

ITURAN LOCATION AND CONTROL LTD.

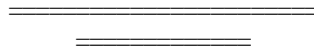
**Condensed Consolidated Financial Statements
as of December 31, 2023**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of December 31, 2023

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ITURAN LOCATION AND CONTROL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

| (In thousands) | US dollars | |
|--|-----------------------|-----------------------|
| | December 31, | |
| | 2023 | 2022 |
| Current assets | | |
| Cash and cash equivalents | 53,434 | 27,850 |
| Investments in marketable securities | 119 | 316 |
| Accounts receivable (net of allowance for doubtful accounts) | 45,390 | 45,821 |
| Other current assets | 52,724 | 48,156 |
| Inventories | <u>26,872</u> | <u>28,509</u> |
| | ----- | ----- |
| 178,539 | 178,539 | 150,652 |
| Long-term investments and other assets | | |
| Investments in affiliated companies | 714 | 1,188 |
| Investments in other companies | 2,213 | 1,779 |
| Other non-current assets | 3,989 | 3,129 |
| Deferred income taxes | 14,452 | 11,400 |
| Funds in respect of employee rights upon retirement | <u>18,525</u> | <u>15,146</u> |
| | ----- | ----- |
| 39,893 | 39,893 | 32,642 |
| Property and equipment, net | <u>41,955</u> | <u>45,598</u> |
| | ----- | ----- |
| Operating lease right-of-use assets, net | <u>8,071</u> | <u>9,905</u> |
| | ----- | ----- |
| Intangible assets, net | <u>10,830</u> | <u>12,620</u> |
| | ----- | ----- |
| Goodwill | <u>39,400</u> | <u>39,510</u> |
| | ----- | ----- |
| Total assets | <u><u>318,688</u></u> | <u><u>290,927</u></u> |

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS (cont.)

| (In thousands) | US dollars | |
|---|----------------------|----------------|
| | December 31, 2023 | 2022 |
| Current liabilities | | |
| Credit from banking institutions | 355 | 11,845 |
| Accounts payable | 20,842 | 21,937 |
| Deferred revenues | 27,117 | 21,783 |
| Other current liabilities | 44,150 | 37,407 |
| | 92,464 | 92,972 |
| Long-term liabilities | | |
| Long term loan | 237 | 345 |
| Liability for employee rights upon retirement | 24,562 | 21,224 |
| Deferred income taxes | 1,116 | 1,534 |
| Deferred revenues | 13,259 | 13,036 |
| Operating lease liabilities, non-current | 4,774 | 6,886 |
| Others non-current liabilities | 2,027 | 2,071 |
| | 45,975 | 45,096 |
| Stockholders' equity | 174,454 | 145,797 |
| Non-controlling interests | 5,795 | 7,062 |
| | 180,249 | 152,859 |
| Total liabilities and equity | 318,688 | 290,927 |

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| (in thousands except per share data) | US dollars | | US dollars | |
|---|------------------------------------|----------------|---|----------------|
| | Year ended December 31, | | Three months period ended December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | |
| Telematics services | 234,541 | 209,558 | 59,426 | 53,887 |
| Telematics products | <u>85,437</u> | <u>83,514</u> | <u>18,382</u> | <u>21,061</u> |
| | <u>319,978</u> | <u>293,072</u> | <u>77,808</u> | <u>74,948</u> |
| Cost of revenues: | | | | |
| Telematics services | 98,707 | 90,129 | 25,080 | 22,674 |
| Telematics products | <u>68,110</u> | <u>65,381</u> | <u>14,328</u> | <u>16,421</u> |
| | <u>166,817</u> | <u>155,510</u> | <u>39,408</u> | <u>39,095</u> |
| Gross profit | 153,161 | 137,562 | 38,400 | 35,853 |
| Research and development expenses | 16,986 | 16,848 | 4,240 | 4,616 |
| Selling and marketing expenses | 13,643 | 13,327 | 3,535 | 3,302 |
| General and administrative expenses | 56,635 | 48,705 | 14,305 | 12,574 |
| Other expenses (income), net | <u>(58)</u> | <u>(92)</u> | <u>(185)</u> | <u>57</u> |
| Operating income | 65,955 | 58,774 | 16,505 | 15,304 |
| Other income, net | 2 | - | 5 | - |
| Financing expenses, net | <u>(1,552)</u> | <u>(5,944)</u> | <u>(1,653)</u> | <u>(1,292)</u> |
| Income before income tax | 64,405 | 52,830 | 14,857 | 14,012 |
| Income tax expenses | (13,355) | (12,745) | (2,534) | (3,747) |
| Share in profit (losses) of affiliated companies, net | <u>(706)</u> | <u>(585)</u> | <u>116</u> | <u>(173)</u> |
| Net income for the period | 50,344 | 39,500 | 12,439 | 10,092 |
| Less: Net income attributable to non-controlling interest | <u>(2,207)</u> | <u>(2,397)</u> | <u>(420)</u> | <u>(520)</u> |
| Net income attributable to the Company | <u>48,137</u> | <u>37,103</u> | <u>12,019</u> | <u>9,572</u> |
| | | | | |
| Basic and diluted earnings per share attributable to Company's stockholders | <u>2.40</u> | <u>1.82</u> | <u>0.60</u> | <u>0.47</u> |
| | | | | |
| Basic and diluted weighted average number of shares outstanding (in thousands) | <u>20,061</u> | <u>20,418</u> | <u>19,959</u> | <u>20,242</u> |

ITURAN LOCATION AND CONTROL LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands) | US dollars | | US dollars | |
|---|----------------------------|----------|---|---------|
| | Year ended December 31, | | Three months period ended December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | |
| Net income for the period | 50,344 | 39,500 | 12,439 | 10,092 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | |
| Depreciation and amortization | 21,068 | 20,134 | 5,407 | 5,263 |
| Loss in respect of marketable securities and other investments | 89 | 3,860 | 32 | 20 |
| Increase (decrease) in liability for employee rights upon retirement | 2,507 | 1,243 | 226 | (58) |
| Share in losses (profit) of affiliated company, net | 706 | 585 | (116) | 173 |
| Deferred income taxes | (3,125) | (737) | (1,430) | (622) |
| Capital losses (gain) on sale of property and equipment, net | 89 | (224) | 54 | 80 |
| Decrease (increase) in accounts receivable | (26) | (5,104) | 1,769 | (812) |
| Decrease (increase) in other current and non-current assets | (3,169) | (11,055) | 940 | (832) |
| Decrease (increase) in inventories | 1,102 | (5,835) | 201 | 2,975 |
| Increase (decrease) in accounts payable | (1,863) | 1,419 | 1,090 | (1,157) |
| Increase in deferred revenues | 5,703 | 2,169 | 935 | 1,162 |
| Increase (decrease) in other current and non-current liabilities | 3,793 | (837) | 232 | (370) |
| Net cash provided by operating activities | 77,218 | 45,118 | 21,779 | 15,914 |
| Cash flows from investment activities | | | | |
| Increase in funds in respect of employee rights upon retirement, net of withdrawals | (2,384) | (868) | (451) | (320) |
| Capital expenditures | (14,243) | (26,505) | (4,050) | (7,747) |
| Investments in affiliated and other companies, net | (800) | (1,076) | (244) | (386) |
| Proceed from (repayment of) long term deposit | (100) | 147 | 40 | 60 |
| Sale of (Investment in) marketable securities | 99 | (103) | - | - |
| Proceeds from sale of property and equipment | 199 | 1,051 | 55 | 203 |
| Net cash used in investment activities | (17,229) | (27,354) | (4,650) | (8,190) |
| Cash flows from financing activities | | | | |
| Repayment of long-term credit | (11,732) | (16,450) | (244) | (4,009) |
| Short term credit from banking institutions, net | 299 | - | (1,187) | - |
| Dividend paid | (11,561) | (11,465) | (2,943) | (2,844) |
| Dividend paid to non-controlling interests | (3,327) | - | - | - |
| Acquisition of company shares | (6,613) | (8,445) | - | (2,999) |
| Net cash used in financing activities | (32,934) | (36,360) | (4,374) | (9,852) |
| Effect of exchange rate changes on cash and cash equivalents | (1,471) | (3,860) | 800 | (90) |
| Net change in cash and cash equivalents | 25,584 | (22,456) | 13,555 | (2,218) |
| Balance of cash and cash equivalents at beginning of period | 27,850 | 50,306 | 39,879 | 30,068 |
| Balance of cash and cash equivalents at end of period | 53,434 | 27,850 | 53,434 | 27,850 |

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

In November 2023, the Company declared a dividend in an amount of approximately US\$ 5 million. The dividend was paid in January 2024.