

ITURAN LOCATION AND CONTROL LTD.

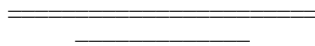
**Condensed Consolidated Financial Statements
as of September 30, 2023**

ITURAN LOCATION AND CONTROL LTD.

Condensed Consolidated Financial Statements as of September 30, 2023

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ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

	US dollars	
(in thousands)	September 30, 2023	December 31, 2022
	(unaudited)	
Current assets		
Cash and cash equivalents	39,879	27,850
Investments in marketable securities	144	316
Accounts receivable (net of allowance for doubtful accounts)	45,481	45,821
Other current assets	51,888	48,156
Inventories	26,125	28,509
	163,517	150,652
Non- Current investments and other assets		
Investments in affiliated companies	602	1,188
Investments in other companies	1,780	1,779
Other non-current assets	3,967	3,129
Deferred income taxes	12,828	11,400
Funds in respect of employee rights upon retirement	15,790	15,146
	34,967	32,642
Property and equipment, net	41,589	45,598
Operating lease right-of-use assets, net	6,991	9,905
Intangible assets, net	10,852	12,620
Goodwill	39,213	39,510
Total assets	297,129	290,927

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

	US dollars	
(in thousands)	September 30, 2023	December 31, 2022
	(unaudited)	
Current liabilities		
Credit from banking institutions	1,729	11,845
Accounts payable	18,802	21,937
Deferred revenues	25,139	21,783
Other current liabilities	<u>39,015</u>	<u>37,407</u>
	<u>84,685</u>	<u>92,972</u>
Non- Current liabilities		
Long term loan	263	345
Liability for employee rights upon retirement	21,819	21,224
Deferred income taxes	1,255	1,534
Deferred revenues	13,899	13,036
Others non-current liabilities	1,896	2,071
Operating lease liabilities, non-current	<u>4,538</u>	<u>6,886</u>
	<u>43,670</u>	<u>45,096</u>
Stockholders' equity	163,701	145,797
Non-controlling interests	<u>5,073</u>	<u>7,062</u>
Total equity	<u>168,774</u>	<u>152,859</u>
Total liabilities and equity	<u><u>297,129</u></u>	<u><u>290,927</u></u>

ITURAN LOCATION AND CONTROL LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars		US dollars	
	Nine months period ended September 30, 2023		Three months period ended September 30, 2023	
	2022		2022	
	(unaudited)		(unaudited)	
Revenues:				
Telematics services	175,115	155,671	60,152	53,131
Telematics products	<u>67,055</u>	<u>62,453</u>	<u>20,901</u>	<u>19,533</u>
	<u>242,170</u>	<u>218,124</u>	<u>81,053</u>	<u>72,664</u>
Cost of revenues:				
Telematics services	73,627	67,455	24,985	22,716
Telematics products	<u>53,782</u>	<u>48,960</u>	<u>16,658</u>	<u>15,333</u>
	<u>127,409</u>	<u>116,415</u>	<u>41,643</u>	<u>38,049</u>
Gross profit	114,761	101,709	39,410	34,615
Research and development expenses	12,746	12,232	4,392	4,101
Selling and marketing expenses	10,108	10,025	3,502	3,445
General and administrative expenses	42,330	36,131	14,614	12,433
Other expense (income), net	127	(149)	9	(31)
Operating income	<u>49,450</u>	<u>43,470</u>	<u>16,893</u>	<u>14,667</u>
Other expense, net	(3)	-	-	-
Financing income (expense), net	<u>101</u>	<u>(4,652)</u>	<u>(53)</u>	<u>(714)</u>
Income before income tax	49,548	38,818	16,840	13,953
Income tax expenses	(10,821)	(8,998)	(3,601)	(3,080)
Share in losses of affiliated companies, net	<u>(822)</u>	<u>(412)</u>	<u>(195)</u>	<u>(291)</u>
Net income for the period	37,905	29,408	13,044	10,582
Less: Net income attributable to non-controlling interest	<u>(1,787)</u>	<u>(1,877)</u>	<u>(530)</u>	<u>(518)</u>
Net income attributable to the Company	<u>36,118</u>	<u>27,531</u>	<u>12,514</u>	<u>10,064</u>
Basic and diluted earnings per share attributable to Company's stockholders				
	<u>1.80</u>	<u>1.35</u>	<u>0.63</u>	<u>0.49</u>
Basic and diluted weighted average number of shares outstanding (in thousands)				
	<u>20,096</u>	<u>20,435</u>	<u>19,912</u>	<u>20,347</u>

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

(in thousands)	US dollars		US dollars	
	Nine months period ended September 30,		Three months period ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Cash flows from operating activities				
Net income for the period	37,905	29,408	13,044	10,582
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	15,661	14,871	5,610	4,978
Losses in respect of trading marketable securities	57	3,840	110	68
Increase in liability for employee rights upon retirement	2,281	1,301	691	229
Share in losses of affiliated companies, net	822	412	195	291
Deferred income taxes	(1,695)	(115)	(301)	(257)
Capital loss (gain) on sale of property and equipment, net	35	(304)	(11)	(9)
Decrease (increase) in accounts receivable	(1,795)	(4,292)	1,157	759
Decrease (increase) in other current assets	(4,109)	(10,223)	2,866	(3,972)
Decrease (increase) in inventories	901	(8,810)	1,510	(4,814)
Increase (decrease) in accounts payable	(2,953)	2,576	(3,892)	2,319
Increase (decrease) in deferred revenues	4,768	1,007	(459)	465
Increase (decrease) in other current and non-current liabilities	3,561	(467)	17	761
Net cash provided by operating activities	<u>55,439</u>	<u>29,204</u>	<u>20,537</u>	<u>11,400</u>
Cash flows from investment activities				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(1,933)	(548)	(773)	(175)
Capital expenditures	(10,193)	(18,758)	(3,911)	(4,040)
Investments in affiliated and other companies	(556)	(690)	51	(90)
Investment in (sale of) marketable securities	99	(103)	-	-
Proceeds from (Investments in) deposits	(140)	87	(95)	(43)
Proceeds from sale of property and equipment	144	848	86	65
Net cash used in investment activities	<u>(12,579)</u>	<u>(19,164)</u>	<u>(4,642)</u>	<u>(4,283)</u>
Cash flows from financing activities				
Short term credit from banking institutions, net	1,486	(148)	1,301	(49)
Repayment of long-term loan	(11,488)	(12,293)	(3,581)	(4,070)
Dividend paid	(8,618)	(8,621)	(3,001)	(2,855)
Dividend paid to non-controlling interest	(3,327)	-	(1,640)	-
Acquisition of company shares purchased by a wholly owned subsidiary	(6,613)	(5,446)	(1,896)	(2,000)
Net cash used in financing activities	<u>(28,560)</u>	<u>(26,508)</u>	<u>(8,817)</u>	<u>(8,974)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,271)</u>	<u>(3,770)</u>	<u>(1,404)</u>	<u>(746)</u>
Net decrease in cash and cash equivalents	12,029	(20,238)	5,674	(2,603)
Balance of cash and cash equivalents at beginning of the period	<u>27,850</u>	<u>50,306</u>	<u>34,205</u>	<u>32,671</u>
Balance of cash and cash equivalents at end of the period	<u>39,879</u>	<u>30,068</u>	<u>39,879</u>	<u>30,068</u>

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