

**ITURAN LOCATION AND CONTROL LTD.**

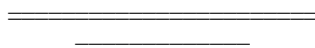
**Condensed Consolidated Financial Statements  
as of December 31, 2022**

# ITURAN LOCATION AND CONTROL LTD.

## Condensed Consolidated Financial Statements as of December 31, 2022

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**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

<b>(In thousands)</b>	<b>US dollars</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	27,850	50,306
Investments in marketable securities	316	4,405
Accounts receivable (net of allowance for doubtful accounts)	45,821	43,916
Other current assets	48,156	36,979
Inventories	<u>28,509</u>	<u>27,128</u>
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	150,652	162,734
<b>Long-term investments and other assets</b>		
Investments in affiliated companies	1,188	885
Investments in other companies	1,779	1,866
Other non-current assets	3,129	3,146
Deferred income taxes	11,400	11,091
Funds in respect of employee rights upon retirement	<u>15,146</u>	<u>16,205</u>
	-----	-----
	32,642	33,193
<b>Property and equipment, net</b>	-----	-----
	45,598	35,652
<b>Operating lease right-of-use assets, net</b>	-----	-----
	9,552	4,690
<b>Intangible assets, net</b>	-----	-----
	12,620	16,753
<b>Goodwill</b>	-----	-----
	39,510	39,999
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<b>Total assets</b>	<u><u>290,574</u></u>	<u><u>293,021</u></u>

**ITURAN LOCATION AND CONTROL LTD.**

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

(In thousands)	US dollars	
	2022	December 31, 2021
<b>Current liabilities</b>		
Credit from banking institutions	12,190	18,257
Accounts payable	21,937	21,275
Deferred revenues	21,783	24,333
Other current liabilities	<u>37,373</u>	<u>40,767</u>
	<u>93,283</u>	<u>104,632</u>
<b>Long-term liabilities</b>		
Long term loan	-	13,169
Liability for employee rights upon retirement	21,224	22,476
Deferred income taxes	1,534	1,952
Deferred revenues	13,036	8,902
Operating lease liabilities, non-current	6,567	1,750
Others non-current liabilities	<u>2,071</u>	<u>2,337</u>
	<u>44,432</u>	<u>50,586</u>
<b>Stockholders' equity</b>	145,797	132,460
<b>Non-controlling interests</b>	<u>7,062</u>	<u>5,343</u>
<b>Total equity</b>	<u>152,859</u>	<u>137,803</u>
<b>Total liabilities and equity</b>	<u><u>290,574</u></u>	<u><u>293,021</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>Year ended December 31,</b>		<b>Three months period ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues:</b>				
Telematics services	209,558	189,649	53,887	48,776
Telematics products	<u>83,514</u>	<u>81,235</u>	<u>21,061</u>	<u>21,580</u>
	<u>293,072</u>	<u>270,884</u>	<u>74,948</u>	<u>70,356</u>
<b>Cost of revenues:</b>				
Telematics services	90,129	83,427	22,674	21,043
Telematics products	<u>65,381</u>	<u>59,619</u>	<u>16,421</u>	<u>15,501</u>
	<u>155,510</u>	<u>143,046</u>	<u>39,095</u>	<u>36,544</u>
Gross profit	137,562	127,838	35,853	33,812
Research and development expenses	16,848	14,099	4,616	3,931
Selling and marketing expenses	13,327	13,262	3,302	3,415
General and administrative expenses	48,705	46,118	12,574	12,393
Other expenses (income), net	<u>(92)</u>	<u>(256)</u>	<u>57</u>	<u>(104)</u>
Operating income	58,774	54,615	15,304	14,177
Other expenses, net	-	(109)	-	(106)
Financing income (expenses), net	<u>(5,944)</u>	<u>(5,538)</u>	<u>(1,292)</u>	<u>(822)</u>
Income before income tax	52,830	48,968	14,012	13,249
Income tax expenses	(12,745)	(11,854)	(3,747)	(2,799)
Share in gains (losses) of affiliated companies, net	<u>(585)</u>	<u>(102)</u>	<u>(173)</u>	<u>(63)</u>
Net income for the period	39,500	37,012	10,092	10,387
Less: Net income attributable to non-controlling interest	<u>(2,397)</u>	<u>(2,756)</u>	<u>(520)</u>	<u>(812)</u>
Net income attributable to the Company	<u>37,103</u>	<u>34,256</u>	<u>9,572</u>	<u>9,575</u>
<b>Basic and diluted earnings per share attributable to Company's stockholders</b>				
	<u>1.82</u>	<u>1.65</u>	<u>0.47</u>	<u>0.46</u>
<b>Basic and diluted weighted average number of shares outstanding (in thousands)</b>				
	<u>20,418</u>	<u>20,769</u>	<u>20,242</u>	<u>20,651</u>

**ITURAN LOCATION AND CONTROL LTD.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(in thousands)</b>	<b>US dollars</b>		<b>US dollars</b>	
	<b>Year ended December 31,</b>		<b>Three months period ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>				
Net income for the period	39,500	37,012	10,092	10,387
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Depreciation and amortization	20,134	18,096	5,263	4,767
Interest and exchange rate differences on loans	-	(47)	-	(47)
Loss (gain) in respect of marketable securities and other investments	3,860	2,387	20	(222)
Increase (decrease) in liability for employee rights upon retirement	1,243	2,069	(58)	501
Share in losses of affiliated company, net	585	102	173	63
Deferred income taxes	(737)	(443)	(622)	351
Capital losses (gain) on sale of property and equipment, net	(224)	(166)	80	(75)
Decrease (increase) in accounts receivable	(5,104)	(3,994)	(812)	2,997
Decrease (increase) in other current and non-current assets	(11,055)	1,047	(832)	(1,961)
Decrease (increase) in inventories	(5,835)	(3,841)	2,975	247
Increase (decrease) in accounts payable	1,419	1,776	(1,157)	(49)
Increase (decrease) in deferred revenues	2,169	318	1,162	(181)
Increase in obligation for purchase non-controlling interests	-	967	-	281
Increase (decrease) in other current and non-current liabilities	(837)	507	(370)	(1,017)
Net cash provided by operating activities	<u>45,118</u>	<u>55,790</u>	<u>15,914</u>	<u>16,042</u>
<b>Cash flows from investment activities</b>				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(868)	(2,097)	(320)	(240)
Capital expenditures	(26,505)	(16,626)	(7,747)	(5,380)
Investments in affiliated and other companies, net	(1,076)	(675)	(386)	(255)
Proceed from (repayment of) long term deposit	147	(48)	60	68
Investment in marketable securities	(103)	-	-	-
Proceeds from sale of property and equipment	<u>1,051</u>	<u>922</u>	<u>203</u>	<u>225</u>
Net cash used in investment activities	<u>(27,354)</u>	<u>(18,524)</u>	<u>(8,190)</u>	<u>(5,582)</u>
<b>Cash flows from financing activities</b>				
Repayment of long-term credit	(16,269)	(23,576)	(3,976)	(4,403)
Short term credit from banking institutions, net	(181)	(197)	(33)	(48)
Settlement of obligation to purchase non-controlling interests	-	(11,281)	-	(11,281)
Dividend paid	(11,465)	(15,809)	(2,844)	(2,905)
Dividend paid to non-controlling interests	-	(522)	-	(98)
Acquisition of company shares	<u>(8,445)</u>	<u>(7,281)</u>	<u>(2,999)</u>	<u>(5,411)</u>
Net cash used in financing activities	<u>(36,360)</u>	<u>(58,666)</u>	<u>(9,852)</u>	<u>(24,146)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,860)</u>	<u>(477)</u>	<u>(90)</u>	<u>1,045</u>
Net decrease in cash and cash equivalents	(22,456)	(21,877)	(2,218)	(12,641)
Balance of cash and cash equivalents at beginning of period	<u>50,306</u>	<u>72,183</u>	<u>30,068</u>	<u>62,947</u>
Balance of cash and cash equivalents at end of period	<u>27,850</u>	<u>50,306</u>	<u>27,850</u>	<u>50,306</u>

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

In November 2022, the Company declared a dividend in an amount of US\$ 3 million. The dividend was paid in January 2023.