

ITURAN LOCATION AND CONTROL LTD.

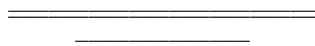
**Condensed Consolidated Financial Statements
as of June 30, 2022**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of June 30, 2022

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

	US dollars	
(in thousands)	June 30, 2022	December 31, 2021
	(unaudited)	
Current assets		
Cash and cash equivalents	32,671	50,306
Investments in marketable securities	496	4,405
Accounts receivable (net of allowance for doubtful accounts)	45,837	43,916
Other current assets	42,655	36,979
Inventories	29,154	27,128
	<u>150,813</u>	<u>162,734</u>
Non- Current investments and other assets		
Investments in affiliated companies	1,330	885
Investments in other companies	1,658	1,866
Other non-current assets	3,465	3,146
Deferred income taxes	10,868	11,091
Funds in respect of employee rights upon retirement	14,739	16,205
	<u>32,060</u>	<u>33,193</u>
Property and equipment, net	<u>40,263</u>	<u>35,652</u>
Operating lease right-of-use assets, net	<u>10,815</u>	<u>4,690</u>
Intangible assets, net	<u>14,535</u>	<u>16,753</u>
Goodwill	<u>39,530</u>	<u>39,999</u>
Total assets	<u><u>288,016</u></u>	<u><u>293,021</u></u>

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

(in thousands)	US dollars	
	June 30, 2022	December 31, 2021
	(unaudited)	
Current liabilities		
Credit from banking institutions	16,219	18,257
Accounts payable	20,890	21,275
Deferred revenues	21,480	24,333
Other current liabilities	<u>37,241</u>	<u>40,767</u>
	<u>95,830</u>	<u>104,632</u>
Non- Current liabilities		
Long term loan	3,901	13,169
Liability for employee rights upon retirement	21,171	22,476
Deferred income taxes	1,863	1,952
Deferred revenues	11,741	8,902
Others non-current liabilities	2,182	2,337
Operating lease liabilities, non-current	<u>7,681</u>	<u>1,750</u>
	<u>48,539</u>	<u>50,586</u>
Stockholders' equity	137,590	132,460
Non-controlling interests	<u>6,057</u>	<u>5,343</u>
Total equity	<u>143,647</u>	<u>137,803</u>
Total liabilities and equity	<u><u>288,016</u></u>	<u><u>293,021</u></u>

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands except per share data)	US dollars		US dollars	
	Six month period		Three month period	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Revenues:				
Telematics services	102,540	92,562	52,314	46,943
Telematics products	<u>42,920</u>	<u>42,265</u>	<u>21,074</u>	<u>20,519</u>
	<u>145,460</u>	<u>134,827</u>	<u>73,388</u>	<u>67,462</u>
Cost of revenues:				
Telematics services	44,739	41,370	22,607	20,899
Telematics products	<u>33,627</u>	<u>31,652</u>	<u>16,950</u>	<u>15,421</u>
	<u>78,366</u>	<u>73,022</u>	<u>39,557</u>	<u>36,320</u>
Gross profit	67,094	61,805	33,831	31,142
Research and development expenses	8,131	6,841	3,991	3,295
Selling and marketing expenses	6,580	6,500	3,456	3,244
General and administrative expenses	23,698	22,005	11,986	10,907
Other income, net	(118)	(86)	(39)	(74)
Operating income	<u>28,803</u>	<u>26,545</u>	<u>14,437</u>	<u>13,770</u>
Other expense, net	-	(3)	-	-
Financing expense, net	<u>(3,938)</u>	<u>(1,982)</u>	<u>(1,373)</u>	<u>(989)</u>
Income before income tax	24,865	24,560	13,064	12,781
Income tax expenses	(5,918)	(5,718)	(3,454)	(2,905)
Share in losses of affiliated companies ,net	<u>(121)</u>	<u>(21)</u>	<u>(78)</u>	<u>(10)</u>
Net income for the period	18,826	18,821	9,532	9,866
Less: Net income attributable to non-controlling interest	<u>(1,359)</u>	<u>(1,452)</u>	<u>(794)</u>	<u>(758)</u>
Net income attributable to the Company	<u>17,467</u>	<u>17,369</u>	<u>8,738</u>	<u>9,108</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>0.85</u>	<u>0.83</u>	<u>0.43</u>	<u>0.44</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,497</u>	<u>20,813</u>	<u>20,460</u>	<u>20,813</u>

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	US dollars		US dollars	
	Six month period ended June 30,		Three month period ended June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Cash flows from operating activities				
Net income (loss) for the period	18,826	18,821	9,532	9,866
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	9,893	8,735	4,986	4,383
Interest and exchange rate differences on loans, net	-	4	-	33
Loss (gain) in respect of trading marketable securities	3,772	365	1,422	(116)
Increase in liability for employee rights upon retirement	1,072	1,178	154	716
Share in losses of affiliated companies, net	121	21	78	10
Deferred income taxes	142	(882)	(15)	39
Capital gain on sale of property and equipment, net	(295)	(53)	(233)	(49)
Increase in accounts receivable	(5,051)	(6,533)	(1,366)	(945)
Decrease (increase) in other current assets	(6,251)	1,032	(3,225)	1,552
Decrease (increase) in inventories	(3,995)	1,229	755	(431)
Increase (decrease) in accounts payable	255	1,008	(956)	1,964
Increase (decrease) in deferred revenues	541	1,863	(1,305)	42
Increase (decrease) in other current and non-current liabilities	(1,228)	743	1,025	1,264
Increase in obligation for purchase non-controlling interests	-	686	-	686
Net cash provided by operating activities	<u>17,802</u>	<u>28,217</u>	<u>10,852</u>	<u>19,014</u>
Cash flows from investment activities				
Decrease (increase) in funds in respect of employee rights upon retirement, net of withdrawals	(373)	(1,504)	19	(765)
Capital expenditures	(14,718)	(6,819)	(8,596)	(4,102)
Investments in affiliated and other companies	(600)	(420)	(223)	(138)
Repayment of (Investments in) long term deposit	130	(79)	152	-
Investment in marketable securities	(103)	-	(103)	-
Proceeds from sale of property and equipment	783	628	573	407
Net cash used in investment activities	<u>(14,881)</u>	<u>(8,194)</u>	<u>(8,178)</u>	<u>(4,598)</u>
Cash flows from financing activities				
Short term credit from banking institutions, net	(99)	(83)	(50)	(34)
Repayment of long term loan	(8,223)	(14,982)	(4,046)	(4,211)
Dividend paid	(5,766)	(10,100)	(2,875)	(10,100)
Purchase of treasury shares	(3,446)	-	(3,446)	-
Dividend paid to non-controlling interest	-	(385)	-	(356)
Net cash used in financing activities	<u>(17,534)</u>	<u>(25,550)</u>	<u>(10,417)</u>	<u>(14,701)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,022)</u>	<u>(1,080)</u>	<u>(2,840)</u>	<u>1,728</u>
Net increase (decrease) in cash and cash equivalents	(17,635)	(6,607)	(10,583)	1,443
Balance of cash and cash equivalents at beginning of the period	<u>50,306</u>	<u>72,183</u>	<u>43,254</u>	<u>64,133</u>
Balance of cash and cash equivalents at end of the period	<u>32,671</u>	<u>65,576</u>	<u>32,671</u>	<u>65,576</u>

In May 2022, the Company declared a dividend in an amount of US\$ 3 million. The dividend was paid in July 2022.