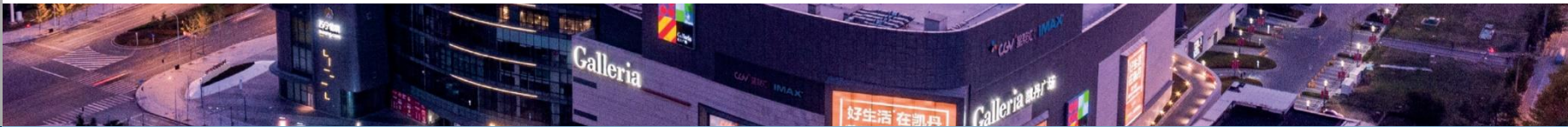




KARDAN N.V.

Q2 and H1 2020



31 August 2020



Financial highlights Q2 2020

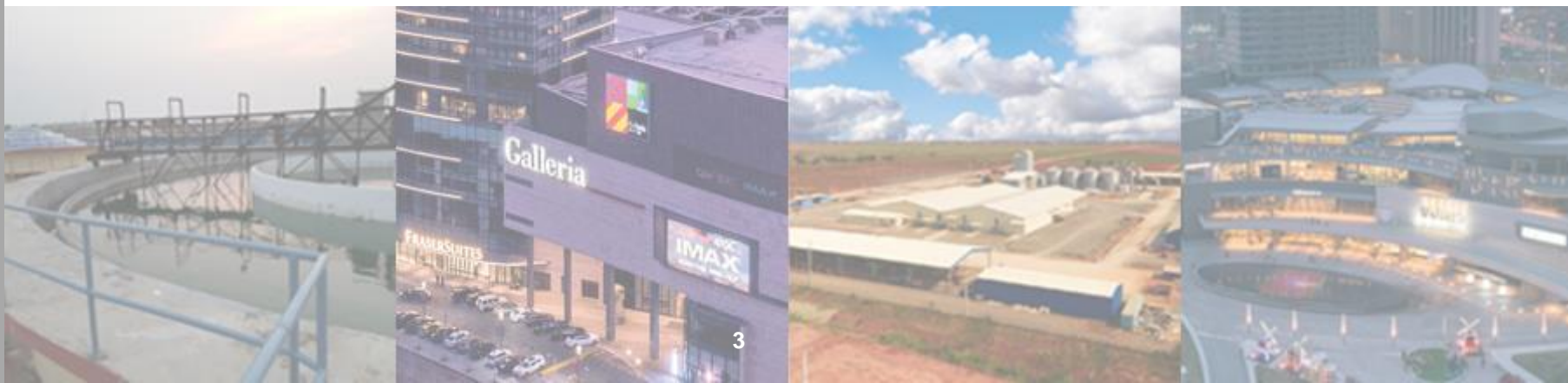
Net profit (loss) (In € thousands)	Q2 2020	Q2 2019
Real Estate (development and investment property)	(4,838)	265
Water Infrastructure (discontinued operation)	(12,818)	(8,936)
Other (Avis Ukraine, discontinued operation)	-	-
Total Operations	(17,656)	(8,671)
Holding (Corporate Finance and G&A)	(9,806)	(14,399)
Total	(27,462)	(23,070)



Financial highlights H1 2020

Net profit (loss) (In € thousands)	H1 2020	H1 2019
Real Estate (development and investment property)	(4,008)	1,459
Water Infrastructure (discontinued operation)	(12,818)	(11,859)
Other (Avis Ukraine, discontinued operation)*	-	1,473
Total Operations	(16,826)	(8,927)
Holding (Corporate Finance and G&A)	(14,406)	(37,648)
Total	(31,232)	(46,575)

* Avis was sold in Q1 2019



Equity position

Kardan N.V. (company only, in €thousands)	June 30, 2020	December 31, 2019
Total Assets	301,496	294,209
Total Equity	(185,869)	(150,602)
Equity/Total assets (%)	(61.6%)	(51.1%)

- The deficit in shareholders' equity of Kardan N.V. increased from a deficit of €150.6 mn as of December 31, 2019 to a deficit of €185.9 mn as of June 30, 2020, primarily due to the loss in the period.
- The Company did not meet the debt coverage ratio financial covenant as defined in the Deeds of Trust for the eleventh consecutive quarter.
- In addition, as at June 30, 2020 some Group companies (included in the discontinued operation) did not meet certain financial covenants for which waivers have not yet been received from the lending banks. However, these companies are discussing with the financing banks restructuring of their debt towards the banks.
- In their review report as of June 30, 2020, the auditors draw the attention to the existence of a material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern.



Kardan N.V.

- Loss to equity holders of €31.2 mn (H1 2019: loss of €46.6 mn), is due to high interest expenses on the debentures, which were partially offset by positive impact of FX and Israeli CPI on the Company's debentures, an impairment loss in the Real Estate activities and a loss of the Water Infrastructure activities as a result of provisions for losses on projects and doubtful debts.
- The ordinary shares of Kardan will delist from the stock exchange of Euronext Amsterdam effective as of 31 August 2020. The shares and debentures of Kardan will remain listed on the Israeli Stock Exchange.

Real Estate

- Loss to equity holders amounted to €4.0 mn (H1 2019: profit of €1.5 mn), as a result of a decrease of €7.7 mn in the value of Galleria Dalian. The loss was mitigated by the profit from deliveries of apartments in the Dalian project and the joint venture projects.
- The COVID-19 pandemic had some impact on the development activities and a more significant impact on the investment property activities. As shops in the Galleria Dalian shopping mall had to be temporarily closed in the first half of 2020, a rental discount of €0.7 mn in total was granted to tenants and the valuation of the mall further decreased.



Discontinued operation - Water Infrastructure

- The loss attributable to equity holders amounted to €12.8 mn impacted by provisions for doubtful debts and impairments and losses on projects (H1 2019: net loss of €11.9 mn).
- Kardan's water infrastructure company - TGI, is currently in the midst of ongoing negotiations with the financing banks regarding the restructuring of its debts.
- The outbreak of the COVID-19 virus has had impact on the water infrastructure activities. In a significant part of the countries, the projects in which TGI takes part have continued in full or in part; and in some countries the projects have stopped completely. In addition, the economic crisis following the COVID-19 outbreak impacts the economic activity in some of the countries TGI is operating in. However, TGI's assessment is that its projects in these affected countries will continue albeit at a slower pace than previously estimated.



Highlights H1 2020 - Debentures

- The Company did not repay the February 2018, 2019 and 2020 scheduled payments of principal and interest to the Company's Debenture Holders (series A and B). As a result, starting February 2018 the Company is in default.
- As of 31 March 2018 and until the repayments to the Debenture Holders are rescheduled, the debentures are presented as current liabilities and bear interest in arrears.
- Management is advancing the negotiations with the representatives of the Debenture Holders and hopes to reach a debt settlement in the second half of 2020. The framework of the debt settlement is based on conversion of a portion of the debt into the Company's shares which will grant the control over the Company to the Debenture Holders.
- Such settlement is not final and is subject to various approvals, including the approval of Kardan's general meeting of shareholders and the approval of the Debenture Holders.
- The Company intends to bring the proposed settlement for approval of the general meeting of shareholders in the coming weeks.
- Accordingly there is no certainty regarding reaching such agreement, its terms and/or the date of its approval.



Result from operations

- Increase of profit from operations to €5.7 mn in H1 2020 (H1 2019: €5.3 mn)

Revenue from sale of apartments

- Amounted to €10.7 mn (H1 2019: €5.0 mn); 38 units in the C towers of the Europark Dalian project were delivered, compared to nil in H1 2019

SG&A costs

- Remained virtually stable at €1.1 mn

Equity earnings

- Contributed a profit of €4.4 mn (H1 2019: €5.6 mn). A lower number of apartments were delivered compared to H1 2019. Despite the COVID-19 crisis, in H1 2020 interest remained strong and a relatively high number of apartments were sold in most of the Group's residential joint venture projects



	H1 2020	H1 2019
Total apartments sold in period	506	316
Total apartments delivered in period	351	540
Apartments sold in period – Europark Dalian	35	22
Apartments delivered in period – Europark Dalian	38	0
Total apartments sold, not yet delivered	1,028	1,647



Result from operations

- Came in at a loss of €4.5 mn (H1 2019: €1.3 mn profit) due to an impairment of €7.7 mn on Galleria Dalian in H1 2020

Total revenues

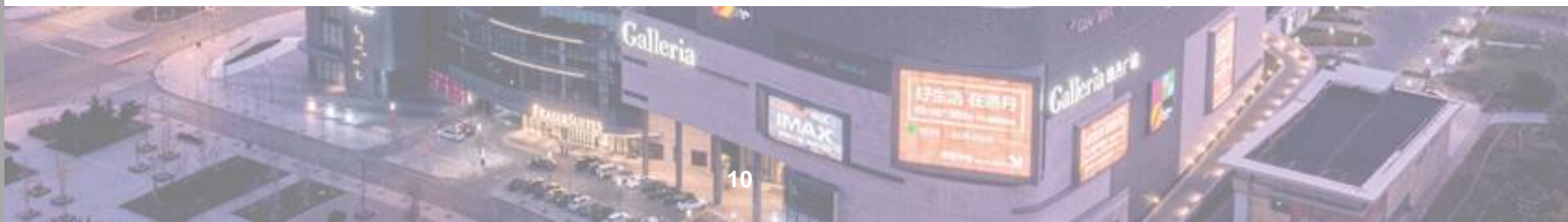
- Amounted to €4.5 mn (H1 2019: €4.3 mn), incl. rental discounts granted to tenants following the COVID-19 crisis
- Following the outbreak of COVID-19, shops had to be temporarily closed which resulted in a sharp decrease in the footfall and sales
- As of 30 June 2020, only 19 shops remained closed (out of 187 shops)
- As of the date of this report, 18 shops are closed in light of several the new COVID-19 cases found in Dalian
- At end of July, the number of visitors and the sales turnover of the shopping mall reached approximately 77% and 67% respectively, of their rate before the COVID-19 outbreak

SG&A costs

- Increased slightly to €1.1 mn (H1 2019: €1 mn)

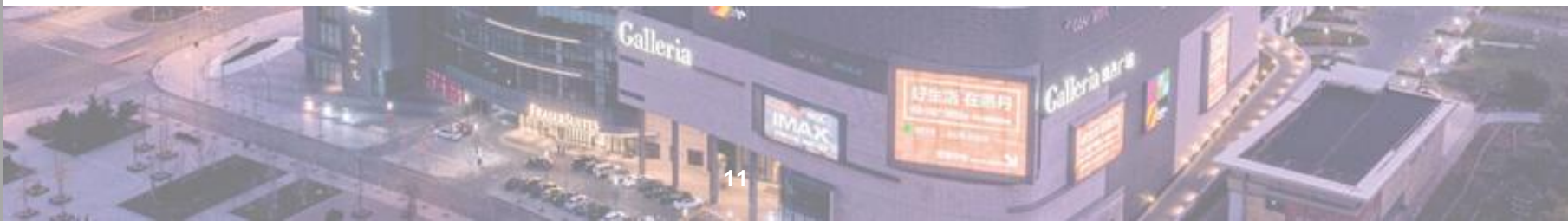
Investment Property

- The value of the Galleria Dalian shopping mall decreased by €7.7 mn compared to 31 December 2019, in light of the impact of the COVID-19 crisis on the operational parameters



Real Estate Highlights – H1 2020 Total

- Net Result:**
- Loss of €4.0 mn (H1 2019: €1.5 mn profit)
- Operational result**
- Operational profit of €1.2 mn (H1 2019: €6.6 mn)
- Financing expenses (net):**
- Came in at €5.7 mn compared to €4.0 mn in H1 2019 and mainly include interest expenses related to the Europark Dalian project loan.
 - KLC and the lending bank are negotiating the extension of the loan for an additional year and have agreed on the extension terms. The management of KLC expects that the extension will be signed in the coming days.
 - In June 2020 KLC made a partial early repayment of the Dalian loan in the amount of RMB 90 mn (€11.5 mn).
- Income tax expense / benefit:**
- Income tax benefit of €1.5 mn as a result of the change in deferred tax assets (H1 2019: tax benefit of €0.04 mn)



- Revenues decreased in H1 2020 to €48.2 mn compared to €78.8 mn in H1 2019, mainly due to delays in projects in India and Europe.
- The gross margin decreased from 11% in H1 2019 to practically zero following delays in projects and provisions for losses on projects.
- Other operational expense amounted to €4.5 mn in H1 2020, including a provision for doubtful debts partially offset by profit from the sale of an associated company in Q1 2020 (H1 2019: €12.2 mn)
- Operational result amounted to a loss of €9.7 mn in H1 2020 compared to an operational loss of €11.7 mn in H1 2019.
- Financing expenses remained virtually stable at €3.3 mn. Finance expenses are mostly due to interest expenses on utilization of credit lines.
- Cash flow from operating activities was €6.4 mn negative.
- Equity of TGI further decreased mainly due to the loss for the period.



- Net result attributable to equity holders was a loss of €12.8 mn, compared to a loss of €11.9 mn in H1 2019.
- TGI has been negotiating with its financing banks regarding a restructuring of its debt in parallel with its efforts to reorganize and improve its operations. This plan includes support in the form of a facility consisting of guarantees required to advance projects and cash credit line to support TGI's working capital.



- G&A expenses in H1 2020 decreased to €1.7 mn compared to €2.2 mn in H1 2019, mainly due to lower consultancy services expenses and other savings relating to the impact of the COVID-19 crisis, predominantly flight and accommodation costs.
- Financing expenses decreased to €12.7 mn in H1 2020, compared to €35.4 mn in H1 2019 mainly due to the net positive impact of foreign currency exchange differences and Israeli CPI in H1 2020 compared to H1 2019. Finance expenses also include interest in arrears on the Company's Debentures.
- Net positive impact of foreign exchange differences and the Israeli CPI on the Company's debentures was €2.6 mn in H1 2020 (H1 2019: €22.6 mn negative).



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H1 2020 Financials

Condensed Interim Consolidated Income Statement Kardan N.V.

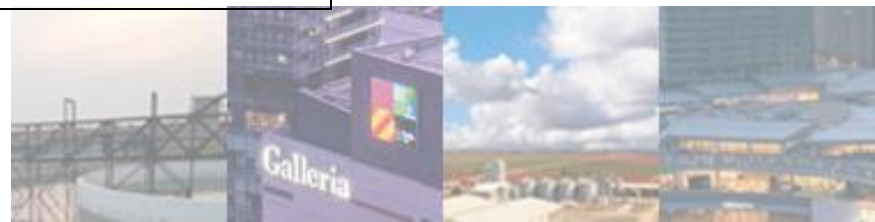


(in € thousands)	H1 2020	H1 2019	Q2 2020	Q2 2019	12M - 2019
Total revenues	15,247	9,266	7,715	5,859	64,551
Total expenses	(14,445)	(11,432)	(7,575)	(6,684)	(60,396)
Profit (loss) from operations before fair value adjustments and disposal of assets	802	(2,166)	140	(825)	4,155
Loss from fair value adjustments	(7,711)	(112)	(4,844)	(112)	-
Profit (loss) from disposal of assets and investments and other income (expense), net	1,049	-	-	-	(1,555)
Result from operations before finance expenses	(5,860)	(2,278)	(4,704)	(937)	2,600
Financing expenses, net	(18,405)	(39,429)	(12,175)	(15,910)	(69,491)
Equity earnings, net	4,382	5,631	1,424	2,759	14,667
Loss before income tax	(19,883)	(36,076)	(15,455)	(14,088)	(52,224)
Income tax expenses / (benefit)	(1,469)	113	(811)	46	727
Loss from continuing operations	(18,414)	(36,189)	(14,644)	(14,134)	(52,951)
Loss from discontinued operations	(12,648)	(12,526)	(12,963)	(11,310)	(35,477)
Loss for the period	(31,062)	(48,715)	(27,607)	(25,444)	(88,428)
Attributable to:					
Net result for equity holders	(31,232)	(46,575)	(27,462)	(23,070)	(83,712)
Non-controlling interests	170	(2,140)	(145)	(2,374)	(4,716)
	(31,062)	(48,715)	(27,607)	(25,444)	(88,428)
Other Comprehensive income (expense)	(4,035)	(655)	(3,979)	(7,404)	(7,393)
Total Comprehensive expense attributable to Kardan equity holders	(35,267)	(47,230)	(31,441)	(30,474)	(91,105)



Real Estate activities

In thousands of Euro	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
Real Estate - Development					
Sale of apartments	10,712	4,962	5,381	3,646	55,496
Cost of sales	(8,347)	(4,187)	(4,563)	(3,164)	(47,053)
Gross Profit	2,365	775	818	482	8,443
SG&A expenses	(1,073)	(1,109)	(639)	(662)	(2,889)
Gain (loss) from disposal of fixed assets and investments, net	-	-	-	-	(1,555)
Equity earnings (losses)	4,382	5,631	1,424	2,759	14,667
Operational profit - Real Estate Development segment	5,674	5,297	1,603	2,579	18,666
Real Estate - Investment Property					
Rental revenues	4,535	4,304	2,334	2,213	9,055
Cost of rental revenues	(1,315)	(1,889)	(609)	(895)	(3,529)
Gross Profit	3,220	2,415	1,725	1,318	5,526
SG&A expenses	(1,072)	(981)	(520)	(487)	(1,497)
Loss from fair value adjustments	(7,711)	(112)	(4,844)	(112)	-
Profit from other income (expense), net	1,049	-	-	-	-
Operational profit (loss) - Real Estate Investment Property segment	(4,514)	1,322	(3,639)	719	4,029
Total operational profit (loss) - Real Estate	1,160	6,619	(2,036)	3,298	22,695
Other unallocated expense	(975)	(1,102)	(482)	(543)	(2,217)
Profit (loss) before finance expenses and income tax	185	5,517	(2,518)	2,755	20,478
Finance expenses, net	(5,664)	(4,014)	(3,133)	(2,473)	(8,287)
Tax benefits (expenses)	1,471	(44)	813	(17)	(653)
Profit (Loss) for the period – attributed to Company's shareholders	(4,008)	1,459	(4,838)	265	11,538



Water Infrastructure activities

In thousands of Euro	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
	Contract revenues	48,243	78,814	23,985	43,399
Contract cost	(48,291)	(70,384)	(26,772)	(39,468)	(145,524)
Gross profit (loss)	(48)	8,430	(2,787)	3,931	7,320
SG&A expenses	(4,898)	(5,550)	(2,464)	(2,641)	(11,627)
Share of profit (loss) of investments accounted for using the equity method	(204)	(2,385)	(107)	(1,577)	1,028
Other operational expenses	(4,537)	(12,153)	(5,809)	(11,302)	(21,877)
Result from operations before financing expenses	(9,687)	(11,658)	(11,167)	(11,589)	(25,156)
Financing expenses, net	(3,334)	(3,283)	(2,161)	(56)	(5,476)
Income tax (expenses) / benefit	(841)	942	(477)	335	(5,139)
Net result of water infrastructure activities	(13,862)	(13,999)	(13,805)	(11,310)	(35,771)
Adjustments to investment in TGI	1,178	-	842	-	(1,178)
Net result	(12,648)	(13,999)	(12,963)	(11,310)	(36,949)
Attributable to:					
Equity holders (Kardan N.V.)	(12,818)	(11,859)	(12,818)	(8,936)	(32,233)
Non-controlling interest holders	170	(2,140)	(145)	(2,374)	(4,716)
	(12,648)	(13,999)	(12,963)	(11,310)	(36,949)



In thousands of Euro

	For the six month ended June 30,		For the three month ended June 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
Corporate expenses:					
General and administration expenses	(1,663)	(2,164)	(762)	(933)	(3,211)
Financing income (expense), net	(12,743)	(35,415)	(9,044)	(13,437)	(61,204)
Income tax expenses	-	(69)	-	(29)	(74)
	(14,406)	(37,648)	(9,806)	(14,399)	(64,489)
Other activities:					
Equity earnings (Avis Ukraine - discontinued operations)	-	1,473	-	-	1,473
	-	1,473	-	-	1,473

