

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): **January 30, 2023**

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.)

1250 S. Capital of Texas Hwy., Building 1, Suite 330, Austin, Texas 78746
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (512) 716-0808

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 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.10 par value	ITI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b), (c), (e)

On February 2, 2023, Iteris, Inc. (the “Company”) announced that its Board of Directors has appointed Kerry Shiba to serve as the Company’s Senior Vice President and Chief Financial Officer, effective February 3, 2023 (the “Start Date”). Following the Start Date, Mr. Shiba will serve as the Company’s “principal financial officer” and “principal accounting officer” for U.S. Securities and Exchange Commission (the “SEC”) filing purposes.

Mr. Shiba most recently served as Chief Financial Officer of Romeo Power, Inc. (NYSE: RMO) (“Romeo”), from July 2021 until the sale of Romeo to its largest customer. Romeo was a leading independent designer and producer of battery modules and packs primarily used in commercial electric vehicles. From September 2017 until May 2020, Mr. Shiba was Executive Vice President and Chief Financial Officer of Wesco Aircraft Holdings, Inc. (NYSE: WAIR), a distributor and service provider of aircraft hardware and chemicals. From October 2010 until June 2017, Mr. Shiba served as Executive Vice President, Chief Financial Officer and Secretary of Superior Industries International, Inc. (NYSE: SUP), a globally recognized manufacturer of aluminum wheels for the automotive industry. Prior to that, Mr. Shiba served as Senior Vice President, Chief Financial and Restructuring Officer and President of the Original Equipment Business Unit at Remy International, Inc., a leading manufacturer of rotating electrical components for the automotive industry. Earlier in his career, Mr. Shiba served in various roles within the finance and accounting organizations at Kaiser Aluminum Corporation, including as Chief Financial Officer, and at The BF Goodrich Company. Mr. Shiba began his career at Ernst & Ernst, now Ernst & Young, L.L.P., where he served on the audit staff, and later as a consultant. He received bachelor’s degrees in Accounting and Political Science from Baldwin Wallace College.

Mr. Shiba is 68 years old and has no familial relationships with any executive officer or director of the Company. There have been no transactions in which the Company has participated and in which Mr. Shiba had a direct or indirect material interest that would be required to be disclosed under Item 404(a) of Regulation S-K.

On January 30, 2023, Mr. Shiba entered into an employment offer letter agreement with the Company (the “Shiba Agreement”). The Shiba Agreement provides that his employment is “at will.” Mr. Shiba’s annual base salary is initially \$425,000 and he will also be eligible to participate in the Company’s executive bonus plan, provided that Mr. Shiba’s bonus for the fiscal year ending March 31, 2023 will be \$30,000 for the prorated portion of the fiscal year he will have served. Mr. Shiba’s target bonus for the fiscal year ending March 31, 2024 will be 55% of his base salary. The amount of any bonus will be based on the Company’s performance and the achievement of individual goals and objectives.

Mr. Shiba will receive an initial equity grant of 50% restricted stock units (“RSUs”) and 50% options (“Options”) with a total value of approximately \$250,000 (the “Initial Grant”). The RSUs vest in two equal annual installments beginning on the second anniversary of the Start Date and the Options vest in four equal annual installments beginning on the first anniversary of the Start Date. Mr. Shiba will also be eligible to receive annual equity grants (the “Annual Grants”) equal to approximately 60% of Mr. Shiba’s base salary and to be granted as part of the Company’s equity award cycle, beginning in the fiscal year ending March 31, 2024. Both the Initial Grant and the Annual Grants are subject to the terms and conditions of the Company’s Amended and Restated 2016 Omnibus Incentive Plan.

Mr. Shiba will be entitled to severance benefits pursuant to the Company's Amended and Restated Executive Severance Plan (the "Severance Plan"). Pursuant to the Severance Plan, if Mr. Shiba's employment with the Company is terminated without Cause, Mr. Shiba will be entitled to receive salary continuation payments for the 12 months following his termination and reimbursement for the cost of COBRA coverage for a period of up to 12 months following the termination. If Mr. Shiba is terminated without Cause or resigns for Good Reason within 12 months following a Change in Control, he will be entitled to receive a lump sum payment equal to his base salary for 12 months and reimbursement for the cost of COBRA coverage for a period of up to 12 months following his termination. In addition to the benefits pursuant to the Severance Plan, if Mr. Shiba is terminated without Cause or resigns for Good Reason within six months following a Change in Control, he will also be entitled to receive his prorated annual bonus. As used herein, "Cause," "Good Reason," and "Change in Control" are each defined in the Severance Plan. All of the separation benefits are conditioned upon Mr. Shiba entering into a general release of claims in favor of the Company and a non-solicitation covenant for one year following the termination of his employment, in addition to non-disparagement and confidentiality provisions.

Immediately prior to the effective time of Mr. Shiba's appointment, Doug Groves will cease serving as Senior Vice President of Finance and Chief Financial Officer of the Company and will transition to the role of Senior Advisor until June 2, 2023 (the "Separation Date"), specifically to assist with the transition and preparation of the Company's Annual Report on Form 10-K for the year ending March 31, 2023. Mr. Groves' separation was not related to any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

On January 30, 2023, in connection with Mr. Groves stepping down as Senior Vice President of Finance and Chief Financial Officer of the Company, the Company and Mr. Groves entered into a letter amendment (the "Groves Amendment") to his existing employment agreement, dated November 15, 2019. Under the Groves Amendment, and in consideration for serving as Senior Advisor, Mr. Groves will continue to receive the same base salary and employee benefits as set out in his existing employment agreement through his Separation Date, his outstanding performance stock units will continue to vest through June 2023 and he will be eligible to receive an annual bonus for fiscal year 2023.

The foregoing summary of the material terms of the Shiba Agreement and Groves Amendment are subject to the full and complete terms of the agreements, copies of which are filed as Exhibit 10.1 and Exhibit 10.2, respectively, hereto and are incorporated herein by reference. A copy of the press release regarding the above matters is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibits are being filed with this Current Report on Form 8-K.

Exhibit	Description
10.1	Employment Agreement, dated January 30, 2023, between Iteris, Inc. and Kerry Shiba.
10.2	Letter Amendment to Employment Agreement, dated January 30, 2023, between Iteris, Inc. and Douglas Groves.
99.1	Press release, dated February 2, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

Dated: February 2, 2023

ITERIS, INC.

By: /s/ Joe Bergera

Joe Bergera

Chief Executive Officer



949.270.9400
iteris.com

1700 Carnegie Avenue, Suite 100
Santa Ana, CA 92705

January 30, 2023

Kerry Shiba
[.]

Dear Kerry:

I am delighted to extend this offer letter of employment to you for the position of Senior Vice President & Chief Financial Officer with Iteris, Inc. (“Iteris” or “Company”). This is a highly strategic role which will provide you a great professional opportunity. Please review the below offer details for employment with the Company. Once this letter is signed by you, this offer letter will confirm your agreement to, and acceptance of, the following:

- You will report to our President and CEO, Joe Bergera.
- Your employment with the Company is expected to begin on February 3, 2023, unless a different date is mutually agreed with the Company.
- Your bi-weekly base rate of pay will be \$16,346.15 (equivalent to \$425,000 per year); this is a full-time position and is classified as exempt. Employees are paid on a bi-weekly basis. Your salary is subject to deductions for taxes and other withholdings as required by law or the policies of the Company.
- You will participate in the FY23 Bonus Plan on a pro-rated basis, in that you will receive a \$30,000 bonus payment for the pro-rated portion of FY23 when Iteris makes annual bonus payments to employees, normally in July. Your bonus is subject to deductions for taxes and other withholdings as required by law or the policies of Iteris.
- You will be eligible, starting in FY24, to participate in the annual bonus plan with a target bonus of 55% of your annual base salary. The bonus will be based upon Company performance and achievement of individual goals and objectives. The details of your individual goals will be mutually developed between you and the CEO but are ultimately subject to approval by the Compensation Committee of our Board of Directors. This bonus is subject to deductions for taxes and other withholdings as required by law or the policies of Iteris.
- You will be eligible to receive regular annual equity grants equal to approximately 60% of your annual base salary (approximately \$255,000) as recommended by management and approved by the Compensation Committee. These annual Equity Awards will be granted as part of the Company’s equity award cycle, beginning in FY24. Your Equity Awards as well as the New Hire Award described below will be subject to the terms and conditions applicable to equity granted under the Iteris, Inc. Amended and Restated 2016 Omnibus Incentive Plan (“Plan”), and applicable stock option and restricted stock unit agreement(s), which you will be required to sign.
- In addition to your cash compensation, you will receive a new hire equity grant with a value equal to approximately \$250,000, which will consist of 50% Iteris stock options and 50% Iteris restricted stock units. Consistent with the Plan, the number of units for each award, and the strike price for the stock options, will be determined by the fair market value of Iteris stock on your grant date, which will be the date you start work for the Company as an employee. The stock options will vest 25% per year over 4 years from the grant date, and the restricted stock units will vest 50% 2 years from the grant date, and the remaining 50% 3 years from the grant date.
- You will participate in the Iteris Executive Severance Plan. In addition to the benefits contained within that plan, you are also eligible to receive a pro-rated annual bonus in the event of a change in control, as defined in that plan, and your subsequent termination within 6 months thereafter.

As an Iteris employee, you will be eligible to participate in a very attractive benefits program that includes the following:

- Non-Qualified Deferred Compensation Plan
 - Employee Stock Purchase Plan
-

- Health insurance coverage including medical, dental and vision
- Group life and disability insurance
- Paid holidays
- Open PTO
- 401(k) Plan. Please note that you are eligible to immediately participate in a 401(k) plan with a variety of investment choices. Through payroll deduction, you may make pre-tax contributions up to the maximum allowed by the Internal Revenue Service. The Company currently matches 100% of your first 3% and 50% of the next 2% for a net match of 4% if you contribute at least 5% of your salary. 100% of the company contributions are vested immediately. You will be automatically enrolled in our retirement plan, meaning 6% of your pay will be deducted from your paychecks and contributed to the retirement plan on your behalf unless you elect a different salary deferral percentage. If you don't want to be automatically enrolled or if you want to enroll with a percentage other than 6%, please contact Human Resources for additional information. You may also participate in a Roth 401(k) with the same match and vesting which is subject to IRS maximum contribution limit and company match maximum when combined with the traditional 401(k).

Please refer to the enclosed summary of benefits for more information on these and other benefits. There are, of course, no guarantees on the benefit plans continuing in their present coverage or benefit levels.

Employment with Iteris is "at-will." This means your employment is voluntary and is subject to termination by you or Iteris at-will, with or without cause, and with or without notice, at any time. Nothing in Iteris policies shall be interpreted to be in conflict with or to eliminate or modify in any way the employment at-will status of Iteris employees.

The offer is contingent upon and subject to approval by the Company Board of Directors, completion of the D&O Questionnaire sent to you separately, and successful completion of a post-employment offer background check, credit check and screening for illegal substances. The screening will be completed at our expense. HireRight will contact you with instructions.

Further, as a condition of employment, you agree to abide by Iteris' policies, rules and regulations applicable to you, as they are issued from time to time, including without limitation, an arbitration clause regarding any covered controversies between you and the Company. This arbitration policy is set forth on the attached Arbitration Agreement which requires your signature.

Kerry, we are very excited about the opportunities in front of Iteris and we believe you will make a big impact in our Company. We look forward to your joining the team.

Please sign this letter and the attached agreement and return via e-mail. This offer expires at the end of the business day, Wednesday, February 1, 2023. Feel free to contact me if you need any further information or have any questions.

Sincerely,

/s/ Jeff McDermott

Jeff McDermott
Senior VP & Chief Human Resources Officer

Accepted: /s/ Kerry Shiba

Date: January 30, 2023

January 30, 2023

Doug Groves
[·]

Re: Changes to your Employment Agreement

Dear Doug,

I am writing to confirm our understanding regarding certain changes to the terms of your employment with Iteris, Inc. (the "Company"). This letter amendment (this "Amendment") amends the existing employment letter agreement between you and the Company dated November 15, 2019 (the "Employment Agreement"). (You and the Company are sometimes referred to herein each as a "Party" and together as the "Parties.")

1. Position and Duties. Effective as of February 3, 2023 and upon filing with the U.S. Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2022 (the "Effective Date"), you will step down from your position as CFO of the Company, and you will assume the role of Senior Advisor to the Company. As of the Effective Date, you agree to resign your position(s), if any, as an officer or director of the Company, as a member of any Board committees, as well as any other positions you may hold with or for the benefit of the Company and/or its affiliates, other than your employment as Senior Advisor. You will continue to report to the Company's President and CEO, Joe Bergera. In addition to those duties assigned to you from time to time as a Senior Advisor to the Company, you will make yourself available to assist with the transition of the CFO role and with the creation and filing of the Company's Annual Report on Form 10-K for the fiscal year ending March 31, 2023.

2. Term. The "Term" of this Amendment and your service in the role of Senior Advisor, will commence as of the Effective Date and continue until June 2, 2023 (the "Termination Date"). Upon the Termination Date, your employment with Iteris will terminate. In addition, on the Termination Date, you will return to the Company all Company-owned equipment, keys or passes, software, files, samples, training materials, programs and documents (including any copies) in the same condition as when provided to you, reasonable wear and tear excepted. You will be entitled to retain your Company laptop and cell phone, subject to the Company's right to recover and delete any Company confidential information, programs or files on or before the Termination Date.

3. Base Pay and Benefits. During the Term, you will continue to receive your base salary and employee benefits as set out in the Employment Agreement. The Company shall allow for your PSUs to vest in June 2023. You will also be eligible to receive your annual bonus for Company fiscal year 2023, which we expect will be paid out in July 2023.

4. No Disparagement. You hereby agree that you will not denigrate, defame, disparage or cast aspersions upon the Company and the Company's products, services, business and manner of doing business, and that you will use your reasonable best efforts to prevent any member of your immediate family from engaging in any such activity. The Company's officers and directors agree that they will not denigrate, defame, disparage or cast aspersions upon you or your services to the Company. The Parties agree that any statement about this Amendment, your assumption of the role of Senior Advisor and/or the termination of your employment must be mutually agreed to in advance by the Parties. Notwithstanding the foregoing, nothing in this Agreement prohibits either Party from providing truthful information and/or testimony in connection with any investigation or proceeding conducted by, the U.S. Equal Employment Opportunity Commission or a comparable state or federal fair employment practices agency.

5. At-Will Employment. You hereby acknowledge and agree that the foregoing amendments to the Employment Agreement do not guarantee employment for any fixed period, and your employment with the Company remains “at will.” This means your employment is voluntary and is subject to termination by you or Iteris at-will, with or without cause, and with or without notice at any time.

6. Modification. As amended by this Amendment, the Employment Agreement is the final, complete and exclusive agreement of the Parties with respect to the subject matter thereof and supersedes and merges all prior discussions between the Parties. Except as expressly provided in this Amendment, the terms of the Employment Agreement remain in effect without modification. Neither this Amendment, nor the Employment Agreement itself, may be modified except by a written document signed by both you and an authorized representative of the Company. Capitalized terms not otherwise defined in this Amendment have the meanings provided for such terms in the Employment Agreement.

Please sign below to confirm your understanding and acceptance of the amendments set forth in this Amendment. Thank you for your continued efforts on behalf of Iteris, and I look forward to continuing to work with you in your new role.

Sincerely,

Iteris, Inc.

/s/ Jeff McDermott

Name: Jeff McDermott

Title: SVP & CHRO

Consented to and agreed by:

/s/ Doug Groves

Doug Groves

January 30, 2023

Date



Iteris Names Kerry A. Shiba New Chief Financial Officer

Austin, Texas – February 2, 2023 – Iteris, Inc. (NASDAQ: ITI), the world’s trusted technology ecosystem for smart mobility infrastructure management, today announced that Kerry A. Shiba will join the company as senior vice president & CFO effective February 3, 2023. Shiba will report to Joe Bergera, Iteris president and CEO, and will oversee the company’s finance, information systems, legal, supply chain, and manufacturing functions.

“As Iteris continues to demonstrate increasing market adoption of its industry-leading smart mobility infrastructure products and services, Kerry brings valuable know-how to accelerate the execution of our growth strategy,” said Mr. Bergera. “During his impressive career, Kerry has created significant enterprise value through portfolio optimization, supply chain execution, and capital sourcing and allocation. Beyond his focus in manufacturing and distribution, Kerry adds tremendous experience helping to build service-oriented value propositions attaching annual recurring revenue to product sales. I am confident Kerry will make meaningful contributions to our next stage of growth.”

“I am excited to join Iteris at this significant inflection point,” said Mr. Shiba. “Given the strong customer adoption of its ClearMobility platform, Iteris is in a great position to benefit from favorable secular trends, as well as the large increase in infrastructure spending contemplated under the Infrastructure Investment and Jobs Act over the next five years. I look forward to working with Joe and the entire management team to build upon the company’s excellent momentum.”

Mr. Shiba has more than 30 years of valuable experience. Most recently, he served as CFO & treasurer of Romeo Power, Inc. (NYSE: RMO), a manufacturer of electric vehicle batteries, until its acquisition by Nikola Corporation (NASDAQ: NKLA). From 2017 to 2020, Shiba held the position of executive vice president & CFO of Wesco Aircraft Holdings, Inc. (NYSE: WAIR). Wesco was acquired by Platinum Equity in January 2020. Previously, Mr. Shiba served as CFO for two tier-one automotive parts suppliers – Superior Industries International (NYSE: SUP) and Remy International (now part of Borg Warner (NYSE: BWA)). Earlier in his career, Mr. Shiba was an executive at Kaiser Aluminum (NASDAQ: KALU) and The BF Goodrich Company, as well as a management consultant in the Ernst & Ernst (now Ernst & Young) manufacturing practice.

He received his BA from Baldwin Wallace College and earned his CPA (now inactive) from the State of Ohio.

Mr. Shiba will replace Doug Groves, who will serve as a senior advisor for four months to facilitate a seamless transition.



“During his three years at Iteris, Doug helped us introduce a platform-based business model, enhance our underlying financial structure, and navigate COVID-19 and its related supply chain aftershocks. With Iteris achieving a new inflection point, this is a natural transition period for Doug,” said Mr. Bergera. “I appreciate everything Doug has done to position Iteris for our next stage of growth.”

About Iteris, Inc.

Iteris is the world’s trusted technology ecosystem for smart mobility infrastructure management. Delivered through Iteris’ ClearMobility Platform, our cloud-enabled end-to-end solutions monitor, visualize and optimize mobility infrastructure around the world, and help bridge legacy technology silos to unlock the future of transportation. That’s why more than 10,000 public agencies and private-sector enterprises focused on mobility rely on Iteris every day. Visit www.iteris.com for more information, and join the conversation on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Iteris Forward-Looking Statements

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," "outlooks," "target," "plans," "seeks," "estimates," "may," "should," "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 future growth and development. Such statements are not guarantees of future performance and 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, our reliance on hiring, integrating and retaining key personnel, like Mr. Shiba; our ability to provide services, products and other deliverables on a cost-effective basis; government funding and budgetary issues, and potential impacts related to funding delays; changes in scheduling and/or requirements related to projects; availability of resources, such as components and equipment necessary to perform the work for projects; the impact of general economic, political, and other conditions in the markets we address; and the potential impact of product and service offerings from competitors and such competitors’ patent coverage and claims. Further information on Iteris, Inc., including additional risk factors that may affect our forward-looking statements, 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).

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Investor Relations

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