

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE SECOND QUARTER OF 2021

AZOUR, Israel – August 23, 2021 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the second quarter of 2021.

Highlights of the Second Quarter of 2021

- Growth in both aftermarket and OEM subscribers: net increase in aftermarket of 23,000 and net increase in OEM of 1,000;
- Revenues of \$67.5 million, an increase of 27% year-over-year;
- Net income of \$9.1 million, versus last year's \$6.3 million net loss;
- EBITDA of \$18.2 million, up 30% year-over-year (excluding last year's impairment);
- Generated \$19.0 million in quarterly operating cash flow;
- Declared dividend of \$3 million; Renewed share buy-back program;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “We are very pleased with our results, especially with the above-average growth in our after-market subscriber base. While the pandemic continues to impact many of the countries we operate in, we are pleased with our solid performance, demonstrating that even in the hardest of times, Ituran has a strong enough business base to successfully overcome all the challenges it has been faced with. As the global recovery moves to a more solid footing with the associated recovery in global car sales, Ituran is exceptionally well-positioned across all its geographies to capitalize on the ongoing recovery and renewed growth.”

Continued Sheratzky, “In June, one of our early-stage mobility technology holdings, Bringg, a company we seeded in 2014, raised capital from leading venture capital investors. We are very proud that in only seven years, this company, of which Ituran remains the largest shareholder with 17%, has grown to its current valuation of \$1 billion and it is still valued at close to zero on our balance sheet. Ituran prides itself on its ability to correctly read market trends and invest into disruptive mobility technologies. Our investment in Bringg is a successful element of this strategy and has become a strong value-add to Ituran and its shareholders.”

Added Sheratzky, “Our continued profitability and ongoing cash generation, enables us to share the fruits of our ongoing success with our shareholders. Beyond the regular dividend payment of at least \$3 million per quarter, the Board of Directors also renewed our share buy-back program of which \$19 million remains and which will commence in the coming days. We believe that the ability to buy back Ituran shares, depending on market conditions, is another tool in our arsenal that will contribute to shareholder value.”

Second Quarter 2021 Results

Revenues for the second quarter of 2021 were \$67.5 million, an increase of 27% compared with revenues of \$53.3 million in the second quarter of 2020.

70% of revenues were from location-based service subscription fees and 30% were from product revenues.

Revenues from subscription fees were \$46.9 million, an increase of 7% over second quarter 2020 revenues.

The subscriber base amounted to 1,812,000 as of June 30, 2021.

This represents an increase of 24,000 net over that of the end of the prior quarter. During the quarter, there was an increase of 23,000 in the aftermarket subscriber base and an increase of 1,000 in the OEM subscriber base.

Product revenues were \$20.5 million, an increase of 114% compared with that of the second quarter of 2020. Product revenues in the second quarter of 2020 were impacted due to the Covid-related economic shutdowns throughout the world.

Gross profit for the quarter was \$30.8 million (45.7% of revenues), an 11% increase compared with gross profit of \$27.7 million (51.9% of revenues) in the second quarter of 2020.

The gross margin in the quarter on subscription revenues was 54.8%, compared with 58.5% in the second quarter of 2020. The gross margin on subscription revenue in the second quarter of last year was unusually high due to short-term cost reduction made by the Company to mute the impact of the Covid shutdowns, and current levels represent the more typical level of subscription gross margin.

The gross margin on products was 24.8% in the quarter, compared with 21.8% in the second quarter of 2020.

Operating income for the quarter was \$13.8 million (20.4% of revenues), compared with an operating loss of \$4.9 million in the second quarter of last year. In the second quarter of last year, it is noted that there was an impairment charge of \$14.2 million. Excluding that charge, operating income in the current quarter grew by 48% compared with operating income in the second quarter of 2020 amounting to \$9.3 million (17.5% of revenues).

EBITDA for the quarter was \$18.2 million (26.9% of revenues), compared with an EBITDA loss of \$0.3 million in the second quarter of last year. Excluding the above-mentioned impairment charge last year, current EBITDA represents an increase of 30% versus EBITDA of \$13.9 million (26.1% of revenues) in the second quarter of last year.

Financial expense for the quarter was \$1.0 million compared with a financial income of \$1.5 million in the second quarter of last year, which last year mainly related to the Saver-One increase in value in its market capitalisation.

Net income for the second quarter of 2021 was \$9.1 million (13.5% of revenues) or earnings per share of \$0.44, compared with a loss of \$6.3 million or loss per share of \$0.30. Excluding the above-mentioned impairment charge last year, current net income represents an increase of 28% compared to a net income of \$7.1 million and earnings per share of \$0.34 in the second quarter of 2020.

Cash flow from operations for the second quarter of 2021 was \$19.0 million.

As of June 30, 2021, the Company had cash, including marketable securities, of \$71.8 million and debt of \$38.5 million, amounting to a net cash of \$33.3 million. This is compared with cash, including marketable securities, of \$78.8 million and debt of \$54.5 million, amounting to a net cash of \$24.3 million, as of December 31, 2020.

Dividend

For the second quarter of 2021, a dividend of \$3.0 million was declared. This is in line with the Board's current policy of issuing at least \$3 million on a quarterly basis.

Buy Back

On August 4, 2021, Ituran announced that its Board of Directors made a decision to continue executing the \$19 million remainder of a \$25 million share buy-back program that was first announced in 2019. The buy back program will commence on August 25, 2021.

The share repurchases, if any, will be funded by available cash and repurchases of Ituran's ordinary shares will be made based on SEC Rule 10b-18 terms.

Conference Call Information

The Company will also be hosting a conference call later today, August 23, 2021 at 9am Eastern Time.

On the call, management will review and discuss the results, and will be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls a few minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 866 860 9642
ISRAEL Dial-in Number: 03 918 0609
INTERNATIONAL Dial-in Number: +972 3 918 0609

**at:
9:00am Eastern Time, 6:00am Pacific Time, 4:00pm Israel Time**

For those unable to listen to the live call, a replay of the call will be available from the day after the call in the investor relations section of Ituran's website.

Certain statements in this press release are "forward-looking statements" within the meaning of the Securities Act of 1933, as amended. These forward-looking statements include, but are not limited to, our plans, objectives, expectations and intentions and other statements contained in this report that are not historical facts as well as statements identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or words of similar meaning. These statements are based on our current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors, as well as factors related to the global COVID-19 pandemic.

About Ituran

Ituran is a leader in the emerging mobility technology field, providing value-added location-based services, including a full suite of services for the connected-car. Ituran offers Stolen Vehicle Recovery, fleet management as well as mobile asset location, management & control services for vehicles, cargo and personal security for the retail, insurance industry and car manufacturers. Ituran is the largest OEM telematics provider in Latin America. Its products and applications are used by customers in over 20 countries. Ituran is also the founder of the Tel-Aviv based DRIVE startup incubator to promote the development of smart mobility technology.

Ituran's subscriber base has been growing significantly since the Company's inception to approaching 2 million subscribers using its location based services with a market leading position in Israel and Latin America. Established in 1995, Ituran has approximately 3,000 employees worldwide, with offices in Israel, Brazil, Argentina, Mexico, Ecuador, Columbia, India, Canada and the United States.

For more information, please visit Ituran's website, at: www.ituran.com

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