

ITURAN LOCATION AND CONTROL LTD.

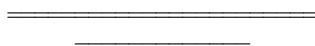
**Condensed Consolidated Financial Statements
as of September 30, 2022**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of September 30, 2022

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ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	US dollars	
	September 30, 2022	December 31, 2021
	(unaudited)	
Current assets		
Cash and cash equivalents	30,068	50,306
Investments in marketable securities	382	4,405
Accounts receivable (net of allowance for doubtful accounts)	44,552	43,916
Other current assets	45,883	36,979
Inventories	32,494	27,128
	153,379	162,734
	153,379	162,734
Non- Current investments and other assets		
Investments in affiliated companies	1,216	885
Investments in other companies	1,631	1,866
Other non-current assets	3,221	3,146
Deferred income taxes	10,746	11,091
Funds in respect of employee rights upon retirement	14,728	16,205
	31,542	33,193
	31,542	33,193
Property and equipment, net	40,809	35,652
	40,809	35,652
Operating lease right-of-use assets, net	9,629	4,690
	9,629	4,690
Intangible assets, net	13,491	16,753
	13,491	16,753
Goodwill	39,485	39,999
	39,485	39,999
 Total assets	 288,335	 293,021

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

(in thousands)	US dollars	
	September 30, 2022	December 31, 2021
	(unaudited)	
Current liabilities		
Credit from banking institutions	15,974	18,257
Accounts payable	22,749	21,275
Deferred revenues	20,832	24,333
Other current liabilities	37,086	40,767
	<u>96,641</u>	<u>104,632</u>
Non- Current liabilities		
Long term loan	-	13,169
Liability for employee rights upon retirement	21,153	22,476
Deferred income taxes	1,639	1,952
Deferred revenues	12,692	8,902
Others non-current liabilities	2,175	2,337
Operating lease liabilities, non-current	6,773	1,750
	<u>44,432</u>	<u>50,586</u>
Stockholders' equity	140,776	132,460
Non-controlling interests	6,486	5,343
Total equity	<u>147,262</u>	<u>137,803</u>
Total liabilities and equity	<u>288,335</u>	<u>293,021</u>

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars		US dollars	
	Nine month period		Three month period	
	ended September 30,	2021	ended September 30,	2021
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Revenues:				
Telematics services	155,671	140,873	53,131	48,311
Telematics products	62,453	59,655	19,533	17,390
	<u>218,124</u>	<u>200,528</u>	<u>72,664</u>	<u>65,701</u>
Cost of revenues:				
Telematics services	67,455	62,384	22,716	21,014
Telematics products	48,960	44,118	15,333	12,466
	<u>116,415</u>	<u>106,502</u>	<u>38,049</u>	<u>33,480</u>
Gross profit	101,709	94,026	34,615	32,221
Research and development expenses	12,232	10,168	4,101	3,327
Selling and marketing expenses	10,025	9,847	3,445	3,347
General and administrative expenses	36,131	33,725	12,433	11,720
Other income, net	(149)	(152)	(31)	(66)
Operating income	<u>43,470</u>	<u>40,438</u>	<u>14,667</u>	<u>13,893</u>
Other expense, net	-	(3)	-	-
Financing expense, net	(4,652)	(4,716)	(714)	(2,734)
Income before income tax	38,818	35,719	13,953	11,159
Income tax expenses	(8,998)	(9,055)	(3,080)	(3,337)
Share in losses of affiliated companies, net	(412)	(39)	(291)	(18)
Net income for the period	<u>29,408</u>	<u>26,625</u>	<u>10,582</u>	<u>7,804</u>
Less: Net income attributable to non-controlling interest	(1,877)	(1,944)	(518)	(492)
Net income attributable to the Company	<u>27,531</u>	<u>24,681</u>	<u>10,064</u>	<u>7,312</u>
Basic and diluted earnings per share attributable to Company's stockholders				
	<u>1.35</u>	<u>1.19</u>	<u>0.49</u>	<u>0.35</u>
Basic and diluted weighted average number of shares outstanding (in thousands)				
	<u>20,435</u>	<u>20,809</u>	<u>20,347</u>	<u>20,799</u>

ITURAN LOCATION AND CONTROL LTD.

(in thousands)	US dollars		US dollars	
	Nine month period ended September 30,		Three month period ended September 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Cash flows from operating activities				
Net income for the period	29,408	26,625	10,582	7,804
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	14,871	13,329	4,978	4,594
Interest and exchange rate differences on loans	-	-	-	(4)
Losses in respect of trading marketable securities	3,840	2,609	68	2,244
Increase in liability for employee rights upon retirement	1,301	1,568	229	390
Share in losses (gains) of affiliated companies, net	412	39	291	18
Deferred income taxes	(115)	(794)	(257)	88
Capital gain on sale of property and equipment, net	(304)	(91)	(9)	(38)
Decrease (increase) in accounts receivable	(4,292)	(6,991)	759	(458)
Decrease (increase) in other current assets	(10,223)	3,008	(3,972)	1,976
Increase in inventories	(8,810)	(4,088)	(4,814)	(5,317)
Increase in accounts payable	2,576	1,825	2,319	817
Increase (decrease) in deferred revenues	1,007	499	465	(1,364)
Increase (decrease) in other current and non-current liabilities	(467)	1,524	761	781
Increase in obligation for purchase non-controlling interests	-	686	-	-
Net cash provided by operating activities	<u>29,204</u>	<u>39,748</u>	<u>11,400</u>	<u>11,531</u>
Cash flows from investment activities				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(548)	(1,857)	(175)	(353)
Capital expenditures	(18,758)	(11,246)	(4,040)	(4,427)
Investments in affiliated and other companies	(690)	(420)	(90)	-
Investment in marketable securities	(103)	-	-	-
Proceeds from (Investments in) deposits	87	(116)	(43)	(37)
Proceeds from sale of property and equipment	848	697	65	69
Net cash used in investment activities	<u>(19,164)</u>	<u>(12,942)</u>	<u>(4,283)</u>	<u>(4,748)</u>
Cash flows from financing activities				
Short term credit from banking institutions, net	(148)	(149)	(49)	(66)
Repayment of long term loan	(12,293)	(19,173)	(4,070)	(4,191)
Dividend paid	(8,621)	(12,904)	(2,855)	(2,804)
Dividend paid to non-controlling interest	-	(424)	-	(39)
Acquisition of company shares purchased by a wholly owned subsidiary	(5,446)	(1,870)	(2,000)	(1,870)
Net cash used in financing activities	<u>(26,508)</u>	<u>(34,520)</u>	<u>(8,974)</u>	<u>(8,970)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,770)</u>	<u>(1,522)</u>	<u>(746)</u>	<u>(442)</u>
Net decrease in cash and cash equivalents	(20,238)	(9,236)	(2,603)	(2,629)
Balance of cash and cash equivalents at beginning of the period	<u>50,306</u>	<u>72,183</u>	<u>32,671</u>	<u>65,576</u>
Balance of cash and cash equivalents at end of the period	<u>30,068</u>	<u>62,947</u>	<u>30,068</u>	<u>62,947</u>

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