

ITURAN LOCATION AND CONTROL LTD.

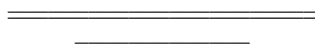
**Condensed Consolidated Financial Statements
as of March 31, 2020**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of March 31, 2020

Table of Contents

	Page
Condensed Consolidated Interim Financial Statements:	
Condensed Consolidated Balance Sheets	2-3
Condensed Consolidated Statements of Income	4
Condensed Consolidated Statements of Cash Flows	5



ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	US dollars	
	March 31, 2020	December 31, 2019
	(unaudited)	
Current assets		
Cash and cash equivalents	49,858	53,964
Investments in marketable securities	268	358
Accounts receivable (net of allowance for doubtful accounts)	46,327	45,090
Other current assets	41,020	49,201
Inventories	25,526	25,537
	162,999	174,150
	162,999	174,150
Non- Current investments and other assets		
Investments in affiliated companies	835	1,666
Investments in other companies	3,612	3,260
Other non-current assets	3,203	3,365
Deferred income taxes	8,602	10,385
Funds in respect of employee rights upon retirement	11,231	11,476
	27,483	30,152
	27,483	30,152
Property and equipment, net	43,381	48,866
Operating lease right-of-use assets, net	12,139	12,626
Intangible assets, net	21,650	23,355
Goodwill	49,970	50,086
	49,970	50,086
	49,970	50,086
Total assets	317,622	339,235

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

(in thousands)	US dollars	
	March 31, 2020	December 31, 2019
	(unaudited)	
Current liabilities		
Credit from banking institutions	19,618	18,110
Accounts payable	20,069	22,656
Deferred revenues	27,488	29,146
Other current liabilities	34,569	31,153
	<u>101,744</u>	<u>101,065</u>
Non- Current liabilities		
Long term loan	43,891	49,803
Liability for employee rights upon retirement	17,344	17,000
Deferred income taxes	2,788	2,867
Deferred revenues	8,963	9,763
Others non-current liabilities	239	241
Operating lease liabilities, non-current	8,724	10,839
Obligation to purchase non-controlling interests	11,748	11,743
	<u>93,697</u>	<u>102,256</u>
Stockholders' equity	116,009	129,330
Non-controlling interests	6,172	6,584
	<u>122,181</u>	<u>135,914</u>
Total equity		
	<u>122,181</u>	<u>135,914</u>
Total liabilities and equity	<u>317,622</u>	<u>339,235</u>

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars	
	Three months period ended March 31 ,	
	2020	2019
	(unaudited)	
Revenues:		
Telematics services	48,976	53,159
Telematics products	<u>19,398</u>	<u>20,445</u>
	<u>68,374</u>	<u>73,604</u>
Cost of revenues:		
Telematics services	22,342	22,577
Telematics products	<u>15,063</u>	<u>16,390</u>
	<u>37,405</u>	<u>38,967</u>
Gross profit	30,969	34,637
Research and development expenses	3,886	3,751
Selling and marketing expenses	3,059	2,930
General and administrative expenses	13,923	14,446
Other expenses, net	<u>27</u>	<u>4</u>
Operating income	10,074	13,506
Other expenses, net	(10)	(73)
Financing expenses, net	<u>(654)</u>	<u>(1,015)</u>
Income before income tax	9,410	12,418
Income tax expenses	(1,926)	(3,497)
Share in losses of affiliated companies ,net	<u>(903)</u>	<u>(868)</u>
Net income for the period	6,581	8,053
Less: Net loss (income) attributable to non-controlling interest	<u>(214)</u>	<u>4</u>
Net income attributable to the Company	<u>6,367</u>	<u>8,057</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>0.31</u>	<u>0.38</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,813</u>	<u>21,256</u>

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	US dollars	
	Three months period ended March 31 ,	
	2020	2019
	(unaudited)	
Cash flows from operating activities		
Net income for the period	6,581	8,053
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	5,223	6,115
Interest and exchange rate on short and long term credit	(598)	(13)
Loss in respect of trading marketable securities	90	28
Increase in liability for employee rights upon retirement, net	834	274
Share in losses of affiliated company, net	903	868
Deferred income taxes	798	84
Capital losses from sale of property and equipment, net	60	6
Decrease (increase) in accounts receivable	(4,491)	4,929
Increase in other current and non-current assets	(528)	(301)
Decrease (increase) in inventories	(378)	1,292
Increase (decrease) in accounts payable	190	(1,596)
Decrease in deferred revenues	(1,403)	(2,548)
Increase (decrease) in other current and non-current liabilities	3,380	(2,778)
Increase in obligation for purchase non-controlling interests	51	494
Net cash provided by operating activities	10,712	14,907
Cash flows from investment activities		
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(108)	(75)
Capital expenditures	(3,451)	(6,930)
Investments in affiliated and other companies	(496)	(13)
Proceed from long term deposit	(22)	(78)
Sale of marketable securities, net	-	384
Proceeds from sale of property and equipment	166	27
Net cash used in investment activities	(3,911)	(6,685)
Cash flows from financing activities		
Short term credit from banking institutions, net	2,660	(1,818)
Repayment of long term loan	(4,285)	-
Dividend paid	(5,050)	(4,909)
Dividend paid to non-controlling interest	-	(538)
Net cash used in financing activities	(6,675)	(7,265)
Effect of exchange rate changes on cash and cash equivalents	(4,232)	694
Net Increase (decrease) in cash and cash equivalents	(4,106)	1,651
Balance of cash and cash equivalents at beginning of period	53,964	51,398
Balance of cash and cash equivalents at end of period	49,858	53,049

Supplementary information on financing and investing activities not involving cash flows:

In March 2020, the Company declared a dividend in the amount of US\$ 5 million. The dividend was paid in April 2020

=====

=====