

ITURAN PRESENTS RECORD SUBSCRIBER GROWTH, RECORD REVENUE & RECORD EBITDA IN ITS FULL YEAR 2022 RESULTS

Subscriber-adds in Q4 of 46,000 and 185,000 for FY 2022

Expects recent strong subscriber growth to contribute to accelerated growth in 2023

AZOUR, Israel – February 28, 2023 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the fourth quarter and full year of 2022.

Highlights of full year 2022

- Number of subscribers reached 2,066,000 at year-end adding a record 185,000 over the year; Surpassed the milestone of 2 million subscribers;
- Record revenue of \$293.1 million, an increase of 8% year-over-year;
- Net income of \$37.1, an increase of 8% year-over-year;
- Record EBITDA of \$78.9 million, an increase of 9% year-over-year;
- Generated \$45.1 million in full year operating cash flow;
- Year-end net cash and marketable securities of \$16.0 million;
- Returns to shareholders: issued \$12 million in dividends and bought back shares in the amount of \$8.4 million during the year;

Highlights of the fourth quarter of 2022

- 46,000 net subscriber growth: net increase in aftermarket of 44,000 and net increase in OEM of 2,000;
- Revenues of \$74.9 million, an increase of 7% year-over-year;
- Net income was \$9.6 million, similar to that of last year;
- EBITDA of \$20.6 million, up 9% year-over-year;
- Generated \$15.9 million in quarterly operating cash flow;
- Declared dividend of \$3 million and continued share buy-back program totaling \$3 million in the quarter;

Subscriber Growth Forecast in 2023

Management's expectations for the growth rate of the global after-market subscriber base in 2023 at between 180,000 to 200,000, net new subscribers-adds.

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “2022 was a good year for Ituran and sets us exceptionally well for 2023 and beyond. We expect that 2023 is the year that we will increasingly enjoy the fruits of efforts over the past two years which led us to approximately doubling the quarterly net-adds and growth in our subscriber base. This has been a culmination of our adding new and attractive products and services, focused on bringing strong value and meeting our customer's needs as well as harvesting the synergies of our 2 million-plus subscriber base across all our geographies.”

Continued Mr. Sheratzky, “We are very happy with the 2022 financial results, showing continued growth, and record revenue and record EBITDA. We also demonstrated our highest subscriber gross margin since 2018, demonstrating that the operating leverage in our business is now becoming more apparent. The strong growth in our subscriber base is also beginning to be expressed in our subscriber revenue growth, which in local currencies showed a 11% year-over-year growth, and as our subscriber revenues grow, the inherent operating leverage in our model will enable the gross margin to continue to trend upwards. Looking ahead, we are excited for the year ahead, and expect the positive trends that started in 2022 to continue into 2023 and beyond.”

Fourth quarter 2022 Results

Revenues for the fourth quarter of 2022 were \$74.9 million, an increase of 7% compared with revenues of \$70.4 million in the fourth quarter of 2021.

72% of revenues were from location-based service subscription fees and 28% were from product revenues.

Revenues from subscription fees were \$53.9 million, an increase of 10% over fourth quarter 2021 revenues. In local currency terms, subscription revenues grew by 14% compared with that of the fourth quarter of last year.

The subscriber base amounted to 2,066,000 as of December 31, 2022. This represents an increase of 46,000 net over that of the end of the prior quarter, and an increase of 185,000 year-over-year. During the quarter, there was an increase of 44,000 in the aftermarket subscriber base and a increase of 2,000 in the OEM subscriber base.

Product revenues were \$21.1 million, a decrease of 2% compared with that of the fourth quarter of 2021. While decreasing in US dollar terms, in local currency terms, product revenues increased by 4%, compared with that of the fourth quarter of last year.

Gross profit for the quarter was \$35.9 million (47.8% of revenues), a 6% increase compared with gross profit of \$33.8 million (48.1% of revenues) in the fourth quarter of last year.

The gross margin in the quarter on subscription revenues was 57.9%, compared with 56.9% in the fourth quarter of last year. The gross margin on products was 22.0% in the quarter, compared with 28.2% in the fourth quarter of last year.

Operating income for the quarter was \$15.3 million (20.4% of revenues), an increase of 8% compared with an operating income of \$14.2 million (20.2% of revenues) in the fourth quarter of last year.

EBITDA for the quarter was \$20.6 million (27.4% of revenues), an increase of 9% compared with an EBITDA of \$18.9 million (26.9% of revenues) in the fourth quarter of last year.

Financial expense for the quarter was \$1.3 million compared with a financial expense of \$0.8 million in the fourth quarter of last year.

Net income for the fourth quarter of 2022 was \$9.6 million (12.8% of revenues) or diluted earnings per share of \$0.47, at the similar level of \$9.6 million (13.6% of revenues) or diluted earnings per share of \$0.46 in the fourth quarter of last year.

Cash flow from operations for the fourth quarter of 2022 was \$15.9 million.

Full Year 2022 Results

Revenues for 2022 was a record \$293.1 million, an 8% increase over the \$270.9 million reported in 2021. In local currency terms, revenue grew by 10% compared with that of 2021.

72% of revenues were from location-based service subscription fees and 28% were from product revenues.

Revenues from subscription fees were \$209.6 million, representing an increase of 10% over 2021. In local currency terms, subscription revenue grew by 11% compared with that of 2021.

Product revenues were \$83.5 million, representing an increase of 3% compared with 2021. In local currency terms, product revenue grew by 6% compared with that of 2021.

Gross profit for the year was \$137.6 million (46.9% of revenues). This represents an increase of 8% compared with gross profit of \$127.8 million (47.2% of revenues) in 2021. The gross margin in the year on subscription revenues was 57.0%, compared with 56.0% in 2021. The gross margin on products was 21.7%, compared with 26.6% in 2021.

Operating profit for 2022 was \$58.8 million (20.1% of revenues) an increase of 8% compared with operating profit of \$54.6 million (20.2% of revenues) in 2021.

EBITDA for 2022 was a record \$78.9 million (26.9% of revenues), an increase of 9% compared to \$72.7 million (26.8% of revenues) in 2021.

Net income in 2022 was \$37.1 million (12.7% of revenues) or fully diluted earnings per share of \$1.82, an increase of 8% compared with net income of \$34.3 million (12.6% of revenues) or fully diluted earnings per share of \$1.65 in 2021.

Cash flow from operations for the year was \$45.1 million.

As of December 31, 2022, the Company had cash, including marketable securities, of \$28.2 million and debt of \$12.2 million, amounting to a net cash of \$16.0 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 fourth quarter of 2022, a dividend of \$3 million was declared.

Buy Back

On August 23, 2021, Ituran announced that its Board of Directors made the decision to continue executing on the \$19 million remainder of a \$25 million share buy-back program that was first announced in 2019. Share repurchases, were funded by available cash and repurchases of Ituran's ordinary shares under SEC Rule 10b-18 terms.

In the fourth quarter, under the renewed program, Ituran purchased 131,000 shares for a total of \$3.0 million. During 2022, a total of 357,000 were purchased, totaling \$8.4 million.

Conference Call Information

The Company will also be hosting a conference call later today, February 28, 2023 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 over 2 million subscribers using its location-based services with a market leading position in Israel and Latin America. Established in 1995, Ituran has 2,800 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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