

**ITURAN LOCATION AND CONTROL LTD.**

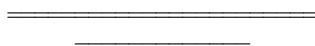
**Condensed Consolidated Financial Statements  
as of September 30, 2021**

# ITURAN LOCATION AND CONTROL LTD.

## Condensed Consolidated Financial Statements as of September 30, 2021

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**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(unaudited)</b>	
<b>Current assets</b>		
Cash and cash equivalents	62,947	72,183
Investments in marketable securities	4,015	6,663
Accounts receivable (net of allowance for doubtful accounts)	45,972	39,343
Other current assets	35,668	38,624
Inventories	26,334	22,622
	<u>174,936</u>	<u>179,435</u>
<b>Non- Current investments and other assets</b>		
Investments in affiliated companies	1,043	908
Investments in other companies	1,543	1,263
Other non-current assets	3,353	2,953
Deferred income taxes	12,135	11,910
Funds in respect of employee rights upon retirement	15,374	13,558
	<u>33,448</u>	<u>30,592</u>
<b>Property and equipment, net</b>	<u>34,739</u>	<u>37,653</u>
<b>Operating lease right-of-use assets, net</b>	<u>3,476</u>	<u>5,548</u>
<b>Intangible assets, net</b>	<u>16,811</u>	<u>19,382</u>
<b>Goodwill</b>	<u>39,844</u>	<u>39,862</u>
<b>Total assets</b>	<u><u>303,254</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>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(unaudited)</b>	
<b>Current liabilities</b>		
Credit from banking institutions	17,659	20,388
Accounts payable	21,441	19,716
Deferred revenues	24,640	24,351
Obligation to purchase non-controlling interests	11,000	10,595
Other current liabilities	40,740	37,677
	<u>115,480</u>	<u>112,727</u>
<b>Non- Current liabilities</b>		
Long term loan	16,911	34,068
Liability for employee rights upon retirement	21,221	19,715
Deferred income taxes	2,091	2,494
Deferred revenues	8,603	8,536
Others non-current liabilities	2,355	2,341
Operating lease liabilities, non-current	1,169	2,692
	<u>52,350</u>	<u>69,846</u>
<b>Stockholders' equity</b>	130,837	127,192
<b>Non-controlling interests</b>	4,587	2,707
<b>Total equity</b>	<u>135,424</u>	<u>129,899</u>
<b>Total liabilities and equity</b>	<u><u>303,254</u></u>	<u><u>312,472</u></u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

<b>(in thousands except per share data)</b>	<b>US dollars</b>		<b>US dollars</b>	
	<b>Nine month period</b>		<b>Three month period</b>	
	<b>ended September 30,</b>	<b>ended September 30,</b>	<b>ended September 30,</b>	<b>ended September 30,</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
<b>Revenues:</b>				
Telematics services	140,873	137,185	48,311	44,478
Telematics products	<u>59,655</u>	<u>44,829</u>	<u>17,390</u>	<u>15,851</u>
	<u>200,528</u>	<u>182,014</u>	<u>65,701</u>	<u>60,329</u>
<b>Cost of revenues:</b>				
Telematics services	63,354	60,553	21,364	20,052
Telematics products	<u>44,118</u>	<u>35,458</u>	<u>12,466</u>	<u>12,900</u>
	<u>107,472</u>	<u>96,011</u>	<u>33,830</u>	<u>32,952</u>
Gross profit	93,056	86,003	31,871	27,377
Research and development expenses	10,168	9,959	3,327	2,654
Selling and marketing expenses	8,877	8,428	2,997	2,529
General and administrative expenses	33,725	37,635	11,720	11,636
Impairment of goodwill	-	10,508	-	-
Impairment of intangible assets and other expenses (income), net	<u>(152)</u>	<u>3,712</u>	<u>(66)</u>	<u>12</u>
Operating income	40,438	15,761	13,893	10,546
Other income (expense), net	(3)	5	-	2
Financing income (expense), net	<u>(4,716)</u>	<u>3,651</u>	<u>(2,734)</u>	<u>2,788</u>
Income before income tax	35,719	19,417	11,159	13,336
Income tax expenses	(9,055)	(8,595)	(3,337)	(3,778)
Share in gains (losses) of affiliated companies ,net	<u>(39)</u>	<u>(858)</u>	<u>(18)</u>	<u>29</u>
Net income for the period	26,625	9,964	7,804	9,587
Less: Net income attributable to non-controlling interest	<u>(1,944)</u>	<u>(663)</u>	<u>(492)</u>	<u>(320)</u>
Net income attributable to the Company	<u>24,681</u>	<u>9,301</u>	<u>7,312</u>	<u>9,267</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>1.19</u>	<u>0.45</u>	<u>0.35</u>	<u>0.45</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,809</u>	<u>20,813</u>	<u>20,799</u>	<u>20,813</u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(in thousands)</b>	<b>US dollars</b>		<b>US dollars</b>	
	<b>Nine month period</b>		<b>Three month period</b>	
	<b>ended September 30,</b>	<b>2021</b>	<b>ended September 30,</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
<b>Cash flows from operating activities</b>				
Net income for the period	26,625	9,964	7,804	9,587
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Depreciation and amortization	13,329	14,310	4,594	4,484
Interest and exchange rate differences on loans	-	(423)	(4)	119
Losses (gain) in respect of trading marketable securities	2,609	(11)	2,244	5
Gain in respect of investments in other companies	-	(4,948)	-	(3,424)
Increase in liability for employee rights upon retirement	1,568	1,350	390	455
Share in losses (gains) of affiliated companies, net	39	858	18	(29)
Deferred income taxes	(794)	(1,244)	88	(875)
Capital loss (gain) on sale of property and equipment, net	(91)	118	(38)	31
Decrease (increase) in accounts receivable	(6,991)	1,505	(458)	(1,982)
Decrease in other current assets	3,008	4,647	1,976	1,698
Decrease (increase) in inventories	(4,088)	1,825	(5,317)	1,596
Increase in accounts payable	1,825	198	817	2,443
Decrease (increase) in deferred revenues	499	(5,521)	(1,364)	(1,811)
Increase in other current and non-current liabilities	1,524	7,453	781	1,275
Impairment of goodwill	-	10,508	-	-
Impairment of other intangible assets	-	3,661	-	-
Increase (decrease) in obligation for purchase non-controlling interests	686	(680)	-	18
Net cash provided by operating activities	<u>39,748</u>	<u>43,570</u>	<u>11,531</u>	<u>13,590</u>
<b>Cash flows from investment activities</b>				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(1,857)	(790)	(353)	(427)
Capital expenditures	(11,246)	(7,506)	(4,427)	(1,927)
Investments in affiliated and other companies	(420)	(545)	-	(53)
Sale of marketable securities, net	-	269	-	269
Proceeds from (Investments in) deposits	(116)	(43)	(37)	(8)
Proceeds from sale of property and equipment	697	223	69	27
Net cash used in investment activities	<u>(12,942)</u>	<u>(8,392)</u>	<u>(4,748)</u>	<u>(2,119)</u>
<b>Cash flows from financing activities</b>				
Short term credit from banking institutions, net	(149)	2,614	(66)	(46)
Repayment of long term loan	(19,173)	(13,353)	(4,191)	(4,551)
Purchase of shares from minority shareholders	-	(750)	-	-
Dividend paid	(12,904)	(9,967)	(2,804)	-
Dividend paid to non-controlling interest	(424)	(1,461)	(39)	(1,461)
Acquisition of company shares purchased by a wholly owned subsidiary	(1,870)	-	(1,870)	-
Net cash used in financing activities	<u>(34,520)</u>	<u>(22,917)</u>	<u>(8,970)</u>	<u>(6,058)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,522)</u>	<u>(4,389)</u>	<u>(442)</u>	<u>(359)</u>
Net increase (decrease) in cash and cash equivalents	(9,236)	7,872	(2,629)	5,054
Balance of cash and cash equivalents at beginning of the period	<u>72,183</u>	<u>53,964</u>	<u>65,576</u>	<u>56,782</u>
Balance of cash and cash equivalents at end of the period	<u>62,947</u>	<u>61,836</u>	<u>62,947</u>	<u>61,836</u>

In August 2021, the Company declared a dividend in an amount of US\$ 3 million. The dividend was paid in October 2021.