

## **2017 FULL-YEAR EARNINGS**

**Improvement in earnings, with operating losses reduced by 25%**

**Over 150 tons of dried beans produced and sold in 2017, up 43%**

**Increase in productivity to nearly 900 gr per year, versus 400 gr on average in Ivory Coast**

Paris & Brussels, June 29, 2018 (5:45pm) – KKO INTERNATIONAL (BE0974284169 – ALKKO.BR – PEA-PME), the global benchmark for innovative cocoa production, is today reporting its earnings for the year ended December 31, 2017, as audited and approved by the Board of Directors during its meeting on Thursday June 28, 2018.

### **Growth in productivity, with over 150 tons of dried beans produced**

In 2017, in line with its strategy, KKO International focused on improving productivity at its Bocanda plantation.

The company has developed modern, innovative techniques making it possible to irrigate and fertigate all the cocoa trees with a drip system. This system eliminates water stress for cocoa trees, enabling them to produce all year round, doubling their yield.

To roll out this new process on an industrial scale, the company created its own clonal nursery in 2016, paving the way for high-quality plant resources to be put in place across its entire plantation in 2017.

Since the first months of production, KKO International has achieved strong growth in productivity per tree, with nearly 900 gr per year, compared with a national average of 400 gr per year for Ivory Coast.

With almost 800,000 fully irrigated cocoa trees, including 175,000 productive trees at end-2017, KKO International harvested 152 tons of dried beans during the year, up 43% from 2016.

The company has also continued moving forward with the development of secondary crops such as yams and manioc.

KKO International owned a total of 2,580 hectares at December 31, 2017.

### **Improvement in earnings, with the operating loss reduced by 25%**

In 2017, KKO International generated revenue of €263,000, up 4.9% from 2016 (€251,000), with the following breakdown: €185,000 from cocoa sales (152 tons produced and sold, versus 106 in 2016), €38,000 from yam sales and €41,000 from other sales.

The operating loss was reduced by €1,048,000 in 2017 to €3,175,000, compared with €4,223,000 at end-2016, benefiting from the effective management of spending, with a significant reduction in purchases of raw materials and consumables, as well as other operating expenditure.

The level of impairments on biological assets is down significantly from €1,978,000 to €353,000.

Due to the significant reduction in the proportion of investments under development in 2017, employee benefits are up on the same significant scale to €1,503,000, versus €296,000 in 2016. The latter were previously capitalized in biological assets and are now recorded in staff costs.

After factoring in tax and financial expenses, the net loss for 2017 represents €3,405,000, down 21% from 2016.

Comprehensive income for the year also shows a significant reduction, down 37% to €2,881,000, compared with a €4,537,000 loss in 2016, taking into account the revaluation of productive plants during the year, with a €690,000 increase in value.

In terms of the Group's financial position, the balance sheet represented a total of €6,801,000 at December 31, 2017, compared with €6,446,000 one year earlier. Free cash represents €17,000. However, KKO International has just set up an agreement with the company Alpha Blue Ocean, which will enable it to issue €3m of convertible bonds with warrants (OCABSA) to finance its continued development.

## Outlook

In line with the company's plans to focus on Ivory Coast and deploy its operations in two new regions (M'Brimbo and Taabo), where the soil conditions are very well-suited to cocoa production, KKO International has acquired a new 594-hectare plot in Adikouassikro on the N'Zi river. Initial assessments found that 80% of the land is suitable for planting, which should make it possible to plant over one million trees. The company is currently looking for financing or partnerships with a view to developing these new sites, which will in time offer the same number of cocoa trees as Bocanda, but with plots that are three times smaller.

Firmly committed to a strong CSR approach, the company is moving forward with its investments to improve living conditions for its workers and local communities. For instance, in 2017, KKO International set up a permanent medical unit on the plantation, as well as preventative plans for both day-to-day and occupational medicine. In 2018, new community solar-powered wells are expected to be rolled out.

Lastly, the company is still confident about its plans to become one of the world's leading cocoa producers and a major partner for the chocolate industry. The unique planting protocol developed by the teams at KKO International has proven its benefits and should make it possible to plant up to 2,500 plants per hectare under suitable conditions with minimum annual yields of 2 kg per tree. The company also aims to have 1,500,000 trees planted and irrigated by the end of 2019.

## Ordinary General Meeting on July 20, 2018

KKO International's shareholders are invited to attend the Ordinary General Meeting that will be held at Hôtel Warwick, Avenue Louise 381-383, 1050 Brussels (Belgium) on July 20 from 3pm.

The documents and information relating to this Ordinary General Meeting are available on the company's website at [www.kko-international.com](http://www.kko-international.com), in the Shareholders and General Meeting section.

## Auditor's statement and publication of the Annual Financial Report

The auditor, KPMG Réviseurs d'Entreprises, represented by Benoit Van Roost, confirmed that its control procedures, which have been completed, did not reveal any significant adjustments to be made to the accounting information contained in this press release.

KKO International has today filed its annual financial report for the year from January 1, 2017 to December 31, 2017 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](http://www.kko-international.com), under "Investors / Documents / Annual Financial Report".



### 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 December 31, 2017, 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](http://www.kko-international.com)

### Alternext Paris & Brussels

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Eligible for SME share-based savings schemes

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## Appendices - Financial statements

### Appendix 1 – Condensed consolidated income statement

€	Dec 31, 2017	Dec 31, 2016
<b>Revenue</b>	<b>263,378</b>	<b>251,171</b>
<b>Fair value adjustment on biological assets</b>	54,661	<b>138,657</b>
Gain on recognition of inventory	-	40,231
Raw materials and consumables used	(106,988)	(258,939)
Impairment of biological assets	(352,958)	(1,978,014)
Employee benefits	(1,502,797)	(296,151)
Depreciation	(319,990)	(519,702)
Other operating expenditure	(1,210,584)	(1,600,443)
<b>Operating income</b>	<b>(3,175,278)</b>	<b>(4,223,190)</b>
<b>Financial income / expense</b>	(235,529)	(3,919)
<b>Pre-tax income</b>	<b>(3,410,806)</b>	<b>(4,227,109)</b>
Corporate income tax	5,978	(68,292)
<b>NET INCOME FOR THE YEAR</b>	<b>(3,404,828)</b>	<b>(4,295,401)</b>
Revaluation of productive plants	689,968	(317,972)
Corresponding corporate income tax	(166,611)	76,798
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(2,881,472)</b>	<b>(4,536,575)</b>

### Appendix 2 – Condensed consolidated financial position statement

€	Dec 31, 2017	Dec 31, 2016
<b>ASSETS</b>	<b>6,801,343</b>	<b>6,446,465</b>
<b>Non-current assets</b>	<b>6,709,450</b>	<b>6,236,484</b>
<b>Intangible assets</b>	-	<b>1,506</b>
Property, plant and equipment	3,162,446	3,342,678
Biological assets	3,533,404	2,878,700
Other non-current assets	13,600	13,600
<b>Current assets</b>	<b>91,893</b>	<b>209,982</b>
Cash and cash equivalents	17,473	48,431
<b>LIABILITIES</b>	<b>6,801,343</b>	<b>6,446,465</b>
<b>Equity</b>	<b>1,757,897</b>	<b>2,093,645</b>
<b>Non-current liabilities</b>	<b>1,342,285</b>	<b>730,325</b>
Deferred tax liabilities	842,888	682,254
<b>Current liabilities</b>	<b>3,701,160</b>	<b>3,622,495</b>