KENNY

Ladies and gentlemen, thank you for standing by.

My name is Kenny Green and I am part of the investor relations team at Ituran.

I would like to welcome all of you to Ituran's results Zoom webinar and I would like to thank Ituran's management for hosting this conference call.

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All participants other than the presenters are currently muted. Following the formal presentation, I will provide some instructions for participating in the live question and answer session.

I would like to remind everyone that this conference call is being recorded and the recording will be available from the link in the earnings press release and on Ituran's website from tomorrow.

With me today on the call are:

- Mr. Eyal Sheratzky, CEO
- Mr. Udi Mizrahi, Deputy CEO and VP Finance;
- Mr. Eli Kamer, CFO of Ituran

Eyal will begin with a summary of the quarter's results, followed by Eli with a summary of the financials. We will then open the call for the questions and answer session.

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You should have all received by now the company's press release - if not, please view it on the company's website.

I'd like to remind everyone the safe harbor statement in today's press release also covers the contents of this conference call and the associated presentation.

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And now, Eyal, would you like to begin please ....?

EYAL

INTRODUCTION

Thank you, Kenny.

I'd like to welcome all of you to our second quarter 2026 results call and thank you for joining us today.

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INITIAL SUMMARY

We are very pleased to report an excellent second quarter for Ituran, with record revenue and profitability, with strong growth across every line of our income statement.

For the quarter, overall revenue grew 21% year-over-year to a record of $104.8 million. Our recurring subscription revenue grew by 25% to $80 million, making up 76% of our total revenues.

Beyond that, we grew all of our profit metrics - operating income, EBITDA and net income – all ahead of revenue, allowing the operating leverage built into our business model to shine through.

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SUBSCRIBERS

During the quarter, we added 41,000 net new subscribers, bringing our total subscriber base to 2,711,000 at the end of June 2026. This is in line with our expected run-rate and shows continued healthy organic growth across our core markets.

Our long-term success in growing our global subscriber base consistently, is due to our ongoing efforts in offering new products and value-added services to our customer base, while at the same time tapping into new market segments and new regions.

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OEM RELATIONSHIPS

Our OEM relationships remain a key growth driver…

During the second quarter, we continued to ramp our existing OEM programs across South America, including Connect Fiat, our new program with Stellantis launched earlier this year, exclusive to the Fiat Strada.

We remain in active discussions with additional OEMs that you do not see on this list, while at the same time looking to expand our existing relationships with Nissan, Renault, General Motors, Yamaha, BMW and others. Growing our OEM roster has been and continues to be the main vector for Ituran’s long-term growth.

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Growth Engines

Beyond our core subscriber-based telematics business, we continue to advance the growth initiatives I have discussed on previous calls, which we believe can become meaningful long-term contributors to Ituran.

Those include:

- **IturanMob** - our car rental solution, which we recently launched in the US market;
- **Credit Carbon** - our platform that lets drivers of electric and zero-emission vehicles generate and sell verified carbon savings, connecting them with the companies that need to offset emissions; and
- **Leveraging our Big Data capabilities** –

…all of which significantly grow our addressable markets.

On the Big Data side, following the initial agreement we announced last quarter, we are continuing in advanced discussions with a number of potential customers, and we are active on a number of pilot projects. We would hope to be able to announce a further Big Data agreement with one of these in the near term.

Our Big Data capabilities have significant long-term potential to support governments, transport authorities, commercial centers, OEMs and other customers, enabling them to make better decisions based on vast amounts of transportation data, while creating revenue opportunities that can grow, beyond our traditional subscription model.

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DIVIDEND

Ituran continues to be a strongly cash-generating business, and we generated our highest-ever cash flow from operations during the quarter, amounting to $32.2 million.

Reflecting our continuing strong profitability, ongoing and significant positive cash flow and strong balance sheet, the Board of Directors declared a dividend of $10 million for the quarter - which represents $0.50 per share, in line with our standard dividend policy.

In addition, $3 million in shares were purchased under our buy-back program, which is another return of capital to shareholders to enhance value.

We see our ongoing dividend and buy-back program, as a reward to our shareholders for their loyalty and long-term support of our company.

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SUMMARY

In summary...

We are very pleased with our performance in the second quarter - with record revenue and record profitability and continued healthy subscriber additions.

At the same time, we continue to look for new avenues to drive further growth across all of our regions. Our expanding OEM programs, our growth engines and the opportunities to monetize our Big Data assets are all examples of this.

We remain confident in our ability to deliver continued growth and profitability through 2026, and in our long-term strategy to transform Ituran into a significantly larger company.

And with that I hand over to Eli - Eli please go ahead.

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ELI

Thanks, Eyal.

I will provide a short summary of the financial results.

You can find the more detailed results in the press release that we issued earlier today.

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REVENUES

Second quarter revenues were a record $104.8 million, a 21% increase compared with revenues of $86.8 million in the second quarter of last year.

Revenues from subscription fees in the quarter were $79.8 million, an increase of 25% year-over-year, and represented 76% of total revenues.

Product revenues in the quarter were $25.0 million, an increase of 8% year-over-year.

SUBSCRIBER BASE

The subscriber base expanded to 2,711,000 by the end of the second quarter, an increase of 41,000 from the end of the previous quarter.

Geographic Breakdown

The geographic breakdown of revenues in the second quarter was as follows:

Israel - 56%

Brazil - 22%

Rest of World - 22%

EBITDA Summary

EBITDA for the quarter was $28.5 million, or 27.2% of revenues, an increase of 24% compared with EBITDA of $22.9 million, or 26.4% of revenues, in the second quarter of last year.

Finance expenses in the second quarter were $1.3 million, in line with finance expenses of $1.3 million in the second quarter of last year. The expense this quarter was mainly due to the strengthening of the Israeli Shekel against the US Dollar, which lowered the value of US Dollar linked deposits held in Israel, resulting in a finance expense on those deposits.

Profit Summary

Net income for the second quarter was $17.3 million, or 16.5% of revenues, or diluted earnings per share of $0.88, an increase of 29% compared with $13.5 million, or 15.5% of revenues, or diluted earnings per share of $0.68 in the second quarter of last year.

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Balance Sheet Items

Cash flow from operations for the second quarter of 2026 was $32.2 million.

As of June 30, 2026, the Company had net cash, including marketable securities, of $103.7 million, which includes no debt.

This is compared with net cash, including marketable securities, of $107.6 million as of year-end 2025.

Dividend & Buy Back

The Board of Directors declared a dividend of $10 million for the quarter, or $0.50 per share.

The current dividend takes into account the Company's continuing strong profitability, ongoing positive cash flow and strong balance sheet.

During the quarter $3 million in shares were purchased under the buy-back program. The total remaining authorization is about $10 million. Share buy-backs will be funded by available cash and will be made in line with SEC Rule 10b-18.

[Q&A Page of Presentation]

And with that, I'd like to open the call for the question and answer session.

Operator?

Q&A

Operator

Thank you

Okay, we'll now open the call for the question and answer session.

We'll poll for questions. Our first question will be from Derek Greenberg from Maxim. Derek, please go ahead.

Derek Greenberg, Maxim Group

Hi guys, good morning. Good afternoon in Israel. I wanted to start just on the big data opportunity you're pursuing. I was wondering, first, if you could just talk about the engagement you already had with the Ministry of Transportation in Israel. I was wondering if that had concluded, any feedback you had received? And if that's concluded, where that might show up on the income statement?

Eyal Sheratzky, CEO

This deal transaction was already concluded in the end in Q1, and it was not -- as we said, it was not a very large deal, but still, it was few millions of shekels and it was basically a need of a specific division in this ministry to look for places where trucks in Israel are making specific accidents in order to analyze where is the best place to open a rest areas. In Israel, there is no rest areas for trucks like in the States or in Europe. And this is the next phase they want to do in order to prevent accidents and fatigue of drivers, et cetera.

And based on historical data, by the way, because we have different prices for real-time data, 1-year old data, et cetera.

And in that case, we saw data a few years ago for these millions of shekels, and this was the first need. And as I said in my speech, we see more needs of public transportation agents or governmental, which we have discussions. And as I said, we are optimistic that soon we will have -- we're expecting to have more deals, which can be more valuable and more larger deals in different aspects of public transportation, municipality needs, et cetera.

Derek Greenberg, Maxim

Okay. Great. And just on the pipeline, I was curious, do you think the majority of opportunities currently are predominantly in Israel? Or are you seeing opportunities internationally as well?

Eyal Sheratzky, CEO

Currently, we started in Israel. The advantage that we have to start in Israel is that in Israel, the portion of -- or the ratio between the total vehicles on roads with Ituran cars -- I mean, Ituran subscriber base is very high.

We have about 1 million subscribers, cars among 3 million. So it means that we have a lot of data when we talk about roads, when we talk about cars, we talk about preferences, et cetera. So it's -- first, it's something which we can create more confidence, and we can really start with a specific agents such as governmental, et cetera. But our goal is after we will create a substantial market in Israel, and we will have some experience of more and more commercial deals to take it out to our next geographies, which is typical should be Brazil and Mexico. But in that case, we will have to focus on our specific customers, which our customer base on those countries will allow us to provide a very accurate data. Just to remind you, if we have about 0.5 million subscribers in Brazil, it represent much lower percentage of the total cars, and they drive in a lower number of places in Brazil. But still, we have a lot to contribute to customers, and we will do it, but we start with Israel.

Derek Greenberg, Maxim Group

Okay. That makes a lot of sense. That was super helpful. I had one on just FX impacts in the quarter. I was wondering if there was anything noteworthy there. I know last quarter, I think there was like a $1 million benefit from FX. I was wondering if there was anything to call out on that front.

Udi Mizrahi, Deputy CEO

It's almost the same as the last quarter, meaning almost an effect of $1 million on the EBIT.

Derek Greenberg, Maxim Group

Okay. Got it. And then lastly, just IturanMOB in the U.S. I was wondering if you could just talk about how that's progressing so far, the discussions you're having and what you're seeing there?

Eyal Sheratzky, CEO

So from the side of the marketing side, the interest of the market, we see higher and higher traction. On the other hand or the other part is our part to install, to marketing and sales. We're still going in a very low mode in order to get our own confidence before we start spending more money, more budget basically on business development and sales. But compared to last quarter, we have more and more pilots and more and more customers.

The numbers in terms of -- I mean, when we monetize it from customers to money, we are still in a very low numbers. So this is the reason why we are not yet provide specific data. We are in the beginning. But as I said, the most important issue is the interest of the market, of the car rentals company, et cetera. We spread now and we expand our capabilities in more and more cities. And as I said at the beginning, this is a midterm project. It's not something that will contribute substantial amount in 2026 and also in 2027. But once we will see that it's ramping up with a more material numbers, of course, I will inform everyone.

Derek Greenberg, Maxim Group

Great. Thanks for taking my questions, guys.

Operator

Our next question is going to be from Sergey Glinyanov of Freedom Capital Markets. Sergey, please go ahead.

Sergey Glinyanov, Freedom Capital Markets

Good afternoon, guys. So I'm just wondering how today training on such products and markets like motorcycle market and UBI, how it's trading for Ituran?

Eyal Sheratzky, CEO

Regarding motorcycles, as you know, Sergey, and as we stated in the past, our main focus in the Brazilian market -- we started with the OEM deals with Yamaha and BMW. And this is ramping up very impressive. We see that our customers, Yamaha and BMW are very satisfied with the capabilities with no problems, et cetera.

And it's now started to contribute to our growing subscriber base in Brazil.

Our next phases will be or already exist is talking and try to expand those names to other names, and we have discussion. Again, I don't have any new deal that I can report, but I hope and believe that we will continue to push and we will get it. And then, of course, you will know. And this is regarding motorcycles. And I really believe that it's start and go and to be a major portion of our growth in subscribers in Brazil. Regarding UBI, we are still focusing in the Israeli market.

We see a growth, but it's still something that I have to remind you, the ARPU is low. And second is go to a specific usually segment of the second car at home or young people cars, but it's still growing, but it's not yet something that we succeed to expand it to other geographies, except Argentina, which is a smaller numbers as well.

Sergey Glinyanov, Freedom Capital Markets

Okay. Got it. And maybe you can share your thoughts on could you use your big data project to accumulate the data for using it in UBI segments as well?

Eyal Sheratzky, CEO

The answer is absolutely yes. Currently, we use the UBI based on personal data. And of course, we have discussions with insurance companies in Israel for showing them there is a lot of usage that they can do, not only based on Ituran subscriber and need to run hardware, but also about the big data that Ituran can provide.

And this is something that can give for them a lot of benefits of how they can pricing new and old insurers based on where they live, how they drive, where they drive, et cetera. And they are looking on that. But like it was with the UBI, insurance industry is a very, very traditional industry, very traditional ways of taking decision. It's changing, but it's changing slow. But this is what we believe will be the next phase after we will continue to close deals with the governmental authorities and public transportation authorities.

And then we have 2, I would say, 2 customers, which is -- which are today traditionally our channels, which is insurance companies and car dealers and car importers to Israel. And this is something that will be the next phase, and we put a lot of efforts on that.

Sergey Glinyanov, Freedom Capital Markets

Okay, thank you for taking my question.

Operator

That looks like the end of the questions.

So before I hand back to Eyal, I just want to let everybody know that this conference call will be available from tomorrow on Ituran's website on the Investor Relations side or alternatively, you can get through the Zoom link. And with that, I'd like to hand back to Eyal for the closing statement. Eyal, please go ahead.

EYAL SHERATZKI, CEO- CONCLUDING STATEMENT

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On behalf of the management of Ituran, I would like to thank you, our shareholders, for your continued interest and long-term support of our business. We look forward to continuing our successes over the coming years.

If you are interested in meeting or speaking with us, please feel free to reach out to our investor relations team.

And with that we end our call.

Have a good day.