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Dekel Agri-Vision PLC
25 September 2024

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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')
2024 Interim Results

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 2024.

Financial Highlights

Palm Oil Operation

- 10.1% decrease in H1 2024 revenues to €18.6m (H1 2023: €20.7m) due to the 17.6% decrease in Crude Palm Oil ('CPO') sales prices more than offsetting the 7.7% increase in CPO sales volumes - includes sale of CPO, Palm Kernel Oil ('PKO'), Palm Kernel Cake ('PKC') and Nursery Plants.
- 11.5% increase in H1 2024 gross margin percentage compared to H1 2023 primarily due to lower Fresh Fruit Bunches ('FFB') costs more than offsetting the lower CPO sales prices. In addition, we reported a 158.8% increase in Palm Kernel Oil ('PKO') volumes in H1 2024 compared to H1 2023.
- 12.1% increase in EBITDA to €3.7m (2023: €3.3m) due to continued prudent cost control during an inflationary environment.

Cashew Operation

- H1 2024 revenues remained unchanged at €0.6m. The unchanged revenue was due to previously reported issues in the peeling and shelling sections which should be rectified over the next 6-8 weeks.
- H1 2024 EBITDA loss of €0.9m compared to an EBITDA loss of €0.8m.

Six months ended 30 June	H1 2024	H1 2023	% Change
Palm Oil Operation			
Revenue	€18.6m	€20.7m	-10.1%
Gross Margin	€3.8m	€3.8m	Nil
Gross Margin %	20.4%	18.3%	11.5%
EBITDA	€3.7m	€3.3m	12.1%
Cashew Operation			
Revenue	€0.6m	€0.6m	Nil
EBITDA	(€0.9m)	(€0.8m)	-12.5%
Dekel Group			
Revenue	€19.2m	€21.3m	-9.9%
EBITDA	€2.8m	€2.5m	12.0%

Operational Highlights - Palm Oil Operation

- The Palm Oil Operation experienced a consistent high season albeit slightly below the relatively strong H1 2023 results with Fresh Fruit Bunch ('FFB') volumes and Crude Palm Oil ('CPO') production decreasing marginally by 8.1% and 7.7% respectively compared to H1 2023.
- CPO sales quantities increased 7.7% in H1 2024 compared to last year. This is largely due to last year's high season arriving much later than normal, leading to high CPO stock levels at the end of H1 2023.
- The H1 2024 average CPO sales price achieved was historically strong at €770 per tonne, albeit 17.6% below H1 2023 CPO sales price. International prices continue to remain steady at approximately €900 per tonne and we continue to see local CPO prices gradually increase towards the international price with June 2023 prices achieved of €773 per tonne.
- The CPO extraction rate for H1 2024 of 22.0% was slightly higher than H1 2023.

	H1-2024	H1-2023	% Change
FFB processed (tonnes)	105,444	114,745	-8.1%
CPO Extraction Rate	22.0%	21.9%	0.5%
CPO production (tonnes)	23,236	25,166	-7.7%
CPO Sales (tonnes)	22,360	20,758	7.7%
Average CPO price per tonne	€770	€934	-17.6%
Palm Kernel Oil ('PKO') production (tonnes)	1,367	1,442	-5.2%
PKO Sales (tonnes)	1,333	515	158.8%
Average PKO price per tonne	€803	€947	-15.2%

Cashew Operation Update

- The Cashew Operation operated on a conservative basis during H1 2024 while we awaited the arrival and commissioning of new off the shelf shelling and peeling equipment.
- All new shelling and peeling equipment was ordered in January 2024. Shipments related to shelling machinery arrived in late July and the items related to the peeling section arrived on site yesterday.
- Commissioning of new equipment is underway and being overseen by a highly credentialled cashew processing consultant and we expect to see production volume materially increase over the next 6-8 weeks.
- Whole cashew sales prices have increased since the end of H1 2024 which should be reflected in our Q3 production and sales update which will be reported on or around 10 October 2024.

	H1-2024	H1-2023
RCN Inventory		
Opening RCN Inventory (tonnes)	1,751	1,841
RCN Purchased (tonnes)	419	1,378
RCN Processed (tonnes)	588	759
Closing RCN Inventory (tonnes)	1,582	2,460
Cashew Processing		
Opening Cashews (tonnes)	154*	111
RCN Processed (tonnes)	588	759
Cashew Extraction Rate	19.6%	23.3%
Cashew Produced (tonnes)	115	177
Cashew Sales (tonnes)	215	170
Closing Cashews (tonnes)	54	118
Average Sales prices per tonne		
- Whole Unpeeled Cashews	€3,300	€3,500
- Whole Peeled Cashews	€4,250	€4,400
- Mixed Peeled Cashews	€3,100	€3,750

** Opening cashew adjustment of 22tn*

Lincoln Moore, Dekel's Executive Director, said: *"The Palm Oil Operation continues to perform very well with H1 2024 EBITDA increasing 12.1% compared to H1 2023. With the replacement shelling and peeling equipment all on site and being assembled, the Cashew Operation is on the cusp of delivering on its promise over the coming months. We look forward to reporting the upside of the Cashew operation and seeing the benefits of both operations working well in tandem".*

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

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Notes:

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

The Palm Oil Operation continued to perform well resulting in a 12.1% increase in H1 2024 EBITDA compared to H1 2023. Production was solid, albeit slightly below the relatively strong H1 2023 results with Fresh Fruit Bunch ('FFB') volumes and Crude Palm Oil ('CPO') production decreasing marginally by 8.1% and 7.7% respectively compared to H1 2023. CPO sales quantities increased 7.7% in H1 2024 compared to last year. This is largely due to last year's high season arriving much later than normal, leading to high CPO stock levels at the end of H1 2023. The CPO Mill continued to perform consistently which is reflected in the extraction rate achieved for H1 2024 of 22.0% which was slightly higher than H1 2023. Strong sales of PKO and prudent management of FFB prices and overheads were the key factors driving the 12.1% increase in EBITDA.

International CPO and PKO sales prices continue to trade well above historically averages and remain very supportive of our Palm Oil Operation. International CPO prices currently sit at around €900 per tonne. We continue to see local CPO prices gradually increase back towards the international price.

Cashew Operation

As previously reported, the Cashew Operation has been operating on a conservative basis while we awaited replacement equipment for the underperforming shelling and peeling sections. All new shelling and peeling equipment was ordered in January 2024 and now all arrived at the Cashew Operation site.

The new peeling and shelling sections should be able to be installed relatively quickly and we should therefore see a material improvement in production volumes in the next 6-8 weeks. This increase in cashew production volumes together with improving cashew prices should lead to a significant improvement in the performance of the Cashew Operations in the back end of 2024. The Cashew Operation ramp up remains the key catalyst to drive both our short and medium term growth plans and we look forward to finally seeing the benefits of this in our Group financial performance.

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 the Cashew Operation.

Group Financial

A summary of the financial performance for H1 2024, in addition to the comparatives for the previous 5 years, is outlined in the table below.

	H1 2024	**H1 2023**	**H1 2022**	**H1 2021**	**H1 2020**	**H1 2019**
CPO production (tonnes)	23,236	25,166	16,893	26,515	23,882	28,934
Average CPO price per tonne	€770	€934	€1,013	€817	€602	€505
Total Revenue (all products)	€19.2m	€21.3m	€19.7m	€21.7m	€15.4m	€14.6m
Gross Margin	€2.2m	€3.4m	€5.0m	€4.9m	€2.6m	€2.3m
Gross Margin %	11.5%	15.5%	25.4%	22.6%	16.9%	15.8%
Overheads	(€1.5m)	(€1.8m)	(€1.7m)	(€1.7m)	(€1.4m)	(€1.5m)
EBITDA	€2.8m	€2.5m	€4.0m	€3.9m	€1.9m	€1.4m
Net Profit / (Loss) After Tax	(€0.7m)	€0.4m	€2.3m	€2.0m	€0.5m	(€0.1m)

Dekel reported H1 2024 EBITDA of €2.8m compared to €2.5m in H1 2023 EBITDA. The €0.3m increase in EBITDA was driven by:

- A €0.4m increase in the Palm Oil Operation EBITDA due to the increase in CPO sales volumes as well as continued prudent overhead expense management more than offsetting lower CPO prices.
- A €0.1m increase in the Cashew Operation EBITDA loss due to operating inefficiencies resulting from technical

- A €0.1m increase in the Cashew Operation EBITDA loss due to operating inefficiencies resulting from technical issues with the peeling and shelling sections.

Dekel reported a H1 2024 Net Loss after Tax of €0.7m compared to a Net Profit after Tax of €0.4m. The difference was primarily driven by:

- An increase in H1 2024 EBITDA of €0.3m compared to H1 2023 as described above being offset by:
    - The inclusion of H1 2024 depreciation from the Cashew Operation for the first time increasing Group depreciation by €1.1m.
    - An increase in Cashew Operations interest expense of €0.2m in FY 2023 which was previously capitalised in H1 2023.

Outlook

The Palm Oil Operation continues to perform very well for the Group with H1 2024 EBITDA increasing 12.1% despite CPO prices normalising, albeit at relatively high levels compared to H1 2023. The Cashew Operation is hopefully on the cusp of finally delivering on its promise over the coming months. We look forward to reporting the significant upside of the Cashew operation and seeing the benefits of both operations working well in tandem.

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: 24 September 2024

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2024	31 December 2023
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	76	209
Trade receivables	1,129	1,571
Inventory	3,297	3,037
Bank deposits - restricted	2,858	673
Other accounts receivable	1,019	1,017
Total current assets	8,379	6,507
NON-CURRENT ASSETS:		
Bank deposits - restricted	1,030	1,025
Property and equipment, net	41,651	43,084
Total non-current assets	42,681	44,109
Total assets	51,060	50,616

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2024	31 December 2023
	Unaudited	Audited
	Euros in thousands	
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	9,098	8,470
Trade payables	1,437	2,795

Advances from customers	1,242	499
Other accounts payable	4,476	3,451
Total current liabilities	16,253	15,215
NON-CURRENT LIABILITIES:		
Long-term lease liabilities	128	128
Accrued severance pay, net	84	72
Loan from shareholder	705	679
Long-term loans	23,638	23,572
Total non-current liabilities	24,555	24,451
Total liabilities	40,808	39,666
EQUITY:		
Share capital	178	178
Additional paid-in capital	40,820	40,817
Accumulated deficit	(23,963)	(23,262)
Capital reserve	2,532	2,532
Capital reserve from transactions with non-controlling interests	(9,315)	(9,315)
Total equity	10,252	10,950
Total liabilities and equity	51,060	50,616

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

24 September, 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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	Unaudited		Audited
	Euros in thousands (except per share amounts)		
Revenues	19,193	21,332	38,299
Cost of revenues	(16,955_	(17,887)	(36,239)
Gross profit	2,238	3,445	2,060
General and administrative	(1,449)	(1,847)	(3,562)
Operating profit	789	1,598	(1,502)
Other income		-	-
Finance cost	(1,405)	(1,185)	(2,881)
Income (loss) before taxes on income	(616)	413	(4,383)
Taxes on income	(85)	(37)	(75)
Net income (loss) and total comprehensive income (loss)	(701)	376	(4,458)
Attributed to:			
Equity holders of the Company	(701)	376	(4,458)
Non-controlling interest	-	-	-
	(701)	376	(4,458)
Income per share attributable to equity holders of the Company (in Euros):			
Basic and diluted income per share	0.00	0.00	(0.01)

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total equity
	Euros in thousands					
Balance as of 1 January 2024 (audited)	178	40,817	(23,262)	2,532	(9,315)	10,950
Net income and total comprehensive income			(701)			(701)
Issue of shares for services provided	*)	3				3
Balance as of 30 June 2024 (unaudited)	178	40,820	(23,963)	2,532	(9,315)	10,252

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

	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total equity
	Euros in thousands					
Balance as of 1 January 2023 (audited)	177	40,736	(18,804)	2,532	(9,315)	15,326
Net loss and total comprehensive loss	-	-	(4,458)	-	-	(4,458)
Issue of shares for services provided	1	81	-	-		82
Balance as of 31 December 2023 (audited)	178	40,817	(23,262)	2,532	(9,315)	10,950

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	Unaudited		Audited
	Euros in thousands		
Cash flows from operating activities:			
Net income (loss)	(701)	376	(4,458)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			

Adjustments to the profit or loss items:			
Depreciation	1,985	873	4,103
Share-based payment		-	55
Accrued interest on long-term loans and non-current liabilities	1,093	1,178	3,470
Change in employee benefit liabilities, net	12	(5)	(55)
Changes in asset and liability items:			
Decrease (increase) in inventories	(260)	(3,398)	121
Decrease in trade receivables	442	687	-
Decrease (increase) in other accounts receivable	35	(606)	(33)
Increase (decrease) in trade payables	(1,355)	2,317	1,436
Increase in advance from customers	743	358	153
Increase (decrease) in accrued expenses and other accounts payable	1,025	774	(374)
	3,720	2,178	8,876
Cash paid during the period for:			
Income taxes	(37)	(37)	(37)
Interest	(1,122)	(1,174)	(2,424)
	(1,159)	(1,211)	(2,461)
Net cash provided by operating activities	1,860	1,343	1,957

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	Unaudited		Audited
	Euros in thousands		
Cash flows from investing activities:			
Increase in deposits	(2,170)	(227)	(149)
Sale of property and equipment		-	-
Purchase of property and equipment	(552)	(1,778)	(1,952)
Net cash used in investing activities	(2,722)	(2,005)	(2,101)
Cash flows from financing activities:			
Receipt (payment) of short-term loans, net	1,314	399	1,367
Repayment of long-term loans	(585)	(1,765)	(3,254)
Net cash provided by (used in) financing activities	729	(1,366)	(1,887)
Decrease in cash and cash equivalents	(133)	(2,028)	(2,031)
Cash and cash equivalents at beginning of period	209	2,240	2,240
Cash and cash equivalents at end of period	76	212	209
Supplemental disclosure of non-cash activities:			
Issuance of shares to director and service providers	3	-	27

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of 30 June 2024, 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 2023 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 2024, the Group has a working capital deficiency of €7.9 million (€8.7 million as of 31 December 2023). The group generated a positive cash flow from operation of €1.9 million (€1.3 million for the six-month ended 30 June 2023). The Palm Oil operation is performing well, recording profit before tax of €3.1 million (including depreciation of €0.7 millions) for the 6 months ending 30 June 2024 (see also note 3 operating segments). This profit was offset mainly by a loss at the cashew segment to a total loss for the period of €0.7 millions (including depreciation of €2 millions). 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 2025, 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: - INITIAL APPLICATION OF AMENDMENTS TO FINANCIAL REPORTING STANDARDS

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 financial covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- In respect of a liability for which compliance with financial covenants is to be evaluated within twelve months from the reporting date, disclosure is required to enable users of the financial statements to assess the risks related to that liability. The Subsequent Amendment requires disclosure of the carrying amount of the liability, information about the financial covenants, and the facts and circumstances at the end of the reporting period that could result in the conclusion that the entity may have difficulty in complying with the financial covenants.

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 applied retrospectively for annual periods beginning on January 1, 2024.

NOTE 3: - INITIAL APPLICATION OF AMENDMENTS TO FINANCIAL REPORTING STANDARDS

The Amendments did not have a material impact on the Company's interim consolidated financial statements.

b. Disclosure of new Standards in the period prior to adoption:

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 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:- 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 Dekel Oil 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.

b. Reporting operating segments:

	Crude palm oil	Raw cashew nut	Unallocated	Total
	Euros in thousands			
Six months ended 30 June 2024 (unaudited):				
Revenues - external customers	18,540	653		19,193
Segment operating profit (loss)	3,114	(1,907)	(418)	789
Finance cost	(992)	(407)	(6)	(1.405)
Profit (loss) before taxes on income	2,122	(2,314)	(424)	(616)
Depreciation	728	1,242	15	1,985

	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

NOTE 4:- OPERATING SEGMENTS (Cont.)

	Crude palm oil	Raw cashew nut	Unallocated	Total
	Euros in thousands			
Year ended 31 December 2023 (audited):				
Revenues-external customers	37,220	1,079		38,299
Segment operating profit (loss)	3,741	(4,207)	(1,036)	(1,502)
Finance cost	(1,976)	(884)	(21)	(2,878)
Profit (loss) before taxes on income	1,765	(5,091)	(1,057)	(4,383)
Depreciation and amortization	1,566	2,508	29	4,103

	Crude palm oil	Raw cashew nut	Unallocated	Total

As of 30 June 2024 (unaudited):	Euros in thousands			
Segment assets	36,416	14,490	154	51,060
Segment liabilities	29,860	10,457	491	40,808
As of 31 December 2023 (audited):				
Segment assets	34,815	15,616	185	50,616
Segment liabilities	28,665	10,568	433	39,666

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