

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE SECOND QUARTER OF 2022

AZOUR, Israel – August 29, 2022 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the second quarter of 2022.

Highlights of the Second Quarter of 2022

- Growth in total subscribers to approximately 1,972,000: net increase in aftermarket of 50,000 and net decrease in OEM of 2,000;
- Revenues of \$73.4 million, an increase of 9% year-over-year;
- Net income of \$8.7 million compared with \$9.1 million in the second quarter of last year;
- EBITDA of \$19.4 million, compared with \$18.2 million in the second quarter of last year, up 7% year-over-year;
- Generated \$10.9 million in quarterly operating cash flow;
- Declared dividend of \$3.0 million; purchased \$3.4 million under share buy-back program;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “We are very pleased with the results of the second quarter, especially at a time when component supply chains remained tight and new car sales remain constrained. In particular, the above-average growth in our after-market subscriber base has continued for the second quarter this year and we have so far added 91,000 subscribers in 2022- well on target to reach or even surpass the top-end of our expected range of between 140,000-160,000 for the year.”

Continued Mr. Sheratzky, “The strong growth in our subscriber base is beginning to be expressed in our subscriber revenue growth, which despite currency headwinds, showed a growth of 11% year-over-year. We also demonstrated a 130 basis-point improvement in the subscriber gross margin, demonstrating that the operating leverage in our business is beginning to become more apparent.”

Added Mr. Sheratzky, “Our continued profitability and ongoing cash generation, enable us to share the fruits of our ongoing success with our shareholders. Beyond the regular dividend payment of \$3 million per quarter, we purchased \$3.4 million in shares under our share buy-back program. Both our dividend and share buy-back programs are expressions of our ongoing focus on generating shareholder value.”

Second Quarter 2022 Results

Revenues for the second quarter of 2022 were \$73.4 million, an increase of 9% compared with revenues of \$67.5 million in the second quarter of 2021. 71% of revenues were from location-based service subscription fees and 29% were from product revenues.

Revenues from subscription fees were \$52.3 million, an increase of 11% over second quarter 2021 revenues.

The subscriber base amounted to 1,972,000 as of June 30, 2022. This represents an increase of 48,000 net over that of the end of the prior quarter. During the quarter, there was an increase of 50,000 in the aftermarket subscriber base and a decrease of 2,000 in the OEM subscriber base.

Product revenues were \$21.1 million, an increase of 3% compared with that of the second quarter of 2021.

Gross profit for the quarter was \$33.8 million (46.1% of revenues), an 9% increase compared with gross profit of \$31.1 million (46.2% of revenues) in the second quarter of 2021.

The gross margin in the quarter on subscription revenues improved to 56.8%, compared with 55.5% in the second quarter of 2021.

The gross margin on products was 19.6% in the quarter, compared with 24.8% in the second quarter of 2021. The product margin was impacted by the higher components' prices up until the beginning of the year, due to the ongoing global shortage of component as well as the product sales mix sold in the quarter. As the shortage of components has began to ease, we expect improvement in our product gross margins toward the end of the year

Operating income for the quarter was \$14.4 million (19.7% of revenues), compared with \$13.8 million (20.4% of revenue) in the second quarter of last year.

EBITDA for the quarter was \$19.4 million (26.5% of revenues), compared with \$18.2 (26.9% of revenues) million in the second quarter of last year.

Financial expense for the quarter was \$1.4 million compared with a financial expense of \$1.0 million in the second quarter of last year.

Net income for the second quarter of 2022 was \$8.7 million (11.9% of revenues) or earnings per share of \$0.43, compared with a \$9.1 million (13.5% of revenues) or earnings per share of \$0.44.

Cash flow from operations for the second quarter of 2022 was \$10.9 million.

As of June 30, 2022, the Company had cash, including marketable securities, of \$33.2 million and debt of \$20.1 million, amounting to a net cash of \$13.1 million. This is compared with cash, including marketable securities, of \$54.7 million and debt of \$31.4 million, amounting to a net cash of \$23.3 million, as of December 31, 2021.

Dividend

For the second quarter of 2022, 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 decided to continue executing the \$19 million remainder of a \$25 million share buy-back program that was first announced in 2019. Under the current buy-back program, 146,589 shares amounting to \$3.4 million was purchased in the second quarter and approximately \$8 remains under the current program.

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 29, 2022 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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