Q1 Report
And Financial Results
2025

DESERT
CONTROL

CEO message

As I write to you, I am entering my second week as the CEO of Desert Control. Despite serving on the Board of Directors for 18 months prior to the move to CEO, it has been a very busy couple of weeks meeting the team, speaking with customers and trying to get my arms around all the exciting and mundane elements of the company. Having spent the bulk of my career as a biotechnology focused venture and growth capital investor, I am very familiar with the opportunities and challenges of developing and commercializing new technologies.

In a break from our traditional format, I thought that I would use this CEO message to convey my initial thoughts on the strengths, weaknesses, opportunities and current development of Desert Control

First, in my view, our technology is compelling and will serve a meaningful role in improving and restoring sandy and degraded soil around the globe. Liquid Natural Clay "LNC" works -in the lab and in the field to increase soil moisture, improve the microenvironment, increase yield and save water. It doesn't work exactly the same way every times on every parameter and, in every soil, but it works and the clients see the benefit. Soil is a highly complex and living thing and farming practices are variable even within regions, so we will never have complete precision in our applications or results. What matters is that we consistently have substantial benefits, and we see that time and again. Second, our science is in its early innings, and we will continue to find increasing benefits and new use cases over time. Our team has already expanded the use cases from purely highly sandy soils to soils that have higher concentrations of loam, thereby expanding our addressable market by many folds. Further, LNC is a foundational technology for soil health and is likely to be synergistic with a host of other products and microorganisms. We cannot address all of these opportunities alone and so our partnerships with the likes of Syngenta will be critical in bringing LNC to its full potential.

Also, the potential market is large, in fact too large for a company of Desert Control's size to address in the near term. Our current markets in the American Southwest and Abu Dhabi and Saudi Arabia are worth hundreds of millions, alone. At our price point between $4,000 and $8,000 per treated acre equivalent, depending on the crop and application, you need very small market share to build a very good business. In the near term, we will need to stay focused on expanding our deployments in our current markets rather than bringing the technology to all the areas that it is commercially and socially important. We will continue to work with the World Food Program and other Governmental agencies, and we will continue to work with partners in the Middle East to bring LNC to regions most in need, but we will not pursue direct or licensed opportunities across the globe, at this time.

Third, the importance of recent enhancements in our production technology cannot be overstated. I strongly believe that our ability to produce and deliver LNC is going to be our greatest challenge in late 2025 and beyond. Our customers are going to require us to deliver projects quickly and efficiently and I believe that even the new production units will have trouble keeping up. A high-class problem to have demand exceed supply, but I truly believe that problem will be real before the year is out.

Fourth, our sales and revenues are going to be lumpy. I wish it wasn't the case, but anytime you are developing new technology you will have some early adopters and many waiting to see what develops. This is even more the case for new agricultural products. We have been building the foundation through pilots and government approvals for years and are seeing customers move to the next stage, which is gratifying and important for a young company, but large-scale adoptions are very situation specific and take time to come together. We see encouraging signs on golf and permanent crops and I do believe that the flood gates will open at some point.

Fifth, I really like the PAYS model. It is good for the customer and good for us. By taking the risk of success off the customer and putting it on us, it makes the purchase decision easier and shows our deserved conviction in LNC's ability to save water. Through shared savings, it recognizes the value that Desert Control brings to the situation and creates a win -win opportunity with the client. The client takes less risk, and we make more money.

And sixth, the recent qualification of LNC for water use abatement incentives in Southern California is a major step forward for Desert Control and LNC. There are myriad programs across all our major geographies that support reduced water use and our ability to access those programs on behalf of our customers broadens our use cases significantly. Much more work to do in this area, but getting the win in Southern California is a good start

There is more detail on all of the progress in the pages that follow, but I wanted to share with you my thoughts on the opportunities ahead. I am excited to lead the company at this time.

In closing, I would like to thank Ole Kristian Sivertsen for his inspired and tenacious leadership in taking the idea of LNC and turning it into the company Desert Control. Well done. I would also like to thank the dedicated and skilled team at Desert Control, they are very committed to the company, our mission and you, our shareholder, for your support to date and into the future.

James Thomas

Chief Executive Officer
Desert Control

Chair's corner

The first quarter of 2025 is the first quarter of afull financial year for me as chairman of Desert Control. It’s been a period where Desert Control saw positive momentum in the market, where our commercial value proposition proved itself with signed contracts based on our PAYS model, where the California Water Authorities approved Desert Control’s LNC solution as eligible for attractive state subsidies, where research trials gave attractive indications etc. All in all a quarter full of good experiences.

It has also been a quarter where I personally have had intense interactions with customers, partners, with my Board colleagues and in particular with Desert Control colleagues across geographies. While Desert Control is in a satisfactory spot with increasing brand and technology awareness, it has become increasingly evident to me, that we need to focus and prioritize our efforts looking ahead. I find this quite natural for a technology company in this stage, and I find comfort in the fact, that we have the foundation for growth more or less set: 1) We already have success in the geographies that we will prioritize, and we must get a solid commercial platform in the US before we expand our footprint. 2) Permanent crops and landscaping represent strong, proven market opportunities where we have clear competitive advantage, and it is essential that we capture our fair share in these segments before pursuing other opportunities. 3) We have a very ambitious R&D pipeline that holds attractive potential across market segments, but it is important that we concentrate our efforts on pushing through technologies that address above mentioned geographies and market segments. 4) We are gifted by an immensely dedicated and talented pool of employees and partner colleagues across three continents, and we need to get even more out of our knowledge, our experiences and increase our organizational efficiency. 5) We are spoiled by a market that holds massive potential, and it is so tempting to accept and pursue all incoming invitations that we get from global customers and organizations who want access to our technology. That time will for sure come; but not now! The keywords for our work will be focus, priorities and “no”!

The quarter behind us also left a big mark in the history of Desert Control. Here I am thinking of our CEO transition from Ole Kristian Sivertsen to James Thomas. Ole Kristian has been instrumental in taking Desert Control to where it is today, and on behalf of the Board, I want to express our gratitude for the efforts and the limitless commitment to the company. Thank you, Ole Kristian!

Every step in the maturity process from venture to a sound going concern requires a different skill sets, and I am immensely satisfied with James Thomas as new CEO. James has a strong track record in driving the process from venture to a strong commercial platform with financial muscles to realize our ambitions. The Board and I are convinced that the direction that James and the team will set for Desert Control will take us far, and on behalf of the Board I wish James Thomas and the Desert Control colleagues good luck.

Sincerely,

Lars Raunholt Eismark
Executive Chairman

Financial Review

NOK, million	**Quarters**		**Full Year**
	Q1 2025	**Q1 2024**	**2024**
LNC Revenue	1,52	1,26	1,88
Licensing Royalties	0,07	-	0,29
Other Income	-	-	0,01
Total revenue and other income	**1,59**	**1,26**	**2,18**
EBITDA	**-15,05**	**-14,73**	**-58,18**
Profit / (Loss) for the Period	**-22,02**	**-7,92**	**-54,85**
Total cash balance (Bank deposits and funds)	**43,31**	**105,13**	**63,57**
Equity at 31 March 2025	**58,65**	**115,42**	**74,77**
Equity Ratio	**89,4%**	**96,4%**	**91,8%**

NOK 43M
Total cash and financial assets

89,4%
Equity ratio

In Q1 2025, Desert Control continued to progress in operational scaling, particularly in the U.S., where the Company executed its largest commercial LNC application to date. Momentum in licensing activities across the Middle East also remained positive, although operational output was temporarily impacted by seasonal factors.

Revenue grew compared to Q1 2024, supported by increased LNC deployments and the start of new licensing royalty streams. This increase reflects continued deployment of the LNC product and the introduction of new licensing agreements.

EBITDA remained relatively stable year over year, with cost discipline offsetting growth-driven increases in operational activity, especially in the U.S. market. The development and deployment of the next-generation production system also contributed to productivity improvements during large-scale applications. The slightly larger loss reflects higher operating expenses as the Company continues to invest in scaling up manufacturing and market development.

The wider net loss primarily reflects higher depreciation and finance costs.

The Group's cash position declined during the quarter, in line with planned investment in commercial expansion, product development, talent acquisition and operational readiness. This use of funds reflects the Company's ongoing strategy to scale its market presence and technology platform.

Equity has also decreased compared to the same period last year, mainly due to continued operating losses. Even with this reduction, the Company maintains a strong equity ratio, reflecting low financial leverage and a cautious approach to funding during this growth phase.

As of the reporting date, the Company's liquidity position is expected to support operations into the fourth quarter of 2025, excluding future revenues. The Board is actively pursuing measures to strengthen the financial runway, including potential funding and cost optimizations. While these initiatives are progressing, there remains material uncertainty related to funding beyond Q4 2025.

Company Update

United States

The US team executed the largest application in company history in February. More than nine thousand organic medjool date trees were treated in a commercial phase three project with Oasis Dates US subsidiary, Woodspur Farming. LNC was applied to over 160 acres in the California desert, achieving milestones of sustained production speed, peak production speed, sustained application rate, number of trees treated in a single day (>3000). All with a single LNC production unit and a small operations team.

The pilot application for Woodland Hills Country Club (WHCC) was completed in early March 2025. Futher the Company assisted WHCC in successful application for financial incentive awards from their local water utilities. The incentives from the water utility help create the potential for the customer to be cash flow positive in the first month after LNC application. This led to the execution of the multi-year recurring revenue service agreement using the innovative Pay-As-You-Save (PAYS) financing model. Notably, the time from pilot application to single commitment for full course application was less than six weeks.

The second quarter opened with an application at the research farm of Syngenta in LaSalle Colorado. The collaboration will allow assessment of LNC incorporated with different soil textures, different crops and at least three different farming practices ranging from traditional to low till/no till approaches. This is the company's first application in the US state of Colorado where the team found the land to be more compatible with LNC application than initially expected.

In April, the company announced the start and completion of the first ever full golf course application of LNC. Woodland Hills Country Club has pioneered the integration of broad application LNC as part of normal course maintenance this Spring. The operations team maintained a high level of sustained LNC production and application through the customer's irrigation system. After completion of the full course, the customer reported having a third-party irrigation hardware service company inspected the system after the LNC application. The system inspection reported no issues of concern. These are key findings as several prospects in the commercial pipeline have been keen to learn before moving forward with their proposed projects.

The team also performed the pilot application of LNC at Berkeley Country Club; Northeast of San Francisco. This is the second application exploring the PAYS model with a turf growing customer. Initial feedback from the customer is very positive with application opportunity now expected in late Q2.

The Company and its Southern California based customers and prospects received news that two major water utilities approved customer requests for financial incentives to use LNC as a water conservation tool. The approvals precedence can lead to hundreds of thousands of dollars of incentive funding for a typical golf course in the area. These respective utilities serve an area with a population of more than 19 million Californians. The greater Southern California area has more than 400 golf courses. Benefits for the golf course are very low hurdles to approval and initiation of LNC application in a model that is immediately cash flow positive for customer. The Company is building shareholder value by creating long-term, recurring revenue agreements that can provide a premium gross margin and possibly even longer-term dependency on services by Desert Control.

Company Update

Middle East licensed partners momentum

The momentum for LNC adaptation continues in a positive direction for the Middle East, although the operational activities in the region were impacted in Q1 by reduced during March, this year's holy month of Ramadan.

The successful results seen for water retention and turf health during a stage-1 turf farm pilot conducted in Q1 by our partner Saudi Desert Control (SDC), has led to an agreement for a commercial stage-2 pilot starting in Q2. SDC is further advancing validation projects with large nurseries and landscape contractors in Riyadh and the Eastern Province, building on the continued positive indicators for water preservation and tree health from the ongoing tree nursery pilots. Within the agriculture sector, work is being done with Estidama, the Saudi National Center for Sustainable Agriculture, to monitor the results for a joint pilot being conducted on a date farm.

Soyl has secured additional areas for LNC treatment in the UAE, extending the new construction residential landscaping projects executed in H2-24 and Q1-25. Following up on the earlier successful pilot project performed at Masdar City's pump park, an agreement has been signed to treat a new park under construction in Abu Dhabi's pioneering development for sustainability and clean energy. Soyl has also initiated two stage-1 pilots for the municipality in a new emirate in the UAE, expanding beyond projects done so far in Abu Dhabi, Dubai, and Sharjah. Within the golf sector, following on to the successful stage-1 pilot at the Trump golf course in Dubai, Soyl has secured a stage-2 pilot on the same golf course to be completed in Q2, and also has started off a stage-1 pilot at a leading golf course in the Emirate of Abu Dhabi.

Following the award to Desert Control announced late Q4 for the United Nations World Food Programme (WFP) Innovation Accelerator's SPRINT Program, the WFP Iraq team together with their partners in the Directorate of Forestry and Combating Desertification under the Ministry of Agriculture, have in Q1 completed the preparations at the project site. This includes the planting of 4,000 olive and pistachio trees that will be treated with Liquid Natural Clay with the objective of demonstrating LNC's ability to preserve water, while positively impacting soil and plant health.

Desert Control's regional implementation partner Soyl are now in the process of mobilizing from the UAE to the site in Anbar, Iraq to perform the LNC treatment. Additional to the LNC application at the site, the Soyl team will also participate with WFP Iraq and the Ministry in educational and outreach sessions to local farmers on the sustainability, operational and commercial benefits of LNC.

Company Update

Innovation and technological developments

The validation and development of the next-generation production system continued through early 2025, with the field prototype producing record volumes of LNC for the large commercial projects performed for Oasis Dates in Corn Springs and for the Woodland Hills Country Club in Los Angeles. The technology team has been completing the building requirements and manufacturing specifications in line with the increased capacity of 120,000 liters per hour. The manufacturing supply chains are being established, including the finalization of the selection and contracting processes for the preferred manufacturing partner that will assemble the production units. Once operational, the high-capacity production units will significantly lower production cost per liter and allow Desert Control to serve large projects more efficiently.

R&D activities in Q1 focused on expanding Liquid Natural Clay (LNC) formulation variables to support broader adoption across diverse soil types and operational conditions. In addition to optimizing water preservation and overall water use efficiency, the team advanced research into supplementary agronomic benefits of LNC. A series of experimental trials, conducted in Desert Control's newly upgraded laboratory facilities in Norway, yielded promising results demonstrating enhanced nutrient retention, which can extend the time window for plant uptake and reduce fertilizer loss, as well as LNC helping promote the leaching of sodium and chlorides, which can help improve soil structure and health particularly in saline and compact soils. These findings are being confirmed in further trials, allowing us to investigate biomass developments and retention performance under active root conditions.

This line of R&D has high potential value as soil salinity is a persistent and costly challenge for both agriculture and golf courses, requiring ongoing management and adaptation, as water quality and availability decline, especially in arid and semi-arid regions like California and the US Southwest.

Agriculture soil salinization threatens the productivity of millions of acres of farmland, including over 4.5 million acres in California. High salinity reduces crop yields and can eventually render land unproductive. Golf Courses, especially in the West and Southwest, face salinity issues due to the use of poor-quality or saline irrigation water which stresses turfgrass and increases susceptibility to disease and pests.

Outlook

10x growth in revenue and deployment

Desert Control expects more than a tenfold increase in contracted revenues and LNC deployment volumes in 2025, driven by pipeline conversion and larger-scale projects in the U.S. and Middle East.

Technology readiness and scalability

The next-gen production system prototype, with output exceeding 120,000 liters/hour, is targeted for manufacturing readiness in Q2 2025, with the first units ready for delivery in Q3. This enables cost-efficient delivery of large projects with fast turnaround and hardware sales contributing to the more than tenfold growth in revenue.

Focus on righ-ROI markets

U.S. growth is concentrated in high-water-cost agriculture, golf, and landscaping. The Pay-As-You-Save (PAYS) model is accelerating adoption and generating recurring revenue. The Company anticipates a balanced revenue mix, combining high-value upfront sales with recurring revenue contracts.

Partner-led growth in the Middle East

Soyl (UAE) and Saudi Desert Control continue to expand deployments. Licensing revenue and hardware sales of new production units are expected to drive significant growth.

R&D advancements

Automation, irrigation integration, soil health impact, and adaptive formulations are reducing delivery costs, expanding market applicability, and improving margins.

Market Outlook

Rising water costs, soil degradation, and climate mandates are accelerating global demand for sustainable land and water solutions. With a substantial pipeline and a capital-efficient business model, Desert Control is positioned to execute at commercial scale and deliver long-term value creation.

Going concern and capital outlook

As of March 20252024, Desert Control held a cash balance of NOK 43 million and had no interest-bearing debt. The Company has continued to focus on cost efficiency and optimizing its operations to support commercial scale-up while maintaining financial discipline.

Based on current forecasts, the Company's existing liquidity is expected to fund operations into late Q3 2025, excluding revenues from new contracts. In light of the Company's growth ambitions and continued investments in scaling deployments, digital platforms, and commercial expansion, additional capital may be required to support operations and strategic initiatives beyond this period.

The Board is actively evaluating funding alternatives and strategic partnerships to secure additional resources as needed. This may include potential equity financing, grants, and cost-optimization measures to extend the financial runway and enable execution of the long-term growth plan. In conjunction with these evaluations the Board may also assess other strategic alternatives to enhance shareholder value.

The Board considers the current financial position to be adequate in the short term but recognizes that additional funding will be necessary to realize the Company'sfull commercial potential.

In accordance with §2-2(8) of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared based on the going concern assumption. The Company has sufficient financial resources to cover planned operations into late Q3 2025. The Board is actively working to secure additional capital to support further growth and long-term sustainability. As such, a material uncertainty exists beyond this period.

The Board expects that the Company's financial development will be driven by increased market adoption of LNC solutions, enhanced operational efficiencies, and successful execution of strategic initiatives. Key assumptions include stable macroeconomic conditions, continued regulatory support for water conservation, and sustained growth in both licensing and direct revenue streams.

Consolidated interim financial statements and notes

Consolidated statement of comprehensive income

		Quarters		Full year
(Amounts in NOK thousand)	**Note**	**Q1 2025**	**Q1 2024**	**2024**
		(unaudited)	(unaudited)	(audited)
Revenue from sales	2	1 591	1 263	2 172
Other income		-	-	-
Total revenue and other income		**1 591**	**1 263**	**2 172**
Cost of goods sold (COGS)		612	154	270
Gross profit		**979**	**1 109**	**1 901**
Salary and employee benefit expenses		7 604	9 830	32 603
Other operating expenses		8 426	5 690	26 946
Depreciation and amortisation		1 206	1 285	5 129
Operating profit or loss		**-16 257**	**-15 696**	**-62 776**
Finance income		395	8 159	8 213
Finance costs		6 143	5	138
Profit or loss before tax from continuing operations		**-22 005**	**-7 543**	**-54 702**
Income tax expense		14	50	52
Profit or loss for the year from continuing operations		**-22 019**	**-7 593**	**-54 754**
Discontinued operations				
Profit or loss after tax for the year from discontinued operations		-	-323	-91
Profit or the loss for the year		**-22 019**	**-7 916**	**-54 845**

		Quarters		Full year
(Amounts in NOK thousand)	**Note**	**Q1 2025**	**Q1 2024**	**2024**
		(unaudited)	(unaudited)	(audited)
Allocation of profit or loss:				
Profit/loss attributable to the parent		**-22 019**	**-7 916**	**-54 845**
Other comprehensive income:				
Items that subsequently may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		4 710	-189	-5 581
Total items that may be reclassified to profit or loss		4 710	-189	-5 581
Total other comprehensive income for the year		**4 710**	**-189**	**-5 581**
Total comprehensive income for the year		**-17 309**	**-8 105**	**-60 425**
Allocation of total comprehensive income				
Total comprehensive income attributable to owners of the parent		-17 309	-8 105	-60 425

Consolidated statement of financial position

		Quarters		At 31 December
		2025	2024	2024
(Amounts in NOK thousand)	Note	(unaudited)	(unadited)	(audited)
ASSETS				
Non-current assets				
Property, plant and equipment		12 206	7 968	11 292
Right-of-use assets		-	352	-
Total non-current assets		**12 206**	**8 320**	**11 292**
Current assets				
Inventory		614	286	152
Trade receivables		1 837	1 307	376
Other receivables		7 620	4 647	6 031
Other current financial assets		0	2	3
Cash and cash equivalents	4	43 313	105 125	63 572
Total current assets		**53 384**	**111 367**	**70 133**
TOTAL ASSETS		**65 590**	**119 687**	**81 426**

		Quarters		At 31 December
		2025	2024	2024
(Amounts in NOK thousand)	Note	(unaudited)	(unadited)	(audited)
EQUITY AND LIABILITIES				
Equity				
Share capital	3	161	161	161
Share premium		81 458	322 573	135 118
Currency translation differences		-954	-269	-5 664
Retained earnings	5	-22 019	-207 051	-54 845
Total equity		**58 646**	**115 414**	**74 769**
Current liabilities				
Current lease liabilities		-	374	-
Trade and other payables		4 712	2 166	3 448
Public duties payable		319	680	1 383
Other current liabilities		1 914	1 053	1 826
Total current liabilities		**6 944**	**4 273**	**6 657**
Total liabilities		**6 944**	**4 273**	**6 657**
TOTAL EQUITY AND LIABILITIES		**65 590**	**119 687**	**81 426**

Sandnes, 09.05.2025

Lars R. Eismark
Executive Chairman

Marit Røed Ødegaard

Marit Røed Ødegaard
Board Member

Maryne Lemvik
Board Member

Roar Husby
Board Member

James Thomas
Chief Executive Officer

Consolidated statement of cash flows

		Quarters		Full year
(Amounts in NOK thousand)	**Note**	**Q1 2025**	**Q1 2024**	**2024**
		(unaudited)	(unadited)	(audited)
Profit or loss before tax from continuing operations		**-22 005**	**-7 536**	**-54 702**
Profit or loss before tax for discontinued operations		**-**	**-323**	**-91**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation		1 206	1 285	5 129
Net financial income/expense		-388	-8 159	-2 566
Foreign exchange gains or losses		5 034	-	-6 807
Share-based payment expense		1 186	1 393	6 132
Derecognition of Goodwill		-	-	-
Adjustments for other non-cash items				2 730
Working capital adjustments:				
Changes in accounts receivable and other receivables		- 3 510	-833	-1 151
Changes in trade payables, duties and social security payables		199	-61	2 045
Changes in other current liabilities and contract liabilities		-88	235	628
Net cash flows from operating activities		**-18 029**	**-13 997**	**-48 653**

		Quarters		Full year
(Amounts in NOK thousand)	**Note**	**Q1 2025**	**Q1 2024**	**2024**
		(unaudited)	(unadited)	(audited)
Cash flows provided by (used in) investing activities (NOK)				
Capital expenditures and investments		-2 516	-1 073	-9 097
Sale (Purchase) of financial instruments		-	19 613	19 580
Proceeds from sale of property, plant and equipment		-	-	-75
Interest received		388	-	2 130
Net cash flow provided by (used in) investing activities		**-2 129**	**18 541**	**12 538**
Cash flow provided by (used in) financing activities (NOK)				
Proceeds from issuance of equity		-	-	-
Transaction costs on issue of shares		-	-	-
Lease payments		-	-127	-488
Interest paid		-	-	-5
Net cash flows provided by (used in) financing activities		**-**	**-127**	**-493**
Net increase/(decrease) in cash and cash equivalents		**-20 158**	**4 416**	**-36 609**
Cash and cash equivalents at beginning of the year/period		63 574	100 008	100 008
Net foreign exchange difference		-104	701	176
Cash and cash equivalents, end of period		**43 313**	**105 125**	**63 574**

Consolidated statement of changes in equity

(Amounts in NOK thousand	Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
At 1 January 2024	**161**	**321 180**	**-80**	**-192 194**	**129 067**
Profit (loss) for the period				-7 916	-7 916
Currency translation differences in OCI			-189	-6 942	-7 131
Issue of share capital	0				0
Share based program options		1 393			1 393
At 31 March 2024	**161**	**322 574**	**-269**	**-207 051**	**115 414**
At 1 January 2025	**161**	**135 118**	**-5 664**	**-54 845**	**74 770**
Profit (loss) for the period				-22 019	-22 019
Currency translation differences in OCI			4 710		4 710
Issue of share capital (Note 3)	0				0
Share based program options		1 186			1 186
Share premium reclassification (Note 5)		-54 845		54 845	-
At 31 March 2025	**161**	**81 458**	**-954**	**-22 019**	**58 646**

Notes to the condensed interim financial statements

1 General information and basis of preparation

General information

The condensed interim financial statements of Desert Control AS and its subsidiaries (collectively, “the Group”, “Company” or “Desert Control”) for the three months period ended 31 March 2025 were authorised for issue by a Board meeting held on 09 May 2025.

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.

Basis of preparation

The condensed consolidated financial statements of the Group include the 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”), and comply with IAS 34 Interim Financial Reporting.

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 presented for the corresponding period in the prior year, consistent with the requirements of IAS 34. These interim financial statements are unaudited and do not include all the disclosures required in a full set of annual financial statements.

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

The Board of Directors has assessed Desert Control's financial position and future outlook in line with applicable financial reporting standards. As of May 9, 2025, the company's current liquidity position supports operations into Q4 2025 based on planned activities, excluding future revenues.

The Board is actively implementing measures to strengthen the financial runway, including evaluating opportunities for additional funding and cost optimization. While these initiatives are expected to enable continued operations, their successful completion carries inherent uncertainties.

The Board believes these measures will ensure Desert Control’s ongoing development and financial sustainability. Consequently, the financial statements are prepared on a going concern basis. However, until additional financing or optimizations are secured, a material uncertainty exists that may cast doubt on the company’s ability to continue as a going concern beyond Q4 2025.

2 Revenue from contracts with customers

Accounting policies

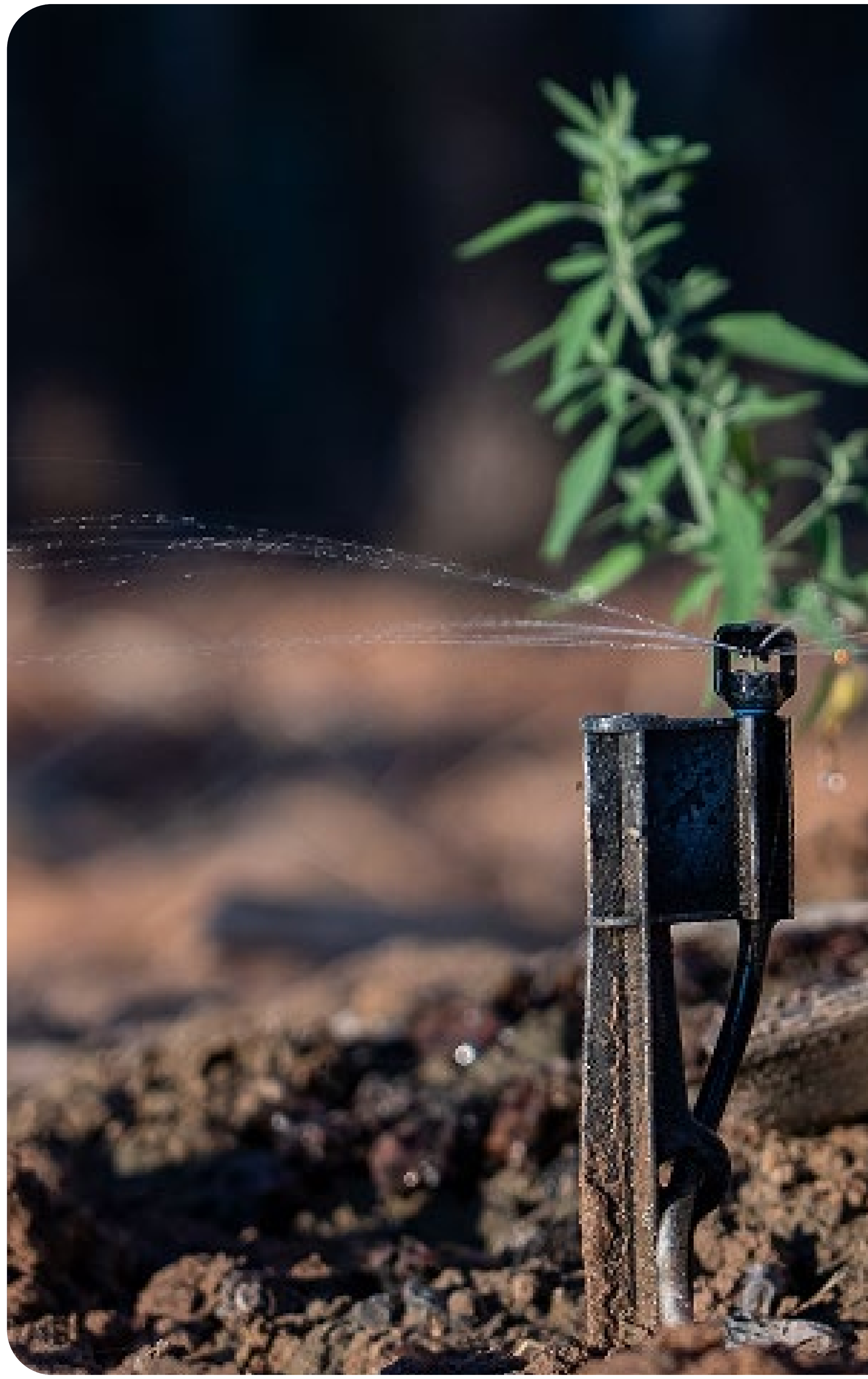
Revenue from sales is recognised when control of the goods or services transfers to the customer, reflecting the total consideration expected under the terms of the contract. Specifically, for our product LNC, revenue is recognised at the moment the product is applied at the delivery point, as this is 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.

Revenue from royalties is recognized when the licensee's underlying sales occur, ensuring that income is recorded in the same period in which the related usage or sales take place.

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

By area of operation: (Amounts in NOK thousand)	**Q1 2025**	**Q4 2024**	**Q1 2024**	**2024**
	(unaudited)	(unaudited)	(unaudited)	(audited)
Liquid NaturalClay (LNC) continued operations	1523	0	1263	1879
Licensing Royalties	68	220	0	293
Total Revenues from contracts with customers and other revenues	**1591**	**220**	**1263**	**2172**

By geographic market:	**Q1 2025**	**Q4 2024**	**Q1 2024**	**2024**
Norway	68	220	0	293
USA	1523	-	1263	1879
Revenue from contracts with customers	**1591**	**220**	**1263**	**2172**



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 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
Share issue 22 February 2024	120 000	0,003	360
At 31 December 2024	**53 627 977**	**0,003**	**160 524**
Share issue 2 January 2025	120 000	0,003	360
At 31 March 2025	**53 747 977**	**0,003**	**160 884**

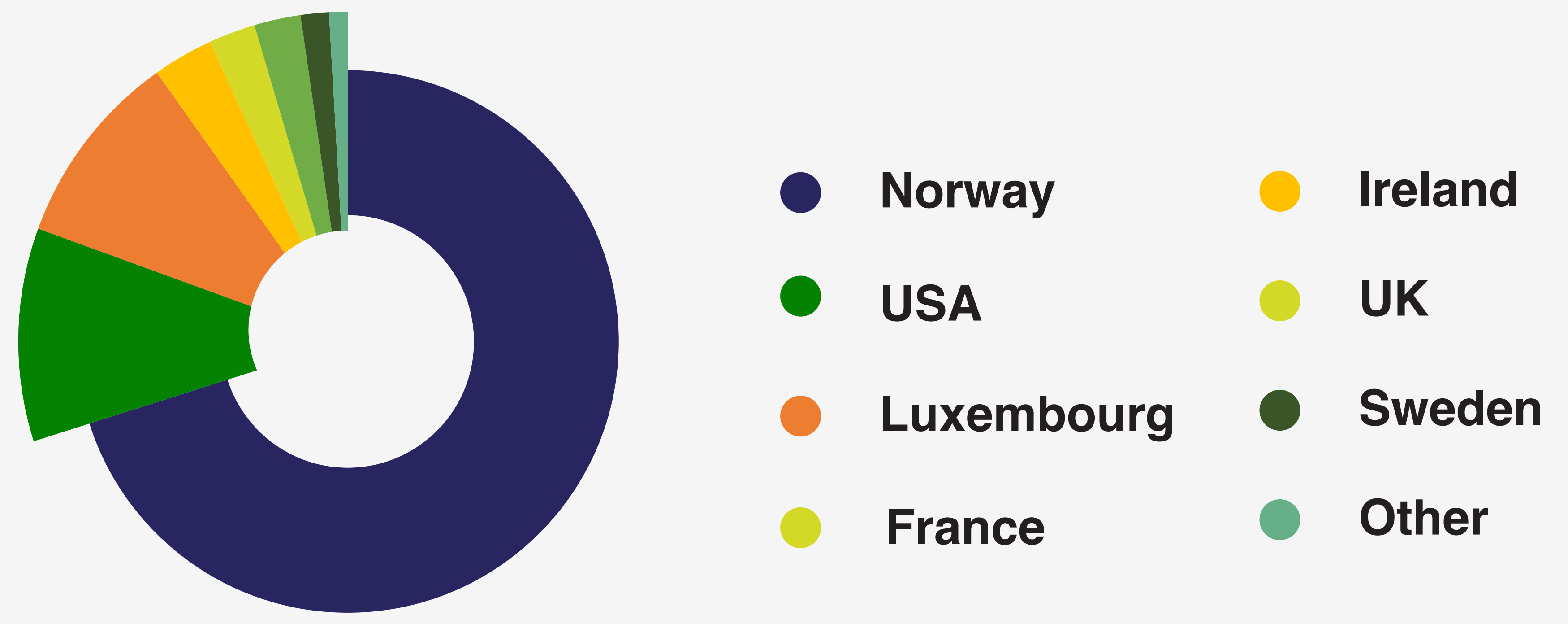
All shares are ordinary and have the same voting rights and rights to dividends.

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 31.03.2025	Total shares	Ownership/ Voting rights
Woods end interests LLC	5 343 472	9.94%
Citibank, N.A.	3 611 329	6.72%
Nordnet livsforsikring AS	2 801 268	5.21%
J.P. Morgan SE	1 808 533	3.36%
Lithinon AS	1 720 002	3.20%
J.P. Morgan SE	1 714 379	3.19%
Ole Morten Olesen	1 586 083	2.95%
Lin AS	1 502 275	2.80%
Olesen Consult HVAC AS	1 475 000	2.74%
Glomar AS	1 368 456	2.55%
BNP Paribas	1 300 000	2.42%
Jakob Hatteland Holding AS	1 222 222	2.27%
Ninas Holding AS	1 200 173	2.23%
OKS Consulting AS	1 170 000	2.18%
Citibank, N.A.	1 100 000	2.05%
Meglerkonto Innland DNB Bank ASA	1 012 284	1.88%
Clearstream Banking S.A.	959 698	1.79%
The Northern Trust Comp, London Br	958 275	1.78%
Sortun Invest AS	949 937	1.77%
Atle Idland	800 049	1.49%
Others	20 144 542	37.48%
Total	**53 747 977**	**100 %**

Country of origin	No of shares	%	# shareholders
Norway	34 304 571	63.82%	3 047
United States	5 656 859	10.52%	5
Luxembourg	5 288 029	9.84%	8
Ireland	4 840 144	9.01%	12
France	1 627 896	3.03%	5
United Kingdom	1 119 101	2.08%	8
Sweden	533 756	0.99%	14
Others	377 621	0,69%	33
Grand Total	**53 747 977**	**100%**	**3 132**



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.

	At 31 March		At 31 December
Cash and cash equivalents	**2025**	**2024**	**2024**
	(unaudited)	(unadited)	(audited)
Bank deposits, unrestricted	42 909	104 624	62 821
Bank deposits, restricted	404	504	753
Total cash and cash equivalents	**43 313**	**105 127**	**63 574**

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

5 Share Premium reclassification

During Q1 2025, NOK 54,845,421 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.

Additional information

Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer have reviewed and approved the Desert Control Group Condensed Consolidated Interim Financial Statements as of 31 March 2025.

To the best of our knowledge, these financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting (IFRS as adopted by the EU) and give a true and fair view of the Group's assets, liabilities, financial position, and results for the first quarter of 2025.

These interim financial statements are unaudited.

We further confirm that the Q1 2025 interim report provides a fair overview of significant events that occurred during the reporting period and their impact on the condensed financial statements, as well as the principal risks and uncertainties for the remainder of the financial year.

Sandnes, 09.05.2025

Lars R. Eismark
Executive Chairman

Marit Røed Ødegaard
Board Member

Maryne Lemvik
Board Member

Roar Husby
Board Member

James Thomas
Chief Executive Officer

Forward-looking statements

This report contains forward-looking statements related to Desert Control's business, financial condition, operational results, and industry developments. These statements are based on management's current expectations, estimates, and projections about future events and trends, including but not limited to market adoption, regulatory developments, financial performance, and strategic growth initiatives.

Forward-looking statements are inherently subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from those expressed or implied. These include, among others, risks related to market conditions, competition, regulatory changes, technology validation, supply chain constraints, macroeconomic factors, foreign exchange fluctuations, and the ability to secure and scale commercial contracts.

Terminology such as "expects," "intends," "plans," "believes," "anticipates," "projects," "targets," or similar expressions indicate forward-looking statements. While Desert Control considers these assumptions reasonable, there is no assurance that they will be realized. Investors are cautioned not to place undue reliance on forward-looking statements, as actual outcomes may differ due to external factors beyond the Company's control.

Except as required by law, Desert Control assumes no obligation to publicly update or revise forward-looking statements in light of new information or future events. This statement is made in accordance with applicable securities laws, including Section 5-12 of the Norwegian Securities Trading Act.

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