

An aerial night view of a city street intersection, likely in Japan, with cars and buildings. A glowing blue network of nodes and lines is overlaid on the image, suggesting a digital or data network. The nodes are concentrated at the intersection and along the roads.

Investor Presentation

September 2021

NASDAQ: ITI

Safe Harbor Statement

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).

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).

Non-GAAP Financial Measures: This presentation includes certain non-GAAP financial measures, such as adjusted Annual Recurring Revenue and 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.

Iteris At-a-Glance

The Leader in Smart Mobility Infrastructure Management

Iteris collects & processes

1.5 petabytes
of data
annually

Iteris developed the

**CONNECTED
VEHICLE
ARCHITECTURE**
in 2012



Iteris designed,
deployed or equipped
**>33% of all signalized
intersections**
in the United States

**ADVANCED TRAVELER
INFORMATION SYSTEM**

11 systems
generating

1M

**TOUCHES
WEEKLY**

- \$123M+ total (TTM) revenue⁽¹⁾
- \$28.6M+ total (TTM) annual recurring revenue (23.2% of total TTM revenue)⁽¹⁾
- Targeted investments in SaaS initiatives
- 430 Employees
- 10,000+ Customers
- 200,000+ Sensors Installed
- HQ: Santa Ana, CA
- NASDAQ: ITI

(1): As of 6/30/2021. This figure **excludes** the Ag and Weather Analytics segment, which was sold in May 2020.

Delivery Capabilities



Market leader in IoT segment for transportation infrastructure



Unique multi-disciplinary expertise



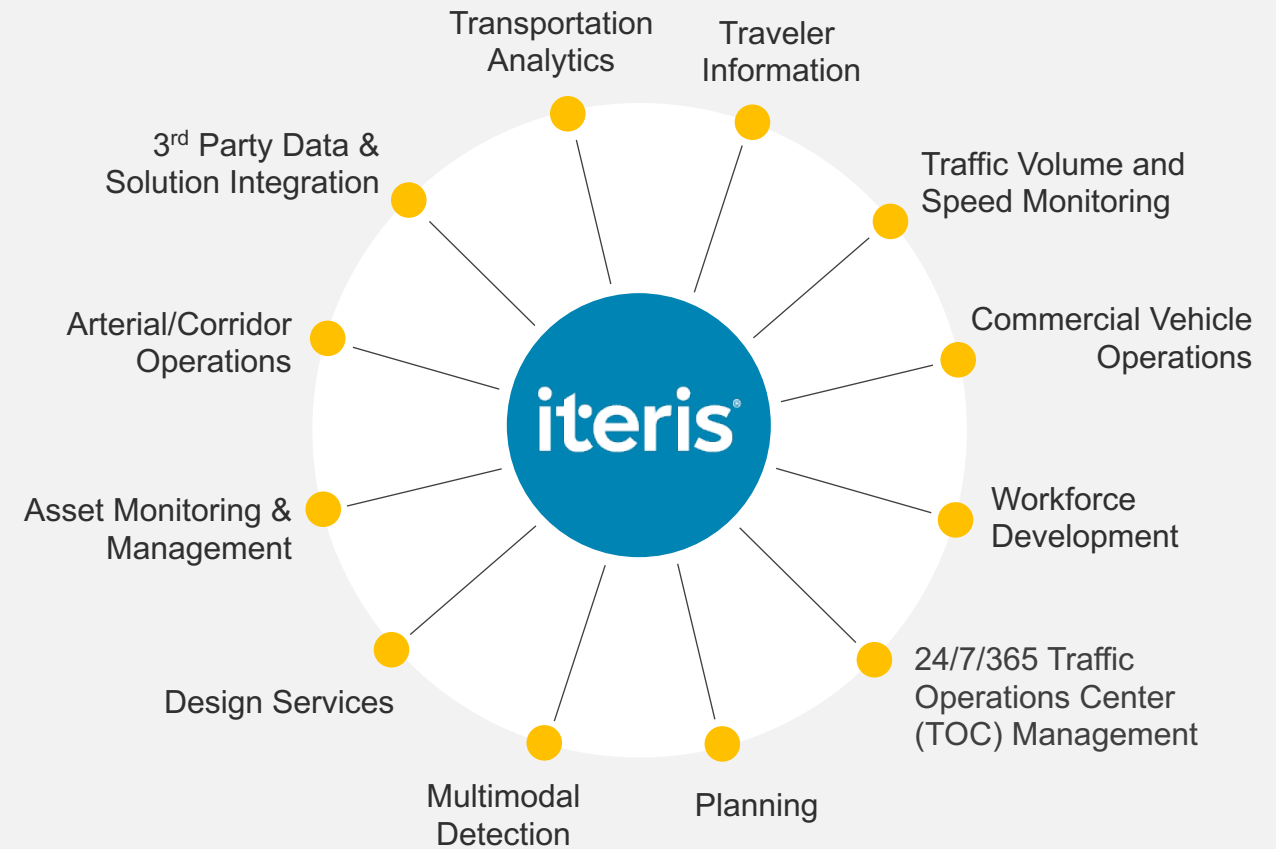
Demonstrated record of technical leadership



Expanding suite of data aggregation and analytics solutions

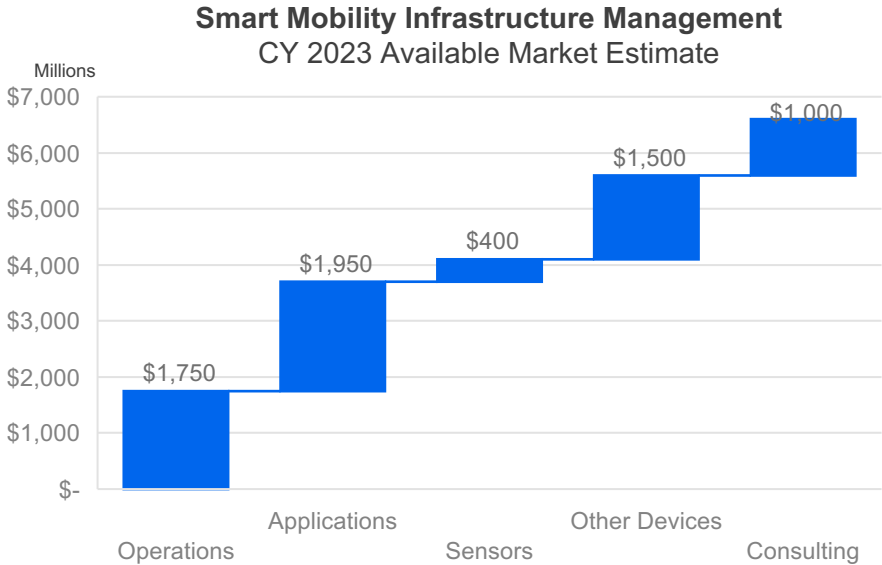
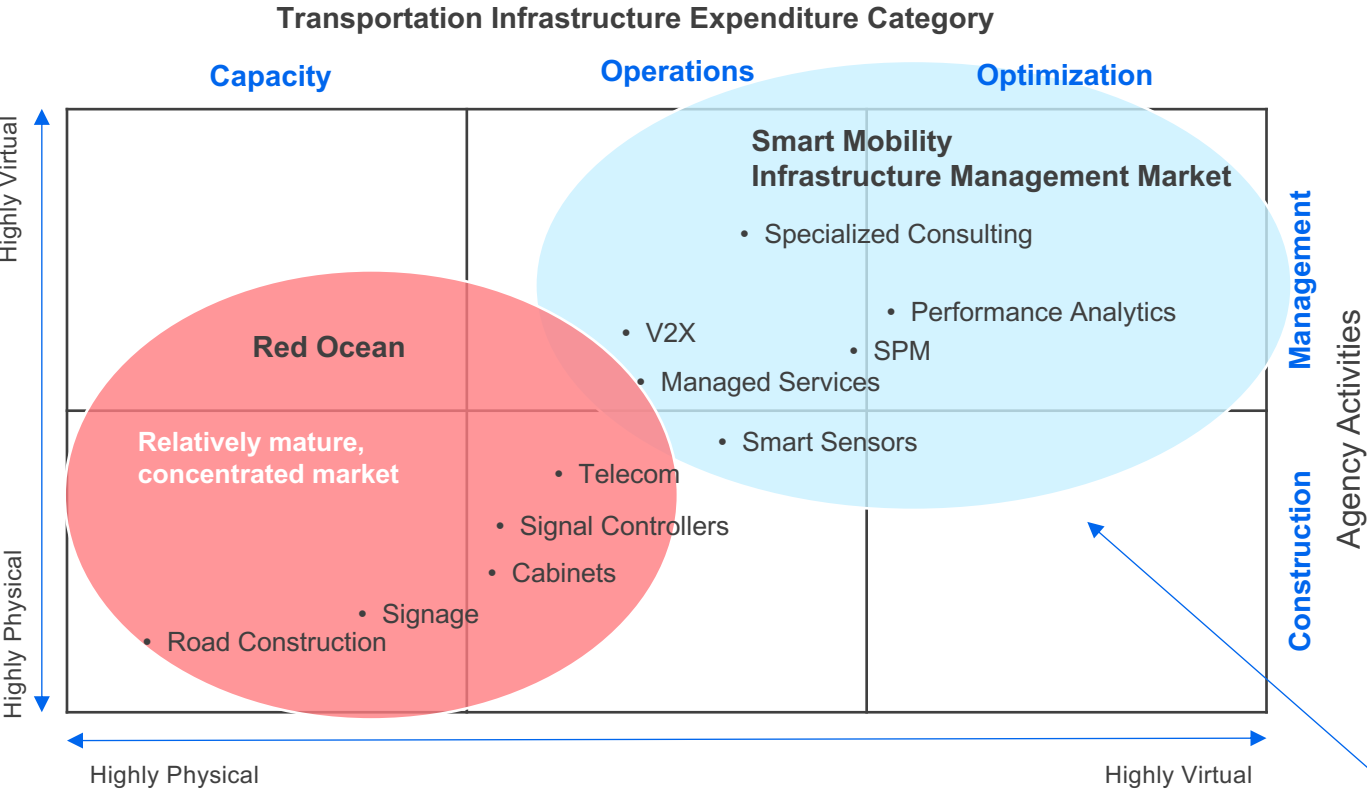


Trusted advisor to 20 countries; 50 state Departments of Transportation; 1,000s of counties & municipalities



Smart Mobility Infrastructure Management

The Market Opportunity

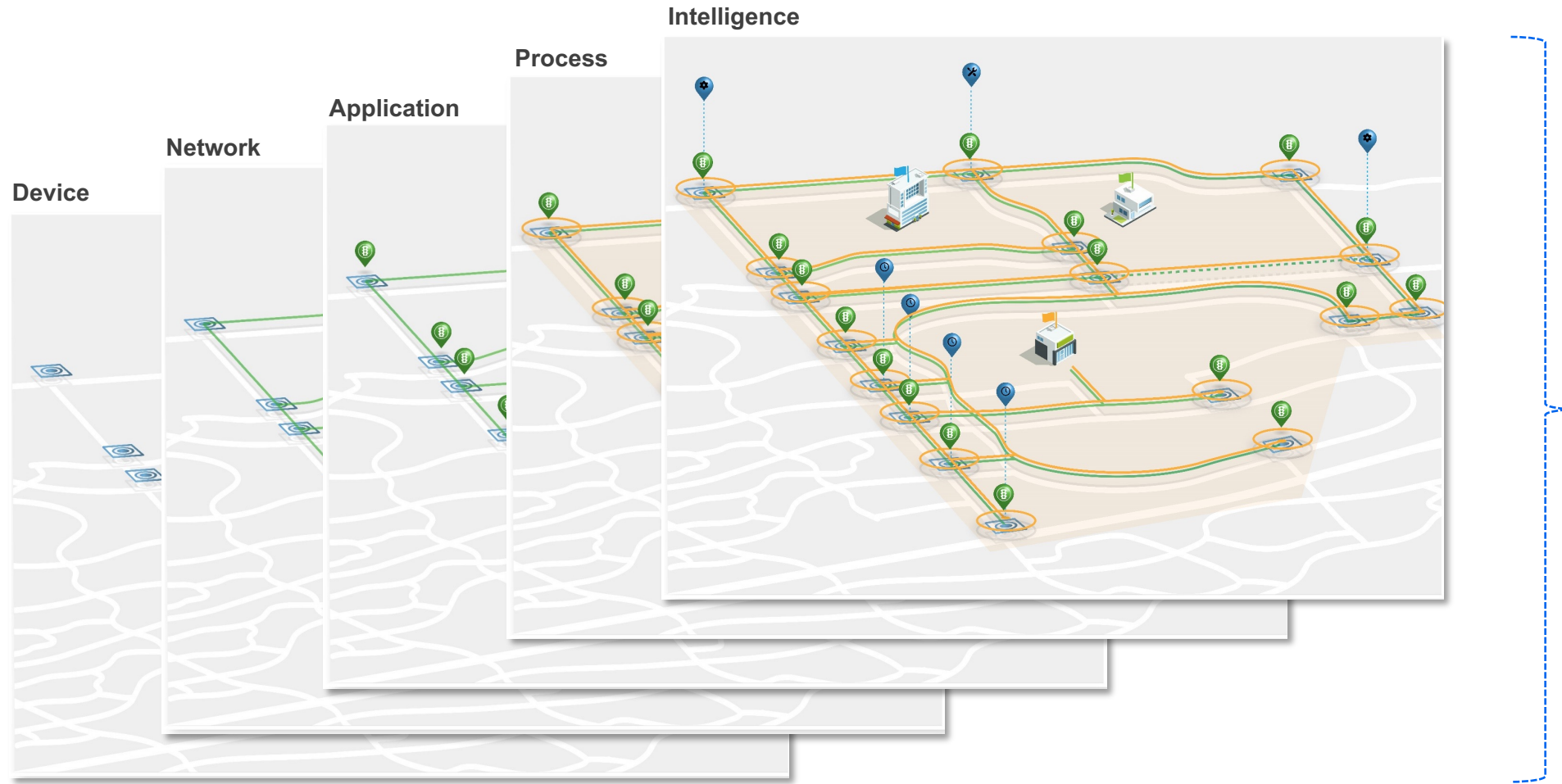


- Instrument road network with advanced technology
- Monitor road network performance
- Improve congestion, safety, and carbon emissions
- Reduce cost to operate road network
- Enable vehicle to infrastructure (V2X) integration

**A fragmented \$6.5B market with the potential to convert more than 30%
(or \$2.2B) to SaaS and other recurring revenue**

Smart Mobility Infrastructure Management

Multi-Level Infrastructure



Smart mobility infrastructure is comprised of five distinct, yet interrelated management levels

Smart Mobility Infrastructure Management

At-A-Glance



Our Vision

Be the **leading provider of Smart Mobility Infrastructure Management solutions** by using cloud technologies to help transportation operate more safely, efficiently and sustainably

Our Strategy

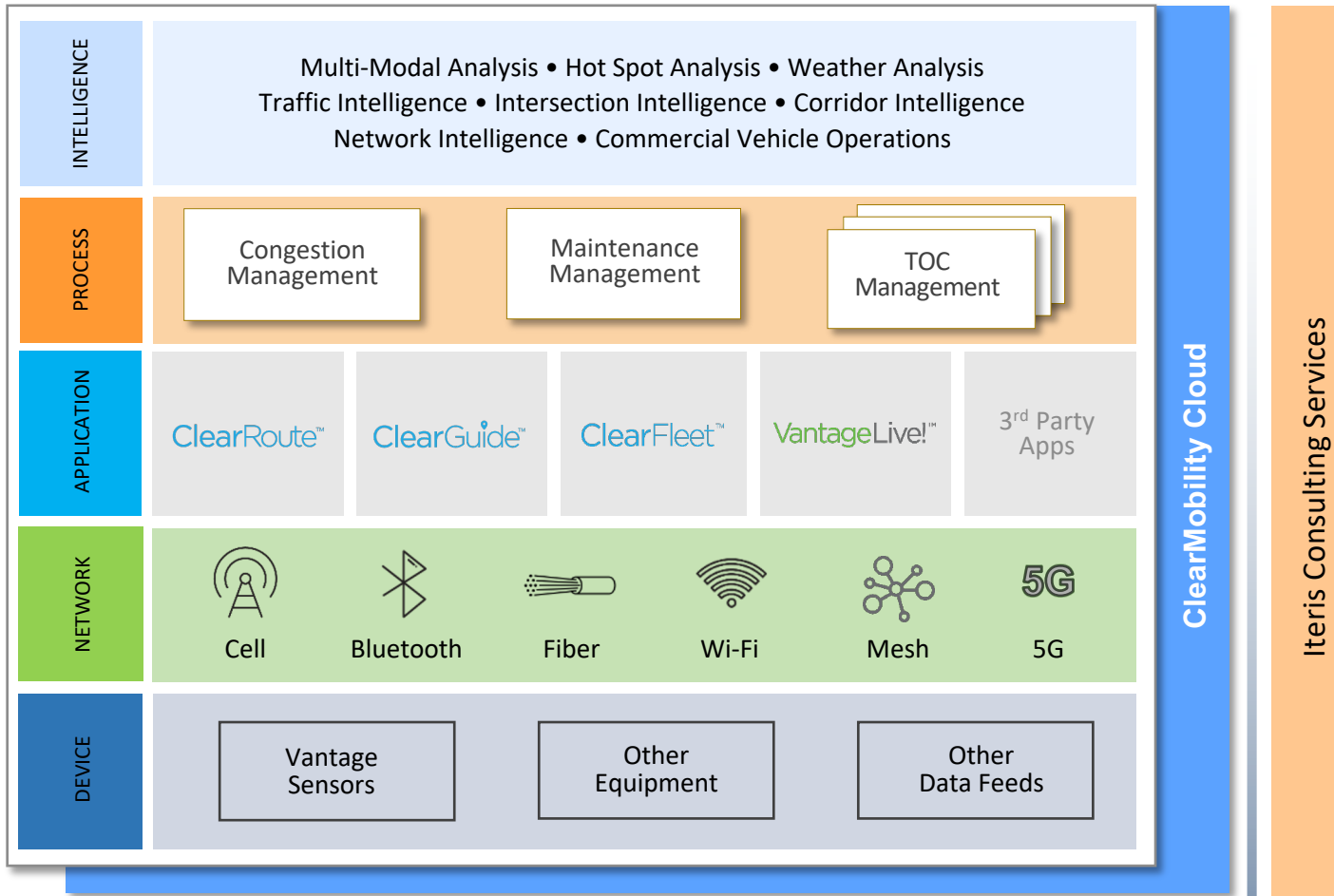
Provide the most complete platform for Smart Mobility Infrastructure Management by **delivering a comprehensive suite of products and consulting services**, as well as end-to-end solutions delivered as managed services

Our Platform

Iteris' ClearMobility Platform™ is the **most complete solution of cloud-based software, sensors, hardware and consulting services** to continuously monitor, visualize, and optimize mobility infrastructure

Iteris Smart Mobility Portfolio – ClearMobility™

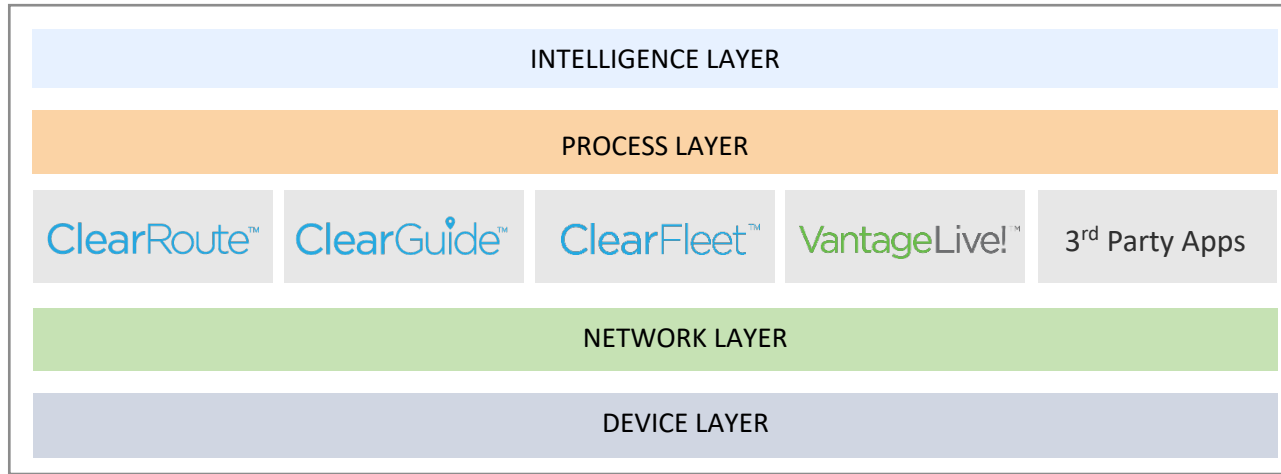
Most Complete Solution to Monitor, Visualize and Optimize Mobility Infrastructure



- Best-of-breed solutions (that are industry's performance benchmark)
- Breadth of capability (based upon solution set, domain knowledge, ecosystem)
- Technology agnostic (i.e., optimized for heterogeneous environments)

ClearMobility™ Cloud

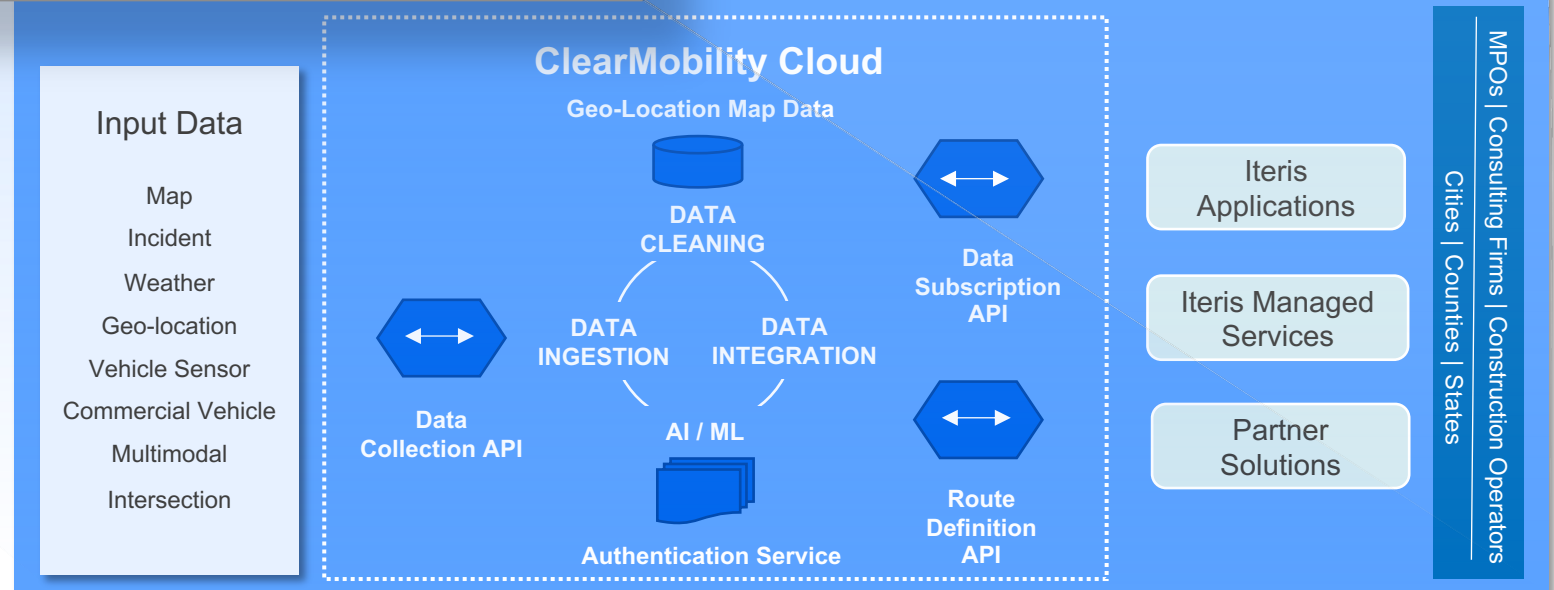
Cloud-Enabled End-to-End Management of Complex Mobility Infrastructure



“Up to 85% of transportation agency executives are receptive to use of Cloud-based software and process virtualization”

Iteris Market Research conducted November 2020

- Open, standardized architecture
- Horizontally scalable data processing
- Secure, policy-based access
- Collaborative operations model
- Third-party extensibility



Iteris Process Virtualization Offers

		Intersection-as-a-Service	Arterial-as-a-Service	Highway-as-a-Service
Smart Mobility Infrastructure Management Processes	Asset Management	ClearGuide™ SPM	iteris Asset Management	iteris Asset Management
	TOC Management	Not applicable	ClearGuide™ APM iteris TOC Best Practices	ClearGuide™ HPM ClearRoute™ iteris TOC Best Practices
	Safety Management	ClearGuide™ SPM iteris Near Miss iteris Vision Zero Safety Solutions Vantage Vector™ iteris TOC Best Practices	ClearGuide™ SPM ClearGuide™ APM iteris Vision Zero Safety Solutions iteris TOC Best Practices	ClearGuide™ HPM ClearRoute™ iteris NOC iteris TOC Best Practices
	Maintenance Management	ClearGuide™ SPM VantageCare™	ClearGuide™ SPM VantageCare™	iteris NOC
	Systems Management	ClearGuide™ SPM VantageCare™	ClearGuide™ SPM VantageCare™	ClearGuide™ HPM iteris NOC iteris TOC Best Practices
	Congestion Management	ClearGuide™ SPM VantageLive!™	ClearGuide™ SPM ClearGuide™ APM VantageLive!™	ClearGuide™ HPM

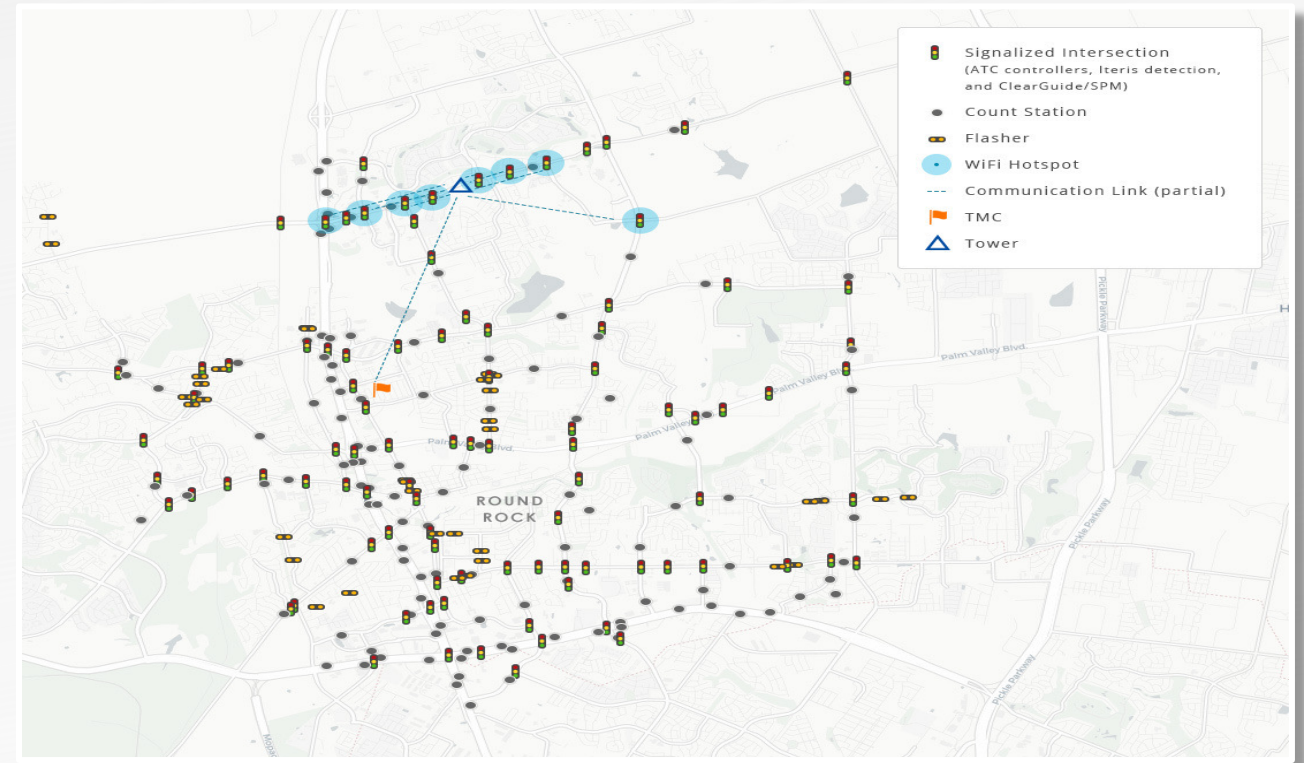
Iteris is uniquely able to seamlessly bundle market-leading SaaS solutions and operations expertise to deliver process virtualization

Process Virtualization Application Example #1

Round Rock, TX - Population of 130,000

Customer Benefits

- Access to technical expertise
- Eliminate set-up and ongoing fixed costs
- Realize the benefits of scale economies
- Leverage continuous technology advances
- Increase operational agility



541 total intersections • 96 signalized intersections • 119 count stations • 36 traffic flashers
8 intersection WiFi hotspots • 4.4M daily vehicle miles traveled • 186,000 daily travelers
1,008 road miles • 2,263 lane miles

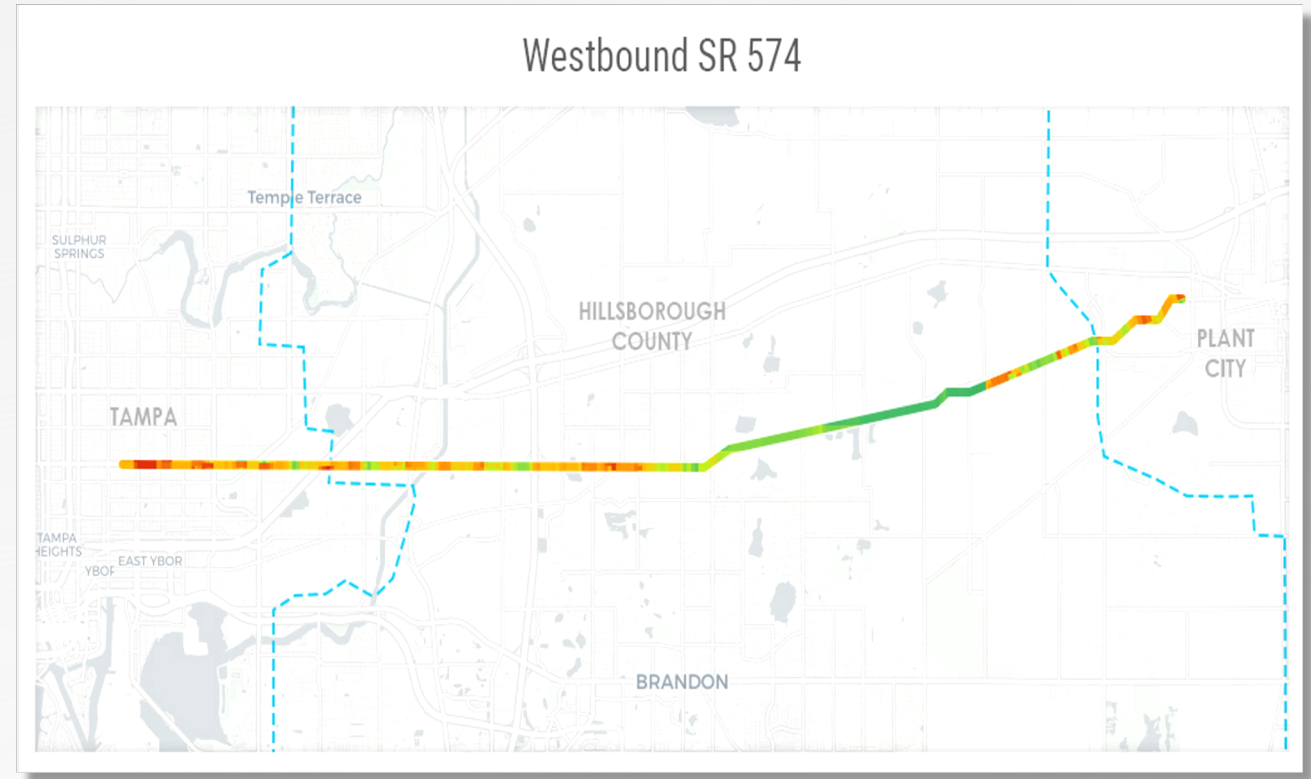
Over 1,500 small to medium-sized cities face the challenge of managing complex, heterogeneous technology environments 24x7

Process Virtualization Application Example #2

Tampa Bay Metropolitan Area - Population of 1,472,000

Customer Benefits

- Optimize road network across agency boundaries
- Share cost structure among agencies
- Retire legacy IT architecture constraints
- Increase operational agility
- Capture new funding sources

























128 unique agencies (entities) • 22,592 intersections • 1,160 signalized intersections • 5,394 road miles
2.0 million daily travelers • 40.4 daily vehicle miles • 3 traffic operations centers

Large metropolitan areas face the additional complexity of managing legacy IT architectures across artificial interagency silos

Competitive Environment – North America

No competitor is able to match the breadth and complementarity of our offering

CATEGORY	Iteris	Control & Operational Assets/Hardware <i>(Econolite, McCain, Siemens, Wavetronix, Cubic, Flir)</i>	Control & Operational Software <i>(Econolite, Parsons, Siemens, Kimley-Horn, Transcore, Start-ups)</i>	Data Analytics and Visualization <i>(Streetlight Data, TraffOp, INRIX, HERE, No Traffic, TrafficWare, Universities)</i>	A&E and ITS Consulting <i>(Kimley-Horn, Parsons, HNTB, HDR, AECOM, IBI, Fehr & Peers, Local firms)</i>
Multimodal Detection - Intersections					
Multimodal Detection - Arterials					
Arterial/Corridor Operations					
ITS Asset Monitoring & Management					
Transportation Analytics SaaS					
Commercial Vehicle Operations					
Planning, Design and Integration Services					
Traveler Information System SaaS					
24/7/365 TOC Management					



Comprehensive set of solutions



Limited/Partial set of solutions

Due to market's favorable secular trends, we expect and are prepared for a new generation of market participants to emerge



Financials

Target Operating Model

Turning the Corner to Profitability

	FY 2019	FY 2020	FY 2021	Q1 FY 2022 TTM	Target 3-year Model
Revenue Growth	-5.6%	15.1%	9.1%	11.5%	10-12%
Annual Recurring Revenue (1)	19.9%	20.2%	22.0%	23.2%	>30%
Gross Margins (1)	37.8%	40.6%	40.0%	40.6%	42-44%
General & Administrative (1)	19.5%	20.3%	20.3%	20.1%	15-16%
Sales and Marketing (1)	17.1%	15.5%	12.8%	13.1%	10-11%
R&D Expenses (1)	4.0%	4.0%	4.4%	4.9%	6-7%
Adjusted EBITDA (2)	0.5%	4.4%	6.4%	6.3%	11-13%
(1) As of % revenue					
(2) Excludes restructuring, amortization, and acquisition costs					

Financial Priorities

Convert >150% of GAAP net income to cash

Grow annual recurring revenue by at least 25-30% per year

Grow adjusted EBITDA margin as a percentage of revenue by 20-25% per year

Disciplined approach to capital allocation that focuses on return on invested capital

Summary



Large, Dynamic
Primary Market



Attractive Business
Model



Additional Strategic
Optionality



Thank You.

NASDAQ: ITI



Appendix

Key Statistics

Trading Data <i>(at 8-31-21)</i>	
Stock Price	\$5.70
52 Week Low/High	\$3.71/\$7.81
Avg. Daily Vol. <i>(3 mos.)</i>	212,160
Shares Outstanding	42.28M
Public Float, est.	98%
Institutional Holdings	63.5%
Market Cap	\$239M

Financial Highlights <i>(at 6-30-21) (*)</i>	
Total Revenue <i>(ttm)</i>	\$123.2M
Adjusted EBITDA <i>(ttm)</i>	\$7.7M
Cash & Short-term Investments	\$31.1M
Total Assets	\$131.3M
Total Debt	\$0.0M
Total Liabilities	\$49.5M
Total Backlog	\$79.9M

Source: Yahoo Finance. ITI fiscal year ends Mar 31.

(*): These figures **exclude** the Ag and Weather Analytics segment, which was sold in May 2020.

Key Statistics (Cont.)

Adjusted EBITDA for Q1 FY 2022 TTM (in 000's) (*)	
Net income from continuing operations	\$ 702
Income tax provision expense	156
Depreciation expense	781
Amortization expense	2,478
Stock based compensation	3,032
Acquisition costs	417
Opening inventory fair value adjustment	136
Total adjustments	7,000
Adjusted EBITDA from continuing operations	\$ 7,702

(*): These figures **exclude** the Ag and Weather Analytics segment, which was sold in May 2020.

Non-GAAP Financial Measures Note Regarding Non-GAAP Financial Information

This presentation contains non-GAAP financial measures, including Annual Recurring Revenue (ARR) (which is our software-based revenue and process virtualization revenue) and Adjusted EBITDA (which excludes interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, net gain on divestitures 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.