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

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

Dekel Agri-Vision Plc (AIM: DKL), the West African agribusiness company focused on building a portfolio of sustainable and diversified projects, is pleased is to announce its interim results for the six months ended 30 June 2022.

The Company will be hosting an investor presentation in the form of a Q&A session at 12.30 p.m. UK time on 28 September 2022. The call will be hosted by Lincoln Moore (Executive Director), Youval Rasin (CEO) and Shai Kol (Deputy CEO and CFO), who will discuss the interim results and provide an update on activity across its portfolio of projects. Further information about the call can be found at the end of this announcement.

Key Highlights

Palm Oil Operation

- Record EBITDA and record Net Profit after Tax delivered from the Ayenouan palm oil plant in Côte d'Ivoire (the 'Palm Oil Operation') primarily driven by record Crude Palm Oil ('CPO') and Palm Kernel Oil ('PKO') pricing and an improved extraction rate, offsetting much lower than typical high season production volumes:
    - H1 2022 revenue of €19.7m, a 9.2% decrease from €21.7m in H1 2021 - includes sales of CPO, Palm Kernel Oil ('PKO'), Palm Kernel Cake ('PKC') and Nursery Plants
    - H1 2022 gross margin of 25.4% compared to 22.6% in H1 2021
    - Record H1 EBITDA of €4.2m, an increase of 7.7% from €3.9m in H1 2021
    - Record H1 net profit after tax of €2.5m, a 20% rise from €2.0m in H1 2021

Cashew Operation

- The Company's cashew processing plant at Tiebissou in Côte d'Ivoire (the 'Cashew Operation') recorded a net loss of €0.2m, a period in which operations are in the late stages of completing full commissioning. The Company will provide further updates in respect of the commissioning process as appropriate.

**Cashew pilot production commenced in early January 2022 with full commissioning to be completed in early Q4 2022*

Financial Highlights

Year ended 31 December	2022	2021	% change
Palm Oil Operation			
Revenue	€19.7m	€21.7m	(9.2%)
Gross Margin	€5.0m	€4.9m	2.0%
Gross Margin %	25.4%	22.6%	12.4%
G&A	(€1.5m)	(€1.7m)	(11.8%)
EBITDA	€4.2m	€3.9m	7.7%
Net profit / (loss) after tax	€2.5m	€2.0m	25.0%
Cashew Operation			
Net Loss*	(€0.2m)	Nil	
Dekel Group Net profit / (loss) after tax	**€2.3m**	**€2.0m**	**15.0%**

Operational Highlights – Palm Oil Operation

- CPO Production: 36.3% decrease in CPO production to 16,893 tonnes in H1 2022 compared to H1 2021
  - The typical high season, which normally takes place from February to May, was at historically low levels
  - CPO extraction rate in H1 2022 increased to 22.4% (H1 2021: 21.4%), partially offsetting 39% lower Fresh Fruit Bunch ('FFB') quantities compared to H1 2021
- CPO Sales: 31.4% fall in CPO sales to 16,996 tonnes in H1 2022 (H1 2021: 24,784 tonnes) largely due to the lower CPO production
- CPO Prices: 24.0% increase in average realised CPO prices to a record level of €1,013 per tonne in H1 2022 compared to H1 2021
  - International CPO prices have steadied but continue to trade at multi-year highs of above €1,000 per tonne
- PKO Production: H1 2022 PKO production 25.2% lower than H1 2021 due to lower FFB volumes
- PKO Prices: 83.6% higher average realised PKO prices in H1 2022 (€1,454) than H1 2021 (€792), which is a record half-year average price achieved

Operational Highlights – Cashew Operation

- The Cashew Operation commenced pilot production in early 2022
- Delays in final key equipment items have stalled the ramp-up of production; however, with all key equipment now on site, we expect to see a material increase in operating capacity shortly and the Company will provide further updates as appropriate

Lincoln Moore, Dekel's **Executive Director**, **said:** "To deliver record EBITDA from the Palm Oil Operation despite the unprecedented low high season production period was an excellent outcome. With CPO prices continuing to trade at long term highs, the Company is well positioned to grow sales in H1 2023 should production volumes return to historical levels.

"The Cashew Operation is now closing in on the completion of full commissioning and is well placed to become a significant contributor to the Group in 2023. With reasons to be optimistic about the performance of both the Palm Oil Operation and the Cashew Operation, we are excited about the potential to grow the Company's sales and financial performance in the future."

Conference Call

Dekel Agri-Vision Plc is pleased to announce that Lincoln Moore, Youval Rasin and Shai Kol will provide a live presentation in the form of a Q&A relating to interim results for the six months ended 30 June 2022 via the Investor Meet Company platform on 28 Sep 2022 at 12.30 p.m. BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted via your Investor Meet Company dashboard up until 9.00 a.m. BST the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Dekel Agri-Vision Plc via:

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

Investors who already follow Dekel Agri-Vision Plc on the Investor Meet Company platform will automatically be invited.

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

**** ENDS ****

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

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Notes:

Dekel Agri-Vision Plc is a multi-project, multi-commodity agriculture company focused on West Africa. It has a portfolio of projects in Côte d'Ivoire at various stages of development: a fully operational palm oil project in Ayenouan where fruit produced by local smallholders is processed at the Company's 60,000tpa capacity crude palm oil mill and a cashew processing project in Tiebissou, which commenced production in early January 2022.

CHAIRMAN'S STATEMENT

H1 2022 saw CPO prices reach record highs which greatly assisted the H1 2022 financial outcomes during an unusually low high season production period. In addition, strong mill operational performance which saw a material improvement in CPO extraction rates and well controlled overhead costs, despite global inflation, contributed to the solid platform to enable the Palm Oil Operation to deliver a record net profit after tax.

The Cashew Operation took significant strides during H1 2022 to full production despite post Covid-19 supply chain disruptions impacting our supplier delivery timetables. With all key equipment now on site and the final commissioning phase well advanced, we believe we have passed the most challenging stage of delivering the Cashew Operation towards its full capacity and we are well placed to deliver our objective of processing 10,000tn of Raw Cashew Nuts ('RCN') in 2023.

Palm Oil Operation

January 2022 production volumes started reasonably well following on from a record production period in H2 2021. However, the typical high season which peaks from February through May did not eventuate as normal leading to, by far, the weakest production high season the Company has seen since the Palm Oil Operation commenced in 2014. This low production was experienced region-wide; however, there is expectation among local experts that the variation is short-term and we should see a rebound in volumes. As we head towards the back end of September, we are seeing some improvements in volumes but it is difficult to accurately predict short-term volume variations. What we can do is focus on things we can control and we are currently undertaking a full review of our milling operations to ensure we are ready when volumes increase, so that the Company can take advantage of a supportive pricing environment.

Record CPO and PKO prices were achieved in H1 2022 and prices currently remain close to all-time highs. Medium-term, we continue to be bullish on CPO prices and, should short-term prices remain in the €900-1,000tn range and volumes normalise to historical levels, the Directors believe the Palm Oil Operation performance can exceed the outcomes of H1 2021 and H1 2022.

Cashew Operation

The Cashew Operation has a stated objective to process 10,000tn of RCN in 2023. The Directors' view remains unchanged in that the Cashew Operation could in time potentially exceed the Palm Oil Operation in terms of profit contribution to the Group. The Cashew project is being developed in such a way that capacity can be increased significantly in short order. With a nameplate capacity of 15,000 tonnes per annum ('tpa'), production at the plant can be ramped up by 50% at no extra cost by simply increasing the number of shifts from two to three per day. From 15,000tpa and at a capex cost of €5-6 million, the mill's capacity can be doubled to 30,000tpa, which the Directors estimate could generate revenues in the region of approximately €40 million per annum based on current prices.

Other Projects

Whilst we have further expansion plans, including the processing of a third commodity in addition to clean energy aspirations, these projects are on hold as we focus on the execution of the Cashew Operation which we believe will play a key role in enhancing the Group's financial outcomes in 2023.

Group Financial

A summary of the financial performance for H1 2022, in addition to the comparatives for the previous 5 years, is outlined in the table below.

	H1 2022	**H1 2021**	**H1 2020**	**H1 2019**	**H1 2018**	**H1 2017**
CPO production (tonnes)	16,893	26,515	23,882	28,934	22,242	26,947
Average CPO price per tonne	€1,013	€817	€602	€505	€549	€707
Total Revenue (all products)	€19.7m	€21.7m	€15.4m	€14.6m	€14.1m	€19.6m
Gross Margin	€5.0m	€4.9m	€2.6m	€2.3m	€2.1m	€5.0m
Gross Margin %	25.4%	22.6%	16.9%	15.8%	14.9%	25.5%
Overheads	(€1.7m)	(€1.7m)	(€1.4m)	(€1.5m)	(€1.6m)	(€1.8m)
EBITDA	€4.0m	€3.9m	€1.9m	€1.4m	€1.1m	€3.7m
Net Profit / (Loss) After Tax	€2.3m	€2.0m	€0.5m	(€0.1m)	(€0.5m)	€2.4m

Dekel achieved record H1 2022 EBITDA of €4.0m and net profit after tax of €2.3m. This was driven by record CPO and PKO prices and a 1 percentage point improvement in CPO extraction rates to 22.4%. This drove an improvement in the H1 2022 Gross Margin percentage to 25.4% (H1 2022: 22.6%). H1 2022 overheads were well controlled during a period of ongoing inflation, remaining flat at €1.7m (H1 2021: €1.7m).

H1 Operating Cashflow of €4.8m (H1 2021 €2.4m outflow) was reflective of the solid operating performance of the Palm Oil Operation. Given the Cashew Operation has not completed full commissioning, ongoing capital expenditure and the capitalisation of the commissioning costs resulted in a €2.6m outflow and a further €2.3m was utilised for loan repayments. The final drawdown of approximately €9.2m from the Company's existing approximately €15.2m seven-year bond facility has further strengthened Dekel's cash position and provided key working capital to support the ramp up of the Cashew Operation. Our consistently stated two to three year strategy remains unchanged in terms of *"utilising the principal grace periods of the bond facility to ensure we are well funded internally while we build our cash base from the material uplift in operating cash flow expected as the Palm Oil Operation and Cashew Operation work in tandem. Dekel will then have optionality to either pay down debt or access lower cost financing to fund future growth plans and, at the appropriate time, look to recommence a dividend programme, thereby providing shareholders with a yield as well as capital growth."*

Outlook

The Company has been able to deliver a record H1 2022 financial performance whilst weathering the challenges of unprecedented low volumes in the Palm Oil Operation and delays with ramp up in the capacity of the Cashew Operation. Whilst it will be challenging to replicate in the second half of the year the record Palm Oil Operation results achieved in H1 2022 based on current volumes, we have an excellent platform to deliver sustained profitability from the Palm Oil Operation in 2023 as well see the Cashew Operation transition to a consistent and long-term financial contributor to Group performance. The Directors remain optimistic about the next 6-12 months.

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: 22 September 2022

DEKEL AGRI-VISION PLC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2022

EUROS IN THOUSANDS

UNAUDITED

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2022	31 December 2021
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	756	1,595
Trade receivables	-	1,487
Inventory	3,370	3,240
Deposits in banks	357	595
Accounts and other receivables	224	365
Total current assets	4,707	7,282
NON-CURRENT ASSETS:		
Deposits in banks	517	501
Property and equipment, net	45,786	43,892
Total non-current assets	46,303	44,393
Total assets	51,010	51,675

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2022	31 December 2021
	Unaudited	Audited
	Euros in thousands	
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	2,957	5,431
Trade payables	786	1,374
Advance payments from customers	834	108
Loan from non-controlling interest	915	915
Other accounts payable and accrued expenses	2,574	2,646
Total current liabilities	8,066	10,474
NON-CURRENT LIABILITIES:		
Long-term lease liabilities	39	169
Accrued severance pay, net	179	135
Long-term loans	24,059	24,562
Total non-current liabilities	24,277	24,866
Total liabilities	32,343	35,340
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	170	170
Additional paid-in capital	40,034	39,985
Accumulated deficit	(15,633)	(17,971)
Capital reserve	2,532	2,532
Capital reserve from transactions with non-controlling interests	(8,710)	(8,710)
	18,393	16,006
Non-controlling interests	274	329
Total equity	18,667	16,335
Total liabilities and equity	51,010	51,675

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

22 September, 2022			
Date of approval of the financial statements	Youval Rasin Director and Chief Executive Officer	Yehoshua Shai Kol Director and Chief Finance Officer	Lincoln John Moore Executive Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2022	2021	2021
	Unaudited		Audited
	Euros in thousands (except per share amounts)		
Revenues	19,661	21,691	37,391
Cost of revenues	(14,651)	(16,841)	30,880
Gross profit	5,010	4,850	6,511
General and administrative	1,650	1,745	3,869
Operating profit (loss)	3,360	3,105	2,642
Finance cost	881	1,069	1,726
Income (loss) before taxes on income	2,479	2,036	916
Taxes on income	196	15	275
Net income and total comprehensive income	2,283	2,021	641
Attributed to :			
Equity holders of the Company	2,338	2,072	757
Non-controlling interest	(55)	(51)	(116)
	2,283	2,021	641
Income per share attributable to equity holders of the Company (in Euros):			
Basic and diluted income per share	0.00	0.00	0.00
Weighted average number of shares used in computing basic and diluted income per share	537,676,970	520,302,349	528,368,244

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non – controlling interest	Total equity
	Euros in thousands							
Balance as of 1 January 2021 (audited)	142	35,570	(18,728)	2,532	(7,754)	11,762	700	12,462
Net income and total comprehensive income	-	-	2,072	-	-	2,072	(51)	2,021
Issuance of shares	1	3,743	-	-		3,744	-	3,744
Acquisition of non-controlling interests	-	404	-	-	(957)	(553)	(254)	(807)
Contribution to equity by non-controlling interest	-	-	-	-	-	-	116	116
Share-based compensation	-	147	-	-	-	147	-	147
Balance as of 30 June 2021 (unaudited)	143	39,864	(16,656)	2,532	(8,711)	17,172	511	17,683

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non – controlling interest	Total equity
	Euros in thousands							
Balance as of 1 January 2021 (audited)	142	35,570	(18,728)	2,532	(7,754)	11,762	700	12,462
Net income and total comprehensive income	-	-	757	-	-	757	(116)	641
Issuance of shares	26	3,720	-	-	-	3,745	-	3,745
Acquisition of non-controlling interests	2	401	-	-	(956)	(553)	(255)	(808)
Share-based compensation	-	295	-	-	-	295		295
Balance as of 31 December 2021 (audited)	170	39,985	(17,971)	2,532	(8,710)	16,006	329	16,335

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2022	2021	2021
	Unaudited		Audited
	Euros in thousands		
Cash flows from operating activities:			
Net income	2,283	2,021	641
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Adjustments to the profit or loss items:			
Depreciation	679	747	1,888
Share-based compensation	-	147	295
Accrued interest on long-term loans and non-current liabilities	898	891	1,188
Change in employee benefit liabilities, net	44	117	(103)
Changes in asset and liability items:			
Increase in inventories	(130)	(3,040)	(1,957)
Decrease (increase) in accounts and other receivables	1,628	(432)	(1,296)
Decrease (increase) in bank deposit	222	(470)	-
Increase (decrease) in trade payables	(567)	301	498
Increase (decrease) in advance from customers	726	(1,971)	(1,863)
Increase (decrease) in accrued expenses and other accounts payable	(72)	(57)	859
	3,428	(3,767)	(491)
Cash paid during the period for:			
Income taxes	-	-	(264)
Interest	(898)	(693)	(1,188)
	(898)	(693)	(1,452)
Net cash provided by (used in) operating activities	4,813	(2,439)	(1,302)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2022	2021	2021
	Unaudited		Audited
	Euros in thousands		
Cash flows from investing activities:			
Increase in deposits	-	-	(814)
Purchase of property and equipment	(2,573)	(3,156)	(4,568)
Net cash provided by (used in) investing activities	(2,573)	(3,156)	(5,382)
Cash flows from financing activities:			
Issue of shares (offering net proceeds)	-	3,726	3,726
Cash paid on acquisition of non-controlling interests	-	-	(806)
Long-term lease	(130)	(6)	(23)
Loan to subsidiary by non-controlling interests	-	765	915
Receipt (payment) of short-term loans, net	(2,279)	(670)	605
Receipt of long-term loans	520	5,991	5,997
Repayment of long-term loans	(1,218)	(1,265)	(2,338)
Net cash provided by (used in) financing activities	(3,107)	7,734	8,077
Increase in cash and cash equivalents	(867)	2,139	1,393
Cash and cash equivalents at beginning of period	1,595	202	202
Cash and cash equivalents at end of period	756	2,341	1,595
Supplemental disclosure of non-cash activities:			
Issuance of shares in consideration for investment in Pearlside	403	404	403

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of June 30, 2022, 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 December 31, 2021 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"). 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 first palm oil mill.

d. Pearlside Holdings Ltd. (“Pearlside”) a company incorporated in Cyprus, is a subsidiary of the Company since December 2020. Pearlside has a wholly-owned subsidiary in Cote d’Ivoire, Capro CI SA (“Capro”). Capro is currently constructing a Raw Cashew Nut (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.

f. The outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, had a significant effect on the global economic conditions and CPO prices but it had no significant effect on the Company’s operations during H1 2022. The outbreak of Coronavirus may resume its negative affect on economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion, affect the Company's customers and suppliers or business practices previously applied by those entities, or otherwise impact the Company's activities. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though apparently temporary in nature, may continue and increase depending on developments in the virus’ outbreak. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Company cannot reasonably estimate the impact it may have on its end markets and its future revenues, profitability, liquidity and financial position.

NOTE 1:- GENERAL (Cont.)

g. Working capital deficiency.

The Group generated a record positive cash flow from operations of €4.8 million, representing a material increase in relation to the negative cash flow of (€2.4) million in H1 2021. This cash flow enabled the Group to continue its investments in the development of its RCN processing plant. As of 30 June 2022, the Group has a working capital deficiency of €3.3 million similar to the 31 December 2021 amount. Post 30 June 2022, the Group also completed a final drawdown from the bond facility which included a three year principal grace period which has further bolstered the Group cash position (see also Note 4). The Group has prepared detailed forecasted cash flows through the end of 2023, which indicate that the Group should have positive cash flows from its 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, Company 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, 2021, except as described 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 16, "Property, Plant and Equipment":

In May 2020, the IASB issued an amendment to IAS 16, "Property, Plant and Equipment" ("the Amendment"). The Amendment prohibits a company from deducting from the cost of property, plant and equipment ("PP&E") consideration received from the sales of items produced while the company is preparing the asset for its intended use. Instead, the company should recognize such consideration and related costs in profit or loss.

The Amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Amendment is to be applied retrospectively, but only to items of PP&E made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the Amendment.

The cumulative effect of initially applying the Amendment is recognized as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented.

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

NOTE 3:- OPERATING SEGMENTS

a. General:

The operating segments are identified on the basis of 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 organised 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 under construction 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, finance expenses and taxes on income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- OPERATING SEGMENTS (Cont.)

b. Reporting operating segments:

	Crude Palm Oil	Raw Cashew Nut	Total
Six months ended 30 June 2022 (unaudited):			
Revenues-External customers	19,661	-	19,661
Segment profit (loss)	3,742	(188)	3,554
Unallocated corporate expenses			(195)
Finance cost			(880)
Profit before taxes on income			2,479
Depreciation and amortization	(679)	-	(679)
Six months ended 30 June 2021 (unaudited):			
Revenues-External customers	21,691	-	21,691
Segment profit (loss)	3,582	(160)	3,422
Unallocated corporate expenses			(317)
Finance cost			(1,069)
Profit before taxes on income			(2,036)
Depreciation and amortization	(747)	-	(747)
	Euros in thousands		
Year ended 31 December 2021(audited):			
Revenues-External customers	37,391	-	37,391
Segment profit (loss)	3,830	(391)	3,439
Unallocated corporate expenses			(797)
Finance cost			(1,809)
Profit before taxes on income			833
Depreciation and amortization	(1,888)	-	(1,888)

NOTE 3:- OPERATING SEGMENTS (Cont.)

	Crude Palm Oil	Raw Cashew Nut	Total
	Euros in thousands		
As of 30 June 2022 (unaudited):			
Segment assets	30,220	20,790	51,010
Segment liabilities	21,872	10,491	32,343
As of 31 December 2021 (audited):			
Segment assets	33,393	18,199	51,592
Segment liabilities	24,180	10,943	35,123

NOTE 4:- SUBSEQUENT EVENTS

On July 25 the Company completed its final drawdown of approximately €9.2 million (6 million FCFA) from the approximately €15.2 million (10 million FCFA) seven-year bond facility. The final bond drawdown has a fixed interest rate of 7.25%, and it has three years grace on principal repayment.

The initial use of the funds was to partially repay the AgDevCo Limited ("AgDevCo") loan and a first payment of €3.6 million has been made to AgDevCo reducing the loan by 50% from approximately €7.2 million to approximately €3.6 million.

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