

**ITURAN LOCATION AND CONTROL LTD.**

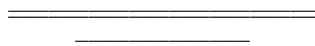
**Condensed Consolidated Financial Statements  
as of March 31, 2023**

# ITURAN LOCATION AND CONTROL LTD.

## Condensed Consolidated Financial Statements as of March 31, 2023

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**ITURAN LOCATION AND CONTROL LTD.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

|  | US dollars            |                       |
|--|-----------------------|-----------------------|
| (in thousands)   | March 31,<br>2023     | December 31,<br>2022  |
|  | (unaudited)           |                       |
| <b>Current assets</b>  |                       |                       |
| Cash and cash equivalents                                    | 33,276                | 27,850                |
| Investments in marketable securities                         | 209                   | 316                   |
| Accounts receivable (net of allowance for doubtful accounts) | 47,990                | 45,821                |
| Other current assets   | 52,382                | 48,156                |
| Inventories  | <u>27,963</u>         | <u>28,509</u>         |
|  | <u>161,820</u>        | <u>150,652</u>        |
| <b>Non- Current investments and other assets</b>             |                       |                       |
| Investments in affiliated companies                          | 1,143                 | 1,188                 |
| Investments in other companies                               | 1,730                 | 1,779                 |
| Other non-current assets                                     | 3,789                 | 3,129                 |
| Deferred income taxes  | 12,051                | 11,400                |
| Funds in respect of employee rights upon retirement          | <u>15,118</u>         | <u>15,146</u>         |
|  | <u>33,831</u>         | <u>32,642</u>         |
| <b>Property and equipment, net</b>                           | <u>42,969</u>         | <u>45,598</u>         |
| <b>Operating lease right-of-use assets, net</b>              | <u>8,678</u>          | <u>9,905</u>          |
| <b>Intangible assets, net</b>                                | <u>11,853</u>         | <u>12,620</u>         |
| <b>Goodwill</b>  | <u>39,411</u>         | <u>39,510</u>         |
| <br>   |                       |                       |
| <b>Total assets</b>  | <u><u>298,562</u></u> | <u><u>290,927</u></u> |

**ITURAN LOCATION AND CONTROL LTD.**

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

| <b>(in thousands)</b>                         | <b>US dollars</b>         |                              |
|---|---------------------------|------------------------------|
|   | <b>March 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|   | <b>(unaudited)</b>        |                              |
| <b>Current liabilities</b>                    |                           |                              |
| Credit from banking institutions              | 8,901                     | 11,845                       |
| Accounts payable                              | 23,903                    | 21,937                       |
| Deferred revenues                             | 23,105                    | 21,783                       |
| Other current liabilities                     | 38,719                    | 37,407                       |
|   | <u>94,628</u>             | <u>92,972</u>                |
| <b>Non- Current liabilities</b>               |                           |                              |
| Long term loan                                | 281                       | 345                          |
| Liability for employee rights upon retirement | 21,541                    | 21,224                       |
| Deferred income taxes                         | 1,534                     | 1,534                        |
| Deferred revenues                             | 14,283                    | 13,036                       |
| Others non-current liabilities                | 2,110                     | 2,071                        |
| Operating lease liabilities, non-current      | 5,847                     | 6,886                        |
|   | <u>45,596</u>             | <u>45,096</u>                |
| <b>Stockholders' equity</b>                   | 152,539                   | 145,797                      |
| <b>Non-controlling interests</b>              | 5,799                     | 7,062                        |
|   | <u>158,338</u>            | <u>152,859</u>               |
| <b>Total liabilities and equity</b>           | <u><u>298,562</u></u>     | <u><u>290,927</u></u>        |

**ITURAN LOCATION AND CONTROL LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

| <b>(in thousands<br/>except per share data)</b>                                | <b>US dollars</b>                               |               |
|--|---|---------------|
|  | <b>Three months period<br/>ended March 31 ,</b> |               |
|  | <b>2023</b>                                     | <b>2022</b>   |
|  | <b>(unaudited)</b>                              |               |
| <b>Revenues:</b>   |   |               |
| Telematics services  | 55,777  | 50,226        |
| Telematics products  | 23,695  | 21,846        |
|  | <u>79,472</u>                                   | <u>72,072</u> |
| <b>Cost of revenues:</b>   |   |               |
| Telematics services  | 23,392  | 22,132        |
| Telematics products  | 19,391  | 16,677        |
|  | <u>42,783</u>                                   | <u>38,809</u> |
| Gross profit   | 36,689  | 33,263        |
| Research and development expenses  | 4,138   | 4,140         |
| Selling and marketing expenses   | 3,323   | 3,124         |
| General and administrative expenses  | 13,273  | 11,712        |
| Other income (expenses), net   | 43  | (79)          |
| Operating income   | 15,912  | 14,366        |
| Other income, net  | 21  | -             |
| Financing expenses, net  | (195)   | (2,565)       |
| Income before income tax   | 15,738  | 11,801        |
| Income tax expenses  | (3,419)   | (2,464)       |
| Share in losses of affiliated companies ,net                                   | (366)   | (43)          |
| Net income for the period  | 11,953  | 9,294         |
| Less: Net income attributable to non-controlling interest                      | (598)   | (565)         |
| Net income attributable to the Company   | <u>11,355</u>                                   | <u>8,729</u>  |
| Basic and diluted earnings per share attributable to Company's stockholders    | <u>0.56</u>                                     | <u>0.43</u>   |
| Basic and diluted weighted average number of shares outstanding (in thousands) | <u>20,314</u>                                   | <u>20,534</u> |

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

| (in thousands)  | US dollars                              |         |
|---|---|---------|
|   | Three months period<br>ended March 31 , |         |
|   | 2023                                    | 2022    |
|   | (unaudited)                             |         |
| <b>Cash flows from operating activities</b>   |   |         |
| Net income for the period   | 11,953                                  | 9,294   |
| <b>Adjustments to reconcile net income to net cash from operating activities:</b>   |   |         |
| Depreciation and amortization   | 4,905                                   | 4,907   |
| Loss in respect of trading marketable securities                                    | 1                                       | 2,350   |
| Increase in liability for employee rights upon retirement, net                      | 861                                     | 918     |
| Share in losses of affiliated company, net  | 366                                     | 43      |
| Deferred income taxes   | (603)                                   | 157     |
| Capital gain from sale of property and equipment, net                               | (7)                                     | (62)    |
| Increase in accounts receivable   | (2,780)                                 | (3,685) |
| Increase in other current and non-current assets                                    | (4,576)                                 | (3,026) |
| Increase in inventories   | (159)                                   | (4,750) |
| Increase in accounts payable  | 3,665                                   | 1,211   |
| Increase in deferred revenues   | 2,729                                   | 1,846   |
| Increase (decrease) in other current and non-current liabilities                    | 1,040                                   | (2,253) |
| Net cash provided by operating activities   | 17,395                                  | 6,950   |
| <b>Cash flows from investment activities</b>  |   |         |
| Increase in funds in respect of employee rights upon retirement, net of withdrawals | (383)                                   | (392)   |
| Capital expenditures  | (2,903)                                 | (6,122) |
| Investments in affiliated and other companies                                       | (295)                                   | (377)   |
| Investment in long term deposit   | -                                       | (22)    |
| Sale of investment in marketable securities   | 99                                      | -       |
| Proceeds from sale of property and equipment  | 18                                      | 210     |
| Net cash used in investment activities  | (3,464)                                 | (6,703) |
| <b>Cash flows from financing activities</b>   |   |         |
| Short term credit from banking institutions, net                                    | 1,139                                   | (49)    |
| Repayment of long term loan   | (4,142)                                 | (4,177) |
| Dividend paid   | (2,797)                                 | (2,891) |
| Dividend paid to non-controlling interest   | (795)                                   | -       |
| Acquisition of company shares   | (1,200)                                 | -       |
| Net cash used in in financing activities  | (7,795)                                 | (7,117) |
| Effect of exchange rate changes on cash and cash equivalents                        | (710)                                   | (182)   |
| Net increase (decrease) in cash and cash equivalents                                | 5,426                                   | (7,052) |
| Balance of cash and cash equivalents at beginning of period                         | 27,850                                  | 50,306  |
| Balance of cash and cash equivalents at end of period                               | 33,276                                  | 43,254  |

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

In March 2023, the Company declared a dividend in the amount of US\$ 3 million. The dividend was paid in April 2023

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