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## Investor Technology Update

NASDAQ: ITI

December 7<sup>th</sup>, 2021



# Welcome and Introductions

# Safe Harbor Statement

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This presentation may contain “forward-looking statements” within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Words such as “anticipates,” “expects,” “intends,” “goals,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “may,” “will,” “would,” “should,” “could,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements may include the potential or anticipated growth relating to the total addressable market (TAM) or market opportunity, the development status and planned availability of new products and features, and guidance provided on future revenue, gross margins, and certain operating expenses. All statements that we make or incorporate by reference in the presentation, other than statements or characterizations of historical fact, are forward-looking statements and involved many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. It should be clearly understood that these forward-looking statements, and our assumptions about the factors that influence them, are based on the limited information available to management at the date of this presentation (unless an earlier date is indicated). Such information is subject to change, and we may not inform you when changes occur. We undertake no obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

Forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those described in the statements you hear today as a result of various factors. For further information on Iteris, Inc., including additional risk factors that may affect our forward-looking statements that could contribute to such differences or otherwise affect our business, results of operations and financial condition is 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)).

For additional financial and statistical information, including the information disclosed in accordance with SEC Regulation G, please see the Investors section of our website ([www.iteris.com](http://www.iteris.com)).

**Non-GAAP Financial Measures:** This presentation includes certain non-GAAP financial measures, such as adjusted EBITDA. To supplement our assessment of results prepared in accordance with GAAP, we use non-GAAP measures as defined by the Securities and Exchange Commission. For a reconciliation of such non-GAAP financial measures to the closest GAAP measure as well as why management believes these measures are useful, see “Non-GAAP Financial Measures” in the Appendix of this presentation.

# Agenda

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**Welcome and Introductions**

**Company Overview**

**Infrastructure to Vehicle Communication – A discussion with Continental**

**Intelligent Technology for Enhanced Safety and Mobility**

**Questions and Answers**

**Closing Remarks**



# Speakers

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**Joe Bergera**  
President & CEO



**Doug Groves**  
SVP & CFO



**Murali Srinivasan**  
**Continental**  
VP Passive Safety &  
Sensorics Business  
Unit, North America



**Todd Kreter**  
SVP & GM,  
Advanced Sensor  
Solutions



**Al McGowan**  
SVP  
Business Development

# Company Overview

**Joe Bergera, CEO**

**Doug Groves, SVP and CFO**



# Smart mobility demands smart infrastructure.

Iteris combines leading software, hardware, and services on a platform that's built to enable the future of connected transportation.

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**10k+**

public agency &  
commercial customers

**200k+**

sensors installed

**32**

patents

**440**

industry, technical  
& domain experts

# Born on the ground, launched in the cloud, and made for this moment.

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**\$127M**

TTM revenue

**10%**

Year-over-year  
TTM revenue growth

**26%**

Current ARR as  
% of total revenue

**1.5** petabytes

data processed  
annually





**We believe the world's  
oldest infrastructure is also  
its newest opportunity.**

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**But to unlock this opportunity, we must evolve.**  
**From physical network,**



## A highly fragmented landscape

>\$60B legacy market with dozens of categories,  
each comprised of multiple point solutions.

## An outdated patchwork of technology

Local agencies often struggle to operate in complex, heterogeneous environments, with limited resources and expertise.

## An impediment to shared goals

Despite increasing interdependencies, the existing infrastructure makes it difficult for agencies to collaborate with one another, let alone with industry stakeholders (e.g. auto OEMs, fleet operators, and insurers).



# To data-driven, dynamic ecosystem.



## **Connected by the cloud**

The adoption of new cloud architectures and process virtualization will enable greater interoperability.

## **Empowered by always-on insights**

Virtualizing common challenges will enable agencies and businesses to rapidly shape solutions.

## **Transformed through partnership**

Ecosystem collaboration will create a virtuous cycle that benefits all participants.

# Only Iteris has what it takes to deliver on the promise of **smarter infrastructure** for a cloud-connected world.

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## Today

Disparate applications  
Built on outmoded practices  
Closed systems  
Brittle legacy architecture  
Fragmented resources & support

## Tomorrow

Integrated platform  
Multi-disciplinary best practices  
Open, configurable & extensible software  
Dynamic, intelligent ecosystem  
Partnership at every step



# How we collaborate is at the center of true connectivity—and lasting transformation.

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Bridging public and private sectors.

Empowering local and global leaders.

Developing easily configurable, shared solutions.

Working with—not against—our current reality.

Designing for a world of constant change.

# We are ushering in the next era of transportation: a virtuous cycle where everyone wins.

## Smart sensors

Detect incoming pedestrian or bicyclist (i.e., vulnerable road users) and alert drivers at the intersection.



# We are ushering in the next era of transportation: a virtuous cycle where everyone wins.

## Smart vehicles

Connect to a cloud-based platform that can dynamically harmonize road infrastructure with real-time traffic.





# We are ushering in the next era of transportation: a virtuous cycle where everyone wins.

## Smart Apps

Push alerts and other critical information about incoming traffic and danger to vulnerable road users.



# Smart Systems



**Where all stakeholders  
within the infrastructure can  
collaborate, so smart mobility  
can thrive.**

**Multi-directional  
data flow**

Among public agencies,  
commercial entities, and  
the travelling public.

**Curated and enriched  
third-party data**

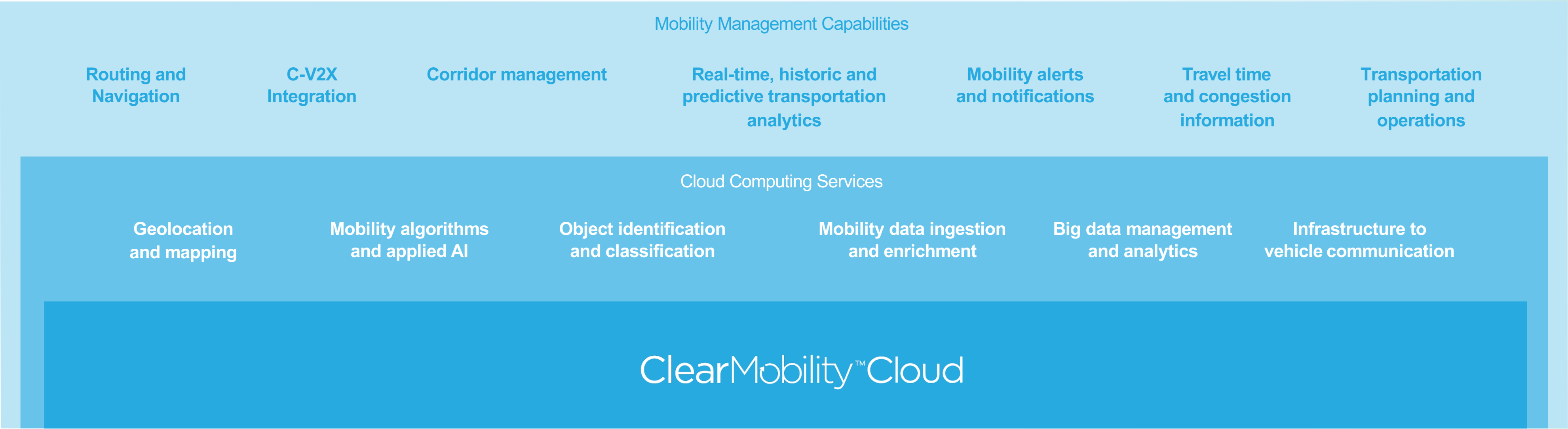
Contributes to continuous  
enhancement in the ecosystem.

**Cloud-powered  
ecosystem**

Connecting all elements  
of the mobility infrastructure  
and its users.

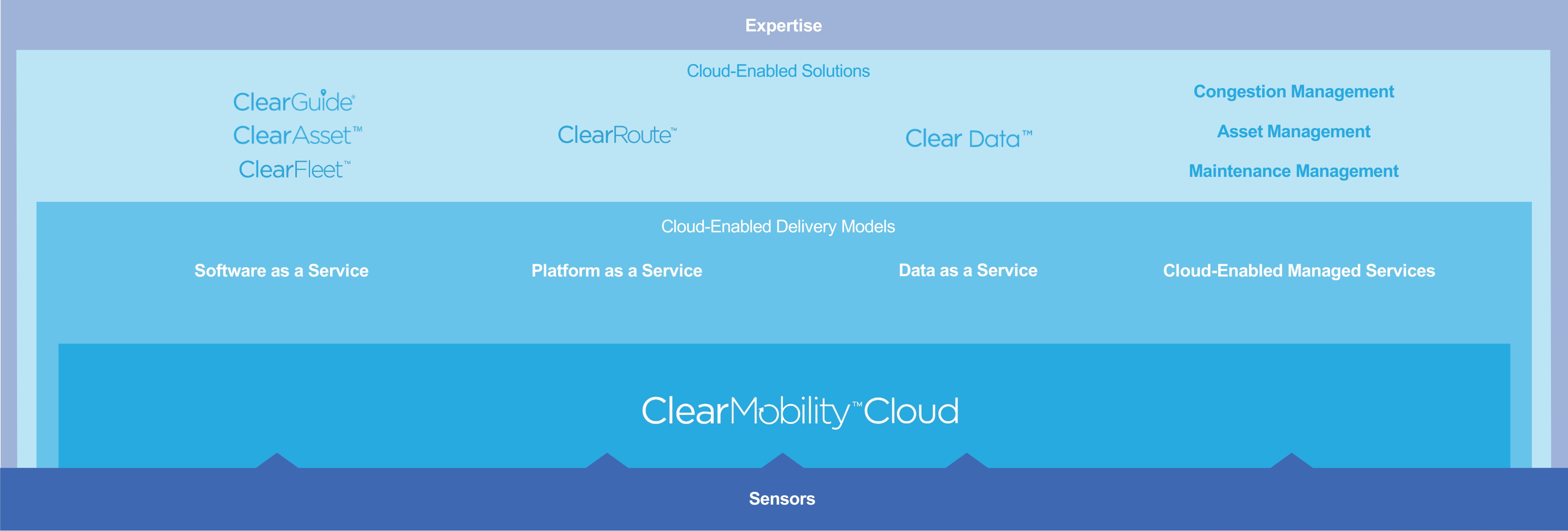


# We do this by delivering the industry's first **end-to-end platform...**

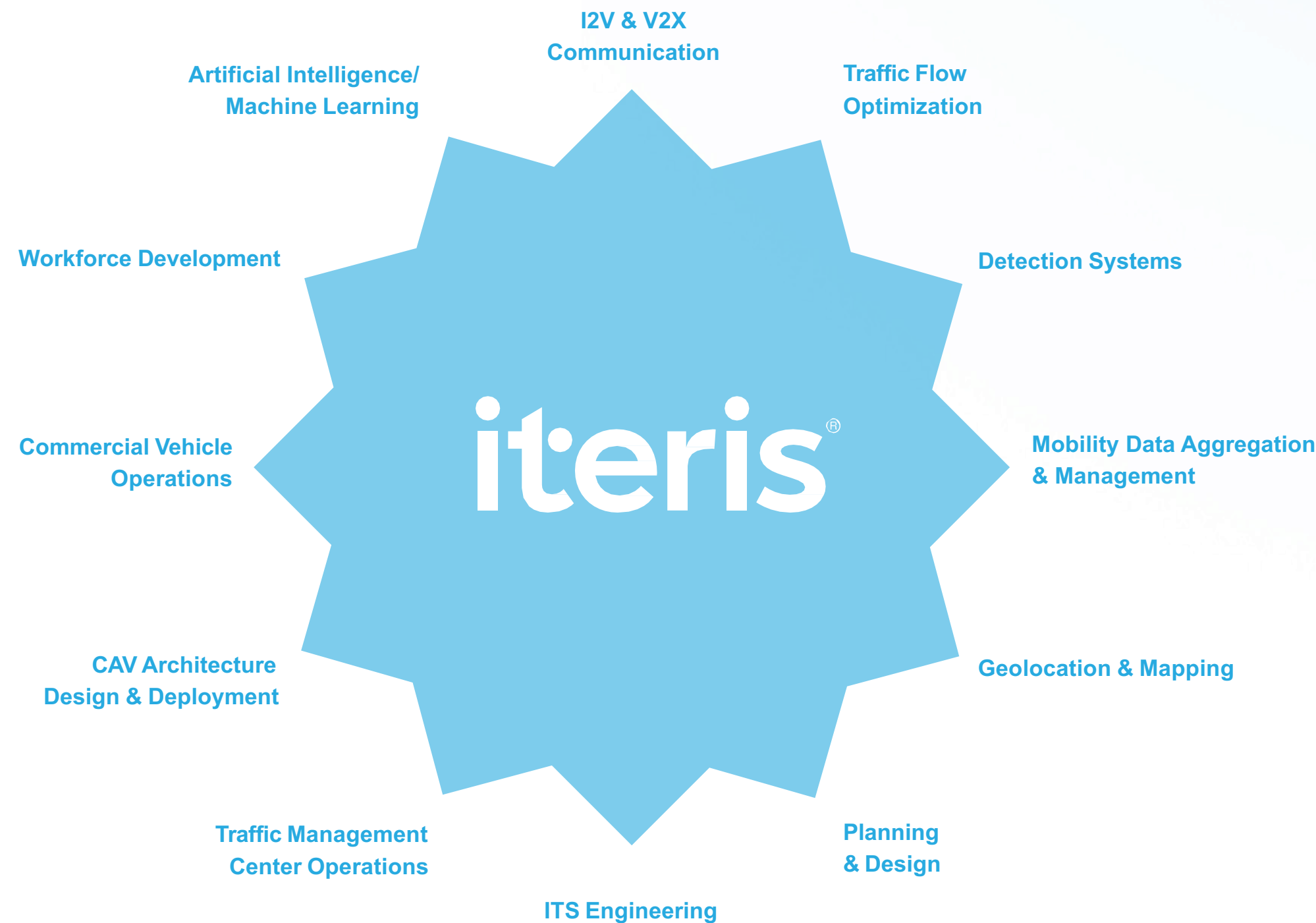




that enables the flexible delivery  
of industry-leading solutions.



# And the **human expertise and connections** to make it real.



Iteris' large, diverse customer base benefits from holistic, immediate data to inform their processes and drive long-lasting solutions.

**“Iteris ensures that San Francisco Bay Area travelers, riders, and emergency respondents have accurate, real-time travel information around the clock.”**

**Andrew Fremier**, Deputy Executive Director,  
Metropolitan Transportation Commission



# Smarter infrastructure means better outcomes.

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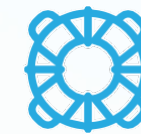
## Collaboration

Seamless exchange of critical data enables stronger public and private partnerships, resulting in accelerated mobility innovation.



## Efficiency

Cloud-based platform enables ecosystem participants to increase traffic throughput, share costs and capture scale benefits.



## Safety

Fewer crashes and collisions, fewer injuries, and better data for further improvement.



## Sustainability

Less congestion lowers carbon footprint; data-driven planning enables smarter, greener cities.

# Smarter infrastructure means more possibilities for all stakeholders.

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**Infrastructure  
providers**



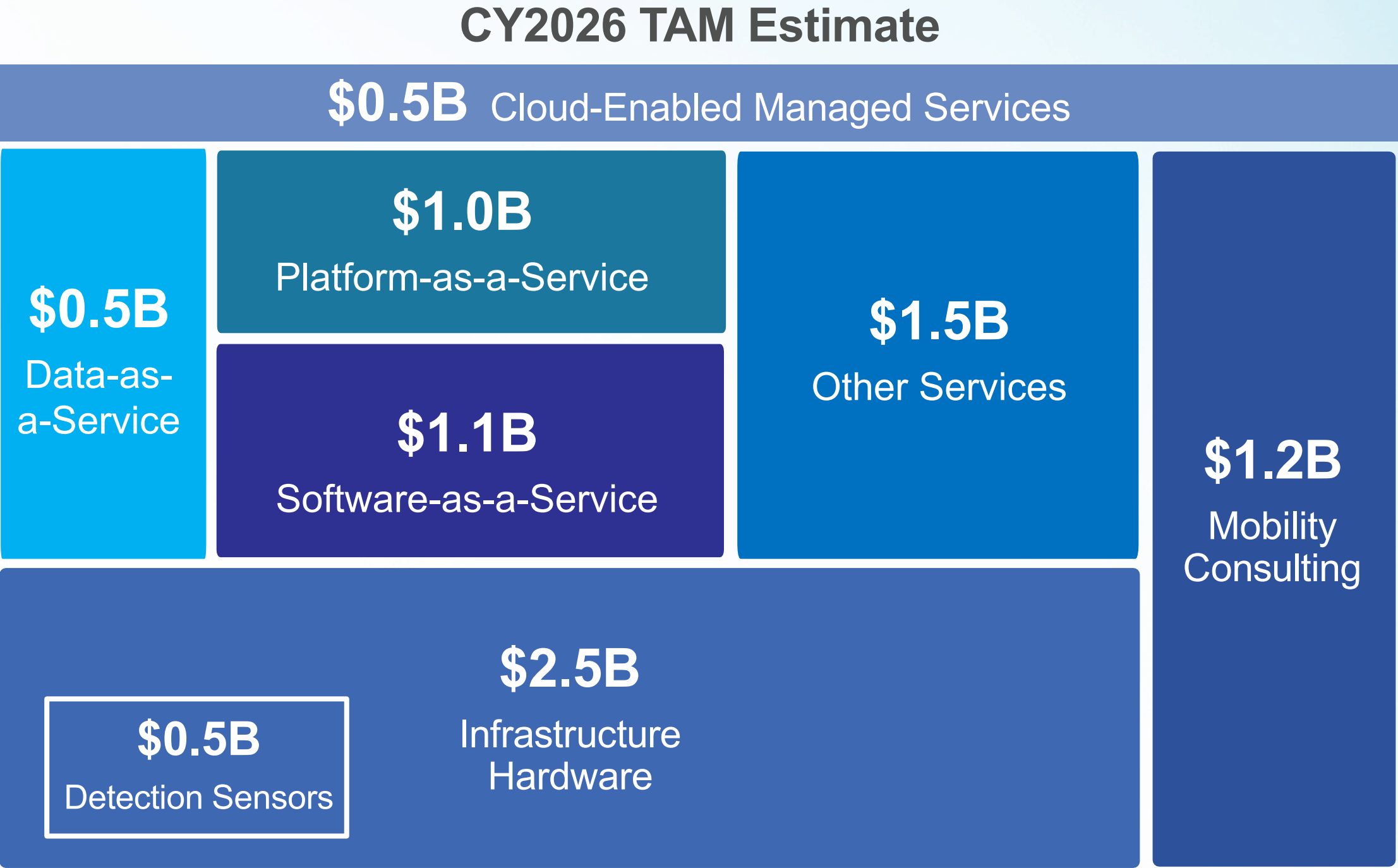
**Infrastructure  
users**

# Smarter infrastructure means continuous value.

\$8.3B TAM (NA only) by CY26

8% CY21-26 CAGR

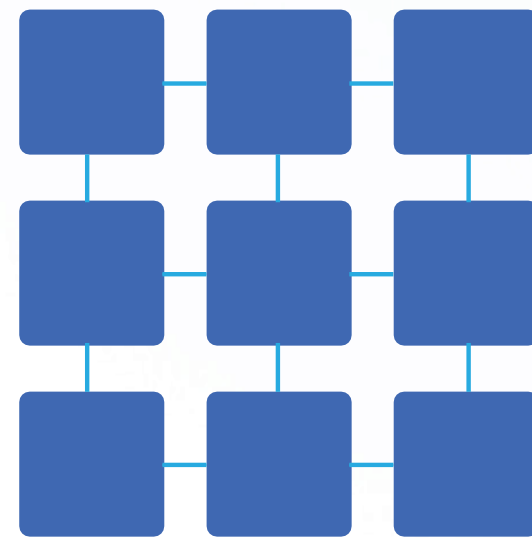
>35% or \$3.2B of TAM convertible to SaaS or other recurring revenue





# And we've only just begun.

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From suite of solutions,

# And we've only just begun.

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to integrated platform,

# And we've only just begun.

to global ecosystem.





# The road ahead

# Where virtual meets physical.

Iteris ClearMobility Cloud service models and core technologies.

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## **Software as a Service (SaaS)**

Software that customers can subscribe to and deploy in their environment to address their needs.

## **Data as a Service (DaaS)**

Data that is curated and enriched for consumption by commercial and agency customers via API or direct feed.

## **Smart Sensors**

Connected sensors that use advanced video and radar technology combined with AI and machine learning to provide new layers of infrastructure-level mobility data.

## **Platform as a Service (PaaS)**

Software components that customers can white-label.

## **Cloud-Enabled Managed Services (CEMS)**

Managed service that leverages cloud software and operational expertise to manage mobility infrastructure on a customer's behalf.

## **Cellular V2X Devices**

Cloud-connected devices that enable communication of critical mobility data between vehicles and the infrastructure.

**Augmented with Specialized Consulting services provided by  
a team of multidisciplinary experts**

# Each new delivery model brings growth to our business.

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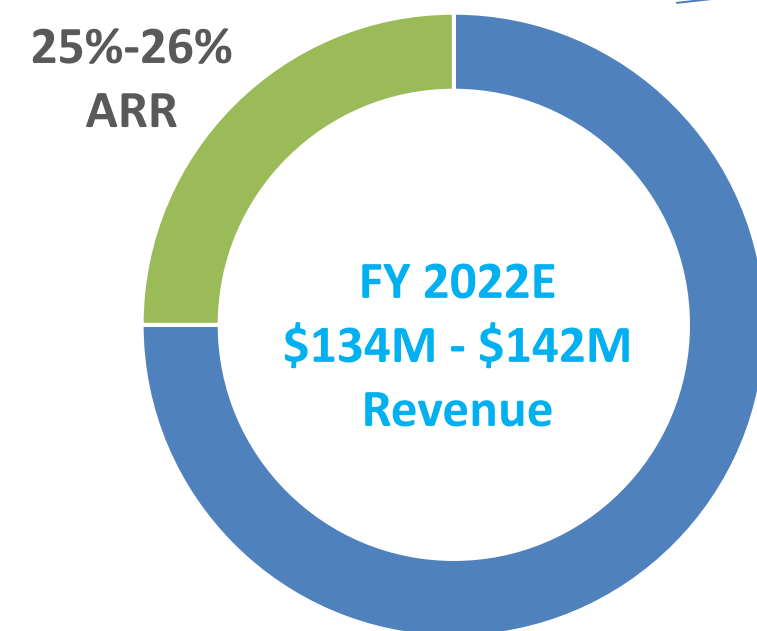
100,000+ monitored intersections through SaaS mobility applications  
900,000 NA road miles monitored as part of SaaS mobility applications  
>1 million road-user interactions per week  
2.9 billion GPS trace points processed daily  
1.5 terabytes of mobility data processed daily



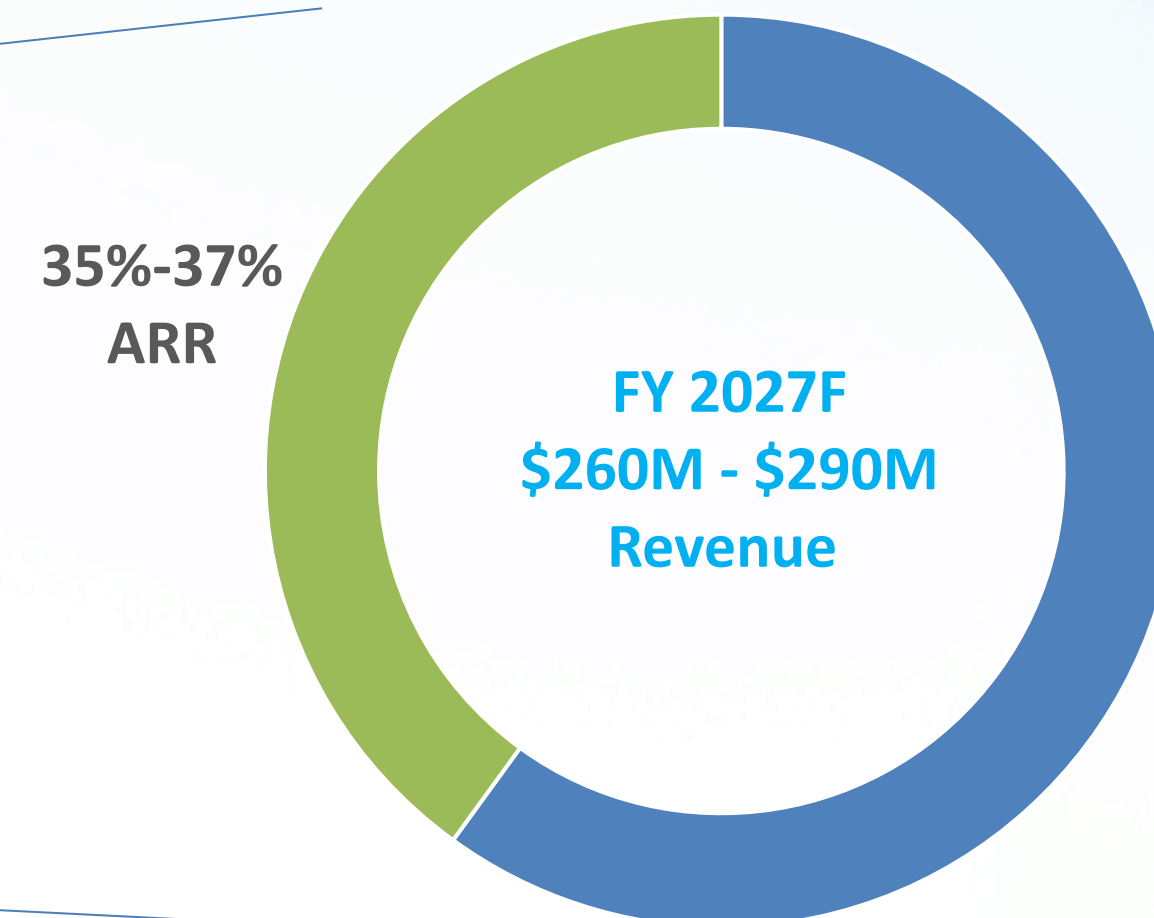
# Financial Overview

# Vision 2027

~\$260M - \$290M of Revenues by 2027 (14-16% CAGR\*)  
(includes \$35M-\$45M in acquisitions)



**~100%+ increase in  
Net Revenues from  
2022 to 2027**

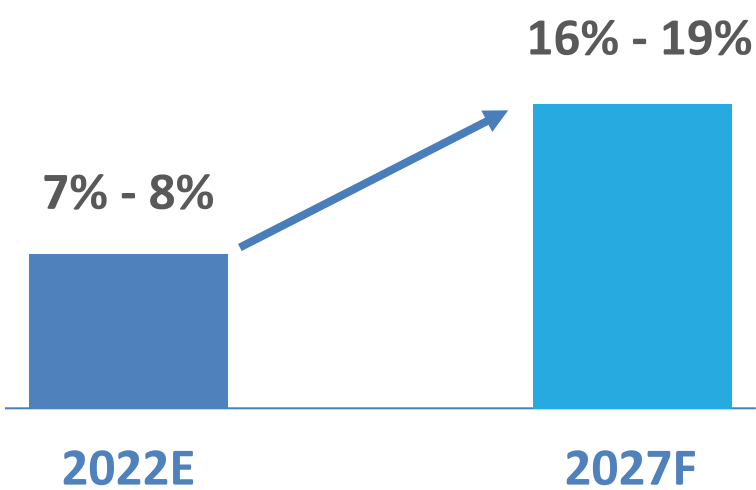


\* Excludes any potential upside from recently signed Infrastructure Investment and Jobs Act (IIJA) or from future new product introductions

# Vision 2027

Focus on operational excellence results in significant improvement in both gross margins and adjusted EBITDA margins

Adj. EBITDA Margin (%)



\* Adjusted for one-time non-recurring items

Scale from Revenue Growth



Strategic Acquisitions

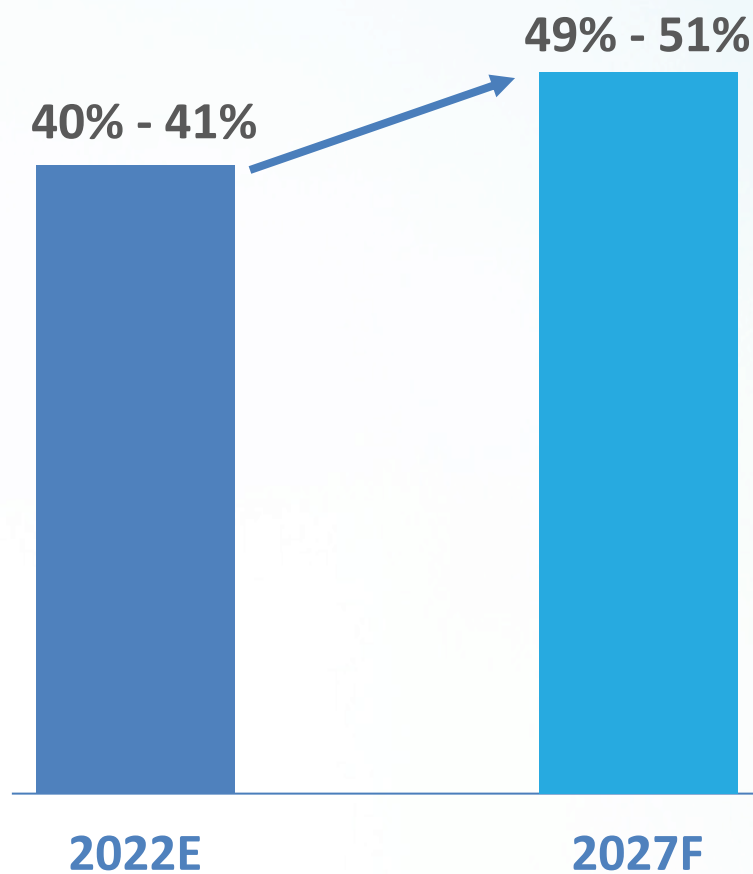


Increasing ARR



Prudent Cost Management and Improved Investment Decisions

Gross Margins (%)





# Vision 2027 – Key Tenets

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Recognized as an **industry leading company** in the smart mobility infrastructure industry

**Grow annual recurring revenue at >20% or more per year**

Acquisition placeholder: **\$35M-\$45M in revenues**

Business mix: **Total annual recurring revenues at 35%-37% of total revenue**

**Adj. EBITDA margin at 16%-19%**

# Acquisition Framework

	Business Categories and Typical Profiles		
Target Criteria	Software	Hardware	Professional Services
Priority given to SaaS or recurring revenue targets over non-recurring revenue businesses	High	Medium	Low
Adds new technologies/IP – helps build out the ClearMobility platform and cloud offerings	High	High	Low
Adds new services and/or products – increase product offerings	High	High	Medium
Adds scale to the financial profile of the company – large enough that it “moves the needle”	Low	High	High
Adds new geographies and/or increases market size and penetration	High	High	High
Strong management team with an interest in continuing with Iteris	High	High	High

Note: Valuations can range from >1.5x revenues for professional services firms to 8-10x revenues for pure SaaS businesses

# M&A Outlook

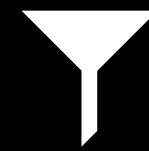
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**Seeing a further uptick in deal activity in the market**



**Expect a cadence of at least one transaction every 12-18 months**



**Solid pipeline of opportunities**



**Aggressively execute revenue growth and EBITDA expansion plan for each deal**



# Infrastructure Investment and Jobs Act (IIJA)

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\$1.2 trillion in total funding over ten years

\$550 billion in new spending during the next five years including

- \$284 billion to improve the transportation network and transportation-related improvements
- \$266 billion to enhance the core infrastructure including power and communication infrastructure improvements

Broad focus on the digitization of the transportation infrastructure

General increase in state and local regional projects with focus on safety

Range of initiatives related to data collection, aggregation, distribution, and analytics

Additional investments in infrastructure-to-everything communication

Federal funds to likely reach regional agencies in their next budget cycle in late CY2022

# Infrastructure to Vehicle Communication



# A Conversation With Continental AG



**Al McGowan**

**SVP Strategic Business Development**

SVP Business Development at Iteris, Inc.

Over two decades of senior leadership experience in the mobility data, digital media, aerospace and energy sectors

**Previous roles include:**

- CEO of TrafficCast International, Inc. acquired by Iteris in December 2020
- CEO of Redlasso
- SVP and co-founder of Traffic.com
- President of Shadow Traffic

Serves on the board of Cambridge Mobile Telematics

B.S. degree in Civil Engineering from the University of Delaware



**Murali Srinivasan**

**VP Passive Safety & Sensorics BU North America  
Autonomous Mobility and Safety Division  
Continental AG**

Responsible for managing all aspects of the PSS business unit including business development, strategy development and manufacturing

25+ year career at Continental, holding a variety of leadership positions

**Previous roles at Continental include:**

- Director for Project Management Hydraulic Brake Systems North America
- Managing Director for Continental Automotive Brake Systems in India
- Leading the establishment of Continental's presence in India in the mid 2000s, overseeing all aspects of Business Strategy, Profit & Loss, Sales and Plant Management

Bachelor of Mechanical Engineering from Bangalore University, India

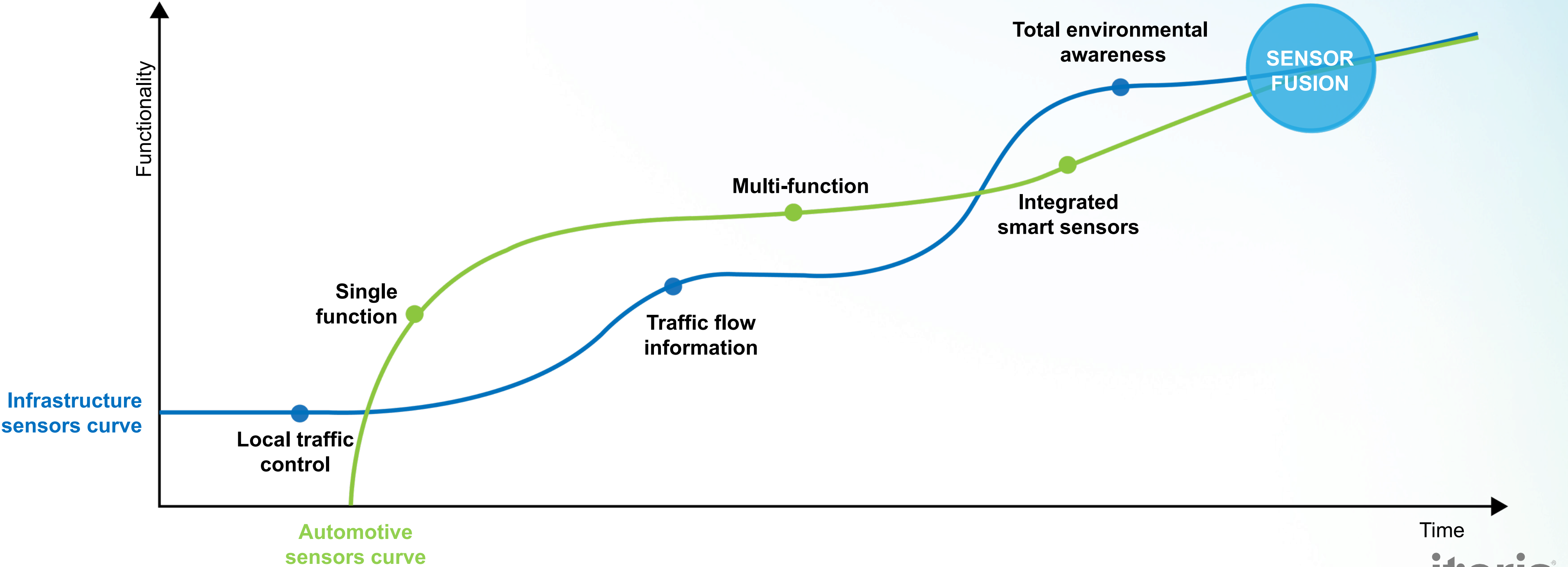
Master of Science in Mechanical Engineering from Pennsylvania State University



# Intelligent Technology for Enhanced Safety and Mobility

Todd Kreter, SVP & GM Advanced Sensor Technologies

# Evolution of intelligent sensor technology





# Vantage Fusion At-a-Glance

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Capabilities of existing Vantage Sensors

**Plus**

Comprehensive “intersection model”

Digital twin

Connected Vehicle communication

Autonomous Vehicle Support

Industry’s first model of **ALL ACTIVITY** of **ALL OBJECTS** at  
**ALL APPROACHES** simultaneously



# Comprehensive Intersection Model

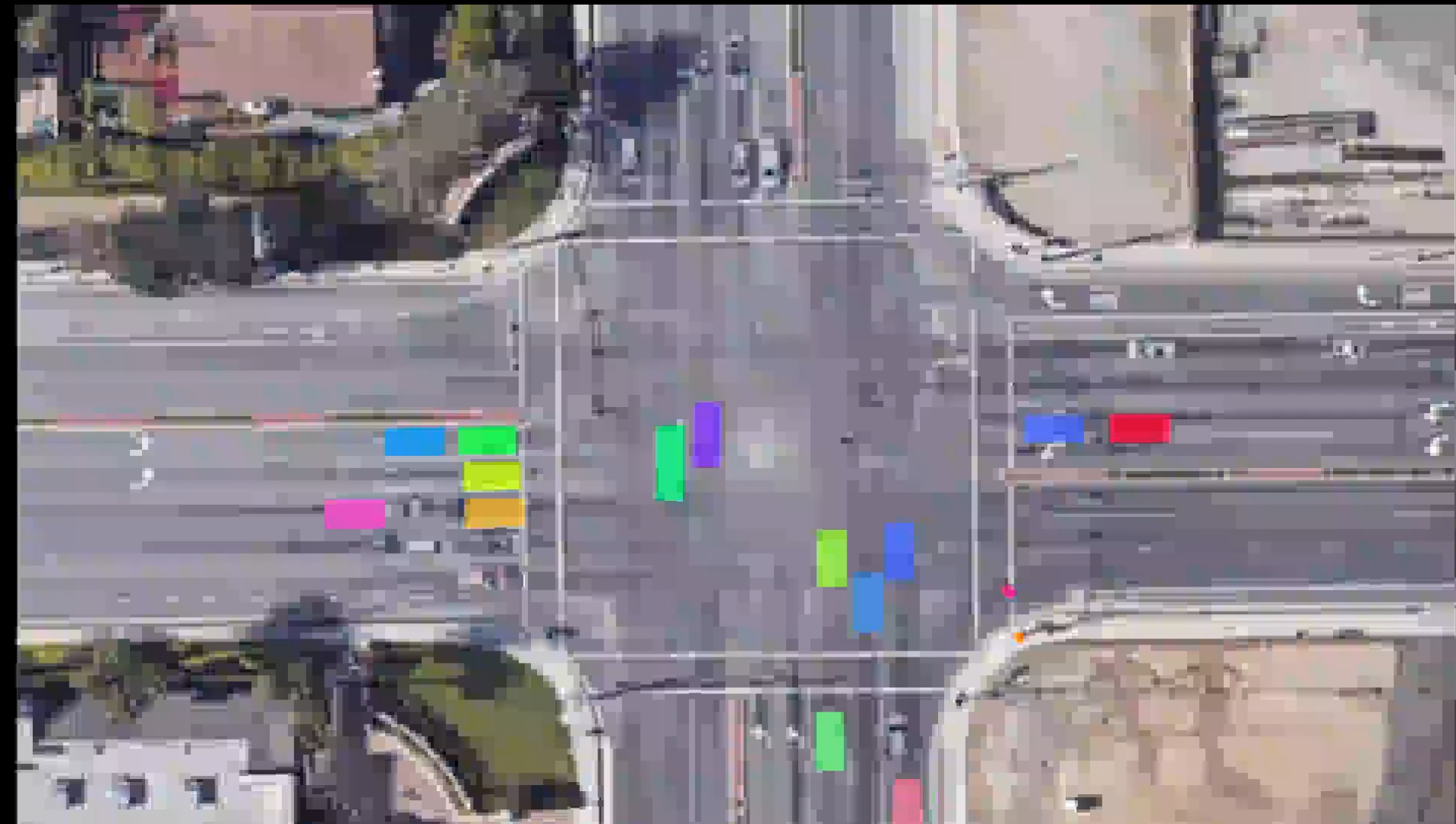
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Virtual and digital representation of intersection environment

Characterizes intersection performance against service level objectives

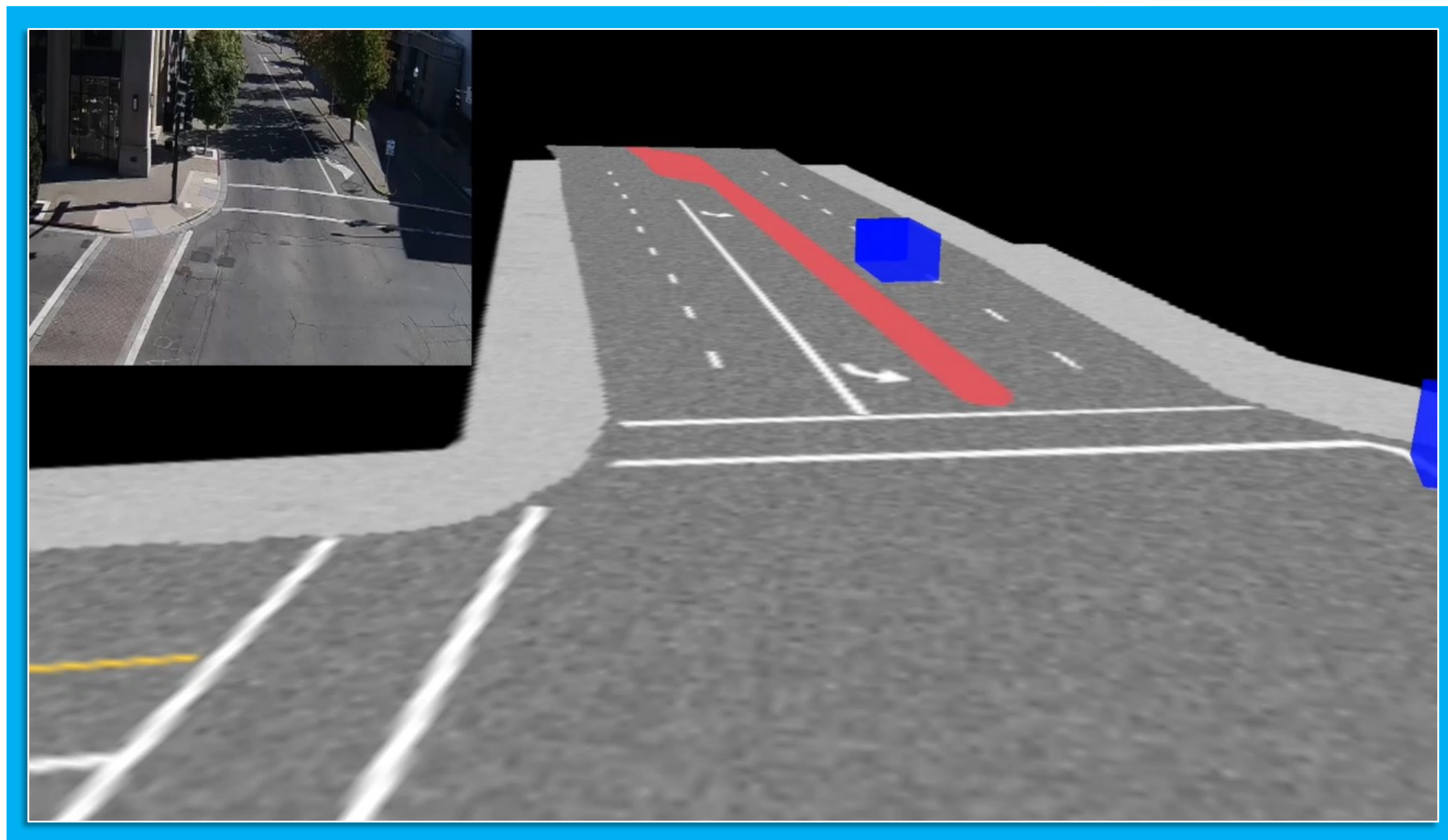
Captures data critical to various public- and private-sector stakeholders

Enables various forms of analytics, including predictive analytics



# Digital twin – the real world becomes data.

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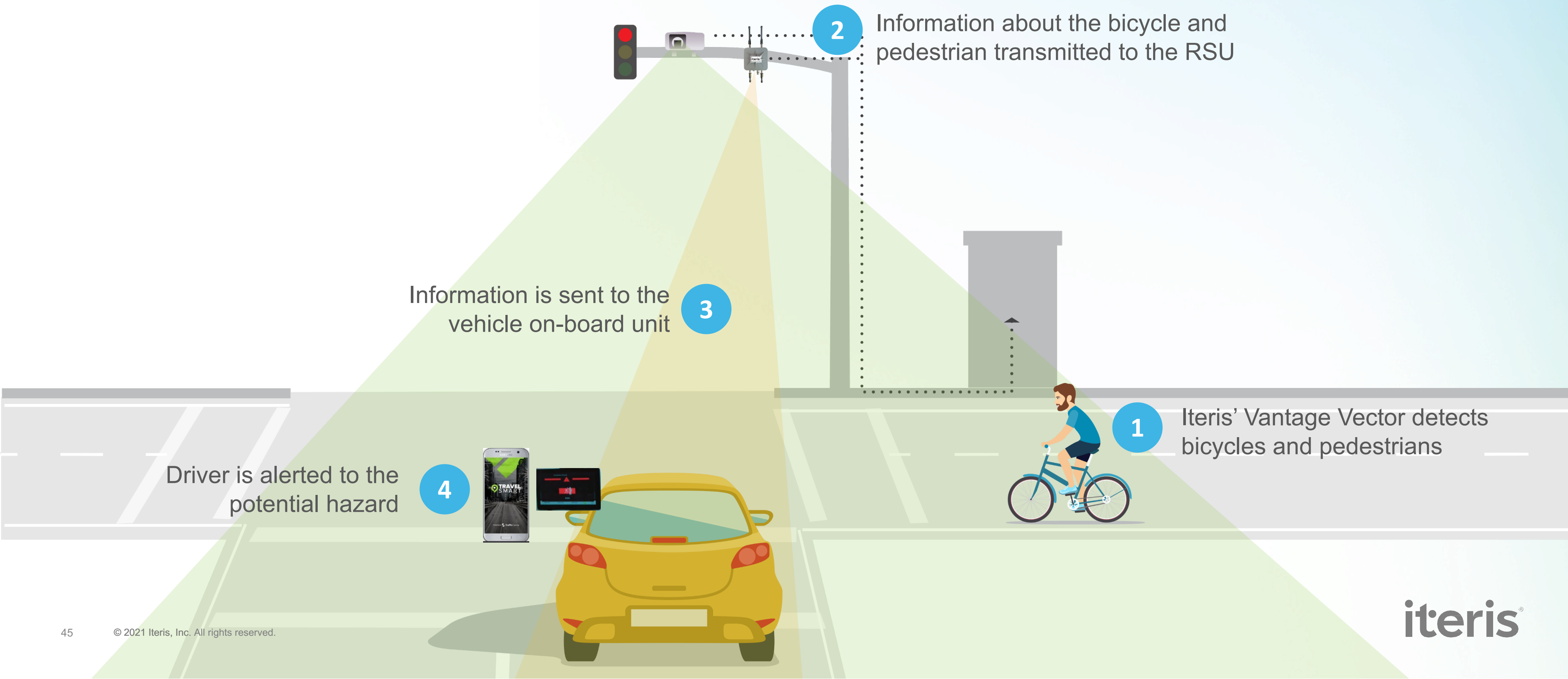


Real-time, virtual representation of intersection's physical environment

Allows detailed information about objects in the intersection to be shared at massive scale

Enables all objects in intersection to be optimized for safety, efficiency, and sustainability

# Connected Vehicle Communication





# Automated Vehicle Support

**Interaction between the infrastructure and motor vehicles will be required** to enable safer and more natural driving of automated vehicles

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## Challenges of Automated Vehicles:



Occlusion



Work Zones



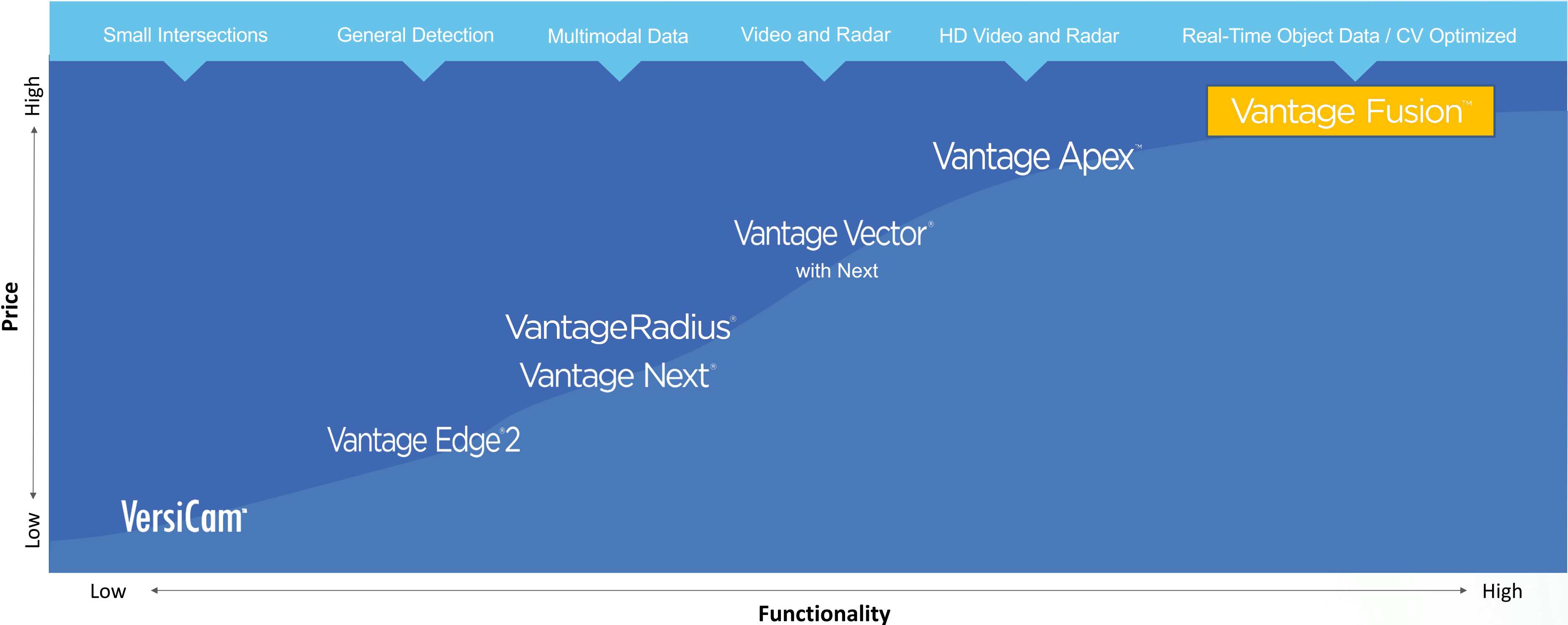
Abnormal traffic patterns



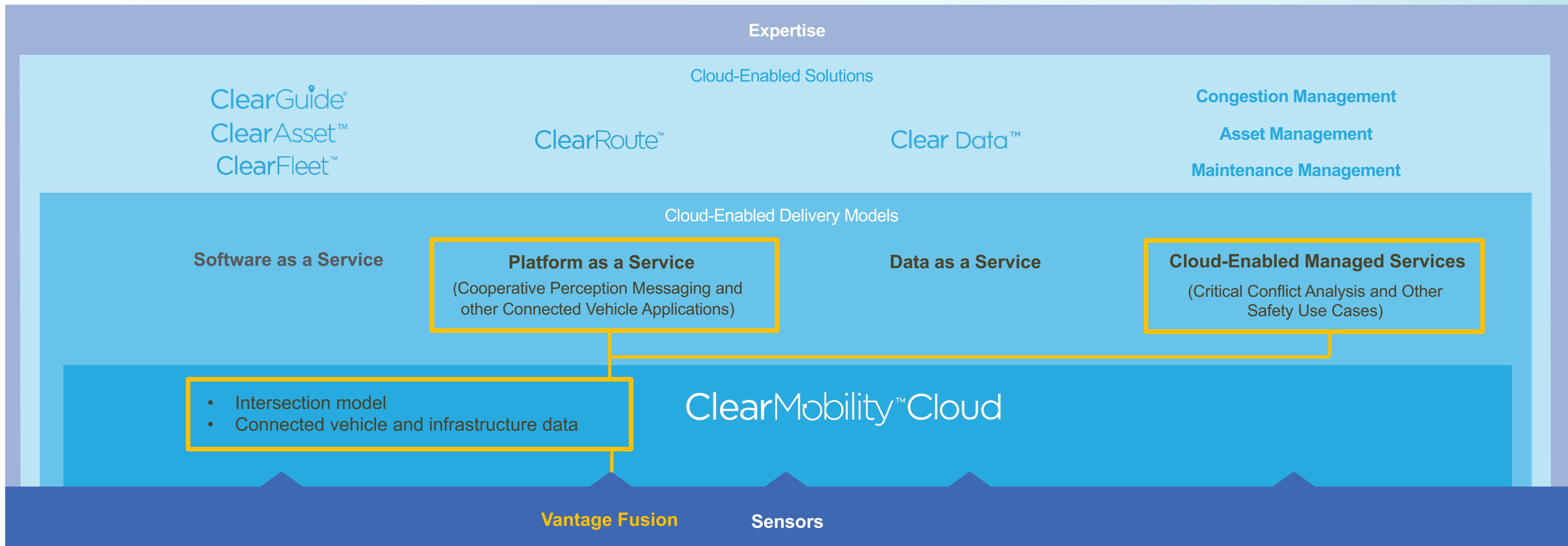
Emergency vehicles

**If the vehicle sensors can't see it, it doesn't exist!**

# Vantage Fusion in the Iteris Sensor Portfolio



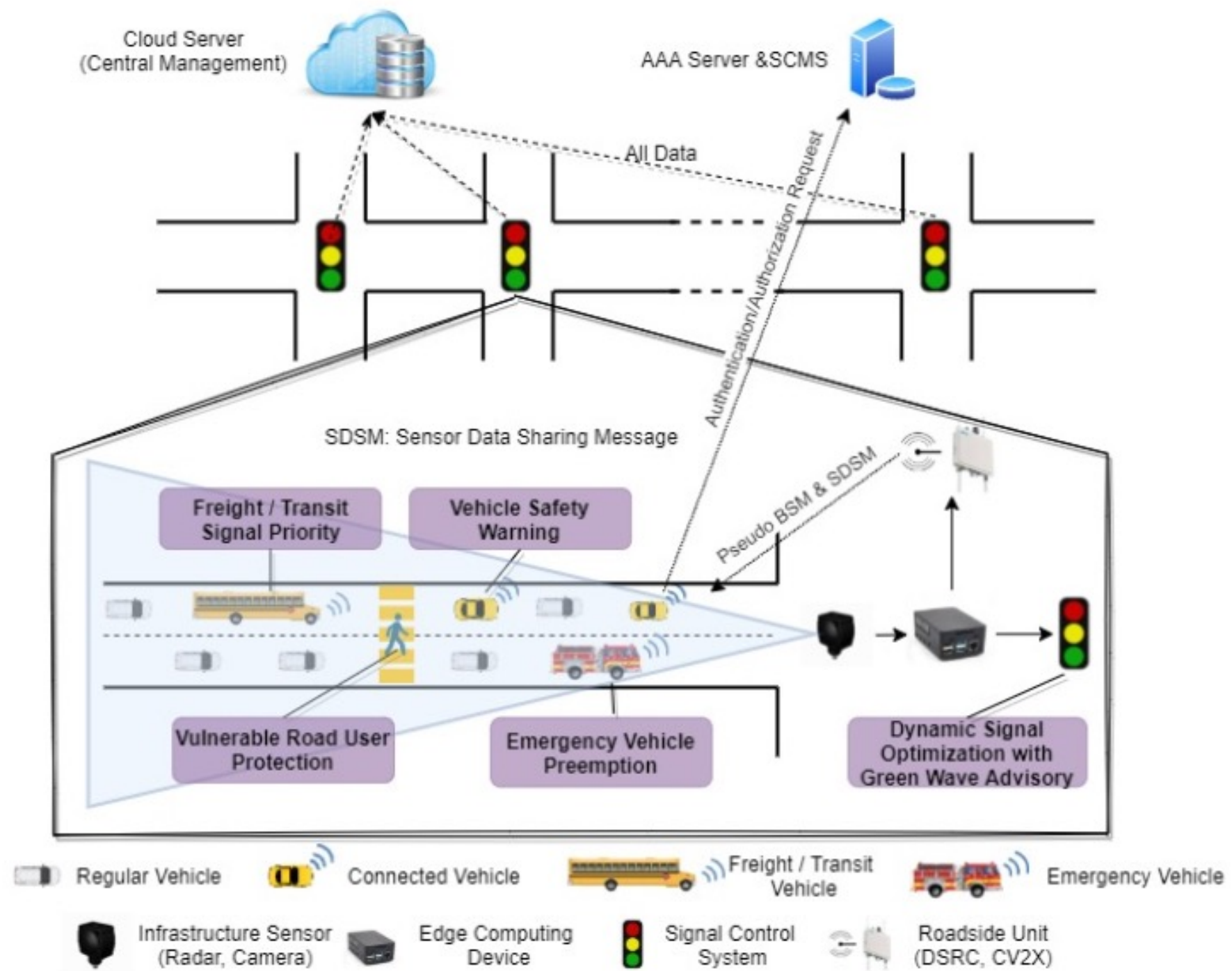
# Vantage Fusion in the ClearMobility Platform





# Cloud-Enabled Delivery Models

# Cooperative Perception



# Essential new tool for real-time, dynamic roadway cooperation

## Roadside sensors share contextual data about unconnected vehicles with CAVs

# Safety, efficiency, and comfort for all vehicles in a hybrid environment

## Crucial safety advances for vulnerable road users in particular

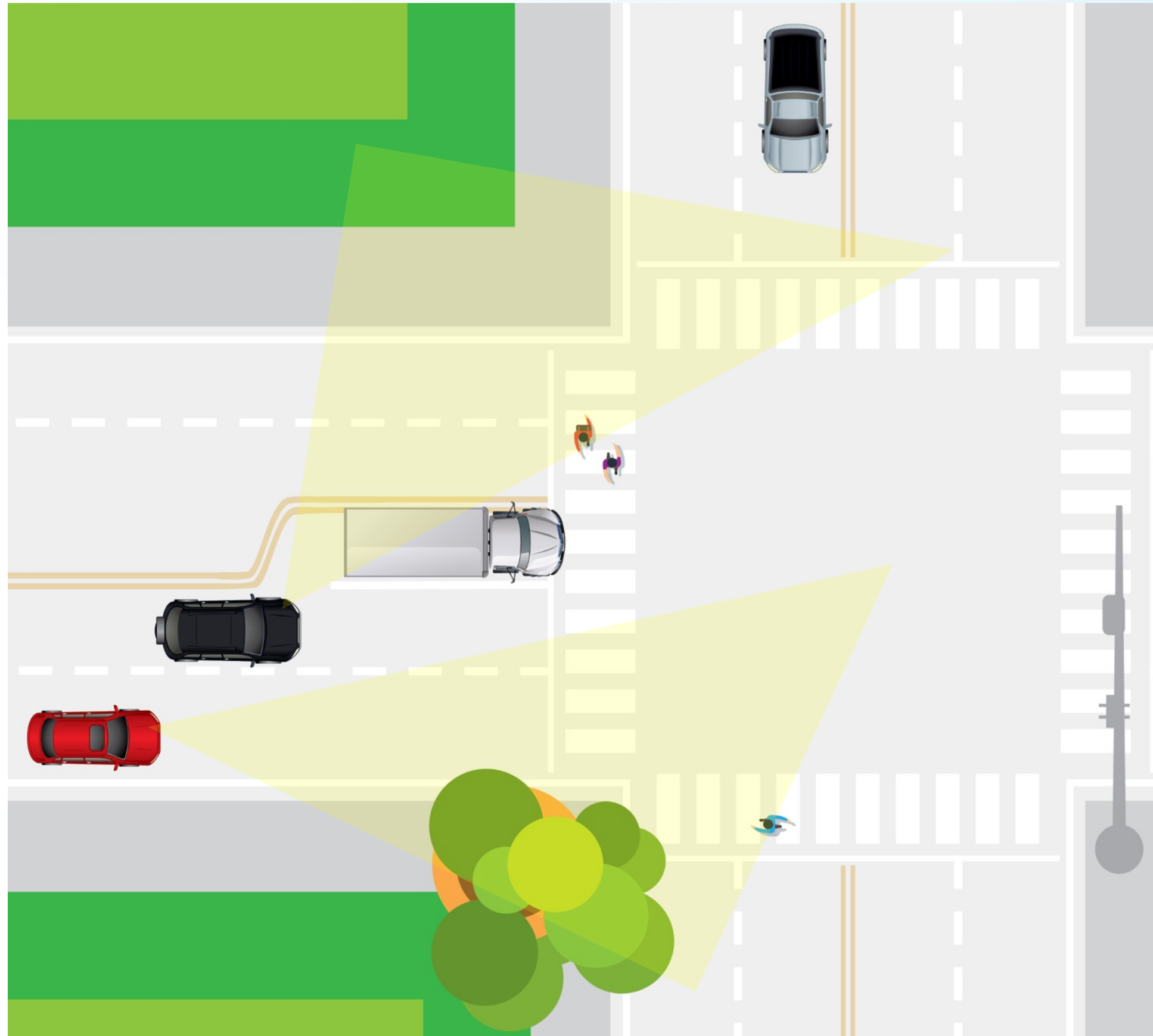


# Cooperative Perception

1.

## The Challenge:

Sensors on vehicles cannot see through or around objects

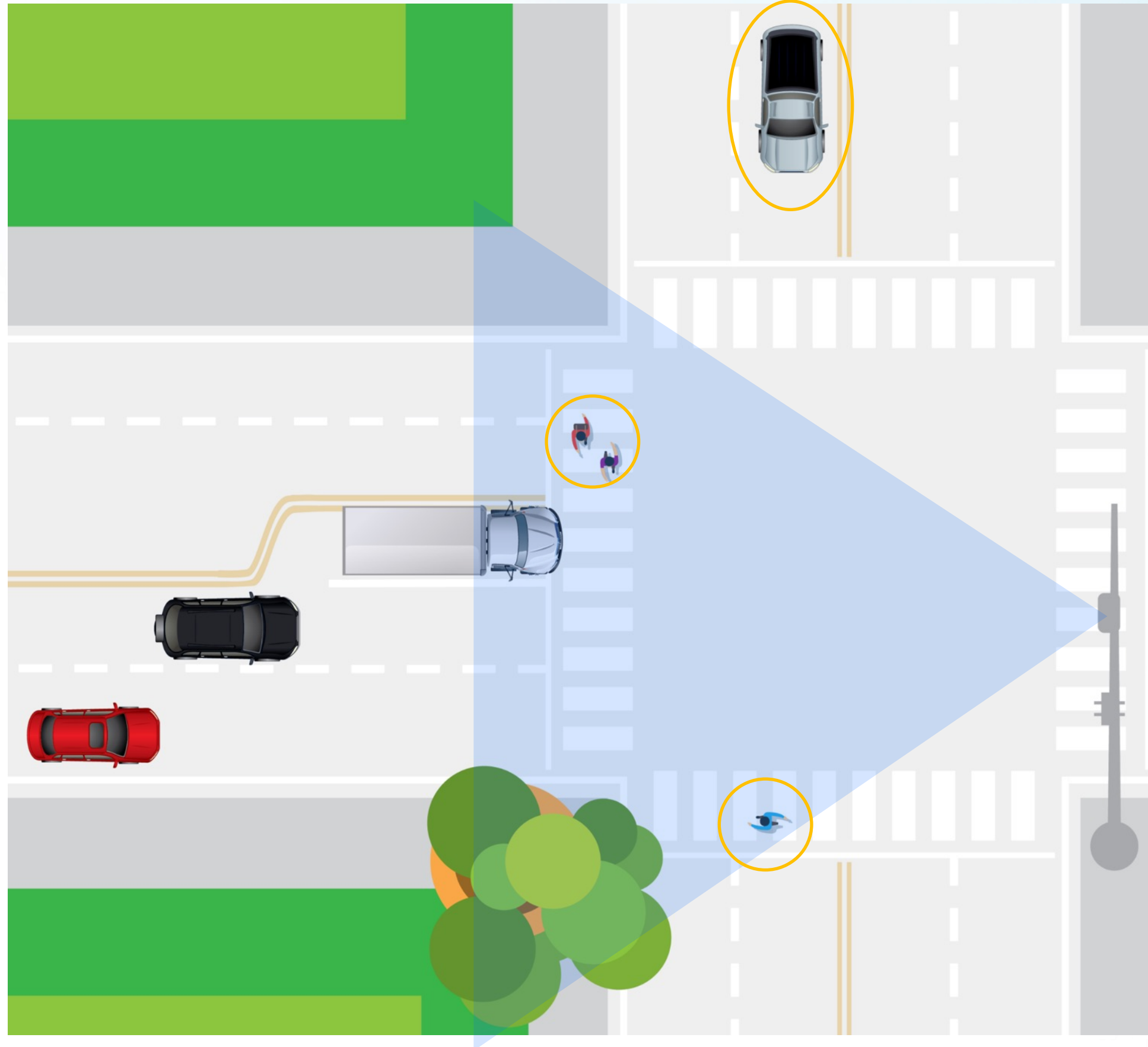




# Cooperative Perception

## 2.

Infrastructure Sensors can see what vehicles cannot

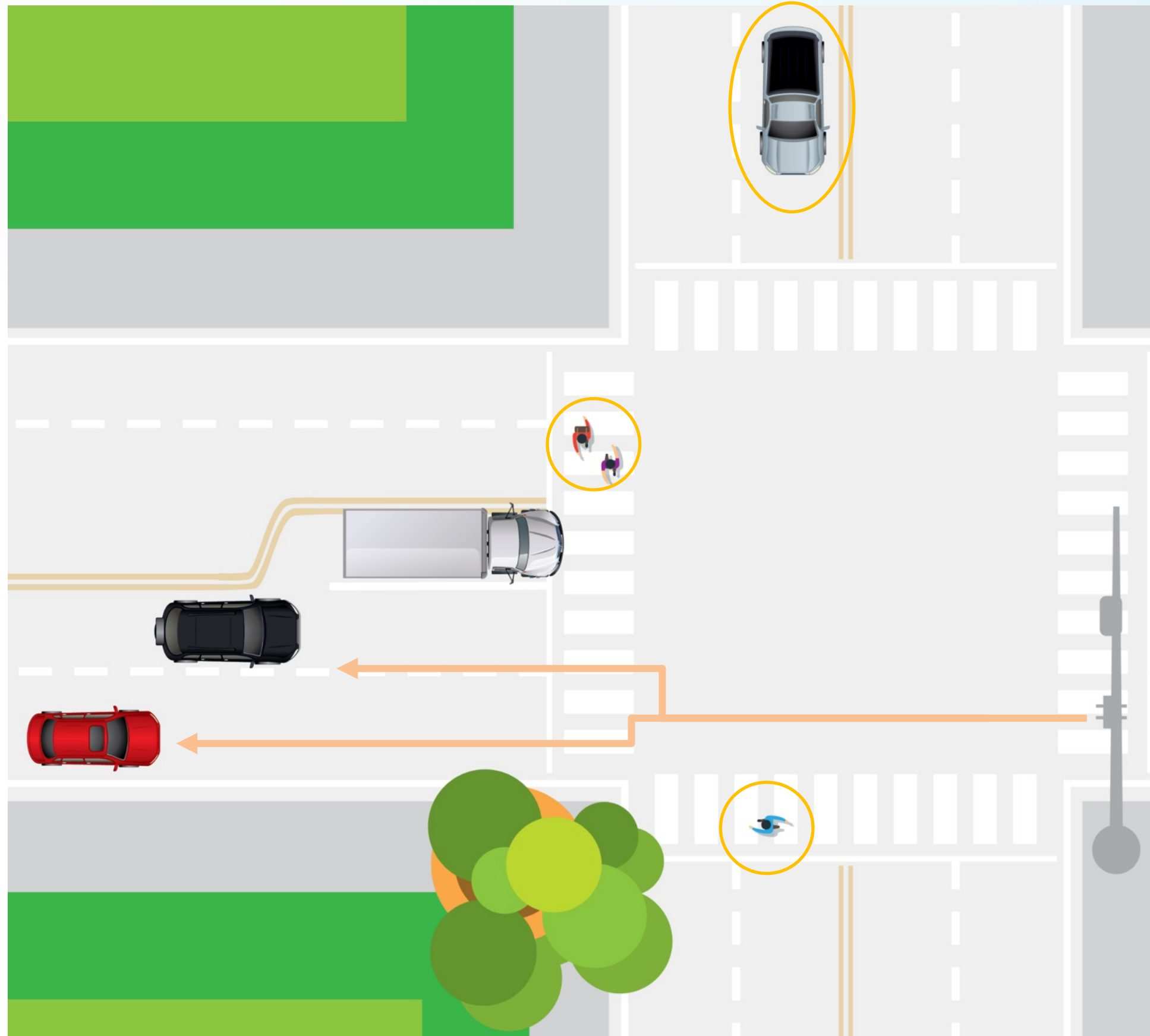


# Cooperative Perception

## 3.

Transmit the information to the vehicles via a CV RSU

Vehicles can now “see” the full picture



# Various **Connected Vehicle** Applications

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# Critical Conflict Analysis

## Identify

the number and severity of close calls at an intersection

## Characterize

the root cause of close of calls

## Identify and implement

mitigation measures to prevent crashes



For motor vehicle accidents that result in injury or death, more than half occur near or at intersections, according to the FHWA.

<https://highways.dot.gov/research/research-programs/safety/intersection-safety>



# Representative Pilots



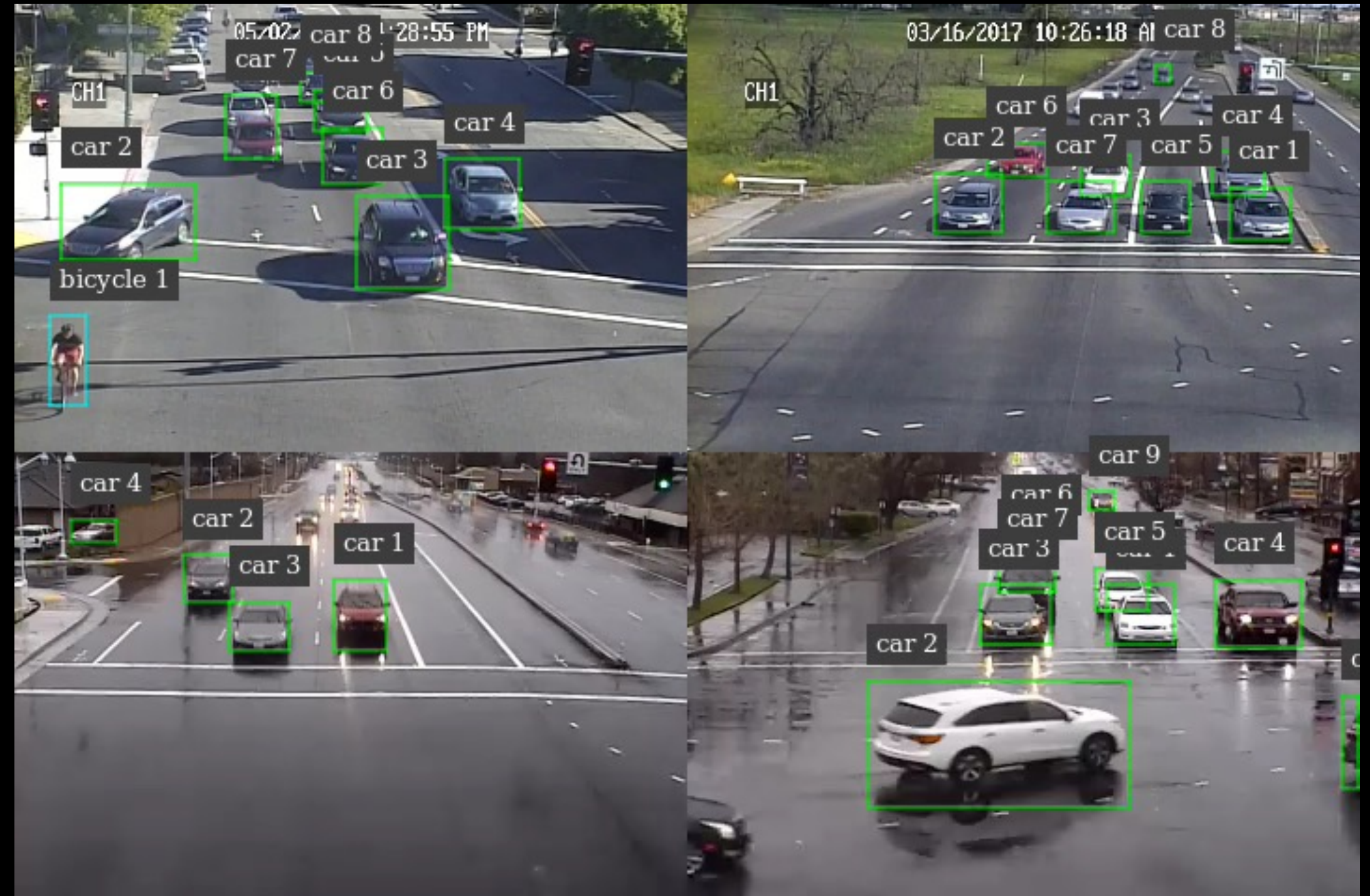
# Cooperative perception pilot

First large-scale technical and commercial demonstration of cooperative intelligent transportation

Partners include Ford, Toyota, Qualcomm, and Continental

Technologies include machine learning, CV2X devices, radar & video detection, OBUs, and 5G

\$19 million multi-year project made possible with ATCMTD grant from FHWA





# Freight Signal Priority Pilot

## Demonstrated

I2V integration to accelerate goods movement and reduce carbon emissions

## Deployed

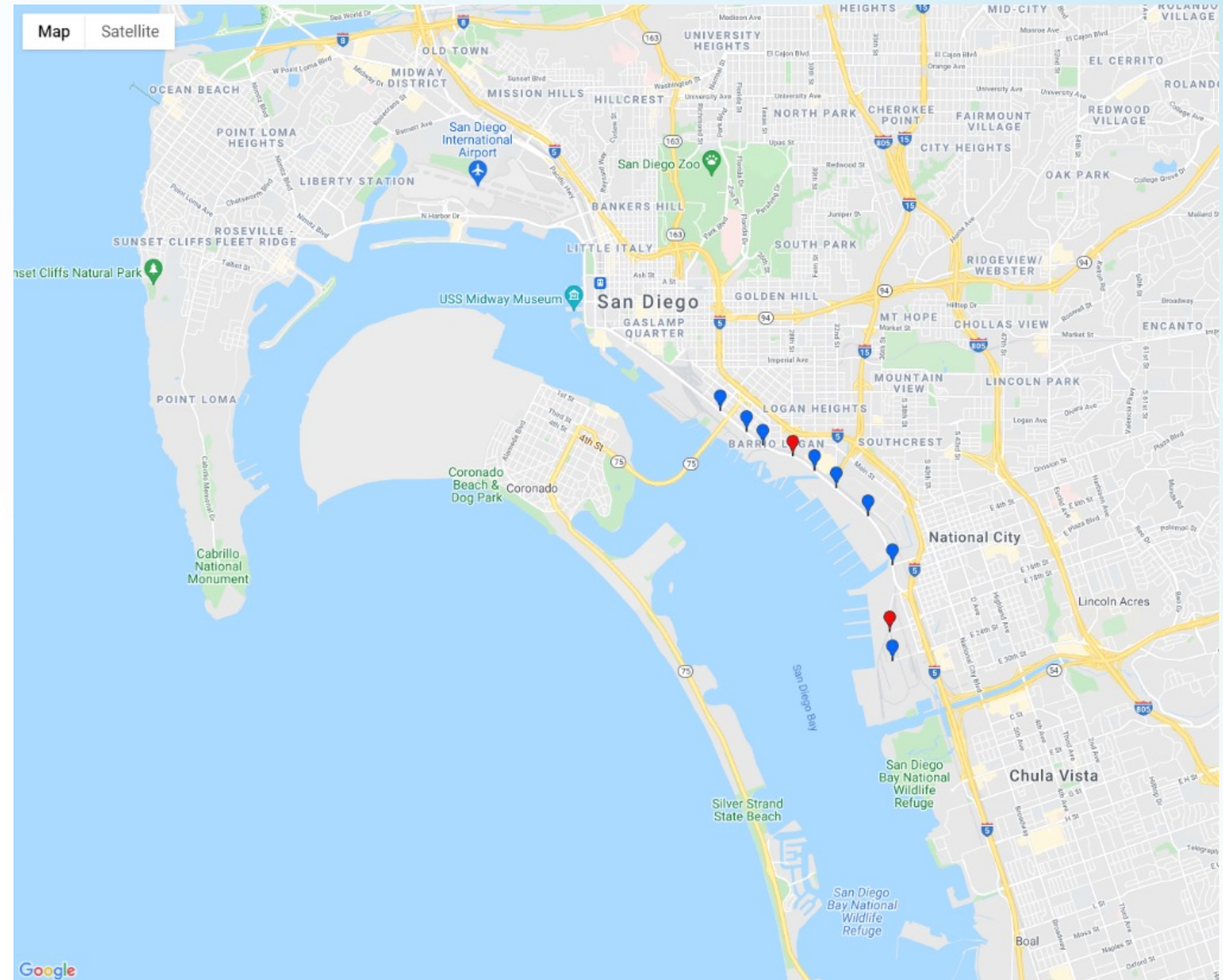
system across transportation corridor adjacent to San Diego port

## Collaborated with

Denso International

## Funded by

Port of San Diego and State of California Energy Commission





# Emergency Vehicle Pre-emption Pilot

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## **Demonstrated**

ability of CV systems to  
provide critical messaging  
to emergency vehicles

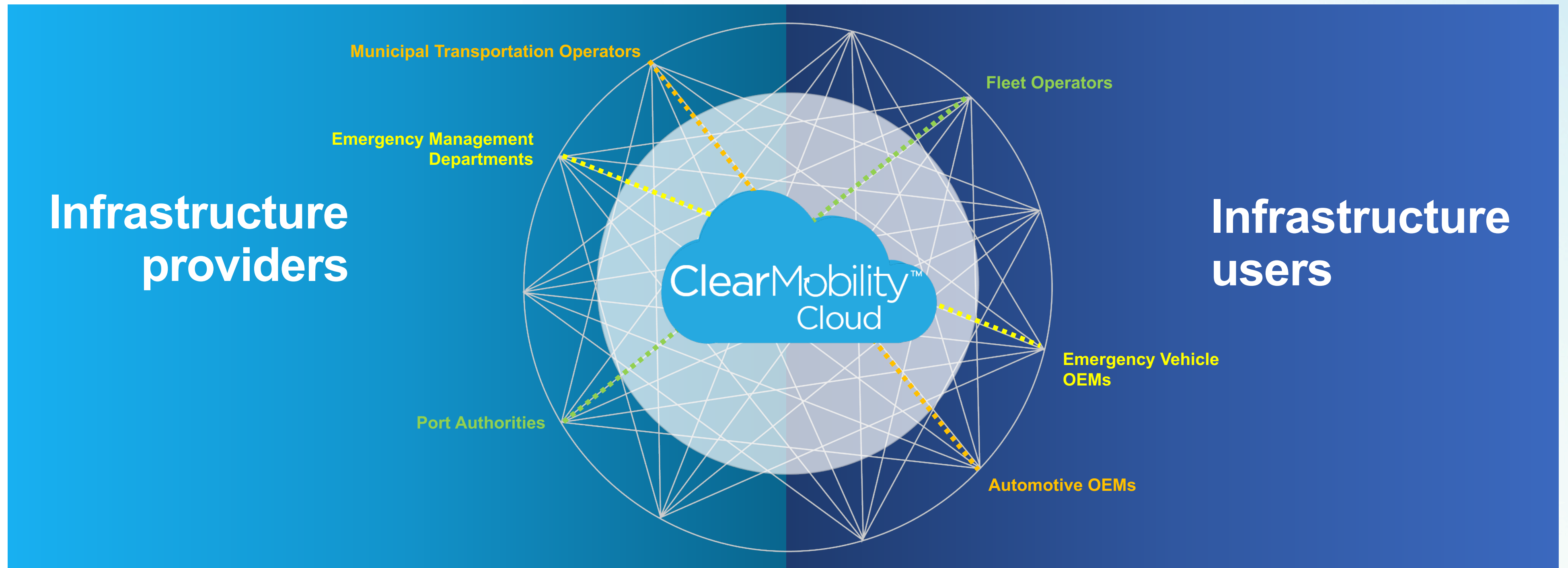
## **Deployed**

CV RSU's to communicate  
Signal Request Messages  
to on-board units (OBU's)  
and to mobile apps

## **Funded by**

Prince George's County,  
MD

# Fusion is a catalyst for ecosystem collaboration and engagement.





# Fusion economics

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Market  
Expansion



Superior  
Unit Economics



Multiple ARR  
Models



Significant Strategic  
Opportunity





# Summary

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**Smart mobility infrastructure** market continues to evolve with exciting new advances in technology

**Iteris' intelligent intersection** products are on the leading edge of this mobility revolution

**Vantage Fusion** will expand TAM, increase market share, enhance financials, and advance platform strategy



# Questions and Answers



# Q&A – How to?

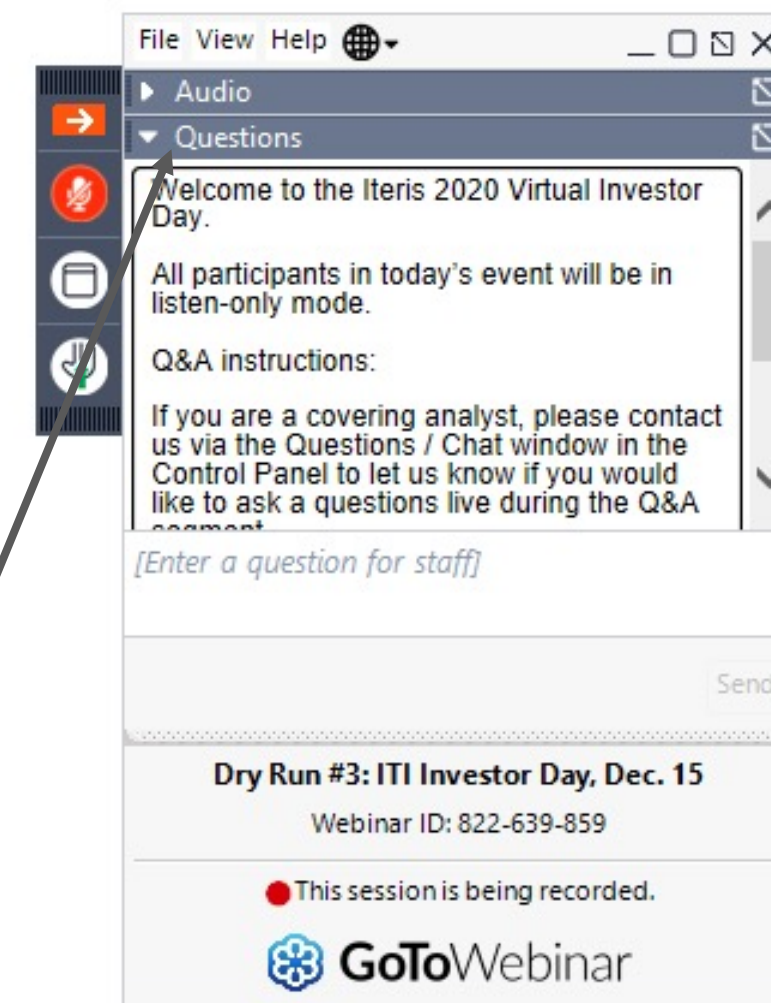
**Covering analysts** – We will unmute your line in order for you to ask your questions directly.

**Other participants** – Please submit your questions through the question/chat function.

Open the control panel by clicking on the arrow



Question/chat window is located inside the control panel

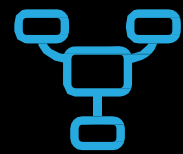


# Closing Remarks

Joe Bergera, CEO

# A Smarter Future

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## Attractive business model

A wide offering that solves for the gaps in the industry, and connects disconnected groups through a growing, common data set.



## Strategic optionality

The Iteris platform is designed to offer business-critical solutions for a wide spectrum of agency and enterprise customers.



## Ripe, dynamic market

The landscape is primed for Iteris adoption. Both government agency and commercial stakeholders are highly vested in the evolution of smarter infrastructure for our roads and highways.



# Thank you

NASDAQ: ITI

Please send any additional questions to  
Todd Kehrli (MKR) at [todd@mkr-group.com](mailto:todd@mkr-group.com)

# Non-GAAP Financial Measures Note

## Regarding Non-GAAP Financial Information

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This presentation contains non-GAAP financial measures, including Adjusted EBITDA (which excludes interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, net gain on divestitures, project loss reserves and restructuring charges). The Company believes the presentation of these non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the Company's actual and forecasted operating performance, capital resources and cash flow. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company discloses different non-GAAP financial measures in order to provide greater transparency and to help the Company's investors to more meaningfully evaluate and compare the Company's results to its previously reported results. The non-GAAP financial measures that the Company uses may not be comparable to similarly titled financial measures used by other companies. For more information on our non-GAAP financial measures and a reconciliation of such measures to the nearest GAAP measure, please see our latest 10-Q filing.