

ITURAN LOCATION AND CONTROL LTD.

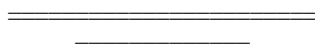
**Condensed Consolidated Financial Statements
as of December 31, 2020**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of December 31, 2020

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ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	US dollars	
	2020	December 31, 2019
Current assets		
Cash and cash equivalents	72,183	53,964
Investments in marketable securities	6,663	358
Accounts receivable (net of allowance for doubtful accounts)	39,343	45,090
Other current assets	38,624	49,201
Inventories	<u>22,622</u>	<u>25,537</u>
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	179,435	174,150
Long-term investments and other assets		
Investments in affiliated companies	908	1,666
Investments in other companies	1,263	3,260
Other non-current assets	2,953	3,365
Deferred income taxes	11,910	10,385
Funds in respect of employee rights upon retirement	<u>13,558</u>	<u>11,476</u>
	-----	-----
	30,592	30,152
Property and equipment, net	-----	-----
	37,653	48,866
Operating lease right-of-use assets, net	-----	-----
	5,548	12,626
Intangible assets, net	-----	-----
	19,382	23,355
Goodwill	-----	-----
	39,862	50,086
	-----	-----
Total assets	<u><u>312,472</u></u>	<u><u>339,235</u></u>

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

(in thousands)	US dollars	
	December 31,	
	2020	2019
Current liabilities		
Credit from banking institutions	20,388	18,110
Accounts payable	19,716	22,656
Deferred revenues	24,351	29,146
Obligation to purchase non-controlling interests	10,595	-
Other current liabilities	37,677	31,153
	112,727	101,065
Long-term liabilities		
Long term loan	34,068	49,803
Liability for employee rights upon retirement	19,715	17,000
Deferred income taxes	2,494	2,867
Deferred revenues	8,536	9,763
Operating lease liabilities, non-current	2,692	10,839
Others non-current liabilities	2,341	241
Obligation to purchase non-controlling interests	-	11,743
	69,846	102,256
Stockholders' equity	127,192	129,330
Non-controlling interests	2,707	6,584
	129,899	135,914
Total equity		
	312,472	339,235
Total liabilities and equity		

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars		US dollars	
	Year ended December 31,		Three months period ended December 31 ,	
	2020	2019	2020	2019
Revenues:				
Telematics services	182,944	204,728	45,759	49,642
Telematics products	<u>62,683</u>	<u>74,604</u>	<u>17,854</u>	<u>15,849</u>
	<u>245,627</u>	<u>279,332</u>	<u>63,613</u>	<u>65,491</u>
Cost of revenues:				
Telematics services	81,365	90,158	20,812	22,661
Telematics products	<u>48,747</u>	<u>58,656</u>	<u>13,289</u>	<u>12,338</u>
	<u>130,112</u>	<u>148,814</u>	<u>34,101</u>	<u>34,999</u>
Gross profit	115,515	130,518	29,512	30,492
Research and development expenses	12,767	13,913	2,808	3,578
Selling and marketing expenses	11,014	12,778	2,586	3,185
General and administrative expenses	49,705	55,166	12,070	14,011
Impairment of goodwill	10,508	12,292	-	12,292
Impairment of intangible assets and Other expenses (income), net	<u>3,690</u>	<u>13,715</u>	<u>(22)</u>	<u>13,787</u>
Operating income (loss)	27,831	22,654	12,070	(16,361)
Other income (expenses), net	(272)	(26)	(277)	11
Financing income (expenses), net	<u>1,480</u>	<u>576</u>	<u>(2,171)</u>	<u>3,277</u>
Income (loss) before income tax	29,039	23,204	9,622	(13,073)
Income tax expenses	(10,856)	(12,234)	(2,261)	(1,365)
Share in gains (losses) of affiliated companies, net	<u>(842)</u>	<u>(3,203)</u>	<u>16</u>	<u>(422)</u>
Net income (loss) for the period	17,341	7,767	7,377	(14,860)
Less: Net income attributable to non-controlling interest	<u>(1,218)</u>	<u>(878)</u>	<u>(555)</u>	<u>(401)</u>
Net income (loss) attributable to the Company	<u>16,123</u>	<u>6,889</u>	<u>6,822</u>	<u>(15,261)</u>
Basic and diluted earnings (loss) per share attributable to Company's stockholders				
	<u>0.77</u>	<u>0.33</u>	<u>0.33</u>	<u>(0.73)</u>
Basic and diluted weighted average number of shares outstanding (in thousands)				
	<u>20,813</u>	<u>21,037</u>	<u>20,813</u>	<u>20,875</u>

ITURAN LOCATION AND CONTROL LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	US dollars		US dollars	
	Year ended December 31, 2020	2019	Three months period ended December 31 , 2020	2019
Cash flows from operating activities				
Net income for the period	17,341	7,767	7,377	(14,860)
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	18,831	22,843	4,521	5,633
Interest and exchange rate differences on loans	(266)	26	157	3
Loss (gain) in respect of marketable securities and other investments	(4,101)	241	858	31
Increase (decrease) in liability for employee rights upon retirement	1,445	1,094	95	(200)
Share in losses in (gains of) affiliated company, net	842	3,203	(16)	422
Deferred income taxes	(2,158)	(2,246)	(914)	(2,498)
Capital losses on sale of property and equipment, net	199	112	81	65
Decrease in accounts receivable	4,496	10,704	2,991	4,178
Decrease (increase) in other current and non-current assets	3,064	2,021	(1,583)	906
Decrease in inventories	3,120	3,815	1,295	197
Increase (decrease) in accounts payable	(658)	(1,125)	(856)	2,434
Increase (decrease) in deferred revenues	(5,367)	(7,392)	154	(302)
Decrease in obligation for purchase non-controlling interests	(848)	(3,215)	(168)	(4,182)
Impairment of goodwill	10,508	12,292	-	12,292
Impairment of other intangible assets	3,661	13,862	-	13,862
Increase (decrease) in other current and non-current liabilities	9,959	(4,323)	2,506	(982)
Net cash provided by operating activities	60,068	59,679	16,498	16,999
Cash flows from investment activities				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(1,148)	(1,191)	(358)	(74)
Capital expenditures	(10,234)	(18,310)	(2,728)	(4,652)
Investments in affiliated and other companies	(557)	(284)	(12)	(100)
Proceed from (repayment of) long term deposit	(32)	(16)	11	67
Sale of (investment in) marketable securities	269	1,298	-	(156)
Proceeds from sale of property and equipment	223	216	-	13
Net cash used in investment activities	(11,479)	(18,287)	(3,087)	(4,902)
Cash flows from financing activities				
Repayment of long term credit	(18,157)	(8,938)	(4,804)	(4,502)
Short term credit from banking institutions, net	1,186	(2,167)	(1,428)	(2,554)
Purchase of shares from non-controlling interests	(750)	-	-	-
Acquisition of company shares purchased by a wholly owned subsidiary	-	(6,001)	-	(2,500)
Dividend paid	(9,967)	(19,848)	-	(5,050)
Dividend paid to non-controlling interests	(1,761)	(1,973)	(300)	(416)
Net cash used in financing activities	(29,449)	(38,927)	(6,532)	(15,022)
Effect of exchange rate changes on cash and cash equivalents	(921)	101	3,468	635
Net Increase (decrease) in cash and cash equivalents	18,219	2,566	10,347	(2,290)
Balance of cash and cash equivalents at beginning of period	53,964	51,398	61,836	56,254
Balance of cash and cash equivalents at end of period	72,183	53,964	72,183	53,964

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

During 2020, one of the Company's subsidiary declare a dividend that include an amount of US\$ 3.4 million to non-controlling interests.