Press release
Regulatory disclosure

2018 HALF-YEAR EARNINGS

Harvest for the first half of 2018 in line with expectations with nearly 80 tons

For the full year, the Group is targeting a minimum harvest of 300 tons, twice as high as 2017

Paris & Brussels, October 18, 2018 (5:45pm) – KKO INTERNATIONAL (BE0974284169 – ALKKO.BR – PEA-PME), a global benchmark for innovative cocoa production, is today reporting its earnings for the half-year ended June 30, 2018 and approved by its Board of Directors on October 17, 2018.

Half-year harvests in line with expectations at close to 80 tons

At June 30, 2018, the Group owned a total of 2,580 hectares, on which 800,000 fully irrigated cocoa trees are planted.

During the first half of 2018, SOLEA, the KKO International Group's production subsidiary, harvested 80 tons of cocoa beans. The efforts made over the past 12 months in terms of grafting, adoption of organic fertilizers and staff training programs has made it possible to almost double both production up to 80 tons (compared to nearly 50 tons for the first half of 2017), and cocoa sales over the same period (€91K vs. €46K at June 30, 2017).

The work carried out to improve productivity continues to deliver a wide range of benefits. The trees planted in 2013 are showing yields of 2.25 kg per tree this year, compared with 1.25 kg for the trees planted in 2014 and 0.5 kg for those planted in 2015. Across the entire plantation, the average yield per tree is 1.14 kg, almost three times that of the average level for Ivory Coast. The Group has successfully multiplied yields by five for its first trees planted in 2015.

The Group has also decided to stop developing other crops such as yams, focusing its efforts exclusively on cocoa. The growing of teak, which protects the cocoa trees against fire and certain diseases, is of course maintained and offers strong potential for long-term revenues.

2018 half-year earnings

KKO International's revenue for the first half of 2018 stood at €96K.

Operating income shows a loss of €1,316K, compared to €1,427K a year earlier, and includes €588K of staff costs and €538K of operating expenditure.

After €61K of interest costs and €27K related to income tax, net income for the period is stable year-on-year, with a €1,404K loss.

Outlook

With 80 tons of beans harvested during the first half of 2018 and higher rainfall levels compared to the previous year, the Group is optimistic about its upcoming tonnage for the second part of the year. It aims to double the quantities, producing at least 300 tons of beans over the full year, up from 150 tons in 2017.

The Group is also able to confirm its target to have 1,200,000 trees planted and irrigated by the end of 2019. The €3m financing agreement set up in June with Alpha Blue Ocean Inc should pave the way for wide-scale planting at Kotokonou and Akossikro with a view to meeting the target mentioned above.

This financing may also be increased to €6m to cover cash requirements until Bocanda's reaches break even. It should also partially fund the developments in M'Brimbo. A press release will be published when the financing has implemented and will present all the features of this operation.

For the new plot acquired in Adikouassikro, in the M'Brimbo region, the soil analyses have been completed and confirm initial findings, with almost 80% of the land suitable for growing cocoa. Capitalizing on past experience at Kotokonou and Akossikro, the Group is particularly confident with a promising outlook for these new plots, making it possible to plant over 1 million trees.

Parallely, the Group has entered into negotiations with S.C.E.B., a M'Brimbo based organic cooperative, to partner in developing an organic cocoa plantation. KKO International aims to develop organic protocols on these new plots and achieve a significant increase in the sales prices for its cocoa.

In addition, the Group has just transferred its headquarters to Paris. This decision will enable KKO International to make significant operational savings and regroup management teams in Paris around its founders. Following this move, the Group has also changed its financial management department, with Marc-Henri Decrop, who is based in Brussels, being replaced by Serge Fouchet, who has spent his entire career with leading banks and will now be the Group's Chief Financial Officer.

Publication of the half-year financial report

KKO International has today filed its financial report for the first half of 2018 with the French Financial Markets Authority (AMF) and the Belgian Financial Services and Markets Authority (FSMA). This document is available to the public and can be consulted on the company's website www.kko-international.com, under "Investors / Documents / Half-year Financial Report".

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About KKO INTERNATIONAL

Global cocoa production, currently based primarily on small-scale operations, does not enable the agrifood industry to secure supplies with consistent quality and quantities. KKO INTERNATIONAL, a pioneer for intensive cultivation, offers an ingenious solution to growing global demand. In less than three years, the teams at SOLEA, KKO INTERNATIONAL's Ivory Coast-based production subsidiary, have successfully developed innovative agronomic techniques, including a drip irrigation system for each tree, significantly improving cocoa bean production yields. With its strong local engagement, the company is a model for social responsibility (Rainforest Alliance certified) and has 2,580 hectares of land (leases signed) at June 30, 2018, on which 800,000 fully irrigated cocoa trees are planted. It aims to have 1,500,000 trees planted and irrigated by the end of 2019. Africa's largest cocoa plantation, SOLEA aims to have 3,000 hectares in operation to produce high-quality cocoa whatever the season. SOLEA aims to become a natural, preferred partner for the chocolate industry.

www.kko-international.com

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Appendices - Financial statements

The Group's interim consolidated financial statements for the half-year ended June 30, 2018 have not been subject to an audit or a limited review by the auditors.

Appendix 1 – Condensed consolidated income statement

€	June 30, 2018	June 30, 2017
Revenue	**96,402**	**110,334**
Fair value adjustment on biological assets	-	29,612
Raw materials and consumables used	(36,440)	(31,381)
Impairment of biological assets	-	(395,374)
Employee benefits	(587,609)	(365,819)
Depreciation	(250,412)	(176,747)
Other operating expenditure	(537,901)	(597,491)
Operating income	**(1,315,959)**	**(1,426,865)**
Financial income / expense	(60.796)	-
Other non-operating income	-	44,469
Pre-tax income	**(1,376,755)**	**(1,382,396)**
Corporate income tax	(26.957)	(19.969)
NET INCOME FOR THE PERIOD	**(1,403,712)**	**(1,402,365)**
Revaluation of productive plants	-	482,769
Corresponding corporate income tax	-	(116,577)
COMPREHENSIVE INCOME FOR THE YEAR	**(1,403,713)**	**(1,036,173)**

Appendix 2 – Condensed consolidated financial position statement

€	June 30, 2018	Dec 31, 2017
ASSETS	**6,795,994**	**6,801,343**
Non-current assets	**6,548,793**	**6,709,450**
Intangible assets	-	-
Property, plant and equipment	2,933,012	3,162,446
Biological assets	3,602,181	3,533,404
Other non-current assets	13,600	13,600
Current assets	**247,201**	**91.893**
Cash and cash equivalents	182.841	17.473
LIABILITIES	**6,795,994**	**6,801,343**
Equity	**765,594**	**1,757,897**
Non-current liabilities	**1,923,648**	**1,342,285**
Deferred tax liabilities	869,845	842,888
Current liabilities	**4,106,752**	**3,701,160**