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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **November 9, 2016**

**ITERIS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**001-08762**  
(Commission File Number)

**95-2588496**  
(IRS Employer Identification No.)

**1700 Carnegie Ave., Suite 100, Santa Ana, California 92705**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(949) 270-9400**

**Not Applicable**

(Former Name or Former Address, if Changed since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - ☐ Pre-commencement communications pursuant to Rule 4d-2(b) under the Exchange Act
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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**Item 2.02       Results of Operations and Financial Condition.**

The information in this Current Report, including the accompanying exhibit, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing.

On November 9, 2016, Iteris, Inc. issued a press release announcing its financial results for the second quarter ended September 30, 2016. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

**Item 9.01       Financial Statements and Exhibits.**

(d)       Exhibits

99.1       Press Release dated November 9, 2016 of the Registrant.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 9, 2016

ITERIS, INC.,  
a Delaware corporation

By: /s/ Andrew Schmidt  
Andrew C. Schmidt  
Vice President of Finance &  
Chief Financial Officer



For Release at 1:05 p.m., PST on 11/9/16

**Iteris Reports Record Second Quarter Revenue of \$24.1 Million;  
Fiscal YTD EBITDA Positive Performance**

**SANTA ANA, Calif. — November 9, 2016** — Iteris, Inc. (NASDAQ: ITI), the global leader in applied informatics for transportation and agriculture, today reported financial results for its fiscal second quarter ended September 30, 2016.

**Fiscal Second Quarter 2017 Financial Highlights**

- Record total revenue of \$24.1 million, up 17% year over year
- Cash Flow Positive from Operations; Cash Balance \$15.7 million
- Transportation Systems revenue of \$12.3 million, up 46% year over year
- Agriculture and Weather Analytics (formerly known as Performance Analytics) revenue of \$800,000, up 51% year over year
- Improved earnings performance; GAAP net loss in the second quarter was \$40,000, or (\$0.00) per share, compared to a GAAP net loss of \$395,000, or (\$0.01) per share, in second quarter a year ago

**Management commentary:**

“We are pleased to deliver another quarter of record revenue results and significant improvement in operating income,” said Joe Bergera, President and CEO. “Our continued acceleration is a function of business model enhancements and continuous innovation in our Transportation segments, as well as the realization of some efficiencies from our Agriculture and Weather business as it begins to achieve scale.

“We continue to see powerful, global trends in both our transportation and agriculture end-markets, and expect these trends to benefit Iteris long-term. To that end, we have concentrated for the last several quarters on establishing robust and defensible platforms for growth. We intend to remain highly disciplined in executing against our strategic plan.”

**Business Segment Reassignment**

Beginning in the Company’s first fiscal quarter of 2017, certain operations that were previously within its Agriculture and Weather Analytics segment (formerly known as Performance Analytics), specifically its performance measurement and information management solution iPeMS® and related traffic consulting services, were reassigned to the Transportation Systems segment to better align the Company’s traffic analytics capabilities, resources and initiatives. Prior year segment information presented in the table below has been re-classified to reflect this change.

## **GAAP Fiscal Second Quarter 2017 Financial Results**

Total revenues in the second quarter of fiscal 2017 increased 17% to a record \$24.1 million, compared to \$20.6 million in the same quarter a year ago. This growth was primarily driven by a 46% increase in Transportation Systems, and to a lesser extent, a 51% increase in Agriculture and Weather Analytics revenues. The Transportation Systems segment experienced significant backlog growth during the second half of fiscal 2016, which contributed to revenue growth in the Company's second fiscal quarter of 2017.

Operating expenses in the second quarter were \$9.6 million, compared to \$8.5 million in the same quarter a year ago. The increase was primarily due to increases in selling, general and administrative expenses, including increased headcount, particularly in the Agriculture and Weather Analytics segment where employee headcount was increased to support the sales and marketing of the Company's ClearAg® solutions. The increase in operating expenses was also attributable to increased headcount in corporate headquarters general and administrative positions.

Operating loss in the second quarter was \$185,000, compared to an operating loss of approximately \$569,000 in the same quarter a year ago. Net loss in the second quarter was \$40,000 or (\$0.00) per share, compared to a net loss of \$395,000 or (\$0.01) per share in the year-ago quarter.

## **Non-GAAP Fiscal Q2 2017 Financial Results**

In addition to results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company has included the following non-GAAP financial measures: non-GAAP operating expenses, non-GAAP operating loss, non-GAAP net loss and non-GAAP basic and diluted loss per share from continuing operations. These non-GAAP financial measures exclude the following items: (a) audit fee overruns; (b) financial consulting services; (c) severance and transition related costs paid to the Company's former Chief Executive Officer; and (d) the estimated income tax effect of the foregoing non-GAAP adjustments. A discussion of the Company's use of these non-GAAP financial measures is set forth below in the financial statements portion of this release under the heading "Non-GAAP Financial Measures and Reconciliation," which also includes a reconciliation of such non-GAAP financial measures to their most comparable GAAP financial measures for the three months ended September 30, 2016 and 2015.

Non-GAAP operating expenses in the second quarter increased to \$9.6 million, compared to \$8.4 million in the same quarter a year ago. Non-GAAP operating loss in the second quarter was \$185,000, compared to an operating loss of \$506,000 in the same quarter a year ago. Non-GAAP net loss in the first quarter was \$40,000, or (\$0.00) per share, compared to a net loss of \$356,000, or (\$0.01) per share, in the same quarter a year ago.

## **Earnings Conference Call**

Iteris will conduct a conference call today to discuss its fiscal second quarter 2017 results.

**Date:** Wednesday, November 9, 2016

**Time:** 4:30 p.m. Eastern time (1:30 p.m. Pacific time)

**Toll-free dial-in number:** 1-888-208-1814

**International dial-in number:** 1-719-325-2460

**Conference ID:** 7099785

To listen to the live or archived webcast of the earnings call or to view the press release, please visit the investor relations section of the Iteris website at [www.iteris.com](http://www.iteris.com).

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through November 23, 2016. To access the replay dial information, please click [here](#).

## **About Iteris, Inc.**

Iteris is the global leader in applied informatics for transportation and agriculture, turning big data into big breakthrough solutions. We collect, aggregate and analyze data on traffic, roads, weather, water, soil and crops to generate precise informatics that lead to safer transportation and smarter farming. Municipalities, government agencies, crop science companies, farmers and agronomists around the world use our solutions to make roads safer and travel more efficient, as well as farmlands more sustainable, healthy and productive. Visit [www.iteris.com](http://www.iteris.com) for more information.

## **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:**

This release may contain forward-looking statements, which speak only as of the date hereof and are based upon our current expectations and the information available to us at this time. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “seeks,” “estimates,” “may,” “will,” “can,” and variations of these words or similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements about the Company’s anticipated growth opportunities, the impact of the new management team, the impact and success of new product introductions and acquisitions, our future performance, growth, operating results, financial condition and prospects. Such statements are subject to certain risks, uncertainties, and assumptions that are difficult to predict and actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Important factors that may cause such a difference include, but are not limited to, federal, state and local government budgetary issues, constraints and delays; the timing and amount of government funds allocated to overall transportation infrastructure projects and the transportation industry; the potential impact of the recently extended Federal Highway Bill on the Intelligent Transportation industry and the expected benefits to Iteris; the potential unforeseen impact of product and service offerings from competitors, increased competition in certain market segments and other competitive pressures; our ability to secure additional Transportation Systems consulting contracts and successfully complete such contracts on a timely basis; our ability to specify, develop, complete, introduce, market and gain broad acceptance of our new and existing products and technologies the timing and successful completion of customer qualification of our products and the risks of non-qualification; the availability of components used in the manufacture of certain of our products; the effectiveness of efficiency, cost, and expense reduction efforts; our ability to successfully identify, complete and integrate acquisitions of products, technologies and companies; our ability to retain, integrate and incentivize our new management team and their ability to shape the strategic direction of the company and implement change; any softness in the real estate development market, and the impact of general economic and political conditions and specific conditions in the markets we address, and the possible disruption in government spending and commercial activities related to terrorist activity or armed conflict in the United States and internationally. Further information on Iteris, Inc., including additional risk factors that may affect our forward-looking statements, as contained in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and our other SEC filings that are available through the SEC’s website ([www.sec.gov](http://www.sec.gov)).

## **Investor Relations**

MKR Group, Inc.  
Todd Kehrli  
323-468-2300  
[iti@mkr-group.com](mailto:iti@mkr-group.com)

**ITERIS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	September 30, 2016	March 31, 2016
<b>ASSETS:</b>		
Cash	\$ 15,713	\$ 16,029
Trade accounts receivable, net	12,459	13,241
Costs and estimated earnings in excess of billings on uncompleted contracts	6,983	5,250
Inventories	2,774	3,153
Prepaid expenses and other current assets	2,022	1,505
Total current assets	39,951	39,178
Property and equipment, net	2,168	2,139
Goodwill	17,318	17,318
Intangible and other assets, net	1,385	1,385
Total assets	\$ 60,822	\$ 60,020
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Accounts payable and other current liabilities	\$ 12,777	\$ 12,633
Billings in excess of costs and estimated earnings on uncompleted contracts	2,403	2,294
Total current liabilities	15,180	14,927
Long-term liabilities	1,593	1,631
Total liabilities	16,773	16,558
Stockholders' equity	44,049	43,462
Total liabilities and stockholders' equity	\$ 60,822	\$ 60,020

**ITERIS, INC.**  
**UNAUDITED CONSOLIDATED**  
**STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Total revenues	\$ 24,060	\$ 20,573	\$ 47,986	\$ 38,938
Cost of revenues	14,605	12,690	29,122	23,417
Gross profit	9,455	7,883	18,864	15,521
Operating expenses:				
Selling, general and administrative	7,858	6,286	15,663	12,774
Research and development	1,698	2,074	3,308	3,577
Amortization of intangible assets	84	92	169	184
Total operating expenses	9,640	8,452	19,140	16,535
Operating loss	(185)	(569)	(276)	(1,014)
Non-operating income (expense):				
Other (expense) income, net	(2)	4	(6)	4
Interest income, net	4	4	5	7
Loss from continuing operations before income taxes	(183)	(561)	(277)	(1,003)
Benefit for income taxes	8	112	7	310
Loss from continuing operations	(175)	(449)	(270)	(693)
Gain on sale of discontinued operation, net of tax	135	54	191	106
Net loss	\$ (40)	\$ (395)	\$ (79)	\$ (587)
Loss per share from continuing operations — basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Gain per share from sale of discontinued operation — basic and diluted	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.00
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.02)
Shares used in basic and diluted per share calculations	32,117	31,935	32,085	32,069



**ITERIS, INC.**  
**UNAUDITED SEGMENT REPORTING DETAILS**  
(in thousands)

	Roadway Sensors	Transportation Systems	Ag & Weather Analytics	Iteris, Inc.
<b>Three Months Ended September 30, 2016</b>				
Total revenues	\$ 10,895	\$ 12,327	\$ 838	\$ 24,060
Segment operating income (loss)	\$ 2,647	\$ 2,549	\$ (2,077)	\$ 3,119
Corporate and other income (expense), net				(3,220)
Amortization of intangible assets				(84)
Operating loss				<u>\$ (185)</u>

	Roadway Sensors	Transportation Systems	Ag & Weather Analytics	Iteris, Inc.
<b>Three Months Ended September 30, 2015</b>				
Total revenues	\$ 11,559	\$ 8,459	\$ 555	\$ 20,573
Segment operating income (loss)	\$ 2,457	\$ 1,195	\$ (2,050)	\$ 1,602
Corporate and other income (expense), net				(2,079)
Amortization of intangible assets				(92)
Operating loss				<u>\$ (569)</u>

	Roadway Sensors	Transportation Systems	Ag & Weather Analytics	Iteris, Inc.
<b>Six Months Ended September 30, 2016</b>				
Total revenues	\$ 21,499	\$ 24,726	\$ 1,761	\$ 47,986
Segment operating income (loss)	\$ 4,956	\$ 4,894	\$ (3,690)	\$ 6,160
Corporate and other income (expense), net				(6,267)
Amortization of intangible assets				(169)
Operating loss				<u>\$ (276)</u>

	Roadway Sensors	Transportation Systems	Ag & Weather Analytics	Iteris, Inc.
<b>Six Months Ended September 30, 2015</b>				
Total revenues	\$ 21,464	\$ 16,252	\$ 1,222	\$ 38,938
Segment operating income (loss)	\$ 5,197	\$ 2,046	\$ (3,358)	\$ 3,885
Corporate and other income (expense), net				(4,715)
Amortization of intangible assets				(184)
Operating loss				<u>\$ (1,014)</u>

**ITERIS, INC.**  
**Non-GAAP Financial Measures and Reconciliation**

In addition to results presented in accordance with GAAP, the Company has included the following non-GAAP financial measures in this release: non-GAAP operating expenses, non-GAAP operating (loss) income, non-GAAP net income and non-GAAP basic and diluted earnings per share from continuing operations. These non-GAAP financial measures exclude the following items: (a) audit fee overruns; (b) financial consulting services; (c) severance and transition related costs paid to the Company's former Chief Executive Officer; and (d) the estimated income tax effect of the foregoing non-GAAP adjustments.

Iteris believes that the presentation of these non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. Iteris' management believes that the use of these non-GAAP financial measures provides consistency and comparability among and between results from prior periods or forecasts and future prospects, and also facilitates comparisons with other companies in its industry. The Company's management believes that the exclusion of the items described above provides insight into core operating results, the ability to generate cash and underlying business trends affecting performance. Iteris has chosen to provide this information to investors to enable them to perform additional analysis of past, present and future operating performance and as a supplemental means to evaluate ongoing core operations.

Management uses certain non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies' financial information and should be considered as a supplement to, not a substitute for, or superior to, the corresponding financial measures calculated in accordance with GAAP.

Details of the items excluded from GAAP financial results in calculating non-GAAP financial measures and explanatory footnotes are as follows:

- a) Audit fee overruns were calculated as the amount of audit fees that exceeded the expected fees per the Company's audit engagement letters. For the audit of Fiscal 2015, approximately \$150,000 of fee overruns were recorded into the first fiscal quarter of 2016 and no audit fees were incurred in second fiscal quarter of 2016.
- b) Management engaged financial consulting service firms to assist with the completion of its Fiscal 2015 and Fiscal 2014 audits. The fees incurred for assistance with the Fiscal 2015 audit were incurred during the first quarter of Fiscal 2016.
- c) On February 25, 2015, the Company's Chief Executive Officer resigned and, as a result, the Company incurred approximately \$86,000 and \$63,000 in severance and transition related expenses in the first and second fiscal quarters of 2016, respectively.
- d) The amount represents the estimated income tax effect of the non-GAAP adjustments. The tax effect of non-GAAP adjustments was calculated by applying an estimated tax rate of 38% to each specific non-GAAP item.

**Iteris, Inc.**  
**Schedule Reconciling GAAP Net (Loss) to Non-GAAP Net (Loss)**  
(\$ in thousands, except per share amounts)  
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
GAAP net loss	\$ (40)	\$ (395)	\$ (79)	\$ (587)
GAAP loss per share from continuing operations - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>The non-GAAP amounts have been adjusted to exclude the following items:</b>				
Excluded from operating expenses				
Audit Fee overrun (a)	\$ —	\$ —	\$ —	\$ (150)
Financial consulting services (b)	—	—	—	(161)
Executive management severance costs (c)	—	(63)	—	(149)
Total excluded from operating expenses	\$ —	\$ (63)	\$ —	\$ (460)
Total excluded operating loss	\$ —	\$ (63)	\$ —	\$ (460)
Income tax effect on non-GAAP adjustments (d)	—	24	—	175
Total excluded from operating expenses after income tax effect	\$ —	\$ (39)	\$ —	\$ (285)
Non-GAAP net loss	\$ (40)	\$ (356)	\$ (79)	\$ (302)
Non-GAAP loss per share from continuing operations - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)

(a) - (d) See corresponding footnotes above.

**Iteris, Inc.**  
**Schedule Reconciling GAAP Operating (Loss) to Non-GAAP Operating (Loss) Income**  
(\$ in thousands, except per share amounts)  
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
GAAP operating expenses	\$ 9,640	\$ 8,452	\$ 19,140	\$ 16,535
Audit Fee overrun (a)	—	—	—	(150)
Financial consulting services (b)	—	—	—	(161)
Executive management severance costs (c)	—	(63)	—	(149)
Non-GAAP operating expenses	<u>\$ 9,640</u>	<u>\$ 8,389</u>	<u>\$ 19,140</u>	<u>\$ 16,075</u>
GAAP operating loss	\$ (185)	\$ (569)	\$ (276)	\$ (1,014)
Audit Fee overrun (a)	—	—	—	(150)
Financial consulting services (b)	—	—	—	(161)
Executive management severance costs (c)	—	(63)	—	(149)
Non-GAAP operating loss	<u>\$ (185)</u>	<u>\$ (506)</u>	<u>\$ (276)</u>	<u>\$ (554)</u>