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Dekel Agri-Vision PLC
28 September 2023

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Dekel Agri-Vision Plc / Index: AIM / Epic: DKL / Sector: Food Producers

Dekel Agri-Vision Plc
('Dekel', the 'Company' or the 'Group')
2023 Interim Results and Investor Presentation

Dekel Agri-Vision Plc (AIM: DKL), the West African agribusiness company focused on building a portfolio of sustainable and diversified projects, is pleased is to announce its unaudited interim results for the six months ended 30 June 2023.

The Company will be hosting an investor presentation in the form of a Q&A session at 12.30 p.m. UK time on 11 October 2023. The call will be hosted by Lincoln Moore (Executive Director), Youval Rasin (CEO) and Shai Kol (Deputy CEO and CFO), who will discuss the interim results and provide an update on activity across its portfolio of projects. Further information about the call can be found at the end of this announcement.

Key Highlights

Palm Oil Operation

- H1 2022 revenue of €20.7m, a 5.1% increase from €19.7m in H1 2022 - includes sales of CPO, Palm Kernel Oil ('PKO'), Palm Kernel Cake ('PKC') and Nursery Plants
- We achieved a 49% increase in H1 2023 CPO production compared to H1 2022, however, the H1 2022 gross margin - €3.5m, EBITDA - €2.3m and net profit after tax €1.2m were below H1 2022 comparisons due to the timing difference of a high volume of sales occurring post H1 2023 due to the late and strong production high season:
    - H1 2023 CPO inventory of 4,870 tonnes compared to 650 tonnes at H1 2022
    - H1 2023 PKO inventory of 1,080 tonnes compared to 300 tonnes at H2 2022
- H1 2023 stock on hand has been sold in H2 2023 and whilst CPO and PKO prices traded lower than the record prices in 2022, our current sales prices remain historically strong and together with continued strong production H2 2023 is currently tracking significantly ahead of H2 2022.

Cashew Operation

- The Cashew Operation commenced commercial operations in H1 2023 recording first revenue of €0.6m and a loss after tax of €1.1m. The loss is due to daily production volumes achieved being below operational capacity during the ramp-up phase of the operation.
- The Cashew Operation production volumes continue to gradually improve in H2 2023 which should drive improvement in financial outcomes.
- The other main value drivers of the Cashew Operation including the price of Raw Cashew Nut ('RCN'), the Cashew extraction rate and sales prices are delivering in line with expectations.

Financial Highlights

Six months ended 30 June	**H1 2023**	**H1 2022**
Palm Oil Operation		
Revenue	€20.7m	€19.7m
Gross Margin	€3.8m	€5.0m
Gross Margin %	17.4%	25.4%
EBITDA	€3.3m	€4.2m
Net profit / (loss) after tax	€1.5m	€2.5m
Cashew Operation		
Revenue	€0.6m	nil
Gross Margin	(€0.4m)	n/a
EBITDA	(€0.8m)	n/a
Net profit/ (loss) after tax	(€1.1m)	(€0.2m)

Dekel Group		
Revenue	€21.3m	€19.7m
EBITDA	€2.5m	€4.0m
Dekel Group Net profit / (loss) after tax	€0.4m	€2.3m

Operational Highlights - Palm Oil Operation

- The Palm Oil Operation experienced a significantly stronger high season compared to H1 2022 with Fresh Fruit Bunch ('FFB') volumes and Crude Palm Oil ('CPO') production increasing 52.1% and 49.0% respectively compared to H1 2022.
- CPO sales quantities increased 22.4% in H1 2023 compared to last year. Given the high season arrived much later than normal our CPO stock levels at the end of H1 2023 are much higher than typical at over 4,800tn.
- The H1 2023 average CPO sales price achieved was historically strong at €934 per tonne, albeit 7.8% below the record H1 2022 CPO sales price.
- The CPO extraction rate for H1 2023 of 21.9% was slightly lower than H2 2022 but remains well in line with expectations.

	H1-2023	**H1-2022**	**Change**
FFB processed (tonnes)	114,745	75,448	52.1%
CPO Extraction Rate	21.9%	22.4%	-2.2%
CPO production (tonnes)	25,166	16,893	49.0%
CPO Sales (tonnes)	20,758	16,966	22.4%
Average CPO price per tonne	€934	€1,013	-7.8%
Palm Kernel Oil ('PKO') production (tonnes)	1,442	1,162	24.1%
PKO Sales (tonnes)	515	1,180	-56.3%
Average PKO price per tonne	€947	€1,454	-34.9%

Operational Highlights - Cashew Operation

- The Cashew Operation achieved a number of key milestones during H1 2023 including, increasing ownership to 100%, commencing commercial operations, first operational sales and post period end completing the BRC global food standard assessment.
- The ramp up of daily production whilst slower than expected, is continually increasing which should be reflected in the upcoming Q3 2023 production volumes.
- All other key elements of the value chain from raw material purchasing to sales prices with the exception of daily production volumes are in line with expectations.

	H1-2023
RCN Inventory	
Opening RCN Inventory (tonnes)	1,841
RCN Purchased (tonnes)	1,378
RCN Processed (tonnes)	759
Closing RCN Inventory (tonnes)	2,460
Cashew Processing	
Opening Cashews (tonnes)	111
RCN Processed (tonnes)	759
Cashew Extraction Rate	23.3%
Cashew Produced (tonnes)	177
Cashew Sales (tonnes)	170
Closing Cashews (tonnes)	118
Average Sales prices per tonne	
- Unpeeled Cashews	€3,500
- Peeled Cashews	€4,500

Lincoln Moore, Dekel's **Executive Director**, **said:** *"The Palm Oil Operation is experiencing potentially its best year in terms of both relatively strong production volumes and sales price which sets up a strong full year financial performance. The Cashew Operation has significant upside as daily production volumes continue to increase since transitioning to commercial production in early 2023 and we look forward to seeing the benefits of both operations working well in tandem as 2023 progresses".*

Conference Call

The Company is pleased to announce that Youval Rasin CEO, Shai Kol CFO and Lincoln Moore Executive Director will provide a live Investor Presentation via Investor Meet Company on 11th Oct 2023 at 12:30pm BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet DEKEL AGRI-VISION PLC via:

https://www.investormeetcompany.com/dekel-agri-vision-plc/register-investor

Investors who already follow DEKEL AGRI-VISION PLC on the Investor Meet Company platform will automatically be invited.

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

For further information please visit the Company's website www.dekelagrivision.com or contact:

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Notes:
Dekel Agri-Vision Plc is a multi-project, multi-commodity agriculture company focused on West Africa. It has a portfolio of projects in Côte d'Ivoire at various stages of development: a fully operational palm oil project in Ayenouan where fruit produced by local smallholders is processed at the Company's 60,000tpa capacity crude palm oil mill and a cashew processing project in Tiebissou, which is currently transitioning to full commercial production in 2023.

CHAIRMAN'S STATEMENT

Palm Oil Operation
Although the production high season commenced later than typical, we saw an excellent period of production from March to June 2023 which culminated in an increase in CPO production of 49% in H1 2023 compared to H1 2022. The period of relatively high CPO production has continued into H2 where in September 2023 we expect to record our 8th consecutive month of higher like for like production compared to 2022. The improvement in production volumes is largely due to a much stronger FFB harvesting season compared to 2022 and a period of smooth operating performance from our logistics and milling teams who have been able to take full advantage of improved market volumes. CPO sales volumes in H1 2023 also increased 22.4% compared to H1 2022 although the strong and late timing of the high season meant we held over 4,000tn of additional CPO stock at the end of H1 2023. This stock has been sold subsequent to half year end and we are tracking to achieve annual CPO production and sales volumes close to record levels in 2023.

International CPO and PKO sales prices traded well above historically averages, albeit lower than the record levels achieved in 2022. International CPO prices currently sit at around €875-900 per tonne and whilst we have seen some recent pressure on our local CPO prices largely due to high inventory levels resulting from the late strong high season, CPO prices currently remain very supporting for our Palm Oil Operation.

The combined balance of relatively strong CPO production and relatively high CPO prices positions the Palm Oil Operation very well to exceed our record 2021 results.

Cashew Operation

The Cashew Operation achieved a number of key milestones during H1 2023 including commencing commercial operations, first operational sales and post period end completing the BRC global food standard assessment. All other key elements of the value chain from raw material purchasing to sales prices with the exception of daily production volumes are in line with expectations. The ramp up of daily production has been slower than we would like due to teething problems particularly in the shelling and peeling machinery. We are however seeing gradual improvement which should be reflected in the upcoming Q3 2023 production volumes data and we are hopeful to see a move towards operational profitability in Q4 2023.

As previously stated, the Cashew Operation is integral to our short and medium term growth plans. It has a nameplate capacity of 15,000 tonnes per annum ('tpa'), production at the plant can be ramped up by 50% at no extra cost by simply increasing the number of shifts from two to three per day. From 15,000tpa and at a capex cost of €5-6 million, the mill's capacity can be doubled to 30,000tpa, which the Directors estimate could generate revenues in the region of approximately €35 million per annum based on current prices.

Other Projects

Whilst we have further expansion plans, including the processing of a third commodity in addition to clean energy aspirations, these projects are on hold as we focus on enhancing the production volumes of the Cashew Operation.

Group Financial

A summary of the financial performance for H1 2023, in addition to the comparatives for the previous 5 years, is outlined in the table below.

	H1 2023	**H1 2022**	**H1 2021**	**H1 2020**	**H1 2019**	**H1 2018**
CPO production (tonnes)	25,166	16,893	26,515	23,882	28,934	22,242
Average CPO price per tonne	€934	€1,013	€817	€602	€505	€549
Total Revenue (all products)	€21.3m	€19.7m	€21.7m	€15.4m	€14.6m	€14.1m
Gross Margin	€3.4m	€5.0m	€4.9m	€2.6m	€2.3m	€2.1m
Gross Margin %	15.5%	25.4%	22.6%	16.9%	15.8%	14.9%
Overheads	(€1.8m)	(€1.7m)	(€1.7m)	(€1.4m)	(€1.5m)	(€1.6m)
EBITDA	€2.5m	€4.0m	€3.9m	€1.9m	€1.4m	€1.1m
Net Profit / (Loss) After Tax	€0.4m	€2.3m	€2.0m	€0.5m	(€0.1m)	(€0.5m)

Dekel achieved H1 2023 EBITDA of €2.2m and net profit after tax of €0.4m compared to €4m EBITDA and €2.3m net profit after tax in H1 2022. This result was driven by:

- A decrease in the H1 2023 Palm Oil Operation EBITDA was largely due to timing differences associated with the sale of significant quantities of H1 2023 CPO and PKO production taking place after H1 2023 period end. Conversely the significant increase in sales volumes in H2 2023 should set up a strong H2 2023 compared to H2 2022.
- A decrease in CPO and PKO selling prices in H1 2023 compared to record prices in achieved in H1 2022 as well as a small decrease in the CPO extraction rate.
- The commercial commencement of the Cashew Operation in 2023 meaning previous costs which were capitalised pre commercial production being recorded as operational costs resulting in an increase in the Net loss.

Outlook

In the past, we have seen the Palm Oil operation have periods of strong pricing and weak volumes or vice versa. 2023 is arguably the best year we have seen in terms of both relatively strong volumes and pricing which sets us up for a strong financial performance. The Cashew Operation has significant upside as daily production volumes continue to improve and financial performance. The Cashew Operation has significant upside as daily production volumes continue to improve and we look forward to seeing the benefits of both operations working well in tandem as quickly as possible.

I would like to thank the Board, Management, our employees and advisers for their support and hard work over the course of the year.

Andrew Tillery
Non-Executive Chairman Date: 27 September 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2023	31 December 2022
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	212	2,240
Trade receivables	881	1,568
Inventories	6,556	3,158
Deposits in banks	898	679
Accounts and other receivables	1,593	950
Total current assets	10,140	8,595
NON-CURRENT ASSETS:		
Deposits in banks	878	850
Property and equipment, net	46,140	45,235
Total non-current assets	47,018	46,085
Total assets	57,158	54,680

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2023	31 December 2022
	Unaudited	Audited
	Euros in thousands	
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	5,098	5,671
Trade payables	3,676	1,359
Advance payments from customers	704	346
Other accounts payable and accrued expenses	4,626	3,852
Total current liabilities	14,104	11,228
NON-CURRENT LIABILITIES:		
Long-term lease liabilities	128	128
Accrued severance pay, net	122	127
Loan from shareholder	654	630
Long-term loans	26,448	27,241
Total non-current liabilities	27,352	28,126
Total liabilities	41,456	39,354
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		

Share capital	177	177
Additional paid-in capital	40,736	40,736
Accumulated deficit	(18,428)	(18,804)
Capital reserve	2,532	2,532
Capital reserve from transactions with non-controlling interests	(9,315)	(9,315)
	15,702	15,326
Total equity	15,702	15,326
Total liabilities and equity	57,158	54,680

The accompanying notes are an integral part of the interim consolidated financial statements.

27 Sept 2023			
Date of approval of the financial statements	Youval Rasin Director and Chief Executive Officer	Yehoshua Shai Kol Director and Chief Finance Officer	Lincoln John Moore Executive Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2023	**2022**	**2022**
	Unaudited		**Audited**
	Euros in thousands (except per share amounts)		
Revenues	21,332	19,661	31,205
Cost of revenues	17,887	14,651	26,185
Gross profit	3,445	5,010	5,020
General and administrative	1,847	1,650	3,845
Operating profit	1,598	3,360	1,175
Other income	-	-	103
Finance cost	1,185	881	2,475
Income (loss) before taxes on income	413	2,479	(1,197)
Taxes on income	37	196	141
Net income (loss) and total comprehensive income (loss)	376	2,283	(1,338)
Attributed to:			
Equity holders of the Company	376	2,338	(833)
Non-controlling interest	-	(55)	(505)
	376	2,283	(1,338)
Income per share attributable to equity holders of the Company (in Euros):			
Basic and diluted income per share	0.00	0.00	0.00

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Total equity
	Euros in thousands						
Balance as of 1 January 2023 (audited)	177	40,736	(18,804)	2,532	(9,315)	15,326	15,326
Net income and total comprehensive income	-	-	376	-	-	376	376
Balance as of 30 June 2023 (unaudited)	177	40,736	(18,428)	2,532	(9,315)	15,702	15,702

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non - controlling interest	Total equity
	Euros in thousands							
Balance as of 1 January 2022 (audited)	170	39,985	(17,971)	2,532	(8,710)	16,006	329	16,335
Net income and total comprehensive income	-	-	2,338	-	-	2,338	(55)	2,283
Issuance of shares	- *)	49	-	-	-	49	-	49
Balance as of 30 June 2022 (unaudited)	170	40,034	(15,633)	2,532	(8,710)	18,393	274	18,667

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non - controlling interest	Total equity
	Euros in thousands							
Balance as of 1 January 2022 (audited)	170	39,985	(17,971)	2,532	(8,710)	16,006	329	16,335
Net loss and total comprehensive loss	-	-	(833)	-	-	(833)	(505)	(1,338)
Issue of shares for services provided	-	49	-	-	-	49	-	49
Issue of shares upon acquisition of non-controlling interests	7	702	-	-	(605)	104	176	280
Balance as of 31 December 2022 (audited)	177	40,736	(18,804)	2,532	(9,315)	15,326	-	15,326

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2023	2022	2022
	Unaudited		Audited
	Euros in thousands		
Cash flows from operating activities:			
Net income (loss)	376	2,283	(1,338)
Adjustments to reconcile net income(loss) to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation	873	679	1,554
Finance expense, net	1,178	898	1,421
Change in employee benefit liabilities, net	(5)	44	(8)
Gain from sale of property and equipment	-	-	(103)
Changes in asset and liability items:			
Decrease (increase) in inventories	(3,398)	(130)	82
Decrease (increase) in trade receivables	687		
Decrease (increase) in accounts and other receivables	(606)	1,628	(531)
Decrease in bank deposit	-	222	-
Increase (decrease) in trade payables	2,317	(567)	28
Increase in advance from customers	358	726	238
Increase (decrease) in accrued expenses and other accounts payable	774	(72)	1,206
	2,178	3,428	3,887
Cash paid during the period for:			
Income taxes	(37)	-	(135)
Interest	(1,174)	(898)	(1,848)
	(1,211)	(898)	(1,983)
Net cash provided by operating activities	1,343	4,813	566

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2023	2022	2022

	2023	2022	2022
	Unaudited		Audited
	Euros in thousands		
Cash flows from investing activities:			
Increase in deposits	(227)	-	(433)
Sale of property and equipment	-	-	206
Purchase of property and equipment	(1,778)	(2,573)	(2,566)
Net cash used in investing activities	(2,005)	(2,573)	(2,793)
Cash flows from financing activities:			
Long-term lease	-	(130)	(41)
Receipt (payment) of short-term loans, net	399	(2,279)	(1,668)
Receipt of long-term loans	-	520	10,577
Repayment of long-term loans	(1,765)	(1,218)	(5,995)
Net cash provided by (used in) financing activities	(1,366)	(3,107)	2,873
Increase (decrease) in cash and cash equivalents	(2,028)	(867)	645
Cash and cash equivalents at beginning of period	2,240	1,595	1,595
Cash and cash equivalents at end of period	212	756	2,240
Supplemental disclosure of non-cash activities:			
Issuance of shares in consideration for investment in Pearlside	-	403	714

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of 30 June 2023, and for the six months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of 31 December 2022 and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. Dekel Agri-Vision PLC (the "Company") is a public limited company incorporated in Cyprus on 24 October 2007. The Company's Ordinary shares are admitted for trading on the AIM, a market operated by the London Stock Exchange. The Company is engaged through its subsidiaries in developing and cultivating palm oil plantations in Cote d'Ivoire for the purpose of producing and marketing Crude Palm Oil ("CPO"), as well as constructing a Raw Cashew Nut ("RCN") processing plant, which is currently in the initial production phase.. The Company's registered office is in Limassol, Cyprus.

c. CS DekelOil Siva Ltd. ("DekelOil Siva") a company incorporated in Cyprus, is a wholly-owned subsidiary of the Company. DekelOil CI SA, a subsidiary in Cote d'Ivoire currently held 99.85% by DekelOil Siva, is engaged in developing and cultivating palm oil plantations for the purpose of producing and marketing CPO. DekelOil CI SA constructed and is currently operating its palm oil mill.

d. Pearlside Holdings Ltd. ("Pearlside") a company incorporated in Cyprus, is a wholly-owned subsidiary of the Company. Pearlside has a wholly-owned subsidiary in Cote d'Ivoire, Capro CI SA ("Capro"). Capro is currently engaged in the initial production phase of its RCN processing plant in Cote d'Ivoire near the village of Tiebissou.

e. DekelOil Consulting Ltd. a company located in Israel and a wholly-owned subsidiary of DekelOil Siva and is engaged in providing services to the Company and its subsidiaries.

NOTE 1:- GENERAL (Cont.)

f. Cash flow from operations and working capital deficiency.

As of 30 June 2023, the Group has a working capital deficiency of €4 million (€2.6 million as of 31 December 2022). The Palm Oil operation is performing well in 2023 recording operating profit of €2.8 million (including depreciation of €0.8 millions) for the 6 months ending 30 June 2023 (see also note 3 operating segments). When combined with record inventory levels of CPO and PKO on 30 June 2023 due to the strong late palm oil high season, Palm Oil operation is expected to generate close to record operating profit and generate material operating cash flows for the full year ending 31 December 2023. In addition, the Cashew Operation is gradually increasing daily production and is forecast to deliver positive operating cash flows in the coming months. The Group has prepared detailed forecasted cash flows through the end of 2024, which indicate that the Group should have positive cash flows from its Group operations. However, the operations of the Group are subject to various market conditions, including quantity and quality of fruit harvests and market prices that are not under the Group's control that could have an adverse effect on the Group's future cash flows.

Based on the above, the Company's management believes it will have sufficient funds necessary to continue its operations and to meet its obligations as they become due for at least a period of twelve months from the date of approval of the financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting".

The significant accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except as described in c. below.

b. Fair value of financial instruments:

The carrying amounts of the Company's financial instruments approximate their fair value.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of amendments to existing financial reporting and accounting standards:

1. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

   In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

   Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

   The Amendment is to be applied prospectively for annual reporting periods beginning on or after 1 January 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

   The application of the Amendment did not have a material impact on the Company's interim financial statements.

2. Amendment to IAS 12, "Income Taxes":

   In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment").

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment is effective for annual reporting periods beginning on or after 1 January 2023. In relation to leases and decommissioning obligations, the Amendment is applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment is recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Amendment to IAS 1 - Disclosure of Accounting Policies:

In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment"), which replaces the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. One of the main reasons for the Amendment is the absence of a definition of the term 'significant' in IFRS whereas the term 'material' is defined in several standards and particularly in IAS 1.

The Amendment is effective for annual periods beginning on or after 1 January 2023.

The above Amendment did not have an effect on the Company's interim consolidated financial statements. However, the Company is evaluating whether the Amendment will affect the disclosures of accounting policies in the Company's annual consolidated financial statements.

NOTE 3:- OPERATING SEGMENTS

a. General:

The operating segments are identified based on information that is reviewed by the Company's management to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Group is organized into two operating segments based on the two business units the Group has. The two business units are incorporated under two separate subsidiaries of the Company, the CPO production unit is incorporated under CS DekelOil Siva Ltd and its subsidiary and the RCN processing plant in commissioning stage is incorporated under Pearlside Holdings Ltd and its subsidiary.

Segment performance (segment income (loss)) and the segment assets and liabilities are derived from the financial statements of each separate group of entities as described above. Unallocated items are mainly the Group's headquarter costs .

NOTE 3:- OPERATING SEGMENTS (Cont.)

b. Reporting operating segments:

	Crude Palm Oil	Raw Cashew Nut	Unallocated	Total
	Euros in thousands			
Six months ended 30 June 2023 (unaudited):				
Revenues-External customers	20,718	614	-	21,332
Segment operating profit (loss)	2,801	(666)	(537)	1,598
Finance cost	(1,038)	(118)	(29)	(1,185)
Profit (loss) before taxes on income	1,763	(784)	(566)	413
Depreciation	774	88	11	873

	Crude Palm Oil	Raw Cashew Nut	Unallocated	Total
	Euros in thousands			
Six months ended 30 June 2022 (unaudited):				
Revenues-External customers	19,661	-	-	19,661
Segment profit (loss)	3,742	(188)	(195)	3,359
Finance cost	(833)	(47)	-	(880)
Profit before taxes on income	2,909	(235)	(195)	2,479
Depreciation	(679)	-	-	(679)

	Crude Palm Oil	Raw Cashew Nut	Unallocated	Total
	Euros in thousands			
Year ended 31 December 2022 (audited):				
Revenues-External customers	30,459	746	-	31,205
Segment operating profit (loss)	3,727	(1,430)	(1,122)	1,175
Finance cost	(2,182)	(265)	(28)	(2,475)
Other income	103	-	-	103
Profit (loss) before taxes on income	1,648	(1,695)	(1,150)	(1,197)
Depreciation	1,383	146	25	1,554

NOTE 3:- OPERATING SEGMENTS (Cont.)

	Crude Palm Oil	Raw Cashew Nut		Total
	Euros in thousands			
As of 30 June 2023 (unaudited):				
Segment assets	38,182	18,976		57,158
Segment liabilities	31,281	10,175		41,456
As of 31 December 2022 (audited):				
Segment assets	36,389	18,291		54,680
Segment liabilities	28,427	10,927		39,354

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