

ITURAN LOCATION AND CONTROL LTD.

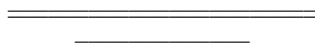
**Condensed Consolidated Financial Statements
as of June 30, 2023**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of June 30, 2023

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, 2023	December 31, 2022
	(unaudited)	
Current assets		
Cash and cash equivalents	34,205	27,850
Investments in marketable securities	257	316
Accounts receivable (net of allowance for doubtful accounts)	47,909	45,821
Other current assets	56,056	48,156
Inventories	28,048	28,509
	166,475	150,652
Non- Current investments and other assets		
Investments in affiliated companies	763	1,188
Investments in other companies	1,839	1,779
Other non-current assets	3,762	3,129
Deferred income taxes	12,849	11,400
Funds in respect of employee rights upon retirement	15,537	15,146
	34,750	32,642
Property and equipment, net	44,528	45,598
Operating lease right-of-use assets, net	7,994	9,905
Intangible assets, net	11,043	12,620
Goodwill	39,328	39,510
Total assets	304,118	290,927

ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

(in thousands)	US dollars	
	June 30, 2023	December 31, 2022
	(unaudited)	
Current liabilities		
Credit from banking institutions	4,143	11,845
Accounts payable	23,224	21,937
Deferred revenues	25,466	21,783
Other current liabilities	40,846	37,407
	<u>93,679</u>	<u>92,972</u>
Non- Current liabilities		
Long term loan	309	345
Liability for employee rights upon retirement	21,799	21,224
Deferred income taxes	1,395	1,534
Deferred revenues	14,335	13,036
Others non-current liabilities	1,983	2,071
Operating lease liabilities, non-current	4,975	6,886
	<u>44,796</u>	<u>45,096</u>
Stockholders' equity	159,303	145,797
Non-controlling interests	6,340	7,062
	<u>165,643</u>	<u>152,859</u>
Total equity		
	<u>165,643</u>	<u>152,859</u>
Total liabilities and equity	<u><u>304,118</u></u>	<u><u>290,927</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	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Revenues:				
Telematics services	114,963	102,540	59,186	52,314
Telematics products	<u>46,154</u>	<u>42,920</u>	<u>22,459</u>	<u>21,074</u>
	<u>161,117</u>	<u>145,460</u>	<u>81,645</u>	<u>73,388</u>
Cost of revenues:				
Telematics services	48,642	44,739	25,250	22,607
Telematics products	<u>37,124</u>	<u>33,627</u>	<u>17,733</u>	<u>16,950</u>
	<u>85,766</u>	<u>78,366</u>	<u>42,983</u>	<u>39,557</u>
Gross profit	75,351	67,094	38,662	33,831
Research and development expenses	8,354	8,131	4,216	3,991
Selling and marketing expenses	6,606	6,580	3,283	3,456
General and administrative expenses	27,716	23,698	14,443	11,986
Other income (expense), net	118	(118)	75	(39)
Operating income	<u>32,557</u>	<u>28,803</u>	<u>16,645</u>	<u>14,437</u>
Other expense, net	(3)	-	(24)	-
Financing income (expense), net	<u>154</u>	<u>(3,938)</u>	<u>349</u>	<u>(1,373)</u>
Income before income tax	32,708	24,865	16,970	13,064
Income tax expenses	(7,220)	(5,918)	(3,801)	(3,454)
Share in losses of affiliated companies, net	<u>(627)</u>	<u>(121)</u>	<u>(261)</u>	<u>(78)</u>
Net income for the period	24,861	18,826	12,908	9,532
Less: Net income attributable to non-controlling interest	<u>(1,257)</u>	<u>(1,359)</u>	<u>(659)</u>	<u>(794)</u>
Net income attributable to the Company	<u>23,604</u>	<u>17,467</u>	<u>12,249</u>	<u>8,738</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>1.17</u>	<u>0.85</u>	<u>0.61</u>	<u>0.43</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,158</u>	<u>20,497</u>	<u>20,118</u>	<u>20,460</u>

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

(in thousands)	US dollars		US dollars	
	Six month period		Three month period	
	ended June 30, 2023	2022	ended June 30, 2023	2022
	(unaudited)		(unaudited)	
Cash flows from operating activities				
Net income for the period	24,861	18,826	12,908	9,532
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	10,051	9,893	5,146	4,986
Loss (gain) in respect of trading marketable securities	(53)	3,772	(54)	1,422
Increase in liability for employee rights upon retirement	1,590	1,072	729	154
Share in losses of affiliated companies, net	627	121	261	78
Deferred income taxes	(1,394)	142	(791)	(15)
Capital loss (gain) on sale of property and equipment, net	46	(295)	53	(233)
Increase in accounts receivable	(2,952)	(5,051)	(172)	(1,366)
Increase in other current assets	(6,975)	(6,251)	(2,399)	(3,225)
Decrease (increase) in inventories	(609)	(3,995)	(450)	755
Increase (decrease) in accounts payable	939	255	(2,726)	(956)
Increase (decrease) in deferred revenues	5,227	541	2,498	(1,305)
Increase (decrease) in other current and non-current liabilities	3,544	(1,228)	2,504	1,025
Net cash provided by operating activities	<u>34,902</u>	<u>17,802</u>	<u>17,507</u>	<u>10,852</u>
Cash flows from investment activities				
Decrease (increase) in funds in respect of employee rights upon retirement, net of withdrawals	(1,160)	(373)	(777)	19
Capital expenditures	(6,282)	(14,718)	(3,379)	(8,596)
Investments in affiliated and other companies	(607)	(600)	(312)	(223)
Repayment of (Investments in) long term deposit	(45)	130	(45)	152
Sale of (investment in) marketable securities	99	(103)		(103)
Proceeds from sale of property and equipment	58	783	40	573
Net cash used in investment activities	<u>(7,937)</u>	<u>(14,881)</u>	<u>(4,473)</u>	<u>(8,178)</u>
Cash flows from financing activities				
Short term credit from banking institutions, net	185	(99)	(954)	(50)
Repayment of long term loan	(7,907)	(8,223)	(3,765)	(4,046)
Dividend paid	(5,617)	(5,766)	(2,820)	(2,875)
Purchase of treasury shares	(4,717)	(3,446)	(3,517)	(3,446)
Dividend paid to non-controlling interest	(1,687)	-	(892)	-
Net cash used in financing activities	<u>(19,743)</u>	<u>(17,534)</u>	<u>(11,948)</u>	<u>(10,417)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(867)</u>	<u>(3,022)</u>	<u>(157)</u>	<u>(2,840)</u>
Net increase (decrease) in cash and cash equivalents	6,355	(17,635)	929	(10,583)
Balance of cash and cash equivalents at beginning of the period	<u>27,850</u>	<u>50,306</u>	<u>33,276</u>	<u>43,254</u>
Balance of cash and cash equivalents at end of the period	<u>34,205</u>	<u>32,671</u>	<u>34,205</u>	<u>32,671</u>

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