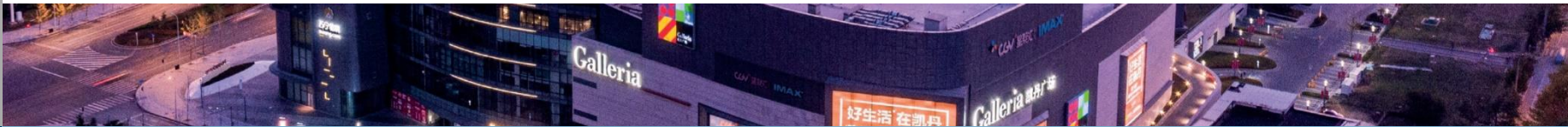




KARDAN N.V.

Q1 2020



30 June 2020



Financial highlights Q1 2020

Net profit (loss) (In € thousands)	Q1 2020	Q1 2019
Real Estate (development and investment property)	830	1,194
Water Infrastructure (discontinued operation)	0	(2,922)
Other (Avis Ukraine, discontinued operation)	-	1,473
Total Operations	830	(255)
Holding (Corporate Finance and G&A)	(4,600)	(23,250)
Total	(3,770)	(23,505)



Kardan N.V. (company only, in €thousands)	March 31, 2020	December 31, 2019
Total Assets	295,482	294,209
Total Equity	(154,428)	(150,602)
Equity/Total assets (%)	(52.3%)	(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 €154.4 mn as of March 31, 2020, primarily due to the loss in the period, which is mainly the result of the heavy finance costs on the debentures.
- The Company did not meet the debt coverage ratio financial covenant as defined in the Deeds of Trust for the tenth consecutive quarter.
- At March 31, 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.
- In their review report as of March 31, 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.

- Net loss to equity holders €3.8 mn (Q1 2019: net loss of €23.5 mn), mainly due to interest expenses which were partially offset by positive impact of FX and Israeli CPI on the Company's debentures.

Real Estate

- The net profit to equity holders of the real estate activities amounted to €0.8 mn (Q1 2019: net profit of €1.2 mn), mostly as a result of delivery of apartments in both Europark Dalian and the residential JV projects partially offset by a devaluation of Galleria Dalian shopping mall in the amount of €2.9 mn (Q1 2019: nil).
- The COVID-19 pandemic had impact on the real estate activities. As shops in Galleria Dalian shopping mall had to be temporarily closed, a rental discount of €0.3 mn in total was granted to tenants and the valuation of the shopping mall decreased by €2.9 mn.



Discontinued operation - Water Infrastructure

- Q1 2020: the result attributable to equity holders came in at nil. The result was impacted by delays in several projects (Q1 2019: net loss of €2.9 mn).
- Kardan's water infrastructure company - TGI, is currently in the midst of ongoing negotiations with the financing banks regarding the restructuring of their debts, which will include, among other things, continuing to provide credit to TGI.
- The outbreak of the Corona 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 impacted some of the countries TGI is operating in. Tahal estimates its projects will continue.



Highlights Q1 2020 - Debentures

- The Company did not repay the February 2018, February 2019 and February 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 in advanced negotiations with the representatives of the debenture holders in order to reach a debt settlement and hopes to reach a debt settlement in the third quarter 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. Accordingly there is no certainty regarding reaching such agreement, its terms and/or the date of its approval.



- The Company requested delisting of Kardan shares from Euronext Amsterdam
 - Barring unforeseen circumstances, the Kardan Shares will be delisted effectively on 30 July 2020
 - The shares of Kardan remain listed on the Israeli Stock Exchange ('TASE')
- Structured withdrawal procedure from Euronext Amsterdam
 - Sales facility - cost-free transfer of Kardan Shares to ABN AMRO which will facilitate the sale on TASE
- Participation in sales facility is voluntary
 - Shareholders may also choose to retain their Kardan Shares under the terms and conditions stated by their financial intermediary
 - Shareholders wishing to sell Kardan Shares may also trade them on the Euronext Amsterdam market under the usual terms until the end of the trading session on 29 July 2020.
- Kardan will continue to publish important information in English on the Company's website for a period of six months following the delisting



Result from operations

- Increase of profit from operations to €4.1 mn in Q1 2020 (Q1 2019: €2.7 mn) as result of high deliveries of apartments in both Europark Dalian and the residential JV projects

Revenue from sale of apartments

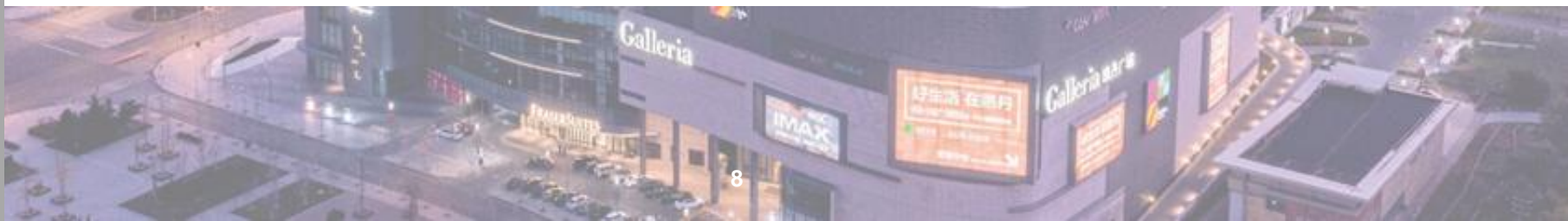
- Amounted to €5.3 mn (Q1 2019: €1.3 mn); 18 units in the C towers of the Europark Dalian project were delivered, compared to nil in Q1 2019

SG&A costs

- Remained virtually stable at €0.4 mn

Equity earnings

- Contributed a profit of €3 mn (Q1 2019: €2.9 mn). Despite the COVID-19 crisis, in Q1 2020 interest remained strong and materialized in relatively high number of apartments sold in most of the Group's residential joint venture projects.





	Q1 2020	Q1 2019
Total apartments sold in period	189	77
Total apartments delivered in period	197	313
Apartments sold in period – Europark Dalian	16	11
Apartments delivered in period – Europark Dalian	18	0
Total apartments sold, not yet delivered	865	1,660



Result from operations

- Came in at a loss of €0.9 mn (Q1 2019: €0.6 mn profit)

Total revenues

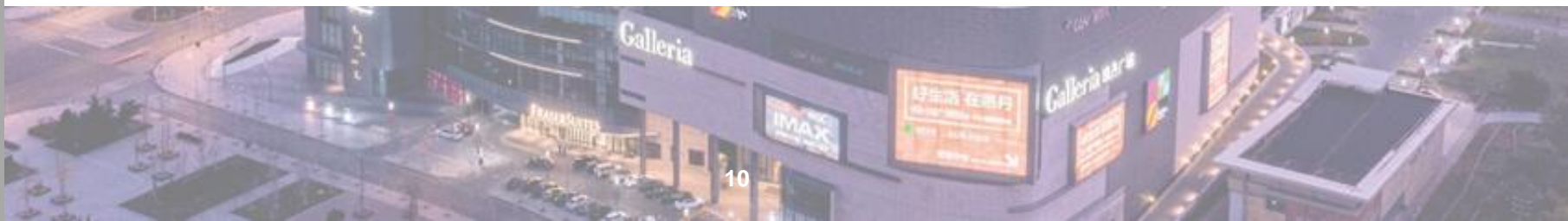
- Amounted to €2.2 mn (Q1 2019: €2.1 mn), and included rental discounts in the amount of €0.3 mn, granted to tenants following the COVID-19 crisis
- Following the outbreak of COVID-19, shops had to be temporarily closed which resulted in a sharp decrease in the footfall and sales.
- As of 31 March 2020, 42 shops remained closed (out of 193 shops).
- As of the date of this report, only 32 shops remain closed.
- At end of May, the number of visitors and the sales turnover of the shopping mall reached approximately 72% and 68% respectively, of their rate before the COVID-19 outbreak.

SG&A costs

- Increased slightly to €0.6 mn (Q1 2019: €0.5 mn)

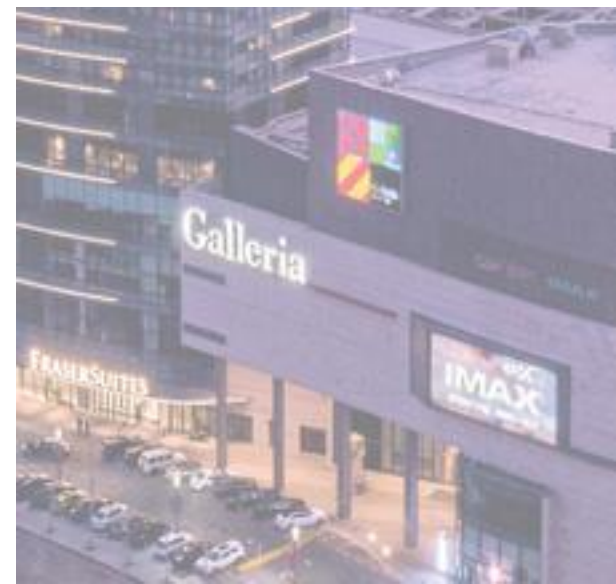
Investment Property

- The value of the Galleria Dalian shopping mall decreased by €2.9 mn compared to 31 December 2019, in light of the impact of the COVID-19 crisis on the operational parameters



Real Estate Highlights – Q1 2020 Total

- Net Result:**
- Net profit of €0.8 mn (Q1 2019: €1.2 mn profit)
- Operational result**
- Operational profit of €3.2 mn (Q1 2019: €3.3 mn)
- Financing expenses (net):**
- Came in at €2.5 mn compared to €1.5 mn in Q1 2019 and mainly include interest expenses related to the Europark Dalian project loan.
 - KLC and the lending bank are currently negotiating to extend this loan, which matures in November 2020.
 - After balance sheet date it was decided to make partial early repayments of the project loan in the amount of up to RMB 150 million (€19 million).
- Income tax expense / benefit:**
- Income tax benefit of €0.7 mn as a result of the change in deferred tax assets (Q1 2019: tax expense of €0.03 mn)



- Revenues decreased in Q1 2020 to €24.3 mn compared to €35.4 mn in Q1 2019.
- The gross margin decreased to 11.3% in Q1 2020 compared to 13% in Q1 2019 following a change in the mix of projects with a relatively low profitability and a provision for losses on a project.
- Other operational income includes a profit from the sale of an associated company.
- Operational result amounted to a profit of €1.5 mn in Q1 2020 compared to an operational loss of €0.1 mn in Q1 2019.
- Financing expenses decreased from €3.2 mn in Q1 2019 to €1.2 mn in Q1 2020. Finance expenses are mostly due to interest expenses on utilization of credit lines, and during the first quarter of 2020 were offset by positive FX impact.
- Net result attributable to equity holders was nil in Q1 2020, compared to a loss of €2.9 mn in Q1 2019.
- As a result of the financial position of Tahal, the Company decided to fully impair its investment in Tahal in 2019. Therefore, equity of Tahal attributable to the Company in its financial statements stands at nil at 31 March 2020.



- Financing expenses decreased to €3.7 mn in Q1 2020, compared to €22 mn in Q1 2019 mainly due to net positive impact of foreign currency exchange differences and Israeli CPI in Q1 2020 compared to Q1 2019.



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Q1 2020 Financials

Condensed Interim Consolidated Income Statement Kardan N.V.

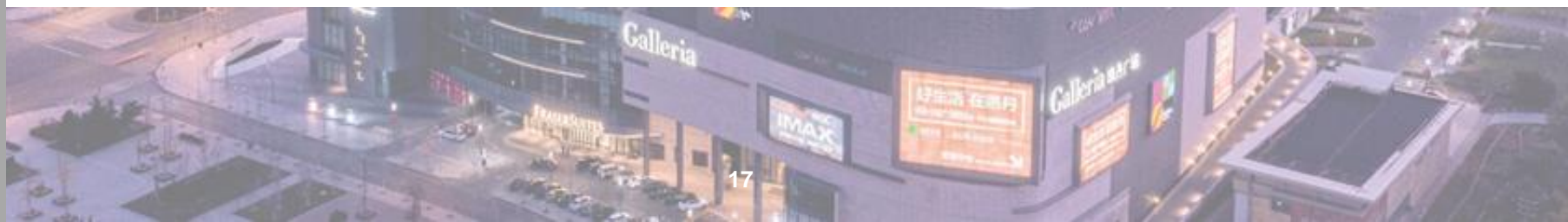


	Q1 2020	Q1 2019	12M - 2019
Total revenues	7,532	3,407	64,551
Total expenses	(6,870)	(4,748)	(60,396)
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	662	(1,341)	4,155
Loss from fair value adjustments	(2,867)	-	-
Profit (loss) from disposal of assets and investments and other income (expense), net	1,049	-	(1,555)
Result from operations before finance expenses	(1,156)	(1,341)	2,600
Financing expenses, net	(6,230)	(23,519)	(69,491)
Equity earnings , net	2,958	2,872	14,667
Profit (loss) before income tax	(4,428)	(21,988)	(52,224)
Income tax (expenses) / benefit	658	(67)	(727)
Profit (loss) from continuing operations	(3,770)	(22,055)	(52,951)
Loss from discontinued operations	315	(1,216)	(35,477)
Profit (Loss) for the period	(3,455)	(23,271)	(88,428)
Attributable to:			
Net result for equity holders	(3,770)	(23,505)	(83,712)
Non-controlling interests	315	234	(4,716)
	(3,455)	(23,271)	(88,428)
Other Comprehensive income (expense)	(56)	6,749	(7,393)
Total Comprehensive expense attributable to Kardan equity holders	(3,826)	(16,756)	(91,105)



Real Estate activities

In thousands of Euro	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
Real Estate - Development			
Sale of apartments	5,331	1,316	55,496
Cost of sales	(3,784)	(1,023)	(47,053)
Gross Profit	1,547	293	8,443
SG&A expenses	(434)	(447)	(2,889)
Gain (loss) from disposal of fixed assets and investments, net	-	-	(1,555)
Equity earnings (losses)	2,958	2,872	14,667
Operational profit - Real Estate Development segment	4,071	2,718	18,666
Real Estate - Investment Property			
Rental revenues	2,201	2,091	9,055
Cost of rental revenues	(706)	(994)	(3,529)
Gross Profit	1,495	1,097	5,526
SG&A expenses	(552)	(494)	(1,497)
Loss from fair value adjustments	(2,867)	-	-
Profit from other income (expense), net	1,049	-	-
Operational profit (loss) - Real Estate Investment Property segment	(875)	603	4,029
Total operational profit (loss) - Real Estate	3,196	3,321	22,695
Other unallocated expense	(494)	(559)	(2,217)
Profit (loss) before finance expenses and income tax	2,703	2,762	20,478
Finance expenses, net	(2,531)	(1,541)	(8,287)
Tax benefits (expenses)	658	(27)	(653)
Profit (Loss) for the period – attributed to Company's shareholders	830	1,194	11,538



Water Infrastructure activities

In thousands of Euro	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
Contract revenues	24,258	35,415	152,844
Contract cost	(21,519)	(30,916)	(145,524)
<i>Gross profit</i>	2,739	4,499	7,320
SG&A expenses	(2,398)	(2,909)	(11,627)
Share of profit (loss) of investments accounted for using the equity method	(97)	(808)	1,028
Other operational income (expenses)	1,272	(851)	(21,877)
Result from operations before financing expenses	1,516	(69)	(25,156)
Financing income (expenses), net	(1,173)	(3,227)	(5,476)
Income tax expenses	(364)	608	(5,139)
Net result of water infrastructure activities	(21)	(2,688)	(35,771)
Adjustments to investment in TGI	336	-	(1,178)
Net result	315	(2,688)	(36,949)
Attributable to:			
Equity holders (Kardan N.V.)	0	(2,922)	(32,233)
Non-controlling interest holders	315	234	(4,716)
	315	(2,688)	(36,949)



In thousands of Euro

	For the three month ended March 31,		For the year ended December 31,
	2020	2019	2019
Corporate expenses:			
General and administration expenses	(901)	(1,231)	(3,211)
Financing income (expense), net	(3,699)	(21,979)	(61,204)
Income tax expenses	-	(40)	(74)
	(4,600)	(23,250)	(64,489)
Other activities:			
Equity earnings (Avis Ukraine - discontinued operations)	-	1,473	1,472
	-	1,473	1,472

