payables		-1 895	-268	226	-2 232	-3 162
Changes in other current liabilities and contract liabilities		-94	28 071	-532	24 871	-4 236
<b>Net cash flows from operating activities</b>		<b>-15 844</b>	<b>-16 891</b>	<b>-43 173</b>	<b>-54 822</b>	<b>-50 214</b>
<b>Cash flows provided by (used in) investing activities (NOK)</b>						
Capital expenditures and investments		-639	-	-2 962	-346	-691
Sale (Purchase) of financial instruments		-0	4 700	19 613	22 138	22 346
Proceeds from sale of property, plant and equipment		-	-9	-	1 225	10 556
Interest received		1 627	11	1 627	181	398
<b>Net cash flow provided by (used in) investing activities</b>		<b>988</b>	<b>4 703</b>	<b>18 278</b>	<b>23 197</b>	<b>32 610</b>

(Amounts in NOK thousand, unaudited)	Notes	Quarters		First nine months		Full Year
		Q3 2024	Q3 2023	2024	2023	2023
<b>Cash flow provided by (used in) financing activities (NOK)</b>						
Proceeds from issuance of equity		-	10 001	-	10 002	85 473
Transaction costs on issue of shares		-	-	-	-	-3 608
Lease payments		-127	347	-384	1 023	-1 146
Interest paid		-	-0	-	-3	-23
<b>Net cash flows provided by (used in) financing activities</b>		<b>-127</b>	<b>10 348</b>	<b>-384</b>	<b>11 023</b>	<b>80 696</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-14 983</b>	<b>-1 841</b>	<b>-25 279</b>	<b>-20 602</b>	<b>63 092</b>
Cash and cash equivalents at beginning of the year/period		90 887	18 004	100 008	36 791	36 791
Net foreign exchange difference		-1 072	-432	104	-458	125
<b>Cash and cash equivalents, end of period</b>		<b>74 833</b>	<b>15 731</b>	<b>74 833</b>	<b>15 731</b>	<b>100 008</b>



Significant progress in golf courses and sports fields with promising early results.





# Notes to the Consolidated Financial Statements



## 1.1 GENERAL INFORMATION

### Corporate information

The consolidated financial statements of Desert Control AS and its subsidiaries (collectively, “the Group”, “Company” or “Desert Control”) for the three months period ended 30 September 2024 were authorised for issue by a Board meeting held on 14 November 2024.

Desert Control AS is a private limited liability company incorporated and domiciled in Norway. It's shares are traded at the unregulated market place Euronext Growth. The Group's head office is located at Grenseveien 21, 4313 Sandnes, Norway.

Desert Control specializes in climate-smart Agri-tech solutions to combat desertification, soil degradation, and water scarcity. Its patented Liquid Natural Clay (LNC) enables sustainable ecosystem management by restoring and protecting soil's ability to preserve water and increase yields for agriculture, forests, and green landscapes.

## 1.2 BASIS OF PREPARATION

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes.

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by The European Union (“EU”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value.

Further, the financial statements are prepared based on the going concern assumption.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

### *Presentation currency and functional currency*

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting

date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions. The subtotals and totals in some of the tables in the notes may not equal the sum of the amounts shown in the primary financial statements due to rounding. All amounts have been rounded to the nearest thousand unless otherwise stated.

### *Going concern basis of accounting*

Desert Control is currently in the pre-commercialization phase, focusing on refining our technologies and securing key partnerships for market entry. We anticipate completing this phase within the next two years, transitioning into commercial operations and revenue generation by the end of 2025.

This timeline is based on our current progress in product development, expected regulatory approvals, and initial customer engagement strategies. Management is committed to regularly reviewing and updating this timeline as circumstances evolve, ensuring our financial strategies are aligned with operational milestones to support the ongoing viability of the company. Desert Control's consolidated financial statements are prepared on a going concern basis.



## 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

### ACCOUNTING POLICIES

Revenue from sales is recognised when control of the goods or services transfers to the customer, reflecting the total consideration expected under the terms of the contract. Specifically, for our product LNC, revenue is recognised at the moment the product is applied at the delivery point, as this is when control typically passes to the customer, in accordance with the contractual agreements. This process marks the completion of the sole performance obligation per sale.

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

	Quarters		First Nine Months	
	Q3 2024	Q3 2023	2024	2023
<b>By area of operation: (Amounts in NOK thousand)</b>				
Liquid NaturalClay (LNC) continued operations	109	-	1 879	845
Liquid NaturalClay (LNC) discontinued operations		-		48
Licensing Royalties	73	-	73	-
<b>Total</b>	<b>182</b>	<b>-</b>	<b>1 952</b>	<b>893</b>

	Quarters		First Nine Months	
	Q3 2024	Q3 2023	2024	2023
<b>By geographic market:</b>				
Norway	73	-	73	-
USA	109	-	1 879	845
UAE, ref note 5 discontinued operations	0	-	0	48
<b>Total</b>	<b>182</b>	<b>-</b>	<b>1 952</b>	<b>893</b>





3 EQUITY AND SHAREHOLDERS

ACCOUNTING POLICIES

Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders

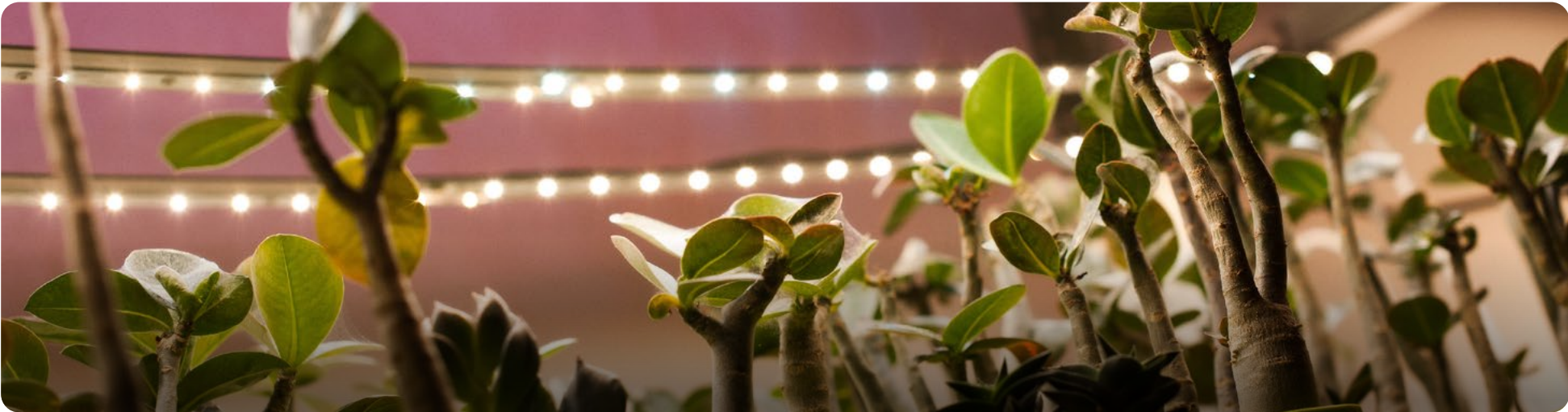
The Group recognises a liability to make distributions to equity holders when the distribution is authorised and no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

No distributions were made to shareholders in the current or prior period.

Issued capital and reserves:

Share capital in Desert Control AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position
At 31 December 2022	41 099 680	0,003	123 299
Share issue 10 March 2023	227 109	0,003	681
Share issue 31 July 2023	1 000 000	0,003	3 000
Share issue 13 October 2023	10 000 000	0,003	30 000
Share issue (rep) 17 November 2023	1 181 188	0,003	3 544
At 31 December 2023	53 507 977	0,003	160 524
Share issue 22 February 2024	120 000	0,003	360
At 30 September 2024	53 627 977	0,003	160 884

All shares are ordinary and have the same voting rights and rights to dividends.  
Reconciliation of the Group's equity is presented in the statement of changes in equity.



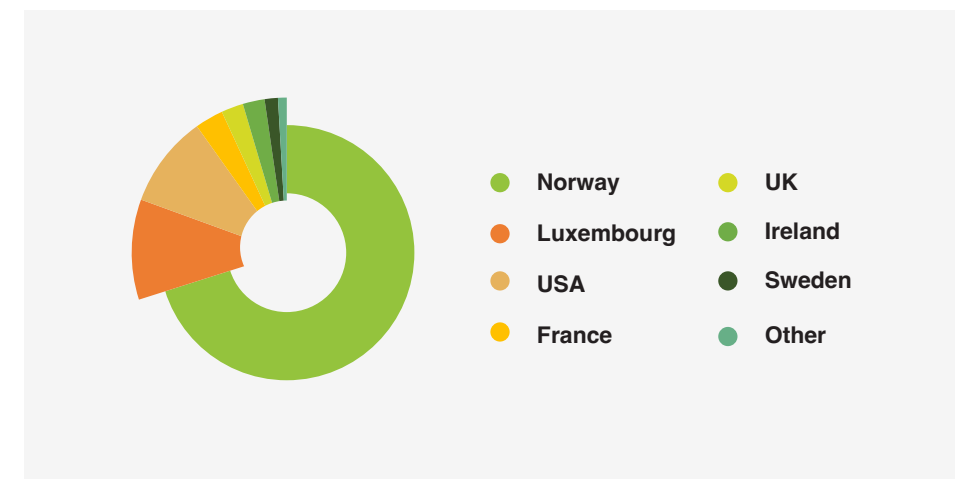


**The Group's shareholders:**

Shareholders in Desert Control AS at 30.09.2024	Total shares	Ownership/ Voting rights
Woods End Interests LLC	5 343 472	10,0%
J.P. Morgan SE	4 348 444	8,1%
Nordnet Livsforsikring AS	2 335 235	4,4%
DNB Bank ASA	2 049 530	3,8%
Lithinon AS	1 720 002	3,2%
BNP Paribas	1 631 026	3,0%
Olesen Ole Morten	1 586 083	3,0%
Lin AS	1 502 275	2,8%
Yggdrasil Venture AS	1 475 000	2,8%
Olesen Consult HVAC AS	1 475 000	2,8%
Hako Ventures AS	1 475 000	2,8%
Glomar AS	1 368 456	2,6%
Nesse & Co AS	1 360 000	2,5%
Ninas Holding AS	1 304 128	2,4%
Jakob Hatteland Holding AS	1 222 222	2,3%
Citibank	1 212 280	2,3%
Clearstream Banking S.A.	1 061 744	2,0%
OKS Consulting AS	1 050 000	2,0%
The Northern Trust Comp	958 275	1,8%
Sortun Invest AS	949 937	1,8%
Idland Atle	888 888	1,7%
Others	17 310 980	32,3%
<b>Total</b>	<b>53 627 977</b>	<b>100,0 %</b>

**Origin of shareholders:**

Country of Origin	No of shares	%	No of shareholders
Norway	35 878 353	66,9%	3 153
United States	5 744 691	10,7%	39
Sweden	4 889 653	9,1%	17
Denmark	1 801 562	3,4%	11
France	1 322 942	2,5%	9
Ireland	1 218 180	2,3%	8
United Kingdom	1 170 447	2,2%	6
Others	1 602 149	3%	53
<b>Grand Total</b>	<b>53 627 977</b>	<b>100%</b>	<b>3 296</b>





4 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

(Amounts in NOK thousand)	At 30 September		At 31 December
	2024	2023	2023
Cash and cash equivalents			
Bank deposits, unrestricted	74 371	14 771	99 522
Bank deposits, restricted	461	961	486
Total cash and cash equivalents	74 833	15 732	100 008

Bank deposits earns a low interest at floating rates based on the bank deposit rates.



LNC treatment on a date farm nearly doubled the yield, highlighting economic benefits.



## 5 DISCONTINUED OPERATIONS

### Middle East Operations

In June 2023, Desert Control entered into a significant agreement with Mawarid Holding Investment LLC (MHI) for the sale of its production entity in the United Arab Emirates, which included transferring the shares in the joint venture, Mawarid Desert Control, along with the Liquid Clay (LNC) production assets. This agreement designated MHI as the exclusive licensed operator for the UAE, aiming to expand operations across the Middle East. Subsequently, in July 2023, an agreement

was reached with Holistic Earth Advanced Regeneration Technologies SA (H-EART), resulting in the transfer of a single LNC Production cluster, which includes four production units, and granting H-EART the operational license on behalf of Desert Control in the Kingdom of Saudi Arabia.

Following these agreements, Desert Control Middle East LLC initiated the liquidation process to phase out the company's operations in the Middle East effectively.

In alignment with IFRS 5, the Group has classified its operations in the United Arab Emirates as discontinued following

the strategic decision to exit the market. This reflects a significant shift in our geographical and operational focus, deemed material to our business structure and financial outlook.

The financial results from these discontinued operations, including the gain or loss on deconsolidation, are separately reported in the Consolidated Statement of Comprehensive Income to enhance clarity and decision-usefulness for our stakeholders. Non-current assets and disposal groups related to these operations were measured at the lower of their carrying amount and fair value less costs to sell and have been presented as

held for sale in prior reporting periods until their disposal in 2023.

As of this date, Desert Control has no assets classified as held for sale, indicating the completion of significant transactions related to the discontinued operations within the 2023 fiscal year. All remaining minor transactions are expected to be settled by the final liquidation of Desert Control Middle East LLC in 2024.

The net results from these discontinued operations have been reported as a single line item in the Consolidated Statement of Comprehensive Income. For enhanced transparency and comparability, prior period figures have been restated.

#### Net result for discontinues operations as of 30 June 2024

(Amounts in NOK thousand, unaudited)

	Notes	Quarters		First Nine Months	
		Q3 2024	Q3 2023	2024	2023
Revenue from sales	2	0	0	-0	48
Other income		0	234	5	1 157
<b>Total income from discontinued operations</b>		-	<b>235</b>	<b>5</b>	<b>1 206</b>
Cost of goods sold (COGS)		320	76	795	302
<b>Gross margin from discontinued operations</b>		<b>-320</b>	<b>158</b>	<b>-470</b>	<b>903</b>
Salary and employee benefit expenses		-	1 822	-	9 052
Other operating expenses		-4	760	184	4 888
Depreciation and amortisation		-	171	-	2 172
Impairment		-	-	-	-
<b>Operating profit or loss from discontinued operations</b>		<b>-315</b>	<b>-2 595</b>	<b>-654</b>	<b>-15 209</b>
Finance income*		-	-	-	-
Finance costs		-	11	-	2 883
<b>Profit or loss before tax from discontinued operations</b>		<b>-315</b>	<b>-2 606</b>	<b>-654</b>	<b>-18 092</b>
Income tax expense		-	-	-	-
<b>Profit or loss for the year from discontinued operations</b>		<b>-315</b>	<b>-2 606</b>	<b>-654</b>	<b>-18 092</b>





## 6 SHARE PREMIUM RECLASSIFICATION

During Q3 2024, NOK 192,193,571 was reclassified from the share premium account to retained earnings to offset accumulated losses. This reclassification was approved by the Board of Directors and will be submitted for shareholder approval at the upcoming Annual General Meeting (AGM), in accordance with the Norwegian Companies Act (Aksjeloven). The reclassification did not impact the total equity of the company, as it was an internal adjustment within equity.

The purpose of this adjustment was to offset retained earnings losses with share premium and strengthen the company's equity position, ensuring compliance with Skattefunn and other relevant regulatory requirements.





## FORWARD-LOOKING STATEMENTS

Disclaimer related to forward-looking statements

This release 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 to change without notice. Forward-looking statements are not guaranteeing any future performance,

and risks, uncertainties, and other important factors could cause the actual business, performance, results, or the industry and markets in which Desert Control operates in, to differ materially from the statements expressed or implied in this release by such forward-looking statements.

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.

### Q3 2024

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







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