

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN.

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

28 June 2024

Dekel Agri-Vision Plc ('Dekel' or the 'Company')
2023 Final Results and Financing Update

Dekel Agri-Vision Plc (AIM: DKL), the West African agribusiness company focused on building a portfolio of sustainable and diversified projects, is pleased to announce its audited results for the year ended 31 December 2023 (the 'Accounts'). The Accounts will be made available to download later today from the Company's website or mailed to individual shareholders who have elected to receive a physical copy. www.dekelagrivision.com.

Financial Highlights

Palm Oil Operation

- 22% increase in revenues to €37.1m (2022: €30.5m) driven by a 49.5% increase in Crude Palm Oil ('CPO') sales volumes more than offsetting a 15.2% decrease in CPO prices - includes sale of CPO, Palm Kernel Oil ('PKO'), Palm Kernel Cake ('PKC') and Nursery Plants.
- Gross margin decreased 19.5% primarily due to lower CPO prices and extraction rates.
- 4.2% increase in EBITDA to €4.8m (2022: €4.6m) due to prudent cost control during an inflationary environment.

Cashew Operation

- 57.1% increase in revenues to €1.1m (2022: €0.7m). The increase in revenue was below expectations due to previously reported challenges in the peeling and shelling sections which are in the process of being rectified.
- EBITDA loss of €2.2m compared to an EBITDA loss of €1.9m.

Year ended 31 December	2023	2022	% change
<i>Palm Oil Operation</i>			
Revenue	€37.2m	€30.5m	22.0%
Gross Margin	€5.7m	€5.8m	-1.7%
Gross Margin %	15.3%	19.0%	-19.5%
EBITDA	€4.8m	€4.6m	4.2%
<i>Cashew Operation</i>			
Revenue	€1.1m	€0.7m	57.1%
EBITDA	(€2.2m)	(€1.9m)	-15.8%
Group EBITDA	€2.6m	€2.7m	-3.7%

The summary of the Group Financial Performance for FY2023 is laid out further below.

Financing Update

- The Company has entered the following refinancing arrangements to ensure the Group is well funded during the expected period of ramp up of the Cashew Operations and to ensure the group has committed facilities to cover loans maturing over the next 12 months:
- AgDevco Refinance
 - Deferment of AgDevCo first principal repayment due on 9th August 2024 of €900,000 to be paid over 6 months from 9th September 2025.
 - Interest rate to increase from 7.00% to 9.00% per annum in respect of the outstanding balance from 9th August 2024.
- Loan from Youval Rasin, CEO

- c.€2.3m loan with interest of 10% per annum
- Principal and interest repayable in 2 years.

Related Party Transaction

The loan from Youval Rasin constitutes a related party transaction under AIM Rule 13 of the AIM Rules for Companies. All of the Directors of the Company with the exception of Youval Rasin are regarded as independent for this transaction. The independent Directors, having consulted with the Company's Nominated Adviser, considers the terms of the Loan to be fair and reasonable in so far as its shareholders are concerned.

Operational Highlights - Palm Oil Operation

- Fresh Fruit Bunch ('FFB') volumes and Crude Palm Oil ('CPO') production increased 56.1% and 51.7% respectively compared to FY 2022.
 - The strong 2023 production performance of the Palm Oil operation was driven by ten consecutive months of higher like-for-like production from March 2023 onwards.
- CPO sales quantities increased 49.5% in FY 2023 compared to last year, which was consistent with the higher CPO production. In addition, PKO production increased 32.7% in FY 2023 compared to last year.
- The FY 2023 average CPO sales price achieved was historically strong at €869 per tonne, albeit 15.2% below the record H1 2022 CPO sales prices.
- The CPO extraction rate for FY 2023 of 21.4% was slightly lower than FY 2022 of 22.1% but remained well in line with expectations.

Operational Highlights - Cashew Operation Update

- Whilst it was pleasing to commence commercial production, the anticipated ramp up of daily production rates during FY-2023 was hampered by ongoing technical issues primarily in the shelling and peeling sections due to underperforming shelling and peeling machinery provided by our supplier.
- New equipment has been ordered and is expected to arrive shortly at which point we expect to a significant improvement in production volumes in H2 2024.
- The successful completion of the BRC Global Food standard assessment which took place in Q2 2023 and other key KPIs including raw material prices, extraction rates meeting expectations was a positive.

Lincoln Moore, Dekel's Executive Director, said: *"The Palm Oil Operation continues to be a very solid performer delivering €4.8m EBITDA for the Group. The real catalyst for the next phase of growth relates to the Cashew Operation. We are working to implement the new equipment as soon as possible over the coming months at which point, we expect it will become a positive contributor to Group performance and ultimately we believe will drive a material improvement in share price performance".*

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.

**** ENDS ****

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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.

CHAIRMAN'S STATEMENT

Palm Oil Operation

2023 saw a significant rebound in CPO production increasing 51.7% in FY 2023 compared to FY 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 FY 2023 also increased 49.5% compared to FY 2022.

CPO sales prices traded well above historically averages, albeit 15.2% lower than the record levels achieved in 2022. Local CPO prices continue to trade approximately €100 per tonne below international prices as in country efforts to minimise food inflation continued throughout 2023. We are seeing local prices slowly and gradually increase towards the international CPO price which remains historically high and supportive of our Palm Oil Operation.

The combined balance of strong CPO production and relatively high CPO prices resulted in the Palm Oil Operation delivering EBITDA of €4.8m in FY 2023, a 4.2% increase compared to FY 2022.

Cashew Operation

The Cashew Operation commenced commercial production in early FY 2023. However, the anticipated ramp up of daily production rates during FY 2023 was hampered by ongoing technical issues primarily in the shelling and peeling sections due to underperforming machinery provided by our supplier.

During Q4 2023, an independent expert was appointed to assess the equipment performance and full production chain. This expert recommended replacing of parts of the shelling and peeling sections which required an investment of c. €250,000 from existing cash resources. All new shelling and peeling equipment was ordered in January 2024, with latest shipping time tables showing deliveries are expected shortly. With optimal performance of the shelling and peeling stations working in tandem with the other 10 well performing stations, we expect to see a material improvement in cashew production volumes and quality during H2 2024.

The Cashew Operation ramp up remains the key catalyst to drive both our short and medium term growth plans and remains the main drag on our share price performance. We are buoyed by the fact one of the other local Cashew Operations in our regions experienced almost identical issues with their equipment from the same supplier and their recent shift over to alternate shelling and peeling equipment, with the over sight of the same expert consultant we engaged, has resulted in a drastic improvement in operational and financial performance. We are therefore doing everything we can to deliver the same outcome as quickly as possible.

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 Performance

A summary of the Group financial performance for FY2023, in addition to the comparatives for the previous 5 years, is outlined in the table below.

	FY2023	FY2022	FY2021	FY 2020	FY 2019	FY 2018
FFB collected (tonnes)	182,362	116,733	190,020	154,151	176,019	146,036
CPO production (tonnes)	39,073	25,751	39,953	34,002	37,649	33,077
CPO sales (tonnes)	38,896	26,016	39,092	34,008	37,713	32,692
Average CPO price per tonne	€869	€1,025	€868	€602	€491	€542

Total Revenue (all products)	€38.3m	€31.2m	€37.4m	€22.5m	€20.9m	€20.9m
Gross Margin	€2.1m	€5.1m	€6.5m	€2.3m	€1.7m	€1.7m
Gross Margin %	5.5%	16.7%	17.4%	10.2%	8.1%	8.3%
Overheads	€3.6m	€3.9m	€3.8m	€2.8m	€3.2m	€3.2m
EBITDA	€2.6m	€2.7m	€4.8m	€1.2m	€0.2m	(€0.2m)
EBITDA %	6.8%	9.3%	12.8%	5.3%	1.0%	-
Net Profit / (Loss) After Tax	(€4.5m)	(€1.3m)	€0.6m	(€2.2m)	(€3.3m)	(€3.3m)
Net Profit / (Loss) After Tax %	-	-	1.6%	-	-	-
Total Assets	€50.6m	€54.7m	€51.7m	€43.3m	€33.6m	€33.4m
Total Liabilities	€39.6m	€39.4m	€35.5m	€30.8m	€20.8m	€21.8m
Total Equity	€11.0m	€15.3m	€16.3m	€12.5m	€12.8m	€11.6m

Dekel reported FY 2023 EBITDA of €2.6m compared to €2.7m FR 2023 EBITDA. The €0.1m decrease in EBITDA was driven by:

- A €0.2m increase in the Palm Oil Operation EBITDA was largely due to the increase in CPO sales volumes and well maintained overhead expense more than offsetting lower CPO prices and CPO extraction rates.
- A €0.3m increase in the Cashew Operation EBITDA loss due to operating inefficiencies resulting ongoing technical issues with the peeling and shelling section provided by our original supplier.

Dekel reported a FY 2023 Net Loss after Tax of €4.5m compared to a Net Loss after Tax of €1.3m. This increase in loss of €2.5m was primarily driven by:

- The first full year inclusion of FY 2023 of depreciation from the Cashew Operation increasing Group depreciation by €2.5m.
- An increase in Cashew Operations interest expense of €0.5m in FY 2023 which was previously capitalised in FY 2022 prior to the commencement of commercial production.

Outlook

Looking ahead, the Palm Oil Operation continues to be a very solid performer for the Group. The real catalyst for enhanced financial results relates to the rectification of the performance issues of the Cashew Operation. We are working to implement new equipment as soon as possible over the coming months to ensure it becomes a positive contributor to Group performance and ultimately drives a rebound in share price performance.

I extend my gratitude to the Board, Management, employees, and advisors for their support and hard work throughout the year.

Andrew Tillery
Non-Executive Chairman

Date: 28 June 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December	
		2023	2022
Euros in thousands			
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		209	2,240
Trade receivables		1,571	1,568
Inventory	4	3,037	3,158
Bank deposits - restricted	10	673	679
Other accounts receivable	5	1,017	950
Total current assets		6,507	8,595
NON-CURRENT ASSETS:			

Bank deposits - restricted	10	1,025	850
Property and equipment, net	7	<u>43,084</u>	<u>45,235</u>
Total non-current assets		<u>44,109</u>	<u>46,085</u>
Total assets		<u><u>50,616</u></u>	<u><u>54,680</u></u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December	
		2023	2022
		Euros in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term loans and current maturities of long-term loans	10b	8,470	5,671
Trade payables		2,795	1,359
Advances from customers		499	346
Other accounts payable	8	<u>3,451</u>	<u>3,852</u>
Total current liabilities		<u>15,215</u>	<u>11,228</u>
NON-CURRENT LIABILITIES:			
Long-term lease liabilities	9	128	128
Accrued severance pay, net		72	127
Loan from shareholder	6	679	630
Long-term loans	10	<u>23,572</u>	<u>27,241</u>
Total non-current liabilities		<u>24,451</u>	<u>28,126</u>
Total liabilities		<u>39,666</u>	<u>39,354</u>
EQUITY:			
Share capital	11	178	177
Additional paid-in capital		40,817	40,736
Accumulated deficit		(23,262)	(18,804)
Capital reserve		2,532	2,532
Capital reserve from transactions with non-controlling interests		<u>(9,315)</u>	<u>(9,315)</u>
Total equity		<u>10,950</u>	<u>15,326</u>
Total liabilities and equity		<u><u>50,616</u></u>	<u><u>54,680</u></u>

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

28 June, 2024			
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

	Note	Year ended 31 December	
		2023	2022
		Euros in thousands (except per share amounts)	
Revenues	12	38,299	31,205
Cost of revenues	15a	36,239	26,185
Gross profit		2,060	5,020
General and administrative expenses	15b	3,562	3,845
Operating profit		(1,502)	1,175
Other income		-	103
Finance cost	15c	(2,881)	(2,475)
Income (loss) before taxes on income		(4,383)	(1,197)
Taxes on income	14	(75)	141
Net income (loss) and total comprehensive income (loss)		<u>(4,458)</u>	<u>(1,338)</u>
Attributable to:			
Equity holders of the Company		(4,458)	(833)
Non-controlling interests		-	(505)
Net income (loss) and total comprehensive income (loss)		<u>(4,458)</u>	<u>(1,338)</u>
Net earnings (loss) per share attributable to equity holders of the Company:			
Basic and diluted net earnings (loss) per share	16	<u>)0.01)</u>	<u>0.00</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Capital reserve from transactions with non-controlling interests
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	
Balance as of 1 January 2022	170	39,985	(17,971)	2,532	(8,710)
Net loss and total comprehensive loss	-	-	(833)	-	-
Issue of shares for services provided (Note 11)	-	44	-	-	-
Issue of shares upon acquisition of non-controlling interests (Note 6)	7	707	-	-	(605)
Balance as of 31 December 2022	177	40,736	(18,804)	2,532	(9,315)
Net loss and total comprehensive loss	-	-	(4,458)	-	-
Issue of shares for services provided (Note 11)	1	81	-	-	-
Balance as of 31 December 2023	<u>178</u>	<u>40,817</u>	<u>(23,262)</u>	<u>2,532</u>	<u>(9,315)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended	
	31 December	
	2023	2022
	Euros in thousands	
<u>Cash flows from operating activities:</u>		
Net income (loss)	(4,458)	(1,338)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Adjustments to the profit or loss items:		
Depreciation	4,103	1,554
Share based compensation	55	-
Accrued interest on long-term loans and non-current liabilities	3,470	1,421
Change in employee benefit liabilities, net	(55)	(8)
Gain from sale of property and equipment	-	(103)
Changes in asset and liability items:		
Decrease in inventories	121	82
Increase in other accounts receivable	(33)	(531)
Increase in trade payables	1,436	28
Increase (decrease) in advances from customers	153	238
Increase (decrease) in other accounts payable	(374)	1,206
	<u>8,876</u>	<u>3,887</u>
Cash paid during the year for:		
Income taxes	(37)	(135)
Interest	(2,424)	(1,848)
	<u>(2,461)</u>	<u>(1,983)</u>
Net cash provided by (used in) operating activities	<u>1,957</u>	<u>566</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended	
	31 December	
	2023	2022
	Euros in thousands	
<u>Cash flows from investing activities:</u>		
Investment in bank deposits	(149)	(433)
Sale of property and equipment	-	206
Purchase of property and equipment	(1,952)	(2,566)
Net cash used in investing activities	<u>(2,101)</u>	<u>(2,793)</u>
<u>Cash flows from financing activities:</u>		

Long-term lease, net	-	(41)
Receipt (repayments) of short-term loans, net	1,367	(1,668)
Receipt of long-term loans	-	10,577
Repayment of long-term loans	(3,254)	(5,995)
Net cash provided by (used in) financing activities	(1,887)	2,873
Increase (decrease) in cash and cash equivalents	(2,031)	645
Cash and cash equivalents at beginning of year	2,240	1,595
Cash and cash equivalents at end of year	209	2,240
<u>Supplemental disclosure of non-cash activities:</u>		
Issuance of shares to director and service providers	27	-
Issuance of shares in consideration for non-controlling interest in Pearlside	-	714

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

NOTE 1:- GENERAL

- 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.
- 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.
- Pearlside Holdings Ltd. ("Pearlside"), a company incorporated in Cyprus, is a subsidiary of the Company since December 2020. The Company holds 100% interest since December 2022 (previously 70.7% interest since February 2021). 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 Tiabisu (see also Note 11).
- DekelOil Consulting Ltd. a company located in Israel and a wholly owned subsidiary of DekelOil Siva, is engaged in providing services to the Company and its subsidiaries.
- Going concern:

In 2023 the Company generated a positive cash flow from operations of €2.0 million which is a significant increase as compared to the positive cash flow of €0.5 million in 2022. Palm Oil activity continued to be strong and continued to generate positive operating cash flow, which was offset by the negative operating cash flow from the RCN activity which operated in limited capacity. In recent months some modifications and additions were made, and the operational capacity of the RCN processing plant is expected to increase materially over the coming months. The Group has prepared detailed forecasted cash flows through the end of 2025, which tentatively indicates that the Group may continue to have positive cash flows from its operations. However, the operations of the RCN processing plant are currently subject to technical production difficulties that may not be resolved in the foreseeable future, which may have an adverse effect on future cash flows from operations.

The Group working capital deficiency as of 31 December 2023 increased to €8.7 million from €2.6 million as of 31 December 2022, which is mainly due to the increase in current maturities of long-term loans for which the principal repayment grace period has ended.

NOTE 1:- GENERAL (Cont.)

As described in Note 20, in June 2024 a lender has agreed to postpone the first loan principal instalment in the amount of €900 thousand due in August 2024 by one year, such that the loan will be repayable over 6 months from September 2025. In addition, as described in Note 20, in June 2024 a principal shareholder, and a director, has provided the Company an immediate loan in the amount of €2.3 million and a loan facility in the amount of €900 thousand which facility will be available for withdrawal from 1 December 2024.

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

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared on a cost basis.

The Company has elected to present profit or loss items using the function of expense method.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a change in equity by adjusting the carrying amount of the non-controlling interests with a corresponding adjustment of the equity attributable to equity holders of the Company less / plus the consideration paid or received.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Functional currency, presentation currency and foreign currency:

The local currency used in Cote d'Ivoire is the West African CFA Franc ("FCFA"), which has a fixed exchange rate with the Euro (Euro 1 = FCFA 655.957). A substantial portion of the Group's revenues and expenses is incurred in or linked to the Euro. The Group obtains debt financing mostly in FCFA linked to Euros and the funds of the Group are held in FCFA. Therefore, the Company's management has determined that the Euro is the currency of the primary economic environment of the Company and its subsidiaries, and thus its functional currency. The presentation currency is Euro.

e. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

f. Financial instruments:

1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Company classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- a) Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

- b) Equity instruments and other financial assets held for trading:

Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss.

Other financial assets held for trading, including derivatives, are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

2. Impairment of financial assets:

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss.

The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. An impairment loss on debt instruments measured at amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

As of 31 December 2023 and 2022, there were no past-due trade receivables.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Financial liabilities:

Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method.

- g. Borrowing costs:

The Group capitalizes borrowing costs that are attributable to the acquisition, construction, or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.

The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in a reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

- h. Leases:

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Group as a lessee:

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. After the commencement date, the Group measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term.

Following are the periods of depreciation of the right-of-use assets by class of underlying asset:

	<u>Years</u>
Land	99

The Group tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

i. Biological assets:

Biological assets of the Company are fresh fruit bunches (FFB) that grow on palm oil trees. The period of biological transformation of FFB from blossom to harvest and then conversion to inventory and sale is relatively short (about 2 months). Accordingly, any changes in fair value at each reporting date are generally immaterial.

j. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Palm oil trees before maturity are measured at accumulated cost, and depreciation commences upon reaching maturity.

NOTE2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	<u>%</u>
Extraction mill	2.5
Palm oil plantations	3.33
Computers and peripheral equipment	33
Equipment and furniture	15 - 20
RCN processing mill	20
Motor vehicles	25
Agriculture equipment	15

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

k. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of non-financial assets whenever

events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

l. Revenue recognition:

Revenue from contracts with customers is recognized when the control over the services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue from the sale of goods:

Revenue from sale of goods is recognized in profit or loss at the point in time when the control of the goods is transferred to the customer, generally upon delivery of the goods to the customer.

Contract balances:

Amounts received from customers in advance of performance by the Company are recorded as contract liabilities/advance payments from customers and recognized as revenue in profit or loss when the work is performed. For all years presented in these financial statements, such advances were recognized as revenues in the year subsequent to their receipt.

m. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

Cost of finished goods inventories is determined on the basis of average costs including materials, labor and other direct and indirect manufacturing costs based on normal capacity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.):

n. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants

participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- o. Share-based payment transactions:

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using an acceptable option model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

- p. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

- 1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

- 2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future.

Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

- q. Significant accounting estimates and assumptions used in the preparation of the financial statements:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

- r. Changes in accounting policies - initial application of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards:

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 applied prospectively for annual reporting periods beginning on January 1, 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 consolidated financial statements.

2. 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 applicable for annual periods beginning on January 1, 2023.

The application of the above Amendment had an effect on the disclosures of the Company's accounting policies, but did not affect the measurement, recognition or presentation of any items in the Company's consolidated financial statements.

NOTE 3:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

- a. Amendment to IAS 1, "Presentation of Financial Statements":

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" regarding the criteria for determining the classification of liabilities as current or non-current ("the Original Amendment"). In October 2022, the IASB issued a subsequent amendment ("the Subsequent Amendment").

According to the Subsequent Amendment:

- Only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- An entity should provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months from the reporting date. This disclosure is required to include information about the covenants and the related liabilities. The disclosures must include information about the nature of the future covenants and when compliance is applicable, as well as the carrying

amount of the related liabilities. The purpose of this information is to allow users to understand the nature of the future covenants and to assess the risk that a liability classified as non-current could become repayable within twelve months. Furthermore, if facts and circumstances indicate that an entity may have difficulty in complying with such covenants, those facts and circumstances should be disclosed.

According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.

The Original Amendment and Subsequent Amendment are both effective for annual periods beginning on or after 1 January 2024 and must be applied retrospectively. Early application is permitted.

The Company is evaluating the possible impact of the Amendment on its current loan agreements.

b. IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and

NOTE 3:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)

includes new requirements for aggregation and disaggregation of financial information. IFRS 18 does not modify the recognition and measurement provisions of items in the

financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows", and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted but will need to be disclosed.

The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTE 4:- INVENTORY

	31 December	
	2023	2022
	Euros in thousands	
Raw cashew nuts	1,022	1,248
Spare parts, tools and materials	1,367	986
Kernel cashew nuts	300	350
Palm oil mill final products	291	334
Plants	57	240
	<u>3,037</u>	<u>3,158</u>

NOTE 5:- OTHER ACCOUNTS RECEIVABLE

	31 December	
	2023	2022
Euros in thousands		
Advance payment to suppliers and prepaid expenses	885	904
Loans to employees	50	38
Government authorities (VAT)	6	5
Other receivables	76	3
	<u>1,017</u>	<u>950</u>

NOTE 6:- INVESTMENT IN PEARLSIDE HOLDINGS LTD.

As described in Note 1c, Pearlside Holdings Ltd. ("Pearlside") is a subsidiary of the Company. As of 1 January 2022, the Company had a 70.7% equity interest in Pearlside.

On 30 December 2022, the Company signed an agreement to purchase the remaining 29.3% held by the non-controlling interests by way of issuing 19,968,701 Ordinary shares of the Company. Based on the market price of the Company's shares on the date of the purchase, the total fair value of the shares amounts to €714 thousand.

Following this acquisition, the Company holds 100% of Pearlside.

Concurrently, it was agreed that the loan in the amount of €915 thousand provided by the non-controlling interests, would only be repaid from the available cash flow from Pearlside, as to be determined in the sole discretion of the board of directors of Pearlside. The Company believes that no repayments of the loan will be made prior to 1 January 2025, and accordingly, the loan has been classified as a non-current loan from a shareholder. As the loan bears no interest, the fair value of the loan in the amount of €630 thousand was calculated based on the present value of estimated future repayments discounted using the prevailing market rate of interest (7.75%) for a similar type of loan.

NOTE 6:- INVESTMENT IN PEARLSIDE HOLDINGS LTD. (Cont.)

Of the total fair value of the shares issued in the amount of €714 thousand, €285 thousand is attributed to the difference (discount) between the nominal amount of the loan from the shareholder and the fair value of the loan. The aggregation of remaining portion of the fair value (€429 thousand) and the negative carrying amount (€176 thousand) of the non-controlling interests, in the amount of €605 thousand, has been recorded as a charge to "capital reserve from transactions with non-controlling interests" in equity.

NOTE 7:- PROPERTY AND EQUIPMENT, NET

Composition and movement:

	Computers and peripheral equipment	Equipment and furniture	Motor vehicles	Agriculture equipment	Extraction mill and land	Palm oil plantations	Cashew processing mill under construction and land	Total
	Euros in thousands							
Cost:								
Balance as of 1 January, 2022	369	559	2,126	490	26,528	7,632	15,212	52,916
Additions during the year	22	302	482	292	105	-	1,797	3,000
Disposals during the year	-	-	(352)	-	(57)	-	-	(409)
Balance as of 31 December, 2022	391	861	2,256	782	26,576	7,632	17,009	55,507
Additions during the year	18	-	245	-	48	1,386	225	1,952
Disposals during the year	-	-	(68)	-	-	-	-	(68)
Balance as of 31 December, 2023	<u>409</u>	<u>861</u>	<u>2,433</u>	<u>782</u>	<u>26,624</u>	<u>9,018</u>	<u>17,264</u>	<u>57,391</u>
Accumulated depreciation:								

Balance as of 1 January 2022	208	114	1,033	435	5,430	1,804	-	9,024
Depreciation	55	88	281	68	737	320	5	1,554
Disposals during the year	-	-	(306)	-	-	-	-	(306)
Balance as of 31 December 2022	263	202	1,008	503	6,167	2,124	5	10,272
Depreciation	56	95	355	41	846	355	2,355	4,103
Disposals during the year	-	-	(68)	-	-	-	-	(68)
Balance as of 31 December 2023	319	297	1,295	544	7,013	2,479	2,360	14,307
Depreciated cost at 31 December 2023	90	564	1,138	238	19,611	6,539	14,904	43,084
Depreciated cost at 31 December 2022	128	659	1,249	278	20,409	5,508	17,004	45,235

Substantially all property and equipment are located in Coite d'Ivoire.

NOTE 8:- OTHER ACCOUNTS PAYABLE

	31 December	
	2023	2022
	Euros in thousands	
Employees and payroll accruals	641	1,015
VAT payable	231	467
Other accounts payable and accrued expenses	2,579	2,370
	3,451	3,852

NOTE 9:- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

On 24 June 2008, DekelOil CI SA signed a lease agreement for 42 hectares near the village of Ayenouan, Cote d'Ivoire. The agreement is with the village of Adao and the people occupying the land in Ayenouan. The lease is for 90 years and the payment for the lease is FCFA 3,000,000 (app. €4,573) per annum.

A subsidiary signed a lease agreement with the government authorities for 6 hectares near the village of Tiabissuo, Cote d'Ivoire. The agreement is for a lease of 99 years with an annual lease payment of 6 million FCFA (app. €9,146).

The right-of-use assets in respect of the above leases are included in Property and Equipment (Note 7). The balance of the lease liabilities at 31 December 2023 amounted to €128 (2022 - €128).

NOTE 10:- LOANS

a. Long-term loans:

	Currency	Interest	31 December	
			2023	2022
			Euros in thousands	
SOGEBOURSE (c.1)	In FCFA	8.4%	931	2,750
SIB (c.2)	In FCFA	6.85%	-	124
AgDevCo (c.3)	In Euro	7%	3,600	3,600
BGFI (c.4)	In FCFA	7.5%	462	711
BIDC (c.5)	In FCFA	7.25%	4,350	4,573
NSIA (c.6)	In FCFA	8.5%	1,833	2,287
NSIA (c.7)	In FCFA	7.75%	635	762
BGFI (c.8)	In FCFA	7.75%	1,174	1,441
HUDSON (c.9)	In FCFA	7.5%	15,138	15,138
Poalim (c.10)	In NIS	4.2%	57	76
Mizrachi (c.10)	In NIS	4.2%	50	72
Total loans			28,280	31,534
Less - current maturities			(4,708)	(4,293)
			23,572	27,241

NOTE 10:- LOANS (Cont.)

b. Short-term loans and current maturities:

	31 December	
	2023	2022
	Euros in thousands	
Bank credit line (c.11)	3,762	1,378
Current maturities - per a. above	4,708	4,293
	<u>8,470</u>	<u>5,671</u>

- c. 1. In September 2016 DekelOil CI SA signed a long-term financing facility agreement with a consortium of institutional investors arranged by SOGEBOURSE for a long-term loan of up to FCFA 10 billion (approximately €15.2 million). Of this amount, FCFA 5.5 billion (approximately €8.4 million) was utilized to refinance the West Africa Development Bank ("BOAD") loan. The loan is repayable over 7 years in fourteen semi annual payments and bears interest at a rate of 6.85% per annum.

On 22 October 2016 SOGEBOURSE transferred the funds and the BOAD loan was repaid in full.

On 1 February 2018 the DekelOil CI SA drew down a second tranche of FCFA 2.8 billion (€4.34 million) from its FCFA 10 billion (€15.2 million) long-term Syndicated Loan Facility with Sogebourse CI. On the same terms as the first tranche. Part of the funds were used to repay a short-term loan in the amount of €1,524 thousand and a long-term loan in the amount of €497 thousand.

2. In October 2018 DekelOil CI SA signed a loan agreement with Societe Ivoirienne de Banque ("SIB") for FCFA 400 million (approximately €610 thousand). The loan is for 5 years and bears interest at a rate of 8.2% per annum. One of the boilers in the CPO extraction mill serves as a security for the loan. The loan was repaid in 2023.

3. In July 2019 DekelOil CI SA signed an agreement with AgDevCo Limited ("AgDevCo"), a leading African agriculture sector impact investor for a €7.2 million loan for a term of 10 years, 4 years of principal grace and 6 years of repayment, with a gross interest rate of 7.5% per annum, variable and based on 12-month Euro Short Term Rate published by the European Central Bank (which replaced the Euro Libor used previously) plus a pre-defined spread, and collared with a minimum rate of 6% per annum and a maximum rate of 9% per annum. In August 2022 DekelOil CI SA repaid €3.6 million out of the €7.2 million. Following this repayment, it was agreed that the interest will be fixed at 7% per annum, and that the remaining loan will be paid in 4 equal annual instalments starting in July 2024. It was also agreed that all financial covenants were canceled. The fixed assets of DekelOil CI SA serves as a security for this loan.

NOTE 10:- LOANS (Cont.)

4. On 7 July 2020 DekelOil CI SA signed a loan agreement with Banque Gabonaise Francaise International ("BGFI") for FCFA 800 million (approximately €1,220 thousand). The loan is for 5 years and bears interest at a rate of 7.25% per annum.

5. On 16 March 2016 Capro CI SA signed a loan agreement with the Bank of Investment and Development of CEDEAO ("EBID") according to which EBID agreed to grant Capro CI SA a facility of 3,000 million FCFA (€4,573 thousand). During 2022 Capro CI SA made the last withdrawal under this loan agreement of the amount of €520.

The EBID loan shall bear interest at a rate of 8.5% per annum. The loan has a tenure of seven years and shall be repaid in 20 quarterly installments over five years, commencing after a grace period on principal payments of two years. Principal payments start in January 2022. According to the loan agreement as a security for this loan there is a lien over the equipment of Capro CI SA and an amount of €97 thousand has been deposited in a bank by Capro CI SA (non-current bank deposits).

6. In 2018 Capro CI SA signed a loan agreement with NSIA bank, Togo ("NSIA Togo") according to which NSIA Togo agreed to grant Capro CI SA a facility of 1,500 million FCFA (€2,278 thousand).

NSIA Togo loan shall bear interest at a rate of 7.25% per annum. The loan has a tenure of seven years and shall be repaid in 20 quarterly installments over five years, commencing after a grace period on principal payments of two years from the first withdrawal made on 20 February 2020. As a security for this loan there is a lien over the equipment of Capro CI SA and an amount of €49 thousand has been deposited in a bank by Capro CI SA (non-current bank deposits).

7. On 30 March 2020 Capro CI SA signed a loan agreement with NSIA bank Cote d'Ivoire ("NSIA") according to which NSIA agreed to grant Capro CI SA a facility of 500 million FCFA (€762 thousand).

NSIA loan shall bear interest at a rate of 7.25% per annum. The loan is for two years with one year grace period on principal payments. The loan was fully repaid in 2022.

In August 2022 Capro CI SA signed a new loan agreement with NSIA for the same amount. The loan will bear interest at a rate of 7.75%. The loan is for two years with one year grace period on principal payments.

8. On 3 February 2020 Capro CI SA signed a loan agreement with Banque Gabonaise Francaise International ("BGFI") for FCFA 1,000 million (approximately €1,542 thousand). The loan shall bear interest at a rate of 7.5% per annum. The loan has a tenure of seven years and shall be repaid in monthly installments over five years, commencing after a grace period on principal payments of two years from the first

withdrawal made in September 2020. According to the loan agreement as a security for this loan an amount of €114 thousand has been deposited in a bank by Capro CI SA (non-current bank deposits).

NOTE 10:- LOANS (Cont.)

9. On 25 January 2021 DekelOil CI SA signed an agreement with Hudson for issuance of a long-term bond of up to 10,000 million FCFA)€15.2 million(. The first tranche of 3,930 million FCFA (€6 million) was received on 27 January 2021, and the second tranche of 6 billion FCFA)€9.1 million) was received on 24 July 2022. The bond is for 7 years with a 3-year grace for principal repayments. The first tranche of the bond bears annual interest of 7.75% and the second tranche of the bond bears annual interest of 7.25%. According to the agreement DekelOil CI SA accumulates the funds for each payment prior to each payment by a monthly payment to be made for that purpose to a designated deposit account. In addition, a fixed amount has been deposited in a separate bank account. As of 31 December 2023, the current deposit amounts to €661 thousand (2022 - €649 thousand) and the non-current deposit amounts to €763 thousand (€588 thousand), respectively.
10. In August and in October 2022 a subsidiary of the Company signed two loan agreements for two vehicles in the amount of €148 thousand (denominated in NIS). The loan is for 5 years with annual interest of 4.2% which is linked to the prime interest rate in Israel.
11. The Company has a line of credit of €3.5 million from various banks in Cote d'Ivoire. The lines of credit are revolving annually and bear an annual interest rate of 7.75%.

NOTE 11:- EQUITY

- a. Composition of share capital:

<u>Authorized</u>		<u>Issued and outstanding</u>	
<u>31 December</u>		<u>31 December</u>	
<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Number of shares</u>			

Ordinary shares of				
€0.0003367 par value each	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>559,404,153</u>	<u>557,373,476</u>

Each Ordinary share confers upon its holder voting rights, the right to receive cash and share dividends, and the right to share in excess assets upon liquidation of the Company.

Commencing from December 2019, pursuant to his remuneration contract, the General Manager of the company's subsidiary, shall be issued 400,000 Ordinary Shares per year at par value over the next 3 years, vesting on a monthly basis. The fair value of the Ordinary shares to be issued at the date of grant amounts to €34 thousand. As of 31 December 2023, all 1,200,000 Ordinary shares were issued.

NOTE 11:- EQUITY (Cont.)

In 2022 the Company issued 645,037 ordinary shares to certain brokers and suppliers in consideration for services provided and issued 496,169 ordinary shares to a director as a remuneration for his services. The fair value of the shares issued amounting to €44 thousand was recorded in general and administrative expenses.

See Note 6 for details of issuance of 19,968,701 Ordinary shares valued at €714 thousand (based on the market price of the shares) upon acquisition of non-controlling interest in Pearlside.

In 2023 the Company issued 867,800 ordinary shares to certain brokers and suppliers in consideration for services provided and issued 1,162,877 ordinary shares to a director as a remuneration for his services. The fair value of the shares issued amounting to €82 thousand was recorded in general and administrative expenses.

- b. Share option plan:

As of 31 December 2023 and 2022 there are 35,522,314 options outstanding to purchase Ordinary shares at a weighted average exercise price of €0.033.

There are 5,866,667 options outstanding with a weighted average exercise price of €0.023 that may only be exercised if at any point following the date of grant, the 30-day Volume Weighted Average Price of the Ordinary Shares achieves a price per share equal to or exceeding 6.0 pence. This condition has not been met as of 31 December 2023.

Accordingly, as of 31 December 2023 and 2022 there are 29,655,647 options that are exercisable at a weighted average exercise price of €0.035.

During 2023 and 2022, no options were granted, exercised, forfeited or expired.

- c. Capital reserve:

The capital reserve comprises the contribution to equity of the Company by the controlling shareholders.

NOTE 12:- REVENUES

- a. Substantially all the revenues are derived from the sales of Palm Oil, Palm Kernel Oil and Palm Kernel Cake in Cote d'Ivoire, see also Note 19.
- b. Major customers:

	Year ended 31 December	
	2023	2022
	Euros in thousands	
Revenues from major customers which each account for 10% or more of total revenues reported in the financial statements:		
Customer A	15,170	9,403
Customer B	6,124	8,811
Customer C	5,515	-
Customer D	3,952	-

NOTE 13:- FAIR VALUE MEASUREMENT

The fair value of accounts and other receivables, loans, and trade and other payables approximates their carrying amount due to their short-term maturities. The fair value of long-term loans with a carrying amount of €28,280 thousands and €31,534 thousands (including current maturities) as of 31 December, 2023 and 2022, respectively, approximates their fair value (level 3 of the fair value hierarchy).

NOTE 14:- INCOME TAXES

- a. Tax rates applicable to the income of the Company and its subsidiaries:

The Company and its subsidiaries, CS DekelOil Siva Ltd. and Pearlside Holdings Ltd., were incorporated in Cyprus and are taxed according to Cyprus tax laws. The statutory tax rate is 12.5%.

The carryforward losses (which may be carried forward indefinitely) of the Company are approx. €43 thousand of CS DekelOil Siva Ltd. are approximately €20 thousand, and of Pearlside are approximately €16 thousand.

The subsidiary, DekelOil CI SA, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. Based on its investment plan, DekelOil CI SA received a full tax exemption from local income tax, "Tax on Industrial and Commercial profits," for the thirteen years starting 1 January 2014, 50% tax exemption for the fourteenth year and 25% tax exemption for the fifteenth year.

The tax exemptions were conditional upon meeting the terms of the investment plan, which the Group has met.

NOTE 14:- INCOME TAXES (Cont.)

The subsidiary, Capro CI SA, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. Based on its investment plan, Capro CI SA received a full tax exemption from local income tax, "Tax on Industrial and Commercial profits," for the thirteen years starting from commencement of production, 50% tax exemption for the fourteenth year and 25% tax exemption for the fifteenth year.

The tax exemptions were conditional upon meeting the terms of the investment plan, which the Group has met.

The subsidiary DekelOil Consulting Ltd. was incorporated in Israel and is taxed according to Israeli tax laws.

- b. Tax assessments:

The Company's subsidiaries, DekelOil CI SA and Capro CI SA received a final tax assessment through 2021.

As of 31 December 2023, the Company had not yet received final tax assessments. For DekelOil Consulting Ltd. the tax assessment prior to 2015 is deemed to be final.

- c. The tax expense during the year ended 31 December, 2023, relates to tax of the Company's subsidiaries DekelOil CI SA and DekelOil Consulting Ltd.

NOTE 15:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
Euros in thousands		
a. Cost of revenues:		
Cost of fruit	25,454	19,072
Maintenance and other operating costs	3,594	3,092
Salaries and related benefits	2,326	1,788
Depreciation	3,947	1,304
Cultivation and nursery costs	510	717
Vehicles	408	212
	<u>36,239</u>	<u>26,185</u>

**NOTE 15:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME
(Cont.)**

	Year ended 31 December	
	2023	2022
Euros in thousands		
b. General and administrative expenses:		
Salaries and related benefits	2,044	1,741
Subcontractors	97	515
Legal, accounting, and professional fees	336	274
Depreciation	156	250
Office expenses	204	182
Travel expenses	153	167
Vehicle maintenance	160	148
Insurance	90	111
Brokerage and nominated advisor fees	69	56
Other	253	401
	<u>3,562</u>	<u>3,845</u>
c. Finance cost:		
Interest on loans	2,230	1,675(*)
Bank fees	645	638
Exchange rate differences	6	162
	<u>2,881</u>	<u>2,475</u>

*) Net of interest capitalized of €434 thousand

NOTE 16:- INCOME (LOSS) PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings per share computations:

	Year ended 31 December	
	2023	2022
Euros in thousands		
Net income (loss) attributable to equity holders of the Company	<u>(4,458)</u>	<u>(833)</u>
Weighted average number of Ordinary shares used for computation of:		
Basic earnings (loss) per share	<u>558,623,932</u>	<u>537,209,718</u>
Diluted earnings (loss) per share	<u>558,623,932</u>	<u>537,209,718</u>

In 2023 and 2022, share options are excluded from the calculation of diluted loss per share as their effect is antidilutive.

NOTE 17:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. Balances:

31 December	
2023	2022

	Euros in thousands	
Current:		
Other accounts payable	173	286
Non-current:		
Loan from shareholder (see Note 6)	679	630
b. Compensation of key management personnel of the Company:		
	Year ended 31 December	
	2023	2022
	Euros in thousands	
Short-term employee benefits	933	820
c. Significant agreements with related parties:		
1.	In February 2008, DekelOil Consulting Limited ("Consulting") signed an employment agreement with a shareholder, who is a director of the Company, the CEO of the Company and the chairman of the Board of Directors of DekelOil CI SA. Under the employment agreement, the CEO is entitled to a monthly salary of €20,000 per month. The agreement is terminable by the Company with 24 months' notice. The total annual salary, social benefits, bonuses and management fee paid to the CEO during 2023 and 2022 was approximately €249 thousand and €239 thousand, respectively.	
2.	In March 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, who is a director of the Company, its Deputy CEO and Chief Financial Officer. The agreement was amended on 11 July 2014, by the board of the subsidiary to reflect the same salary terms as those of the CEO described in c (1) above. The total annual salary and social benefits paid to the employee during 2023 and 2022 was approximately €232 thousand and €239 thousand, respectively.	

NOTE 18:- FINANCIAL INSTRUMENTS

a. Classification of financial liabilities:

The financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IFRS 9:

	31 December	
	2023	2022
	Euros in thousands	
Financial liabilities measured at amortized cost:		
Trade and other payables	2,795	5,211
Short-term loans	5,125	1,378
Long-term lease liabilities	128	128
Loan from shareholder	679	630
Long-term loans (including current maturities)	28,280	31,534
Total	37,007	38,881

b. Financial risks factors:

The Group's activities expose it to market risk (foreign exchange risk).

Foreign exchange risk:

The Company is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly, NIS and GBP. Since the FCFA is fixed to the Euro, the Group is not exposed to foreign exchange risk in respect of the FCFA. As of 31 December 2023, the foreign exchange risk is immaterial.

Liquidity risk:

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

31 December 2023

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Long-term loans (1)	5,956	7,189	8,863	6,784	4,639	2,342	35,773
Loan from shareholder					915		915
Short-term loan	5,125						5,125
Trade payables and other accounts payable	6,249						6,249

Long-term lease liabilities	15	15	15	15	15	1,344	1,419
	<u>17,342</u>	<u>7,204</u>	<u>8,878</u>	<u>6,799</u>	<u>4,654</u>	<u>4,601</u>	<u>48,479</u>

NOTE 18:- FINANCIAL INSTRUMENTS (Cont.)

31 December 2022

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Euros in thousands							
Long-term loans (1)	6,519	6,942	6,487	7,931	5,423	3,262	36,564
Loan from shareholder	-	-	-	-	-	915	915
Short-term loan	1,378	-	-	-	-	-	1,378
Trade payables and other accounts payable	5,211	-	-	-	-	-	5,211
Long-term lease liabilities	<u>44</u>	<u>44</u>	<u>44</u>	<u>44</u>	<u>34</u>	<u>1,350</u>	<u>1,559</u>
	<u>13,152</u>	<u>6,986</u>	<u>6,531</u>	<u>7,975</u>	<u>5,457</u>	<u>5,527</u>	<u>45,627</u>

Movement in financial liabilities:

	Short term loans	Long term loans (1)	Lease liabilities	Loan from non- controlling interest (2)	Total
Euros in thousands					
Balance as of 1 January 2021	3,040	26,943	169	915	31,067
Receipt of short-term loan	1,378	-	-	-	1,378
Receipt of long-term loan	-	4,591	-	-	4,591
Repayment of long-term lease	-	-	(41)	-	(41)
Repayment of loans	(3,040)	-	-	-	(3,040)
Loan discount (2)	-	-	-	(285)	(285)
Balance as of 31 December 2022	1,378	31,534	128	630	33,670
Receipt of short-term loan	5,125	-	-	-	5,125
Receipt of long-term loan	-	-	-	-	-
Repayment of loans	(1,378)	(3,254)	-	-	(4,632)
Loan discount (2)	-	-	-	49	49
Receipt of long-term loans	-	-	-	-	-
Balance as of 31 December 2023	<u>5,125</u>	<u>28,280</u>	<u>128</u>	<u>679</u>	<u>34,212</u>

(1) Including current maturities and accrued interest.

(2) Loan from shareholder, see Note 6.

NOTE 19:- 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 the initial production phase is incorporated under Pearlside Holdings Ltd. and its subsidiary (see Note 1).

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.

b. Reporting operating segments:

	Crude palm oil	Raw cashew nut	Unallocated	Total
Euros in thousands				
Year ended 31 December 2023:				
Revenues-external customers	<u>37,220</u>	<u>1,079</u>		<u>38,299</u>

Segment operating profit (loss)	<u>3,741</u>	<u>(4,207)</u>	<u>(1,036)</u>	<u>(1,502)</u>
Finance cost	<u>(1,976)</u>	<u>(884)</u>	<u>(21)</u>	<u>(2,878)</u>
Profit (loss) before taxes on income	<u>1,765</u>	<u>(5,091)</u>	<u>(1,057)</u>	<u>(4,383)</u>
Depreciation and amortization	<u>1,566</u>	<u>2,508</u>	<u>29</u>	<u>4,103</u>

NOTE 19:- OPERATING SEGMENTS (Cont.)

	Crude palm oil	Raw cashew nut	Unallocated	Total
	Euros in thousands			
Year ended 31 December 2022:				
Revenues-external customers	<u>30,459</u>	<u>746</u>	<u>-</u>	<u>31,205</u>
Segment operating profit (loss)	<u>3,727</u>	<u>(1,430)</u>	<u>(1,122)</u>	<u>1,175</u>
Finance cost	<u>(2,182)</u>	<u>(265)</u>	<u>(28)</u>	<u>(2,475)</u>
Other income	<u>103</u>	<u>-</u>	<u>-</u>	<u>103</u>
Profit (loss) before taxes on income	<u>1,648</u>	<u>(1,695)</u>	<u>(1,150)</u>	<u>(1,197)</u>
Depreciation and amortization	<u>1,383</u>	<u>146</u>	<u>25</u>	<u>1,554</u>
	Crude palm oil	Raw cashew nut	Unallocated	Total
	Euros in thousands			
As of 31 December 2023:				
Segment assets	<u>34,815</u>	<u>15,616</u>	<u>185</u>	<u>50,616</u>
Segment liabilities	<u>28,665</u>	<u>10,568</u>	<u>433</u>	<u>39,666</u>
As of 31 December 2022:				
Segment assets	<u>36,055</u>	<u>18,291</u>	<u>334</u>	<u>54,680</u>
Segment liabilities	<u>28,935</u>	<u>10,927</u>	<u>492</u>	<u>39,354</u>

NOTE 20:- EVENTS AFTER THE REPORTING DATE

1. As described in Note 10, a subsidiary of the Company has an outstanding loan in the amount of €3.6 million from AgDevCo. In June 2024 AgDevCo agreed to postpone the first principal installment of €900 thousand due in August 2024 by one year, such that the first principal installment will be repayable over 6 months from September 2025. The remaining principal installments will continue as per the loan agreement. Interest will increase from 7% to 9% per annum of the outstanding balance from August 2024. Proceeds of any IPO of the subsidiary or group restructuring will be partly used to reduce the AgDevCo loan to a maximum of €1.8 million. The interest rate will step down back to 7% if the loan balance is reduced to €1.8 million by 9 July 2025.

2. In June 2024, a principal shareholder of the Company has provided a loan to the Company in the amount of €2.3 million. The loan bears interest at an annual rate of 10%. The principal and accrued interest are repayable in two years from the date of receipt of the loan. The loan may be prepaid, in whole or in part, at any time at the sole discretion of the Company.

In addition, the shareholder has agreed to provide a loan facility in the amount of €900 thousand which will be available from 1 December 2024. The terms of the loan facility are identical to those of the loan

discussed above.



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