

**ITURAN LOCATION AND CONTROL LTD.**

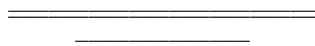
**Condensed Consolidated Financial Statements  
as of March 31, 2021**

# ITURAN LOCATION AND CONTROL LTD.

## Condensed Consolidated Financial Statements as of March 31, 2021

### Table of Contents

	<b>Page</b>
<b>Condensed Consolidated Interim Financial Statements:</b>	
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**

	US dollars	
(in thousands)	March 31, 2021	December 31, 2020
	(unaudited)	
<b>Current assets</b>		
Cash and cash equivalents	64,133	72,183
Investments in marketable securities	5,967	6,663
Accounts receivable (net of allowance for doubtful accounts)	43,336	39,343
Other current assets	36,377	38,624
Inventories	<u>20,442</u>	<u>22,622</u>
	<u>170,255</u>	<u>179,435</u>
<b>Non- Current investments and other assets</b>		
Investments in affiliated companies	900	908
Investments in other companies	1,495	1,263
Other non-current assets	3,396	2,953
Deferred income taxes	12,268	11,910
Funds in respect of employee rights upon retirement	<u>13,798</u>	<u>13,558</u>
	<u>31,857</u>	<u>30,592</u>
<b>Property and equipment, net</b>	<u>35,099</u>	<u>37,653</u>
<b>Operating lease right-of-use assets, net</b>	<u>4,942</u>	<u>5,548</u>
<b>Intangible assets, net</b>	<u>18,460</u>	<u>19,382</u>
<b>Goodwill</b>	<u>39,716</u>	<u>39,862</u>
<b>Total assets</b>	<u><u>300,329</u></u>	<u><u>312,472</u></u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>(unaudited)</b>	
<b>Current liabilities</b>		
Credit from banking institutions	17,220	20,388
Accounts payable	17,753	19,716
Deferred revenues	25,445	24,351
Obligation to purchase non-controlling interests	10,595	10,595
Other current liabilities	45,520	37,677
	<u>116,533</u>	<u>112,727</u>
<b>Non- Current liabilities</b>		
Long term loan	24,568	34,068
Liability for employee rights upon retirement	19,515	19,715
Deferred income taxes	2,356	2,494
Deferred revenues	8,773	8,536
Others non-current liabilities	2,261	2,692
Operating lease liabilities, non-current	2,078	2,341
	<u>59,551</u>	<u>69,846</u>
<b>Stockholders' equity</b>	121,024	127,192
<b>Non-controlling interests</b>	3,221	2,707
	<u>124,245</u>	<u>129,899</u>
<b>Total equity</b>		
	<u>124,245</u>	<u>129,899</u>
<b>Total liabilities and equity</b>	<u>300,329</u>	<u>312,472</u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

<b>(in thousands except per share data)</b>	<b>US dollars</b>	
	<b>Three months period ended March 31 ,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	
<b>Revenues:</b>		
Telematics services	45,619	48,976
Telematics products	<u>21,746</u>	<u>19,398</u>
	<u>67,365</u>	<u>68,374</u>
<b>Cost of revenues:</b>		
Telematics services	20,770	22,342
Telematics products	<u>16,231</u>	<u>15,063</u>
	<u>37,001</u>	<u>37,405</u>
Gross profit	30,364	30,969
Research and development expenses	3,546	3,886
Selling and marketing expenses	2,957	3,059
General and administrative expenses	11,098	13,923
Other expenses (income), net	<u>(12)</u>	<u>27</u>
Operating income	12,775	10,074
Other expenses, net	(3)	(10)
Financing expenses, net	<u>(993)</u>	<u>(654)</u>
Income before income tax	11,779	9,410
Income tax expenses	(2,813)	(1,926)
Share in losses of affiliated companies ,net	<u>(11)</u>	<u>(903)</u>
Net income for the period	8,955	6,581
Less: Net income attributable to non-controlling interest	<u>(694)</u>	<u>(214)</u>
Net income attributable to the Company	<u>8,261</u>	<u>6,367</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>0.40</u>	<u>0.31</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,813</u>	<u>20,813</u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)	US dollars	
	Three months period ended March 31 ,	
	2021	2020
	(unaudited)	
<b>Cash flows from operating activities</b>		
Net income for the period	8,955	6,581
<b>Adjustments to reconcile net income to net cash from operating activities:</b>		
Depreciation and amortization	4,352	5,223
Interest and exchange rate on short and long term credit	(29)	(598)
Loss in respect of trading marketable securities	481	90
Increase in liability for employee rights upon retirement, net	462	834
Share in losses of affiliated company, net	11	903
Deferred income taxes	(921)	798
Capital losses (gain) from sale of property and equipment, net	(4)	60
Increase in accounts receivable	(5,588)	(4,491)
Increase in other current and non-current assets	(520)	(528)
Decrease (increase) in inventories	1,660	(378)
Increase (decrease) in accounts payable	(956)	190
Increase (decrease) in deferred revenues	1,821	(1,403)
Increase (decrease) in other current and non-current liabilities	(521)	3,380
Increase in obligation for purchase non-controlling interests	-	51
Net cash provided by operating activities	9,203	10,712
<b>Cash flows from investment activities</b>		
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(739)	(108)
Capital expenditures	(2,717)	(3,451)
Investments in affiliated and other companies	(282)	(496)
Investment in long term deposit	(79)	(22)
Proceeds from sale of property and equipment	221	166
Net cash used in investment activities	(3,596)	(3,911)
<b>Cash flows from financing activities</b>		
Short term credit from banking institutions, net	(49)	2,660
Repayment of long term loan	(10,771)	(4,285)
Dividend paid	-	(5,050)
Dividend paid to non-controlling interest	(29)	-
Net cash used in in financing activities	(10,849)	(6,675)
Effect of exchange rate changes on cash and cash equivalents	(2,808)	(4,232)
Net decrease in cash and cash equivalents	(8,050)	(4,106)
Balance of cash and cash equivalents at beginning of period	72,183	53,964
Balance of cash and cash equivalents at end of period	64,133	49,858

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

In March 2021, the Company declared a dividend in the amount of US\$ 10 million. The dividend was paid on April 2021

=====