

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

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

For the quarterly period ended **November 30, 2021**  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**COMMISSION FILE NUMBER: 0-12182**

**CALAMP CORP.**

(Exact name of Registrant as specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**15635 Alton Parkway, Suite 250  
Irvine, California**

(Address of principal executive offices)

**95-3647070**

(I.R.S. Employer  
Identification No.)

**92618**

(Zip Code)

**(949) 600-5600**

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of Each Exchange On Which Registered
Common stock, \$0.01 per share	CAMP	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's common stock as of December 17, 2021 was 35,903,559.

**CALAMP CORP.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTER ENDED NOVEMBER 30, 2021**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CALAMP CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except par value)  
(Unaudited)

Assets	November 30, 2021	February 28, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 91,114	\$ 94,624
Accounts receivable, net	58,589	63,325
Inventories	20,180	23,663
Prepaid expenses and other current assets	23,705	24,804
Current assets of discontinued operations	—	7,872
Total current assets	193,588	214,288
Property and equipment, net	37,962	41,081
Operating lease right-of-use assets	12,099	14,273
Deferred income tax assets	4,230	4,889
Goodwill	94,001	94,617
Other intangible assets, net	33,014	37,488
Other assets	27,397	27,169
Total assets	\$ 402,291	\$ 433,805
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 2,917	\$ 4,317
Accounts payable	30,780	35,767
Accrued payroll and employee benefits	10,463	12,761
Deferred revenue	29,217	32,924
Other current liabilities	21,502	17,380
Current liabilities of discontinued operations	—	4,096
Total current liabilities	94,879	107,245
Long-term debt, net of current portion	187,679	182,154
Operating lease liabilities	13,751	17,061
Other non-current liabilities	25,801	30,487
Non-current liabilities of discontinued operations	—	1,773
Total liabilities	322,110	338,720
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock, \$.01 par value; 3,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$.01 par value; 80,000 shares authorized; 35,903 and 35,229 shares issued and outstanding at November 30, 2021 and February 28, 2021, respectively	359	352
Additional paid-in capital	239,043	233,692
Accumulated deficit	(156,784)	(137,974)
Accumulated other comprehensive loss	(2,437)	(985)
Total stockholders' equity	80,181	95,085
Total liabilities and stockholders' equity	\$ 402,291	\$ 433,805

See accompanying notes to condensed consolidated financial statements.

**CALAMP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2020
<b>Revenues:</b>				
Products	\$ 40,376	\$ 50,129	\$ 143,902	\$ 141,285
Application subscriptions and other services	28,401	28,383	83,560	85,355
Total revenues	<u>68,777</u>	<u>78,512</u>	<u>227,462</u>	<u>226,640</u>
<b>Cost of revenues:</b>				
Products	27,291	32,644	92,975	96,354
Application subscriptions and other services	13,466	14,630	40,650	42,481
Total cost of revenues	<u>40,757</u>	<u>47,274</u>	<u>133,625</u>	<u>138,835</u>
Gross profit	28,020	31,238	93,837	87,805
<b>Operating expenses:</b>				
Research and development	7,179	6,416	21,848	18,925
Selling and marketing	13,239	11,830	37,748	33,743
General and administrative	12,775	11,962	38,659	35,903
Intangible asset amortization	1,386	1,201	4,033	3,567
Restructuring	—	(100)	336	1,917
Impairment losses	—	—	—	286
Total operating expenses	<u>34,579</u>	<u>31,309</u>	<u>102,624</u>	<u>94,341</u>
Operating loss	(6,559)	(71)	(8,787)	(6,536)
<b>Non-operating income (expense):</b>				
Investment income	150	584	1,218	1,282
Interest expense	(3,830)	(3,880)	(11,483)	(11,814)
Other expense, net	(98)	(52)	(2,084)	(43)
Total non-operating expenses	<u>(3,778)</u>	<u>(3,348)</u>	<u>(12,349)</u>	<u>(10,575)</u>
Loss from continuing operations before income taxes	(10,337)	(3,419)	(21,136)	(17,111)
Income tax provision from continuing operations	(205)	(319)	(831)	(825)
Net loss from continuing operations	(10,542)	(3,738)	(21,967)	(17,936)
Net income (loss) from discontinued operations, net of tax	(895)	(19,942)	3,157	(29,644)
Net loss	<u>\$ (11,437)</u>	<u>\$ (23,680)</u>	<u>\$ (18,810)</u>	<u>\$ (47,580)</u>
<b>Loss per share - continuing operations:</b>				
Basic	\$ (0.30)	\$ (0.11)	\$ (0.62)	\$ (0.52)
Diluted	\$ (0.30)	\$ (0.11)	\$ (0.62)	\$ (0.52)
<b>Earnings (loss) per share - discontinued operations:</b>				
Basic	\$ (0.03)	\$ (0.57)	\$ 0.09	\$ (0.87)
Diluted	\$ (0.03)	\$ (0.57)	\$ 0.09	\$ (0.87)
<b>Shares used in computing earnings (loss) per share:</b>				
Basic	35,475	34,599	35,156	34,292
Diluted	35,475	34,599	35,156	34,292
<b>Comprehensive income (loss):</b>				
Net loss	\$ (11,437)	\$ (23,680)	\$ (18,810)	\$ (47,580)
<b>Other comprehensive income (loss):</b>				
Foreign currency translation adjustments	(1,735)	1,062	(1,452)	262
Total comprehensive loss	<u>\$ (13,172)</u>	<u>\$ (22,618)</u>	<u>\$ (20,262)</u>	<u>\$ (47,318)</u>

See accompanying notes to condensed consolidated financial statements.

**CALAMP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Nine Months Ended November 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (18,810)	\$ (47,580)
Less: Net income (loss) from discontinued operations, net of tax	3,157	(29,644)
Net loss from continuing operations	(21,967)	(17,936)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:		
Depreciation expense	13,053	12,863
Intangible asset amortization	4,033	3,567
Stock-based compensation	8,561	8,366
Amortization of debt issuance costs and discount	7,811	7,712
Noncash operating lease cost	2,680	1,725
Revenue assigned to factors	(3,665)	(4,864)
Deferred tax assets, net	389	372
Other	209	682
Changes in operating assets and liabilities of continuing operations:		
Accounts receivable	4,192	3,800
Inventories	3,034	2,976
Prepaid expenses and other assets	403	(4,941)
Accounts payable	(4,862)	11,095
Accrued liabilities	4,016	7,409
Deferred revenue	(10,544)	(2,277)
Operating lease liabilities	(3,635)	(2,029)
Net cash provided by operating activities - continuing operations	3,708	28,520
Net cash used in operating activities - discontinued operations	(395)	(4,177)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,313</b>	<b>24,343</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities and sale of marketable securities	—	6,264
Purchases of marketable securities	—	(6,264)
Capital expenditures	(10,342)	(8,973)
Net cash used in investing activities - continuing operations	(10,342)	(8,973)
Net cash provided by (used in) investing activities - discontinued operations	5,721	(2,117)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(4,621)</b>	<b>(11,090)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program Loan	—	10,000
Repayment of Paycheck Protection Program Loan	—	(10,000)
Proceeds from revolving credit facility, net of issuance costs	—	19,944
Repayment of 2020 Convertible Notes	—	(27,599)
Repayment of revolving credit facility	—	(20,000)
Taxes paid related to net share settlement of vested equity awards	(4,128)	(1,557)
Proceeds from exercise of stock options and contributions to employee stock purchase plan	900	909
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,228)</b>	<b>(28,303)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>1,026</b>	<b>(662)</b>
Net change in cash and cash equivalents	(3,510)	(15,712)
Cash and cash equivalents at beginning of period	94,624	107,404
Cash and cash equivalents at end of period	<u>\$ 91,114</u>	<u>\$ 91,692</u>

See accompanying notes to condensed consolidated financial statements.

**CALAMP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2021	2020	2021	2020
Total stockholders' equity, beginning balances	\$ 90,312	\$ 118,978	\$ 95,085	\$ 137,919
Common stock and additional paid-in capital:				
Beginning balances	236,361	226,718	234,044	220,825
Stock-based compensation expense	3,152	3,030	8,586	9,499
Shares issued on net share settlement of equity awards	(111)	(72)	(4,128)	(1,557)
Exercise of stock options and contributions to employee stock purchase plan	—	—	900	909
Ending balances	<u>239,402</u>	<u>229,676</u>	<u>239,402</u>	<u>229,676</u>
Accumulated deficit:				
Beginning balances	(145,347)	(105,565)	(137,974)	(81,531)
Cumulative effect of adoption of ASC 326	—	—	—	(134)
Net loss	(11,437)	(23,680)	(18,810)	(47,580)
Ending balances	<u>(156,784)</u>	<u>(129,245)</u>	<u>(156,784)</u>	<u>(129,245)</u>
Accumulated other comprehensive income:				
Beginning balances	(702)	(2,175)	(985)	(1,375)
Foreign currency translation adjustment	(1,735)	1,062	(1,452)	262
Ending balances	<u>(2,437)</u>	<u>(1,113)</u>	<u>(2,437)</u>	<u>(1,113)</u>
Total stockholders' equity, ending balances	<u>\$ 80,181</u>	<u>\$ 99,318</u>	<u>\$ 80,181</u>	<u>\$ 99,318</u>

See accompanying notes to condensed consolidated financial statements.

**CALAMP CORP.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED NOVEMBER 30, 2021 AND 2020**

**NOTE 1 - DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business**

CalAmp Corp. (referred to herein as “CalAmp”, “the Company”, “we”, “our”, or “us”) is a connected intelligence company that helps people and businesses work smarter. We partner with transportation and logistics, industrial equipment, government and automotive industries to deliver insights that enable businesses to make the right decisions. Our applications, platform and smart devices allow them to track, monitor and recover their vital assets with real-time visibility that reduces costs, maximizes productivity and improves safety. We are a global organization that is headquartered in Irvine, California.

In March 2020, the World Health Organization declared COVID-19 (“COVID-19” or the “pandemic”) to be a public health pandemic of international concern, which has resulted in travel restrictions and in some cases, prohibitions of non-essential activities, disruption and shutdown of businesses and greater uncertainty in global financial markets. Through fiscal 2021, our revenues were negatively impacted by COVID-19 as various small-to-medium sized customers postponed their capital expenditures due to the pandemic and related macro-economic uncertainties. Although our business was initially negatively impacted by the COVID-19 pandemic in the first half of fiscal 2021, we resumed device installation and activation services soon thereafter. More recently we have experienced supply shortages as a result of global supply imbalances driven by the global pandemic. These global supply imbalances have negatively impacted all parts of our business during fiscal 2022, more significantly during the three months ended November 30, 2021. It is difficult to predict the extent to which the pandemic will continue to impact our future business or operating results, which are highly dependent on uncertain future developments, including the severity of the continuing pandemic, the actions taken or to be taken by governments and private businesses in relation to its containment and the resolution of supply chain issues and supply shortages. Because our business is dependent on telematics product sales, device installations and related subscription-based services, the ultimate effect of COVID-19 and the current supply shortages may not be fully reflected in our operating results until future periods.

We have considered all known and reasonably available information that existed throughout the three and nine months ended and as of November 30, 2021, in making accounting judgements, estimates and disclosures. We are monitoring the potential effects of the health care related and economic conditions of COVID-19 in assessing certain matters including (but not limited to) supply chain disruptions, decreases in customer demand for our products and services, potential longer-term effects on our customer and distribution channels particularly in the U.S. and relevant end markets as well as other developments. If the impact results in longer term closures of businesses and economic recessionary conditions, we may recognize additional material asset impairments and charges for uncollectible accounts receivable in future periods.

Certain notes and other information included in the audited financial statements in our Annual Report on Form 10-K for the fiscal year ended February 28, 2021 are condensed in or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with our 2021 Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (“SEC”) on April 22, 2021.

In the opinion of our management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly our financial position at November 30, 2021 and our results of operations for the three and nine months ended November 30, 2021 and 2020. The results of operations for such periods are not necessarily indicative of results to be expected for the full fiscal year ending February 28, 2022.

All intercompany transactions and accounts have been eliminated in consolidation.

**Sale of LoJack North America Operations**

On January 22, 2021, we received a formal proposal from Spireon Holdings, L.P. (“Spireon”) to acquire the LoJack U.S. and Canadian SVR (“LoJack North America”) business for a purchase price of \$8.0 million. Effective March 15, 2021, the Company and Spireon entered into a purchase agreement pursuant to which we sold certain assets and transferred certain liabilities of the LoJack North America business to Spireon. Operations for LoJack North America are presented as *discontinued operations* in the accompanying condensed consolidated financial statements for the three and nine months ended November 30, 2021 and 2020. See Note 2, *Discontinued Operations*, for additional information.

Unless otherwise indicated, the financial disclosures and related information provided herein relate to our continuing operations and we have recast prior period amounts to reflect discontinued operations.

**Revenue Recognition**

We recognize revenue as follows:

*Products.* We recognize revenue from product and accessories sales upon transfer of control of promised products to customers in an amount that reflects the transaction price, which is generally the stand-alone selling prices of the promised goods. For product shipments made on the basis of “FOB Destination” terms, revenue is recorded when the products are delivered to the customer. Customers generally do not have a right of return except for defective products returned during the warranty period. We record estimated commitments related to customer incentive programs as reductions of revenues.

*Software-as-a-Service (“SaaS”).* We recognize our SaaS revenues and related cost of revenues in our application subscriptions and other service revenues and cost of revenues on SaaS arrangements that combine various hardware devices over a stipulated service period.

Our integrated SaaS-based solutions for our tracking, monitoring and recovery services provide customers with the ability to wirelessly communicate with monitoring devices installed in vehicles and other mobile or remote assets through our software applications. The transaction price for a typical SaaS arrangement includes the price for the customized device, installation and application subscriptions. We have applied our judgment in determining that these integrated arrangements typically represent single performance obligations satisfied over time.

Accordingly, we defer the recognition of revenue for the customized devices that only function with our applications and are sold only on an integrated basis with our proprietary applicable subscriptions. Such customized devices and the application services are not sold separately. In such circumstances, the associated device related costs are recorded as deferred costs on the balance sheet. Generally, these service arrangements do not provide the customer with the right to take possession of the software supporting the subscription service at any time. Revenues from subscription services are recognized ratably on a straight-line basis over the term of the subscription. The deferred revenue and deferred cost amounts are amortized to application subscriptions and other services revenue and cost of revenues, respectively, on a straight-line basis over the estimated average in-service lives of these devices, which is generally four to five years for our services. In certain fleet management contracts, we provide devices as part of the subscription contracts but we retain control of such devices. Under such arrangements, the cost of the devices is capitalized as property and equipment and depreciated over the estimated useful life of three to five years. The related subscription revenues of these arrangements are recognized as services are rendered. Our deferred revenue under ASC 606 also includes prepayments from our customers for various subscription services but does not include future subscription fees associated with customers’ unexercised contract renewal rights.

In certain customer arrangements, we sell devices and monitoring services separately to customers and sell similar devices on a stand-alone basis to licensees. Accordingly, we recognize revenues for the sales of the devices upon transfer of control to the customer and recognize revenue for the related monitoring services over the service period. The allocation of the transaction price is based on relative estimated stand-alone selling prices for the devices and the monitoring services.

*Professional Services.* We also provide various professional services to customers. These include project management, engineering services and installation services, which are typically distinct from other performance obligations and are recognized as the related services are performed. For certain professional service contracts, we recognize revenue over time based on the proportion of total costs incurred to-date as a percentage of the total estimated cost of the contract, which is an input method.

*Sales taxes.* We have elected to record revenue net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded within the caption *Other current liabilities* until remitted to the relevant government authority.

*Contract Balances.* Timing of revenue recognition may differ from the timing on our invoicing to customers. Contract liabilities are comprised of billings to or payments received from our customers in advance of performance under the contract. We refer to these contract liabilities as “Deferred Revenues” in the accompanying condensed consolidated financial statements. During the three months ended November 30, 2021, we recognized \$6.1 million in revenue from the deferred revenue balance of \$52.8 million as of February 28, 2021. Certain incremental costs of obtaining a contract with a customer consist of sales commissions, which are recognized on a straight-line basis over the life of the corresponding contracts. Prepaid commissions included in prepaid expenses and other current assets and other assets was \$4.7 million as of November 30, 2021, of which \$2.8 million was classified as other assets.

We disaggregate revenue from contracts with customers into reportable segments, geography, type of goods and services and timing of revenue recognition. See Note 15, *Segment Information and Geographic Data*, for our revenue by segment and geography. The disaggregation of revenue by type of goods and services and by timing of revenue recognition is as follows (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2020
<b>Revenue by type of goods and services:</b>				
Telematics devices and accessories	\$ 40,376	\$ 50,129	\$ 143,902	\$ 141,285
Rental income and other services	3,248	5,669	10,353	13,064
Recurring application subscriptions	25,153	22,714	73,207	72,291
Total	<u>\$ 68,777</u>	<u>\$ 78,512</u>	<u>\$ 227,462</u>	<u>\$ 226,640</u>



	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2021	2020	2021	2020
<b>Revenue by timing of revenue recognition:</b>				
Revenue recognized at a point in time	\$ 40,785	\$ 55,446	\$ 148,908	\$ 153,409
Revenue recognized over time	27,992	23,066	78,554	73,231
Total	<u>\$ 68,777</u>	<u>\$ 78,512</u>	<u>\$ 227,462</u>	<u>\$ 226,640</u>

Telematics devices and accessories revenue presented in the table above include devices sold in customer arrangements that include both the device and monitoring services. Recurring application subscriptions revenues include the recognition of revenue for customized devices functional only with application subscriptions.

Remaining performance obligations from continuing operations represents contracted revenue that has not yet been recognized, which includes deferred revenue on our condensed consolidated balance sheets and unbilled amounts that will be recognized as revenue in future periods. As of November 30, 2021 and February 28, 2021, we had estimated remaining performance obligations for contractually committed revenues of \$149.9 million and \$145.1 million, respectively. As of November 30, 2021, we expect to recognize approximately 15% in fiscal 2022 and 37% in fiscal 2023. As of February 28, 2021, we expected to recognize approximately 50% in fiscal 2022 and 22% in fiscal 2023. We have utilized the practical expedient exception within ASC 606 and exclude contracts that have original durations of less than one year from the aforementioned remaining performance obligation disclosure.

### Cash and Cash Equivalents

We consider all highly liquid investments with maturities at date of purchase of three months or less to be cash equivalents.

### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of amounts due to us from sales arrangements executed in our normal business activities and are recorded at invoiced amounts. Our payment terms generally range between 30 to 60 days of our invoice date with a few exceptions that extend the credit terms up to 90 days and we do not offer financing options. We present the aggregate accounts receivable balance net of an allowance for doubtful accounts. Generally, collateral and other security is not obtained for outstanding accounts receivable. Credit losses, if any, are recognized based on management's evaluation of historical collection experience, customer-specific financial conditions as well as an evaluation of current industry trends and general economic conditions. Past due balances are assessed by management on a periodic basis and balances are written off when the customer's financial condition no longer warrants pursuit of collection. Actual collections may differ from estimated amounts.

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. Except for an anticipated increase in expected credit losses, we are not aware of any specific event or circumstances that would require an update to our estimates or assumptions or a revision of the carrying value of our assets or liabilities as of the date of this Quarterly Report on Form 10-Q. These estimates and assumptions may change as new events occur and additional information is obtained. As a result, actual results could differ materially from these estimates and assumptions.

We analyzed the credit risk associated with our accounts receivables and lease receivables. Our historical loss rates have not shown any significant differences between customer industries or geographies, and upon adoption of ASU 2016-13, *Financial Instruments - Credit Losses* ("ASU 2016-13"), we grouped all accounts receivables and lease receivables into a single portfolio. As disclosed in Note 15, *Segment Information and Geographic Data*, we do not have significant international geographic concentrations of revenue, and, as a result, we do not have significant concentrations of accounts receivables or lease receivables in any single geography outside of the United States.

The allowance for doubtful accounts totaled \$2.7 million and \$3.7 million as of November 30, 2021 and February 28, 2021, respectively.

### Goodwill and Other Long-Lived Assets

Goodwill and long-lived assets to be held and used, including identifiable intangible assets, are reviewed for impairment annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. These events or changes in circumstances may include a significant deterioration of operating results, changes in business plans or changes in anticipated future cash flows. If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets or reporting unit to the estimated fair value of those assets or reporting unit determined using either an income approach, a market approach, or a combination of both. If the assets are impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the assets.

## **Fair Value Measurements**

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in our financial statements. We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly manner in an arm's-length transaction between market participants at the measurement date. Fair value is estimated by using the following hierarchy:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

## **Convertible Senior Notes and Capped Call Transactions**

We account for our convertible senior notes as separate liability and equity components. We determine the carrying amount of the liability component based on the fair value of a similar debt instrument excluding the embedded conversion option at the issuance date. The carrying amount of the equity component representing the conversion option is calculated by deducting the carrying value of the liability component from the principal amount of the notes as a whole. This difference represents a debt discount that is amortized to interest expense over the term of the notes using the effective interest rate method. The equity component of the notes is included in stockholders' equity and is not remeasured as long as it continues to meet the conditions for equity classification. We allocate transaction costs related to the issuance of the notes to the liability and equity components using the same proportions as the initial carrying value of the notes. Transaction costs attributable to the liability component are being amortized to interest expense using the effective interest method over the respective term of the notes, and transaction costs attributable to the equity components are netted with the equity component of the note in stockholders' equity. We account for the cost of the capped calls as a reduction to additional paid-in capital.

## **Litigation and Other Contingencies**

We accrue for litigation and other contingencies whenever we determine that an unfavorable outcome is probable and a liability is reasonably estimable. The amount of the accrual is estimated based on a review of each claim, including the type and facts of the claim and our assessment of the merits of the claim. These accruals are reviewed at least on a quarterly basis and are adjusted to reflect the impact of recent negotiations, settlements, court rulings, advice from legal counsel and other events pertaining to the case. Such accruals, if any, are recorded as general and administrative expenses in our condensed consolidated statements of comprehensive loss. Although we take considerable measures to mitigate our exposure in these matters, litigation is unpredictable; however, we believe that we have valid defenses with respect to pending legal matters against us as well as adequate provisions for probable and estimable losses. All costs for legal services are expensed as incurred.

## **Foreign Currency Translation**

We translate the assets and liabilities of our non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each period. Revenue and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from these translations are recognized in foreign currency translation included in accumulated other comprehensive income (loss) during the period. The aggregate foreign currency transaction exchange rate loss included in determining income (loss) before income taxes was (\$0.1) million and (\$0.1) million for the three and nine months ended November 30, 2021, respectively. The aggregate foreign currency transaction exchange rate gain (loss) included in determining income (loss) before income taxes was \$0.3 million and \$1.1 million for the three and nine months ended November 30, 2020.

## **Comprehensive Income (Loss)**

Comprehensive income (loss) consists of two components, net income (loss) and other comprehensive income (loss) ("OCI"). OCI refers to revenue, expenses and gains and losses that under U.S. GAAP are recorded as an element of stockholders' equity and excluded from net income (loss). Our OCI consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency.

## **Recently Adopted Accounting Pronouncements**

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU No. 2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. This ASU removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation, and calculating income taxes in interim periods. This ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 with early adoption permitted. The adoption of this standard on March 1, 2021 did not have a material impact on our condensed consolidated financial statements.

## Recently Issued Accounting Pronouncements, Not Yet Adopted

In August 2020, the FASB issued ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*, which removes certain separation models for convertible debt instruments and convertible preferred stock that require the separation of a convertible debt instrument into a debt component and an equity or derivative component. The ASU also expands disclosure requirements for convertible instruments and simplifies areas of the guidance for diluted earnings-per-share calculations that are impacted by the amendments. The standard is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted. We are evaluating the impact of the adoption of this guidance on our condensed consolidated financial statements.

## NOTE 2 – DISCONTINUED OPERATIONS

Effective March 15, 2021, a wholly owned subsidiary of the Company and Spireon entered into an agreement (“Sale Agreement”) pursuant to which we sold certain assets and transferred certain liabilities of the LoJack North America business (“LoJack Transaction”) for an upfront cash purchase price of approximately \$8.0 million. We received net proceeds of \$6.6 million, based on an estimate of certain adjustments to the gross purchase price as of the closing date. On November 9, 2021, the purchase price was reduced by \$0.9 million, which was paid to Spireon, due to final working capital adjustments. This payment is reflected within net loss from discontinued operations, net of tax, for the three months ended November 30, 2021. No further adjustments to the purchase price are expected. We recognized a gain on the sale of the LoJack North America business of \$4.1 million during the nine months ended November 30, 2021.

Concurrent with the closing of the transaction, we also entered into a Transition Services Agreement (the “TSA”) to provide support to Spireon in the transition of customers to its telematics solution and to provide recovery services to the existing installed base of LoJack North America customers, as an agent of Spireon, for a period of six months commencing March 15, 2021. Subsequently, the transition period was extended and is expected to conclude in the coming months. As consideration for these services, Spireon is reimbursing us for the direct and certain indirect costs, as well as certain overhead or administrative expenses related to operating the business. Additionally, we entered into a services agreement to commence upon the expiration of the TSA under which we will provide certain services related to the LoJack North America tower infrastructure for a period no longer than fifty-four months. As consideration for these services, Spireon will pay us a monthly service fee over the stipulated contract term. Further, we entered into a license agreement pursuant to which we license certain intellectual property rights related to the LoJack North America business in the U.S. and Canada to Spireon. In connection with the transition services provided to Spireon during the three and nine months ended November 30, 2021, respectively, we incurred a total cost of \$0.5 million and \$3.8 million of which \$0.4 million and \$1.8 million was billed to Spireon for the services under the TSA and the remaining \$0.1 million and \$2.0 million is included as a component of “Other expense” in the unaudited condensed consolidated statements of comprehensive loss as these costs represent non-operating expenses.

We concluded that as of February 28, 2021, the LoJack North America operations were discontinued operations as the asset group was a component of an entity, the component met the criteria of held for sale, and the disposal represented a strategic shift.

The operating results and cash flows related to the LoJack North America operations are reflected as discontinued operations in the unaudited condensed consolidated statements of comprehensive loss for the three and nine months ended November 30, 2021 and 2020, respectively, and the unaudited condensed consolidated statements of cash flows for the nine months ended November 30, 2021 and 2020, respectively. For the nine months ended November 30, 2021, we have reported the operating results and cash flows related to the LoJack North America operations through March 14, 2021:

The below table presents the amounts by balance sheet classification related to our discontinued operations (in thousands):

	<b>February 28, 2021</b>	
<b>Carrying amounts of the major classes of assets included in discontinued operations:</b>		
Accounts receivable, net	\$	5,050
Inventories		1,721
Prepaid expenses and other current assets		1,101
Total assets	<u>\$</u>	<u>7,872</u>
<b>Carrying amounts of the major classes of liabilities included in discontinued operations:</b>		
Accounts payable	\$	1,956
Deferred revenue		1,849
Other current liabilities		291
Current liabilities of discontinued operations		<u>4,096</u>
Non-current liabilities		<u>1,773</u>
Total liabilities	<u>\$</u>	<u>5,869</u>

The amounts in the statement of operations that are included in discontinued operations are summarized in the following table (in thousands):

	<b>Three Months Ended November 30,</b>		<b>Nine Months Ended November 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues	\$ —	\$ 9,500	\$ 823	\$ 25,124
Cost of revenues	—	5,733	950	16,061
Gross profit (loss)	<u>—</u>	<u>3,767</u>	<u>(127)</u>	<u>9,063</u>
Operating expenses:				
Research and development	—	367	32	1,171
Selling and marketing	—	2,817	167	7,283
General and administrative	—	1,680	75	5,307
Intangible asset amortization	—	654	141	2,024
Restructuring	—	192	404	634
Impairment losses	—	17,999	—	22,288
Total operating expenses	<u>—</u>	<u>23,709</u>	<u>819</u>	<u>38,707</u>
Operating loss from discontinued operations	—	(19,942)	(946)	(29,644)
Gain (loss) on sale of discontinued operations	(895)	—	4,103	—
Net income (loss) from discontinued operations, net of tax	<u>\$ (895)</u>	<u>\$ (19,942)</u>	<u>\$ 3,157</u>	<u>\$ (29,644)</u>

The amounts in the statement of cash flow that are included in discontinued operations are summarized in the following table (in thousands):

	Nine Months Ended November 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss) from discontinued operations, net of tax	\$ 3,157	\$ (29,644)
Adjustments to reconcile net income (loss) from discontinued operations to net cash used in operating activities:		
Depreciation	—	2,145
Intangible asset amortization	141	2,024
Stock-based compensation	25	1,133
Impairment losses	—	22,288
Gain on sale of discontinued operations	(4,103)	—
Noncash operating lease cost	—	2,218
Changes in operating assets and liabilities:		
Accounts receivable	452	972
Inventories	425	1,943
Prepaid expenses and other current assets	4	514
Accounts payable	(331)	(3,580)
Accrued liabilities	(135)	(1,631)
Deferred revenue	(30)	(46)
Operating lease liabilities	—	(2,513)
<b>NET CASH USED IN OPERATING ACTIVITIES OF DISCONTINUED OPERATIONS</b>	<b>(395)</b>	<b>(4,177)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	—	(2,117)
Net proceeds from sale of discontinued operations	5,721	—
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS</b>	<b>5,721</b>	<b>(2,117)</b>
<b>Net change in cash and cash equivalents</b>	<b>\$ 5,326</b>	<b>\$ (6,294)</b>

### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The following tables summarize our financial instrument assets (in thousands):

	As of November 30, 2021					
	Adjusted Cost	Unrealized Gains (Losses)	Fair Value	Balance Sheet Classification of Fair Value		
				Cash and Cash Equivalents	Other Assets	
Cash	\$ 35,292	\$ —	\$ 35,292	\$ 35,292	\$ —	
Level 1:						
Money market funds	12,322	—	12,322	12,322	—	
Mutual funds (1)	1,177	270	1,447	—	1,447	
Level 2:						
Repurchase agreements	43,500	—	43,500	43,500	—	
<b>Total</b>	<b>\$ 92,291</b>	<b>\$ 270</b>	<b>\$ 92,561</b>	<b>\$ 91,114</b>	<b>\$ 1,447</b>	

As of February 28, 2021

	Adjusted Cost	Unrealized Gains (Losses)	Fair Value	Balance Sheet Classification of Fair Value	
				Cash and Cash Equivalents	Other Assets
Cash	\$ 38,823	\$ —	\$ 38,823	\$ 38,823	\$ —
Level 1:					
Money market funds	12,801	—	12,801	12,801	—
Mutual funds (1)	1,810	367	2,177	—	2,177
Level 2:					
Repurchase agreements	43,000	—	43,000	43,000	—
<b>Total</b>	<b>\$ 96,434</b>	<b>\$ 367</b>	<b>\$ 96,801</b>	<b>\$ 94,624</b>	<b>\$ 2,177</b>

(1) Amounts represent various equities, bond and money market mutual funds that are held in an irrevocable “Rabbi Trust” for payment obligations to non-qualified deferred compensation plan participants. In addition to the mutual funds above, our “Rabbi Trust” also included Corporate-Owned Life Insurance (COLI) starting in fiscal 2020. As of November 30, 2021, the cash surrender value of COLI was \$6.3 million.

#### NOTE 4 - INVENTORIES

Inventories consist of the following (in thousands):

	November 30, 2021	February 28, 2021
Raw materials	\$ 8,136	\$ 10,480
Finished goods	12,044	13,183
	<u>\$ 20,180</u>	<u>\$ 23,663</u>

#### NOTE 5 – GOODWILL AND OTHER INTANGIBLE ASSETS

Other intangible assets consist of the following (in thousands):

	Useful Life	Gross (2)		Accumulated Amortization (2)			Net		
		Feb. 28, 2021	Additions & Adjustments, net (1)	November 30, 2021	Feb. 28, 2021	Expense	November 30, 2021	Feb. 28, 2021	November 30, 2021
Developed technology	4-6 years	\$ 26,994	(47)	\$ 26,947	\$ 24,057	\$ 1,060	\$ 25,117	\$ 2,937	\$ 1,830
Tradenames	10 years	30,257	(81)	30,176	18,428	1,607	20,035	11,829	10,141
Dealer and customer relationships	10-15 years	35,270	(172)	35,098	12,902	1,491	14,393	22,368	20,705
Patents	5 years	589	—	589	235	16	251	354	338
		<u>\$ 93,110</u>	<u>\$ (300)</u>	<u>\$ 92,810</u>	<u>\$ 55,622</u>	<u>\$ 4,174</u>	<u>\$ 59,796</u>	<u>\$ 37,488</u>	<u>\$ 33,014</u>

(1) Amounts also include any net changes in intangible asset balances for the periods presented that resulted from foreign currency translations.

(2) This table excludes the gross value of fully amortized intangible assets totaling \$23.0 million at November 30, 2021 and February 28, 2021.

Intangible assets with finite lives are amortized on a straight-line basis over the expected period to be benefited by future cash flows. We monitor and assess these assets for impairment on a periodic basis. Our assessment includes various new product lines and services, which leverage the existing intangible assets as well as consideration of historical and projected revenues and cash flows. Amortization expense of intangible assets from continuing operations was \$1.4 million and \$4.0 million for the three and nine months ended November 30, 2021, respectively. Amortization expense of intangible assets from continuing operations was \$1.2 million and \$3.6 million for the three and nine months ended November 30, 2020.

Estimated future amortization expense as of November 30, 2021 is as follows (in thousands):

2022 (remainder)	\$	1,389
2023		5,410
2024		4,566
2025		4,451
2026		4,144
Thereafter		13,054
	\$	<u>33,014</u>

Changes in goodwill are as follows (in thousands):

	Software & Subscription Services	Telematics Products	Total
Balance as of February 28, 2021	\$ 55,437	\$ 39,180	\$ 94,617
Effect of exchange rate change on goodwill	(616)	—	(616)
Balance as of November 30, 2021	<u>\$ 54,821</u>	<u>\$ 39,180</u>	<u>\$ 94,001</u>

#### NOTE 6 – OTHER ASSETS

Other assets consist of the following (in thousands):

	November 30, 2021	February 28, 2021
Deferred product cost	\$ 1,974	\$ 4,850
Deferred compensation plan assets	7,780	7,141
Lease receivables, non-current	11,803	10,403
Prepaid commissions	2,787	2,438
Other	3,053	2,337
	<u>\$ 27,397</u>	<u>\$ 27,169</u>

#### NOTE 7 – FINANCING ARRANGEMENTS

The following table provides a summary of our debt as of November 30, 2021 and February 28, 2021 (in thousands):

	Maturity Date	Effective Interest Rate	November 30, 2021	February 28, 2021
2025 Convertible Notes, 2.00% fixed rate	August 1, 2025	7.56%	230,000	230,000
Due to factors	2020 - 2024	4.70%	6,715	8,081
Total term debt			236,715	238,081
Unamortized discount and issuance costs			(46,119)	(51,610)
Less: Current portion of long-term term debt			(2,917)	(4,317)
Long-term debt, net of current portion			<u>\$ 187,679</u>	<u>\$ 182,154</u>

The effective interest rates for the convertible notes include the interest on the notes and amortization of the discount. As of November 30, 2021 and February 28, 2021, the fair value of the 2025 Convertible Notes were \$209 million and \$212 million, respectively, based on Level 2 inputs.

#### 2025 Convertible Notes

In July 2018, we issued debt of \$230.0 million aggregate principal amount of convertible senior unsecured notes due in 2025 (“2025 Convertible Notes”). These notes require semi-annual interest payments at an annual rate of 2.00% until maturity, conversion, redemption or repurchase, which will be no later than August 1, 2025. We may redeem the notes at our option at any time on or after August 6, 2022 at a cash redemption price equal to the principal amount plus accrued interest, but only if the last reported sale price per share of our stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related redemption notice; and (ii) the trading day immediately before the date we send such notice. The 2025 Convertible Notes are convertible into cash, shares of our common stock or a combination of both, at our

election, based on an initial conversion price of \$30.7450. Holders may convert their 2025 Convertible Notes at their option upon the occurrence of certain events, as defined in the 2025 Indenture. Approximately \$51.9 million, net of tax, was allocated to additional paid-in capital upon issuance of these notes.

In July 2018, in connection with the 2025 Convertible Notes, we entered into capped call transactions with certain option counterparties who were initial purchasers of the 2025 Convertible Notes. The capped call transactions are expected to reduce the potential dilution of earnings per share upon conversion of the 2025 Convertible Notes. Under the capped call transactions, we purchased options relating to 7.48 million shares of common stock underlying the notes, with a strike price equal to the conversion price of the notes and with a cap price equal to \$41.3875. We paid \$21.2 million for the note hedges and as a result, approximately \$15.9 million, net of tax, was recorded as a reduction to additional paid-in capital within stockholders' equity.

### **2020 Convertible Notes**

On May 15, 2020, we repaid the remaining principal balance of \$27.6 million of the 1.625% convertible senior unsecured notes issued in May 2015.

### **Revolving Credit Facility**

On March 30, 2018, we entered into a revolving credit facility with JP Morgan Chase Bank, N.A. that provides for borrowings up to \$50.0 million. This revolving credit facility was extended on March 27, 2020 with a new maturity date of March 30, 2022. At our election, the borrowings under this revolving credit facility bear interest at (a) for base rate loans, a base rate based on the highest of (i) 0%, (ii) the rate of interest publicly announced by JP Morgan Chase Bank, N.A. (the "Agent") as its prime rate in effect at its principal office in New York City, (iii) the overnight bank funding rate as determined by the Federal Reserve Bank of New York plus 0.50% and (iv) the LIBOR-based rate for a one-month interest period on such day plus 1%; or (b) for Eurodollar loans, the higher of (x) 1.00% and (y) the LIBOR-based rate for one, three or nine months (as selected by the Company) for Eurodollar deposits. An applicable margin is added based on the Company's senior leverage ratio, ranging from 1.50% to 2.00% for base rate loans, and from 2.50% to 3.00% for Eurodollar loans. We will also pay a commitment fee based on our senior leverage ratio ranging from 0.40% to 0.50%, payable quarterly in arrears, on the average daily unused amount of the Credit Facility. Amounts owing under the credit agreement and related credit documents are guaranteed by the Company and certain of its subsidiaries. We have also granted security interests in substantially all of our respective assets to secure these obligations. The net proceeds available under the revolving credit facility can be used for repayment of existing debt, working capital and general corporate purposes. On November 19, 2020, we repaid the \$20.0 million borrowings outstanding under the revolving credit facility and accrued interest of \$0.1 million. There were no borrowings outstanding under this revolving credit facility at November 30, 2021.

The revolving credit facility contains certain negative and affirmative covenants including financial covenants that require us to maintain a minimum level of earnings before interest, income taxes, depreciation, amortization and other non-cash charges (Adjusted EBITDA) to interest ratio, a minimum senior indebtedness ratio and a total indebtedness coverage ratio, all measured on a quarterly basis. As of November 30, 2021, we were in compliance with our covenants under the revolving credit facility.

### **Synovia Revenue Assignments**

In conjunction with the acquisition of Synovia Solutions LLC ("Synovia") on April 12, 2019, we assumed the rights and obligations under certain revenue assignment arrangements with several financial institutions (the "Factors"). Pursuant to the terms of the arrangements, Synovia sold to the Factors rights to future revenues of certain subscription contracts on a non-recourse basis for credit approved accounts.

These arrangements with the Factors met the criteria in ASC 470-10-25, *Sales of Future Revenues or Various Other Measures of Income*, which relates to cash received from an investor in exchange for a specified percentage or amount of revenue or other measure of income of a particular product line, business segment, trademark, patent, or contractual right for a defined period. Under this guidance, the arrangement qualified as a debt instrument for accounting purposes due to Synovia's significant continuing involvement in the generation of cash flows due to the Factors. Further, under ASC 805, *Business Combination*, we recorded the amounts due to the Factors as a debt obligation at fair value in the opening balance sheet. The fair value of this debt of \$19.7 million was determined using a pre-tax cost of debt of 4.7% at the time of our acquisition of Synovia. The discount of \$1.5 million is being amortized under the interest method. During the three months ended November 30, 2021 and 2020, we recognized \$0.1 million and \$0.1 million of interest expense related to this debt, respectively. During the nine months ended November 30, 2021 and 2020, we recognized \$0.2 million and \$0.4 million of interest expense related to this debt, respectively. The revenues recognized from this arrangement of \$3.7 million and \$4.9 million were considered a non-cash activity in our condensed consolidated statements of cash flows for the nine months ended November 30, 2021 and 2020, respectively.

### **Paycheck Protection Program**

On April 16, 2020, we received proceeds from a loan in the amount of \$10 million (the "PPP Loan") from JPMorgan Chase Bank, N.A., as lender, pursuant to the Small Business Association ("SBA") Paycheck Protection Program (the "PPP") of the Coronavirus Aid, Relief, and Economic Security Act. At the time we applied for the PPP loan, we believed that we qualified to receive the funds pursuant to the PPP. On April 23, 2020, the SBA, in consultation with the Department of Treasury, issued new guidance that created uncertainty regarding the qualification requirements for a PPP loan. Out of an abundance of caution and in light of the new guidance, we repaid in full the principal and interest on the PPP Loan on April 27, 2020.



## NOTE 8 – RESTRUCTURING ACTIVITIES

Since fiscal 2019, we executed under a plan to capture certain synergies and cost savings related to streamlining our global operations and sales organization, as well as rationalize certain leased properties that were not fully occupied. Our plan is aligned with our strategy to integrate the global sales organization and further outsource manufacturing functions in order to drive operational efficiency, increase supplier geographic diversity, and reduce operating expenses. To date, total restructuring charges were \$17.9 million, comprised of \$11.1 million in severance and employee related costs, and \$6.8 million for vacant office and manufacturing facility space as well as terminated tower infrastructure leases. Restructuring charges related to vacant office and manufacturing facility space were attributable primarily to the vacancy in Canton, Massachusetts in the amount of \$3.3 million. The anticipated rent payments for the ceased-use leased facilities will be made through December 2025. Substantially all charges related to severance and employee costs were under the Telematics Products reportable segment.

The following table summarizes the charges resulting from the implementation of the restructuring plan (in thousands):

	Three Months Ended November 30, 2020		
	Personnel	Facilities	Total
Cost of revenues	\$ (28)	\$ 145	\$ 117
Research and development	—	—	—
Selling and marketing	4	—	4
General and administrative	(29)	—	(29)
Total	\$ (53)	\$ 145	\$ 92

	Nine Months Ended November 30, 2021			Nine Months Ended November 30, 2020		
	Personnel	Facilities	Total	Personnel	Facilities	Total
Cost of revenues	\$ 103	\$ 376	\$ 479	\$ 245	\$ 319	\$ 564
Research and development	58	—	58	—	—	—
Selling and marketing	189	—	189	34	—	34
General and administrative	8	6	14	1,953	—	1,953
Total	\$ 358	\$ 382	\$ 740	\$ 2,232	\$ 319	\$ 2,551

Total restructuring charges of \$0.2 million for the three months ended November 30, 2020 were included as part of discontinued operations. Total restructuring charges of \$0.4 million and \$0.6 million for the nine months ended November 30, 2021 and 2020 were included as part of discontinued operations, respectively.

The following table summarizes the activity resulting from the implementation of the restructuring plan within other current and non-current liabilities (in thousands):

	Personnel	Facilities	Total
Restructuring liabilities as of February 28, 2021	\$ 2,637	\$ 891	\$ 3,528
Charges	358	382	740
Payments	(2,755)	(305)	(3,060)
Restructuring liabilities as of November 30, 2021	\$ 240	\$ 968	\$ 1,208

**NOTE 9 – LEASES**

We have various non-cancelable operating leases for our offices in California, Texas, Massachusetts, Indiana, Minnesota and Virginia in the United States, and Italy, Mexico and the United Kingdom. We also have various non-cancelable operating leases for towers and vehicles throughout the United States, Italy and Mexico. These leases expire at various times through 2031. Certain lease agreements contain renewal options, rent abatement, and escalation clauses that are factored into our determination of lease payments when appropriate.

The table below presents lease-related assets and liabilities recorded on the condensed consolidated balance sheet (in thousands):

	<b>Classification</b>	<b>November 30, 2021</b>	<b>February 28, 2021</b>
<b>Assets</b>			
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 12,099	\$ 14,273
<b>Liabilities</b>			
Operating lease liabilities (current)	Other current liabilities	\$ 4,821	\$ 4,926
Operating lease liabilities (non-current)	Operating lease liabilities	13,751	17,061
Total lease liabilities		\$ 18,572	\$ 21,987

**Lease Costs**

The following lease costs were included in our condensed consolidated statements of comprehensive loss as follows (in thousands):

	<b>Three months ended</b>		<b>Nine Months Ended</b>	
	<b>November 30,</b>		<b>November 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating lease cost	\$ 1,209	\$ 1,763	\$ 3,497	\$ 5,127
Short-term lease cost	15	59	46	238
Variable lease cost	121	108	324	337
Total lease cost	\$ 1,345	\$ 1,930	\$ 3,867	\$ 5,702

**Supplemental Information**

The table below presents supplemental information related to operating leases (in thousands, except weighted-average information):

	<b>Nine Months Ended</b>	
	<b>November 30,</b>	
	<b>2021</b>	<b>2020</b>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 4,396	\$ 5,682
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,014	\$ 5,425
Weighted average remaining lease term	4.25 years	4.71 years
Weighted average discount rate	5.18%	5.17%

### Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five fiscal years and total of the remaining years to the operating lease liabilities recorded on the condensed consolidated balance sheet as of November 30, 2021 (in thousands):

Remainder of 2022	\$	1,399
2023		5,450
2024		5,069
2025		3,413
2026		2,707
Thereafter		2,123
Total minimum lease payments		20,161
Less imputed interest		(1,589)
Present value of future minimum lease payments		18,572
Less current obligations under leases		(4,821)
Long-term lease obligations	\$	<u>13,751</u>

### NOTE 10 - INCOME TAXES

We use the assets and liabilities method when accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We evaluate our estimated annual effective tax rate ("ETR") on a quarterly basis based on current and forecasted operating results. The relationship between our income tax provision or benefit and our pretax book income or loss can vary significantly from period to period considering, among other factors, the overall level of pretax book income or loss and changes in the blend of jurisdictional income or loss that is taxed at different rates and changes in valuation allowances. The income tax expense of \$0.2 million and \$0.8 million for the three and nine months ended November 30, 2021, respectively, was primarily attributable to one of our foreign subsidiaries. Any income tax benefit associated with the pre-tax loss for the quarter ended November 30, 2021, resulting primarily from the U.S. jurisdiction, is offset by a full valuation allowance.

### NOTE 11 - EARNINGS PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period plus the dilutive effect of outstanding stock options and restricted stock-based awards using the treasury stock method.

The calculation of the basic and diluted loss per share of common stock is as follows (in thousands, except per share value):

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (10,542)	\$ (3,738)	(21,967)	(17,936)
Net income (loss) from discontinued operations, net of tax	(895)	(19,942)	3,157	(29,644)
Net loss	<u>\$ (11,437)</u>	<u>\$ (23,680)</u>	<u>\$ (18,810)</u>	<u>\$ (47,580)</u>
Basic weighted average number of common shares outstanding	35,475	34,599	35,156	34,292
Effect of stock options and restricted stock units computed on treasury stock method	—	—	—	—
Diluted weighted average number of common shares outstanding	<u>35,475</u>	<u>34,599</u>	<u>35,156</u>	<u>34,292</u>
Basic net income (loss) per common share:				
Loss from continuing operations	\$ (0.30)	\$ (0.11)	\$ (0.62)	\$ (0.52)
Income (loss) from discontinued operations	\$ (0.03)	\$ (0.57)	\$ 0.09	\$ (0.87)
Diluted net income (loss) per common share:				
Loss from continuing operations	\$ (0.30)	\$ (0.11)	\$ (0.62)	\$ (0.52)
Income (loss) from discontinued operations	\$ (0.03)	\$ (0.57)	\$ 0.09	\$ (0.87)

All outstanding options and restricted stock units for the three and nine months ended November 30, 2021 and 2020 were excluded from the computation of diluted loss per share because we reported a net loss for each of these periods and the effect of inclusion would be antidilutive.

We have the option to pay cash, issue shares of common stock or any combination thereof for the aggregate amount due upon conversion of the 2025 Convertible Notes. It is our intent to settle the principal amount of these notes with cash, and therefore, we use the treasury stock method for calculating any potential dilutive effect of the conversion option on diluted earnings per share. From the time of the issuance of the notes, the average market price of our common stock has been less than the initial conversion price of the notes, and consequently no shares have been included in diluted earnings per share for the conversion value of the notes.

#### NOTE 12 – STOCKHOLDERS’ EQUITY

Stock-based compensation expense is included in the following captions of the condensed consolidated statements of comprehensive loss (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2020
Cost of revenues	\$ 66	\$ 172	\$ 82	\$ 480
Research and development	726	717	2,240	1,940
Selling and marketing	856	611	2,146	1,602
General and administrative	1,655	1,146	4,061	3,469
Restructuring	—	—	—	875
Other non-operating expense	(151)	—	32	—
	<u>\$ 3,152</u>	<u>\$ 2,646</u>	<u>\$ 8,561</u>	<u>\$ 8,366</u>

Changes in our outstanding stock options during the nine months ended November 30, 2021 were as follows (options in thousands):

	Number of Options	Weighted Average Exercise Price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding at February 28, 2021	778	\$ 16.01	6.0	
Granted	—	—		
Exercised	(33)	7.53		
Forfeited or expired	(76)	16.49		
Outstanding at November 30, 2021	<u>669</u>	<u>\$ 16.37</u>	<u>5.6</u>	<u>\$ 39</u>
Exercisable at November 30, 2021	<u>543</u>	<u>\$ 16.33</u>	<u>5.1</u>	<u>\$ 20</u>

Changes in our outstanding restricted stock shares, performance stock units (“PSUs”) and restricted stock units (“RSUs”) during the nine months ended November 30, 2021 were as follows (restricted shares, PSUs and RSUs in thousands):

	Number of Restricted Shares, PSUs and RSUs	Weighted Average Grant Date Fair Value	Shares Retained to Cover Statutory Minimum Withholding Taxes
Outstanding at February 28, 2021	3,053	\$ 10.61	
Granted	1,296	12.20	
Vested	(918)	11.81	336
Forfeited	(485)	10.78	
Outstanding at November 30, 2021	<u>2,946</u>	<u>\$ 10.89</u>	

As of November 30, 2021, there was \$24.4 million of total unrecognized stock-based compensation cost related to outstanding nonvested equity awards that is expected to be recognized as an expense over a weighted-average remaining vesting period of 2.3 years.

## NOTE 13 - CONCENTRATION OF RISK

### Significant Customers

We sell telematics products and services to large global enterprises in the industrial equipment, transportation and automotive market verticals. One customer in the industrial equipment industry accounted for 21% and 20% of our consolidated revenue for the three and nine months ended November 30, 2021, respectively, and 21% and 18% of our consolidated revenue for the three and nine months ended November 30, 2020, respectively. The same customer accounted for 21% and 25% of our consolidated accounts receivable at November 30, 2021 and February 28, 2021, respectively.

### Significant Suppliers

We purchase a significant amount of our inventory from certain manufacturers or suppliers including components, assemblies and electronic manufacturing parts and products. These suppliers are located in Mexico and Asia, including China. The inventory is purchased under standard supply agreements that outline the terms of the product delivery. The title and risk of loss of the product generally pass to us upon shipment from the manufacturer's plant or warehouse. For the three and nine months ended November 30, 2021, four of our suppliers accounted for approximately 44% and 52% of our total inventory purchases, respectively. For the three and nine months ended November 30, 2020, four of our suppliers accounted for approximately 66% and 64% of our total inventory purchases, respectively. As identified below, two manufacturers accounted for more than 10% of our accounts payable as follows (rounded):

	November 30, 2021	February 28, 2021
Accounts payable:		
Supplier A	15%	11%
Supplier B	7%	17%

We are currently reliant upon these manufacturers and suppliers for products. Although we believe that we can obtain products from other sources, the loss of a significant manufacturer or supplier could have a material impact on our financial condition and results of operations as the products that are being purchased may not be available on similar terms from another manufacturer or supplier.

## NOTE 14 – OTHER FINANCIAL INFORMATION

### Supplemental Balance Sheet Information

Other current liabilities consist of the following (in thousands):

	November 30, 2021	February 28, 2021
Operating lease liabilities	\$ 4,821	\$ 4,926
Warranty reserves	1,891	1,257
Customer deposits	3,186	2,472
Omega litigation reserve	2,200	2,200
Other (1)	9,404	6,525
	<u>\$ 21,502</u>	<u>\$ 17,380</u>

- (1) Amount represents accruals for various operating expense such as professional fees, vendor incentives and other estimates that are expected to be paid within the next 12 months.

Other non-current liabilities consist of the following (in thousands):

	November 30, 2021	February 28, 2021
Deferred revenue	\$ 14,491	\$ 19,893
Deferred compensation plan liability	7,806	6,992
Deferred tax liability	208	178
Other	3,296	3,424
	<u>\$ 25,801</u>	<u>\$ 30,487</u>

## Supplemental Statement of Comprehensive Loss Information

Interest expense consists of the following (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2020
Interest expense on 2025 Convertible Notes:				
Stated interest at 2.000% per annum	\$ 1,150	1,150	\$ 3,476	3,463
Amortization of discount and issue costs	2,557	2,374	7,585	7,014
	3,707	3,524	11,061	10,477
Interest expense on 2020 Convertible Notes:				
Stated interest at 1.625% per annum	—	—	—	93
Amortization of discount and issue costs	—	—	—	289
	—	—	—	382
Other interest expense	123	356	422	955
Total interest expense	\$ 3,830	\$ 3,880	\$ 11,483	\$ 11,814

## Supplemental Cash Flow Information

“Net cash provided by operating activities” includes cash payments for interest expense and income taxes as follows (in thousands):

	Nine Months Ended November 30,	
	2021	2020
Interest expense paid	\$ 2,452	\$ 2,983
Income tax paid, net of refunds	\$ 400	\$ 653

## NOTE 15 - SEGMENT INFORMATION AND GEOGRAPHIC DATA

We operate under two reportable segments: Telematics Products and Software & Subscription Services. Our organizational structure is based on a number of factors that our CEO, the Chief Operating Decision Maker (“CODM”), uses to evaluate and operate the business, which include customer base, homogeneity of products, and technology for the fiscal years presented.

Our Software & Subscription Services segment offers cloud-based, application enablement and telematics service platforms that facilitate integration of our own applications, as well as those of third parties, through open Application Programming Interfaces (“APIs”) to deliver full-featured IoT solutions to a wide range of customers and markets. Our scalable proprietary SaaS offerings enable rapid and cost-effective deployment of high-value solutions for customers all around the globe. Software & Subscription Services segment revenues include SaaS, professional services, devices sold with monitoring services and amortization of revenues and costs for customized devices functional only with application subscriptions that are not sold separately.

Our Telematics Products segment offers a portfolio of wireless data communications products, which includes asset tracking units, mobile telematics devices, fixed and mobile wireless gateways and routers. These wireless networking devices underpin a wide range of our own, as well as third-party software and service solutions worldwide and are critical for applications demanding secure, reliable and business-critical communications. Telematics Product segment revenues consist primarily of stand-alone product sales.

Segment information is as follows (in thousands):

	Three Months Ended November 30, 2021				Three Months Ended November 30, 2020			
	Reportable Segments				Reportable Segments			
	Software & Subscription Services	Telematics Products	Corporate Expenses	Total	Software & Subscription Services	Telematics Products	Corporate Expenses	Total
Revenues	\$ 36,602	\$ 32,175		\$ 68,777	\$ 34,052	\$ 44,460		\$ 78,512
Gross profit	\$ 18,128	\$ 9,892		\$ 28,020	\$ 17,225	\$ 14,013		\$ 31,238
Gross margin	50%	31%		41%	51%	32%		40%
Adjusted EBITDA	\$ 6,699	\$ (2,808)	\$ (900)	\$ 2,991	\$ 9,004	\$ 869	\$ (1,010)	\$ 8,863

  

	Nine Months Ended November 30, 2021				Nine Months Ended November 30, 2020			
	Reportable Segments				Reportable Segments			
	Software & Subscription Services	Telematics Products	Corporate Expenses	Total	Software & Subscription Services	Telematics Products	Corporate Expenses	Total
Revenues	\$ 113,079	\$ 114,383		\$ 227,462	\$ 95,265	\$ 131,375		\$ 226,640
Gross profit	\$ 56,282	\$ 37,555		\$ 93,837	\$ 47,572	\$ 40,233		\$ 87,805
Gross margin	50%	33%		41%	50%	31%		39%
Adjusted EBITDA	\$ 22,231	\$ 446	\$ (3,000)	\$ 19,677	\$ 23,172	\$ 2,358	\$ (3,328)	\$ 22,202

The amount shown for each period in the “Corporate Expenses” column above consists of expenses that are not allocated to the business segments. These non-allocated corporate expenses include salaries and benefits of certain corporate staff and expenses such as audit fees, investor relations, stock listing fees, director and officer liability insurance, and director fees and expenses.

Our CODM evaluates each segment based primarily on revenue and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”), and we therefore consider Adjusted EBITDA to be a primary measure of operating performance of our reportable segments. We define Adjusted EBITDA as earnings before investment income, interest expense, taxes, depreciation, amortization, stock-based compensation, impairment loss and other adjustments as identified below. The adjustments to our net income (losses) prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) to calculate Adjusted EBITDA are itemized below (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2020
Net loss	\$ (11,437)	\$ (23,680)	\$ (18,810)	\$ (47,580)
Less: net income (loss) from discontinued operations	(895)	(19,942)	3,157	(29,644)
Net loss from continuing operations	\$ (10,542)	\$ (3,738)	\$ (21,967)	\$ (17,936)
Investment income	(150)	(584)	(1,218)	(1,282)
Interest expense	3,830	3,880	11,483	11,814
Income tax provision	205	319	831	825
Depreciation	4,581	4,367	13,053	12,863
Amortization of intangible assets	1,386	1,201	4,033	3,567
Stock-based compensation	3,152	2,646	8,561	7,491
Restructuring charges	—	(100)	336	1,917
Non-recurring legal expenses	213	205	1,332	1,168
Costs incurred in transition of LoJack North America business to acquiror	69	—	1,784	—
Other	247	667	1,449	1,775
Adjusted EBITDA	\$ 2,991	\$ 8,863	\$ 19,677	\$ 22,202

Our CODM does not obtain identifiable assets by segment because our businesses share resources, functions and facilities. We do not have significant long-lived assets outside the United States.

Revenues by geographic area are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2021	2020	2021	2020
United States	\$ 44,613	\$ 51,323	\$ 150,133	\$ 146,192
EMEA	12,097	13,772	39,450	45,214
LATAM	5,537	7,349	19,687	19,078
APAC	5,760	5,017	15,534	11,597
All other	770	1,051	2,658	4,559
	<u>\$ 68,777</u>	<u>\$ 78,512</u>	<u>\$ 227,462</u>	<u>\$ 226,640</u>

Revenues by geographic area are based upon the country of billing. The geographic location of distributors and OEM customers may be different from the geographic location of the ultimate end users of the products and services provided by us. No single non-U.S. country accounted for more than 10% of our revenue in the three and nine months ended November 30, 2021 and 2020.

## NOTE 16 – LEGAL PROCEEDINGS

### *Omega patent infringement claim*

On April 22, 2021, we filed our Form 10-K for the fiscal year ended February 28, 2021 which disclosed the current status of the Omega Patents LLC (“Omega”) patent infringement claim. In summary, on March 20, 2020, the U.S. District Court for the Middle District of Florida (the “Trial Court”) denied our motion for judgement as a matter of law (“JMOL”), a new trial, and remittitur of damages. Also, on March 20, 2020, the Trial Court denied Omega’s motion for a new trial on willfulness. On April 1, 2020, the Trial Court denied Omega’s motion to enhance the royalty rate beyond the jury’s award of \$5 per unit and motion to conduct post-trial discovery on CalAmp’s other OBD-II compliant LMUs. On April 3, 2020, the Trial Court denied Omega’s final motion regarding infringement by the VPODs. On April 30, 2020, we filed a notice of appeal to the Federal Circuit. Also on April 30, 2020, Omega filed a notice of cross-appeal to the Federal Circuit. On May 6, 2021 the U.S. Court of Appeals for the Federal Circuit (the “U.S. Court of Appeals”) heard oral arguments on CalAmp’s and Omega’s appeals. On September 14, 2021 the U.S. Court of Appeals issued its decision. The U.S. Court of Appeals affirmed the judgment of infringement by CalAmp with respect to the 8,032,278 patent; however the U.S. Court of Appeal upheld CalAmp’s appeal on damages, vacated the damages award of the Trial Court and remanded the case back to the Trial Court for a new trial on damages only.

In connection with this claim, we have accrued our best estimate of the probable liability of \$2.2 million as a litigation reserve related to this matter based on reasonable royalty rates for similar technologies. It is reasonably possible that the court in a new trial may award Omega damages and pre-judgment interest in excess of the amounts we have accrued.

### *Philips patent infringement claim*

On December 17, 2020, Koninklijke Philips N.V. (“Philips”) filed four separate legal actions against us, and several other companies, accusing the companies of infringing Philips’s 3G and 4G wireless standard-essential patents: (1) first, in the U.S. District Court, District of Delaware, Philips v. Quectel Wireless Solutions Co. Ltd. (“Quectel”), CalAmp, Xirgo Technologies, LLC (“Xirgo”), and Laird Connectivity, Inc. (“Laird”), Philips alleges that our location monitoring units infringe certain claims of U.S. Patent No. 7,831,271 (“the ’271 patent”), U.S. Patent No. 8,199,711 (“the ’711 patent”), U.S. Patent No. 7,554,943 (“the ’943 patent”), and U.S. Patent No. 7,944,935 (“the ’935 patent”) (all four patents collectively, the “Patents”); (2) second, in the U.S. District Court, District of Delaware, Philips v. Telit Wireless Solutions, Inc., Telit Communications Plc, (collectively, “Telit”), and CalAmp, Philips alleges that our location monitoring units and certain modules therein infringe certain claims of the Patents; (3) third, in the U.S. District Court, District of Delaware, Philips v. Thales DIS AIS USA LLC (F/K/A Gemalto IoT LLC “Gemalto”) F/K/A Cinterion Wireless Modules NAFTA LLC (“Cinterion”), Thales DIS AIS Deutschland GmbH (F/K/A Gemalto M2M GmbH), Thales USA, Inc., Thales S.A., (collectively, “Thales”), CalAmp, Xirgo, and Laird, Philips alleges that our location monitoring units infringe certain claims of the Patents, and (4) fourth, before The International Trade Commission (“ITC”), Philips v. Quectel, CalAmp, Xirgo, Laird, Thales, Gemalto, Cinterion, and Telit, Philips alleges violations of section 337 of the U.S. Tariff Act based upon our importation into the United States, the sale for importation, and the sale within the United States after importation of certain UMTS (Universal Mobile Telecommunications System) and LTE (Long Term Evolution) cellular communication modules and products containing the same by reason of our location monitoring units that allegedly infringe on certain claims of the Patents, and seeks (a) an investigation and a hearing under the Tariff Act for unlawful importation of allegedly infringing product, (b) an exclusion order excluding entry into the U.S. of all allegedly infringing communication modules, and (c) a permanent cease and desist order barring the importation, marketing, advertising, and sale of allegedly infringing products in the U.S.

All four proceedings are currently pending. The ITC anticipates issuing an initial determination on the alleged violations by January 27, 2022, and completing the ITC investigation by May 27, 2022. All three cases pending in U.S. District Court for the District of Delaware are stayed until a final determination in the ITC.

We intend to defend ourselves vigorously in these actions, and are investigating and/or asserting defenses and positions, including non-infringement, invalidity, and the “public interest factors” that must be considered by the ITC before issuing any exclusion order. If Phillips successfully proves infringement of the Patents, we could be required to pay significant monetary damages and could be precluded from importing



into the U.S. certain products containing the allegedly infringing modules. However, we believe that we have strong defense and indemnification claims against our communication module suppliers, and are entitled to have our defense costs and any losses resulting from these proceedings paid by those suppliers, who are codefendants in these proceedings. While it is not feasible to predict with certainty the outcome of these four legal proceedings, and no specific amount of damages has been identified, we believe that a loss is reasonably possible but not reasonably estimable. Additionally, we believe the ultimate resolution of the proceedings, including indemnification and defense by our module suppliers, will not have a material adverse effect on our consolidated results of operations, financial condition, or cash flows.

***Other matters***

In addition to the foregoing matters, from time to time as a normal consequence of doing business, various claims and litigation may be asserted or commenced against us. In particular, we may receive claims concerning contract performance or claims that our products or services infringe the intellectual property of third parties which are in the ordinary course of business. While the outcome of any such claims or litigation cannot be predicted with certainty, management does not believe that the outcome of such matters existing at the present time would have a material adverse effect on our condensed consolidated results of operations, financial condition or cash flows.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting periods. Actual results could differ materially from these estimates. The critical accounting policies listed below involve our more significant accounting judgments and estimates that are used in the preparation of the consolidated financial statements. These policies are described in greater detail in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") under Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended February 28, 2021, as filed with the U.S. Securities and Exchange Commission on April 22, 2021, and include the following areas:

- Revenue recognition;
- Patent litigation and other contingencies;
- Goodwill and long-lived assets; and
- Deferred income tax assets and uncertain tax positions.

### OUR COMPANY

We are a connected intelligence company that helps people and businesses work smarter. We partner with transportation and logistics, industrial equipment, government and automotive industries to deliver insights that enable businesses to make the right decisions. Our applications, platforms and smart devices allow them to track, monitor and recover their vital assets with real-time visibility that reduces costs, maximizes productivity and improves safety. We are a global organization that is headquartered in Irvine, California. We have two reportable segments, Software & Subscription Services and Telematics Products. Our organizational structure is based on a number of factors that our CEO, as the Chief Operating Decision Maker ("CODM"), uses to evaluate and operate the business, which include, but are not limited to, customer base, homogeneity of products, and technology. A description of the reportable business segments is provided below.

#### *Software & Subscription Services*

Our Software & Subscription Services segment offers cloud-based application enablement and telematics service platforms that facilitate integration of our own applications, as well as those of third parties, through open Application Programming Interfaces ("APIs") to deliver full-featured mobile IoT solutions to a wide range of customers and markets. Our scalable proprietary applications and other subscription services enable rapid and cost-effective development of high-value solutions for customers all around the globe. Software and Subscription Services segment revenues include SaaS, professional services, devices sold with monitoring services and amortization of revenues for customized devices functional only with application subscriptions that are not sold separately.

#### *Telematics Products*

Our Telematics Products segment offers a portfolio of wireless data communications products, which includes asset tracking units, mobile telematics devices, fixed and mobile wireless gateways, and routers. These wireless networking devices underpin a wide range of our own and third party software and service solutions worldwide and are critical for applications demanding secure, reliable and business-critical communications. Telematics Products segment revenues consist primarily of stand-alone product sales.

### Adjusted EBITDA

In addition to our U.S. GAAP results, we present Adjusted EBITDA as a supplemental non-GAAP measure of our performance. Our CEO, the CODM, uses Adjusted EBITDA to evaluate and monitor segment performance. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that excludes or includes amounts to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of comprehensive income (loss), balance sheets or statements of cash flows. We define Adjusted EBITDA as earnings before investment income, interest expenses, taxes, depreciation, amortization, net income (loss) from discontinued operations, stock-based compensation, acquisition and integration expenses, non-cash costs and expenses arising from purchase accounting adjustments, litigation provisions, gain from legal settlement, impairment losses and certain other adjustments. We believe this non-GAAP financial information provides additional insight into our ongoing performance and have therefore chosen to provide this information to investors for a more consistent basis of comparison to help investors evaluate our results of ongoing operations and enable more meaningful period-to-period comparisons. Pursuant to the rules and regulations of the SEC regarding the use of non-GAAP financial measures, we have provided a reconciliation of non-GAAP financial measures to the most directly comparable financial measure. See Note 15, *Segment Information and Geographic Data*, to the accompanying condensed consolidated financial statements for additional information related to Adjusted EBITDA by reportable segment and reconciliation to net income (loss).

## Recent Developments

### COVID-19 Impact

In March 2020, the World Health Organization declared COVID-19 to be a public health pandemic of international concern, which has resulted in travel restrictions and in some cases, prohibitions of non-essential activities, disruption and shutdown of businesses and greater uncertainty in global financial markets.

Through fiscal 2021, our revenues were negatively impacted by COVID-19 as various small-to-medium sized customers postponed their capital expenditures due to the pandemic and related macro-economic uncertainties. The pandemic has also created certain global supply imbalances resulting in supply shortages in certain components that we use, which has negatively impacted our business and operating results, both in the form of reduced availability of devices as well as increased costs to procure available devices. It is difficult to predict the extent to which the pandemic will continue to impact our future business or operating results, which is highly dependent on uncertain future developments, including the severity of the continuing pandemic, the actions taken or to be taken by governments and private businesses in relation to its containment and resolution of supply chain issues and supply shortages. Because our business and operating results depend on telematics product sales, device installations and related subscription-based services, the ultimate effect of the pandemic may not be fully reflected in our operating results until future periods.

We have considered all known and reasonably available information that existed throughout the nine months ended and as of November 30, 2021, in making accounting judgements, estimates and disclosures. We are monitoring the potential effects of the health care related and economic conditions of COVID-19 in assessing certain matters including (but not limited to) supply chain disruptions and inflationary impacts, decreases in customer demand for our products and services, potential longer-term effects on our customer and distribution channels particularly in the U.S. and relevant end markets as well as other developments. If the impact results in longer term closures of businesses and economic recessionary conditions, we may recognize material asset impairments and charges for uncollectible accounts receivable in future periods.

### Sale of LoJack North America Operations

Effective March 15, 2021, the Company and Spireon entered into an agreement pursuant to which we sold certain assets and transferred certain liabilities of the LoJack North America business to Spireon and we received net proceeds from Spireon of \$6.6 million. On November 9, 2021, the purchase price was reduced by \$0.9 million, which was paid to Spireon, due to final working capital adjustments. This payment is reflected within net loss from discontinued operations, net of tax, for the three months ended November 30, 2021. No further adjustments to the purchase price are expected. We recognized a gain on the sale of the LoJack North America business of \$4.1 million during the nine months ended November 30, 2021.

As further described in Note 2, *Discontinued Operations*, to the accompanying condensed consolidated financial statements, the LoJack North America operations are presented as discontinued operations in the accompanying condensed consolidated financial statements for the three and nine months ended November 30, 2021 and November 30, 2020. For the nine months ended November 30, 2021, we have reported the operating results and cash flows related to the LoJack North America operations through March 14, 2021.

## OPERATING RESULTS

### Three months ended November 30, 2021 compared to three months ended November 30, 2020:

Unless otherwise indicated, the discussion of our results of operations provided below relates to our continuing operations and we have recast prior period amounts for purposes of historical comparisons. See Note 2, *Discontinued Operations*, to the accompanying condensed consolidated financial statements for additional information.

### Revenue by Segment

(In thousands)	Three Months Ended November 30,					
	2021		2020		\$ Change	% Change
	\$	% of Revenue	\$	% of Revenue		
<b>Segment</b>						
Software & Subscription Services	\$ 36,602	53.2%	\$ 34,052	43.4%	\$ 2,550	7.5%
Telematics Products	32,175	46.8%	44,460	56.6%	(12,285)	(27.6%)
Total	\$ 68,777	100.0%	\$ 78,512	100.0%	\$ (9,735)	(12.4%)

Our Software & Subscription Services enable customers to gather and analyze critical data used to track, monitor and recover vital mobile assets with real-time visibility and insights. Our services are focused on three principal end markets comprised of (i) transportation and logistics, (ii) government and municipalities, and (iii) connected car services. Although our business was initially negatively impacted by COVID-19 in the first half of fiscal 2021, we resumed device installation and activation services soon thereafter. More recently we have experienced supply shortages driven by global supply imbalances driven by the global pandemic, which have negatively impacted all parts of our business in the current fiscal year. These supply imbalances have created supply shortages of silicon wafers and other components used in our products and the

devices we utilize to deliver our subscription services. We expect these supply shortages to continue for the foreseeable future as suppliers strive to create additional production capacity.

As of November 30, 2021, our remaining contractual performance obligations were approximately \$149.9 million, compared to \$135.2 million as of November 30, 2020. The majority of our growth in remaining contractual performance obligations was driven by new customer acquisitions within the government and municipality markets and connected car markets as well as the conversion of several significant telematics products customers to multi-year subscription contracts.

Software & Subscription Services revenue increased by \$2.6 million or 7.5% for the three months ended November 30, 2021 compared to the same period last year. This increase was primarily due to a \$3.7 million increase in transportation and logistics revenues. Recurring revenue was \$25.2 million and \$22.7 million for the three months ended November 30, 2021 and 2020, respectively, and active subscribers increased by 9% in the three months ended November 30, 2021 when compared to the prior year period. As mentioned above, supply shortages have negatively impacted our ability to procure the devices we utilize to deliver our subscription services, which has constrained our ability to install our devices and initiate new subscription services.

Telematics Products revenue, comprised primarily of mobile resource management (“MRM”) telematics and OEM/network products, decreased by \$12.3 million or 27.6% for the three months ended November 30, 2021 compared to the same period last year. This decrease was attributable to global supply imbalances described above, thereby limiting our ability to fulfill customer orders during the three months ended November 30, 2021.

### Gross Profit by Segment

(In thousands)	Three Months Ended November 30,					
	2021		2020		\$ Change	% Change
	\$	% of Revenue	\$	% of Revenue		
<b>Segment</b>						
Software & Subscription Services	\$ 18,128	49.5%	\$ 17,225	50.6%	\$ 903	5.2%
Telematics Products	9,892	30.7%	14,013	31.5%	(4,121)	(29.4%)
Gross profit	<u>\$ 28,020</u>	<u>40.7%</u>	<u>\$ 31,238</u>	<u>39.8%</u>	<u>\$ (3,218)</u>	<u>(10.3%)</u>

Consolidated gross profit decreased by \$3.2 million or 10.3% for the three months ended November 30, 2021 compared to the same period last year largely due to decreased revenues in our Telematics Products business. Consolidated gross margin increased by 90 basis points for the three months ended November 30, 2021 compared to the same period last year primarily due to the increased proportion of overall revenues attributable to Software & Subscription Services.

*Software & Subscription Services:* Gross profit increased by \$0.9 million or 5.2% for the three months ended November 30, 2021 compared to the same period last year, primarily as a result of increased revenues. Gross margin decreased by 110 basis points primarily due to subscription mix.

*Telematics Products:* Gross profit decreased by \$4.1 million or 29.4% for the three months ended November 30, 2021 compared to the same period last year primarily due to decreased revenues. Gross margin decreased slightly by 80 basis points primarily due to product mix. As mentioned above, we are presently experiencing adverse impacts to product sales as a result of global supply shortages of certain components, which is also leading to cost increases on many of these components. As a result, in the coming quarters we may experience lower gross margins if we are unable to effectively offset the impacts of these cost increases.

### Operating Expenses

(In thousands)	Three Months Ended November 30,					
	2021		2020		\$ Change	% Change
	\$	% of Revenue	\$	% of Revenue		
Research and development	\$ 7,179	10.4%	\$ 6,416	8.2%	\$ 763	11.9%
Selling and marketing	13,239	19.2%	11,830	15.1%	1,409	11.9%
General and administrative	12,775	18.6%	11,962	15.2%	813	6.8%
Intangible asset amortization	1,386	2.0%	1,201	1.5%	185	15.4%
Restructuring	—	0.0%	(100)	(0.1%)	100	(100.0%)
Total	<u>\$ 34,579</u>	<u>50.2%</u>	<u>\$ 31,309</u>	<u>39.9%</u>	<u>\$ 3,270</u>	<u>10.4%</u>

Consolidated research and development expense increased by \$0.8 million or 11.9% for the three months ended November 30, 2021 compared to the same period last year due to increased development efforts around expanding our telematics service offering both domestically and internationally. Consolidated research and development expense as a percentage of revenues increased to 10.4% for the three months ended November 30, 2021 compared to 8.2% in the prior year period. We plan to continue to invest in research and development of new products and technologies.

Consolidated selling and marketing expense increased by \$1.4 million or 11.9% for the three months ended November 30, 2021 compared to the same period last year primarily due to a \$1.1 million increase in compensation costs related to additions to our salesforce to drive sales of our telematics subscription services.

Consolidated general and administrative expenses increased by \$0.8 million or 6.8% for the three months ended November 30, 2021 compared to the same period last year primarily driven by cost containment measures undertaken in the prior year in response to COVID-19.

Amortization of intangibles increased by \$0.2 million or 15.4% for the three months ended November 30, 2021 compared to the same period last year.

As described in Note 8, *Restructuring Activities*, to the accompanying condensed consolidated financial statements, during fiscal 2019, we commenced a plan to capture certain synergies and cost savings related to streamlining our global operations and sales organization as well as rationalize certain leased properties that were vacant.

#### ***Non-operating Income (Expense)***

Investment income decreased to \$0.2 million for the three months ended November 30, 2021 from \$0.6 million for the three months ended November 30, 2020. The decrease was primarily driven by lower investment returns on invested funds.

Interest expense decreased to \$3.8 million for the three months ended November 30, 2021 from \$3.9 million for the three months ended November 30, 2020 due to a slightly lower level of borrowings in the current year period.

Other non-operating expense was approximately flat at \$0.1 million for the three months ended November 30, 2021 compared to the three months ended November 30, 2020.

#### ***Net Income (Loss) from Discontinued Operations, Net of Tax***

The sale of the LoJack North America business was completed on March 15, 2021. There was \$0.9 million loss from discontinued operations during the three months ended November 30, 2021, but we incurred a net loss from discontinued operations, net of tax of \$19.9 million during the three months ended November 30, 2020, which was largely driven by impairment losses of \$18.0 million.

See Note 2, *Discontinued Operations*, to the accompanying condensed consolidated financial statements for additional information.

#### ***Overall Profitability Measures***

##### **Net Loss:**

GAAP-basis net loss for the three months ended November 30, 2021 was \$11.4 million compared to a net loss of \$23.7 million in the three months ended November 30, 2020. The change in the net loss was primarily driven by higher gross margins and the sale of the LoJack North America business described above under "Net Income (Loss) from Discontinued Operations, Net of Tax," partially offset by increased operating expenses.

##### **Adjusted EBITDA:**

<b>(In thousands)</b>	<b>Three Months Ended November 30,</b>			
	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Segment</b>				
Software & Subscription Services	\$ 6,699	\$ 9,004	\$ (2,305)	(25.6%)
Telematics Products	(2,808)	869	(3,677)	(423.1%)
Corporate Expenses	(900)	(1,010)	110	10.9%
<b>Total Adjusted EBITDA</b>	<b>\$ 2,991</b>	<b>\$ 8,863</b>	<b>\$ (5,872)</b>	<b>(66.3%)</b>

Adjusted EBITDA for Software & Subscription Services decreased \$2.3 million compared to the same period last year primarily due to increased operating expenses as a result of investments we are making to develop, market and sell our telematics solutions, partially offset by higher revenues. Adjusted EBITDA for Telematics Products decreased \$3.7 million compared to the same period last year as a result of the decrease in revenues. Corporate Expenses remained consistent year-over-year.

See Note 15, *Segment Information and Geographic Data*, to the accompanying condensed consolidated financial statements for information related to Adjusted EBITDA by reportable segments and a reconciliation to GAAP-basis net income (loss).

### Income Tax Provision

We evaluate our estimated annual effective tax rate (“ETR”) on a quarterly basis based on current and forecasted operating results. The relationship between our income tax provision or benefit and our pretax book income or loss can vary significantly from period to period considering, among other factors, the overall level of pretax book income or loss and changes in the blend of jurisdictional income or loss that is taxed at different rates and changes in valuation allowances. Consequently, our ETR may fluctuate significantly period to period and may make quarterly comparisons less than meaningful.

Income tax expense was \$0.2 million for the three months ended November 30, 2021, compared to \$0.3 million in the same period last year. The \$0.1 million decrease in tax expense was primarily driven by a decrease in pre-tax income attributable to one of our foreign subsidiaries in the current period.

### Nine months ended November 30, 2021 compared to nine months ended November 30, 2020:

#### Revenue by Segment

(In thousands)	Nine Months Ended November 30,					
	2021		2020		\$ Change	% Change
	\$	% of Revenue	\$	% of Revenue		
<b>Segment</b>						
Software & Subscription Services	\$ 113,079	49.7%	\$ 95,265	42.0%	\$ 17,814	18.7%
Telematics Products	114,383	50.3%	131,375	58.0%	(16,992)	(12.9%)
Total	\$ 227,462	100.0%	\$ 226,640	100.0%	\$ 822	0.4%

Software & Subscription Services revenue increased by \$17.8 million or 18.7% for the nine months ended November 30, 2021 compared to the same period last year. The increase was largely driven by a \$14.2 million increase in transportation and logistics revenues and a \$1.5 million increase in government and municipalities revenues, both driven primarily by 3G to 4G equipment upgrades, especially with our larger customers, as well as a \$5.5 million increase in connected car services revenues, primarily as a result of increased revenues in the EMEA and LATAM regions. Recurring revenue was \$73.2 million and \$72.3 million for the nine months ended November 30, 2021 and 2020, respectively, and active subscribers increased by 9% in the nine months ended November 30, 2021 when compared to the prior year period.

Telematics Products revenue decreased by \$17.0 million or 12.9% for the nine months ended November 30, 2021 compared to the same period last year. This decrease was attributable to global supply imbalances described above, thereby limiting our ability to fulfill customer orders during the nine months ended November 30, 2021.

#### Gross Profit by Segment

(In thousands)	Nine Months Ended November 30,					
	2021		2020		\$ Change	% Change
	\$	% of Revenue	\$	% of Revenue		
<b>Segment</b>						
Software & Subscription Services	\$ 56,282	49.8%	\$ 47,572	49.9%	\$ 8,710	18.3%
Telematics Products	37,555	32.8%	40,233	30.6%	(2,678)	(6.7%)
Gross profit	\$ 93,837	41.3%	\$ 87,805	38.7%	\$ 6,032	6.9%

Consolidated gross profit increased by \$6.0 million or 6.9% for the nine months ended November 30, 2021 compared to the same period last year largely due to increased revenues in our Software & Subscription Services business. Consolidated gross margin increased by 260 basis points for the nine months ended November 30, 2021 compared to the same period last year primarily due to the increased proportion of overall revenues attributable to Software & Subscription Services as well as increased gross margin in our Telematics Products business.

*Software & Subscription Services:* Gross profit increased by \$8.7 million or 18.3% for the nine months ended November 30, 2021 compared to the same period last year, primarily as a result of the \$17.8 million increase in revenues described above.

*Telematics Products:* Gross profit decreased by \$2.7 million or 6.7% for the nine months ended November 30, 2021 compared to the same period last year primarily as a result of the \$17.0 decrease in revenues described above. As mentioned above, we are presently experiencing

adverse impacts to product sales as a result of global supply shortages of certain components, which is also leading to cost increases on many of these components.

### Operating Expenses

(In thousands)	Nine Months Ended November 30,							
	2021		2020		\$ Change	% Change		
	\$	% of Revenue	\$	% of Revenue				
Research and development	\$ 21,848	9.6%	\$ 18,925	8.4%	\$ 2,923	15.4%		
Selling and marketing	37,748	16.6%	33,743	14.9%	4,005	11.9%		
General and administrative	38,659	17.0%	35,903	15.8%	2,756	7.7%		
Intangible asset amortization	4,033	1.8%	3,567	1.6%	466	13.1%		
Restructuring	336	0.1%	1,917	0.8%	(1,581)	(82.5%)		
Impairment loss	—	0.0%	286	0.1%	(286)	(100.0%)		
<b>Total</b>	<b>\$ 102,624</b>	<b>45.1%</b>	<b>\$ 94,341</b>	<b>41.6%</b>	<b>\$ 8,283</b>	<b>8.8%</b>		

Consolidated research and development expense increased by \$2.9 million or 15.4% for the nine months ended November 30, 2021 compared to the same period last year due to increased development efforts around expanding our telematics service offering both domestically and internationally. Consolidated research and development expense as a percentage of revenues increased to 9.6% for the nine months ended November 30, 2021 compared to 8.4% in the prior year period. We plan to continue to invest in research and development of new products and technologies.

Consolidated selling and marketing expense increased by \$4.0 million or 11.9% for the nine months ended November 30, 2021 compared to the same period last year primarily due to a \$2.1 million increase in compensation costs related to additions to our salesforce to drive sales of our telematics subscription services, as well as a \$0.5 million increase in outside professional services costs related to our global marketing and branding efforts.

Consolidated general and administrative expenses increased by \$2.8 million or 7.7% for the nine months ended November 30, 2021 compared to the same period last year primarily driven by increased compensation costs as a result of the hiring of supply chain management and operations personnel following the closure of our manufacturing facility in Oxnard, California, as well as cost containment measures undertaken in the prior year in response to the COVID-19 pandemic.

Amortization of intangibles increased by \$0.5 million or 13.1% for the nine months ended November 30, 2021 compared to the same period last year.

As described in Note 8, *Restructuring Activities*, to the accompanying condensed consolidated financial statements, during fiscal 2019, we commenced a plan to capture certain synergies and cost savings related to streamlining our global operations and sales organization as well as rationalize certain leased properties that were vacant. We incurred restructuring charges from continuing operations of \$0.3 million and \$1.9 million for this initiative during the nine months ended November 30, 2021 and 2020, respectively, which were primarily personnel related.

### Non-operating Income (Expense)

Investment income decreased slightly to \$1.2 million for the nine months ended November 30, 2021 from \$1.3 million for the nine months ended November 30, 2020.

Interest expense decreased to \$11.5 million for the nine months ended November 30, 2021 from \$11.8 million for the nine months ended November 30, 2020 due to a lower level of borrowings in the current year period.

Other non-operating expense was \$2.1 million for the nine months ended November 30, 2021, compared to other non-operating expense of \$43 thousand for the nine months ended November 30, 2020. This increase in other non-operating expense was primarily due to costs incurred related to the wind-down, sale and transition of the LoJack North America business during the nine months ended November 30, 2021. In connection with the sale of the LoJack North America business, we entered into a transition services agreement that is expected to end in the coming months under which we will continue to provide certain services to Spireon, a portion of the cost of which will be reimbursed to us by Spireon.

### **Net Income (Loss) from Discontinued Operations, Net of Tax**

Net income from discontinued operations, net of tax was \$3.2 million for the nine months ended November 30, 2021 compared to a net loss from discontinued operations, net of tax of \$29.6 million during the nine months ended November 30, 2020. The net income from discontinued operations for the nine months ended November 30, 2021 was primarily driven by the \$4.1 million gain on sale of discontinued operations, which was completed on March 15, 2021. The net loss from discontinued operations for the nine months ended November 30, 2020 included impairment losses of \$22.3 million.

See Note 2, *Discontinued Operations*, to the accompanying condensed consolidated financial statements for additional information.

### **Overall Profitability Measures**

#### **Net Loss:**

GAAP-basis net loss for the nine months ended November 30, 2021 was \$18.8 million, compared to a net loss of \$47.6 million in the nine months ended November 30, 2020. The decrease in the net loss was primarily driven by the sale of the LoJack North America business described above under “Net Income (Loss) from Discontinued Operations, Net of Tax” and higher gross margins, partially offset by increased operating expenses.

#### **Adjusted EBITDA:**

(In thousands)	Nine Months Ended November 30,			
	2021	2020	\$ Change	% Change
<b>Segment</b>				
Software & Subscription Services	\$ 22,231	\$ 23,172	\$ (941)	(4.1%)
Telematics Products	446	2,358	(1,912)	(81.1%)
Corporate Expenses	(3,000)	(3,328)	328	9.9%
<b>Total Adjusted EBITDA</b>	<b>\$ 19,677</b>	<b>\$ 22,202</b>	<b>\$ (2,525)</b>	<b>(11.4%)</b>

Adjusted EBITDA for Software & Subscription Services decreased \$0.9 million compared to the same period last year primarily due to increased operating expenses as a result of investments we are making to develop, market and sell our telematics solutions, partially offset by higher revenues. Adjusted EBITDA for Telematics Products decreased \$1.9 million compared to the same period last year primarily due to lower revenues. Corporate Expenses decreased slightly year-over-year.

See Note 15, *Segment Information and Geographic Data*, to the accompanying condensed consolidated financial statements for information related to Adjusted EBITDA by reportable segments and a reconciliation to GAAP-basis net income (loss).

### **Income Tax Provision**

We evaluate our estimated annual effective tax rate (“ETR”) on a quarterly basis based on current and forecasted operating results. The relationship between our income tax provision or benefit and our pretax book income or loss can vary significantly from period to period considering, among other factors, the overall level of pretax book income or loss and changes in the blend of jurisdictional income or loss that is taxed at different rates and changes in valuation allowances. Consequently, our ETR may fluctuate significantly period to period and may make quarterly comparisons less than meaningful.

Income tax expense was \$0.8 million for the nine months ended November 30, 2021 and 2020.

### **LIQUIDITY AND CAPITAL RESOURCES**

Consistent with fiscal 2021, our primary recurring cash needs have been for working capital purposes and payment on debt obligations, and to a lesser extent, capital expenditures. We have historically funded our principal business activities through cash flows generated from operations. As we continue to grow our customer base and increase our revenues, there will be a need for working capital in the future. Our immediate sources of liquidity are cash and cash equivalents, and our revolving credit facility. As of November 30, 2021, we have \$91.1 million of cash and cash equivalents and \$50 million available under our revolving credit facility. We expect to continue to finance our operations with cash on hand and cash generated from operations.



On March 30, 2018, we entered into a revolving credit facility with JPMorgan Chase Bank, N.A. that provided for borrowings of up to \$50 million. On March 27, 2020, we entered into an amendment of the \$50 million revolving credit facility to extend the term to March 30, 2022. Borrowings under this revolving credit facility bear interest at either a Prime or LIBOR-based variable rate as selected by us on a periodic basis. This revolving credit facility contains financial covenants that require us to maintain a minimum level of earnings before interest, income taxes, depreciation, amortization and other noncash charges (EBITDA) and minimum debt coverage ratios. As of November 30, 2021, there were no borrowings outstanding on this revolving credit facility.

We are a defendant in various legal proceedings, including the Omega and Philips patent infringement claims, involving intellectual property claims and contract disputes in which the final resolutions have not been determined at this time. In connection with these matters, we may be required to enter into license agreements or other settlement arrangements that require us to make significant payments in the future. While it is not feasible to predict with certainty the outcome of these legal proceedings, based on currently available information, we believe that the ultimate resolution of these matters will not have a material adverse effect on our condensed consolidated results of operations, financial condition and cash flows.

See Note 16, *Legal Proceedings*, of the Notes to Unaudited Condensed Consolidated Financial Statements for additional information on legal proceedings.

#### *Sale of LoJack North America Operations*

On March 14, 2021, we entered into an agreement with Spireon pursuant to which we sold certain assets and transferred certain liabilities of the LoJack North America business for a purchase price of \$8.0 million. The transaction was completed effective March 15, 2021 and we received net proceeds of approximately \$6.6 million. Subsequently, on November 9, 2021, the purchase price was reduced by \$0.9 million, which was paid to Spireon, due to final working capital adjustments. This payment is reflected within net loss from discontinued operations, net of tax, for the three months ended November 30, 2021. No further adjustments to the purchase price are expected. We also entered into a Transition Service Agreement with Spireon on March 15, 2021 (“TSA”) to support Spireon in the transition of LoJack North America customers and we will continue to provide recovery services to the existing installed base of LoJack North America customers as an agent of Spireon until the termination of the TSA, which is expected to occur in the coming months. During this period, we will invoice Spireon for certain costs incurred in operating this business.

We also entered into a post-TSA Services Agreement with Spireon on March 15, 2021 (“SA”), under which we will continue to provide certain services related to the LoJack North America radio frequency tower infrastructure upon termination of the TSA for a period of no longer than fifty-four months after the termination of the TSA, as needed. As consideration for these services, Spireon will pay us a monthly service fee over the stipulated contract term.

#### *PPP Loan*

On April 16, 2020, we received proceeds from a loan in the amount of \$10 million from JPMorgan Chase Bank, N.A., as lender (the “PPP Loan”), pursuant to the Small Business Association (“SBA”) Paycheck Protection Program (the “PPP”) of the Coronavirus Aid Relief, and Economic Security Act. At the time we applied for the PPP Loan, we believed that we qualified to receive the funds pursuant to the PPP. On April 23, 2020, the SBA, in consultation with the Department of Treasury, issued new guidance that created uncertainty regarding the qualification requirements for a PPP Loan. Out of abundance of caution and in light of the new guidance, we repaid in full the principal and interest on the PPP Loan on April 27, 2020.

#### *Future Cash Obligations*

During the third quarter of fiscal 2022, there were no significant changes to our estimates of future payments under our fixed contractual obligations and commitments as presented in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for our fiscal year ended February 28, 2021 as filed with the SEC on April 22, 2021.

#### *Cash flows from operating activities*

Cash flows from operating activities consist of net loss adjusted for certain non-cash items, including depreciation, intangible asset amortization, stock-based compensation expense, amortization of discount and debt issue costs, deferred income taxes, amortization of certain revenue assignment arrangements and the effect of changes in components of working capital.

Our cash flow from operating activities are attributable to our net loss as well as how well we manage our working capital, which is dictated by the volume of products we purchase from our manufacturers or suppliers and then sell to our customers along with the payment and collection terms that we negotiate with them. We purchase a majority of our products from significant suppliers located in Asia and Mexico that generally provide us 60-day payment terms for products purchased.

Our significant customers are located in the United States as well as certain foreign countries. We believe that our relationships with our key customers are good and that these customers are in good financial condition. We generally grant credit to our customers based on their

financial viability and our historical collections experience with them. We typically require payment from our customers within 30 to 45 days of our invoice date with a few exceptions that extend the credit terms up to 90 days. Since we are paying our suppliers at or within 60 days of inventory purchase and our payment terms on our accounts receivable are generally within 45 days, we have historically generated positive cash flows from operating activities.

For the nine months ended November 30, 2021, net cash provided by operating activities was \$3.3 million and net loss was \$18.8 million. Our non-cash expenses from continuing operations, comprised principally of depreciation, intangible asset amortization, stock-based compensation expense, amortization of debt discount and issuance costs, noncash operating lease costs and changes in deferred income taxes totaled \$36.7 million. These non-cash expenses were partially offset by non-cash revenues of \$3.7 million related to acquired revenue assignment arrangements. Changes in operating assets and liabilities from continuing operations used \$7.4 million of cash, mainly as a result of the decrease in deferred revenue partially offset by the decrease in accounts receivable. The decrease in deferred revenue was driven by differences in timing of collections under new subscription arrangements such that less cash is collected at contract inception. The decrease in accounts receivable was primarily due to decreased sales levels as well as collection timing. Net cash used in discontinued operations was \$0.4 million.

For the nine months ended November 30, 2020, net cash provided by operating activities was \$24.3 million and net loss was \$47.6 million. Our non-cash expenses from continuing operations, comprised principally of depreciation, intangible asset amortization, stock-based compensation expense, amortization of debt discount and issuance costs, noncash operating lease costs and changes in deferred income taxes totaled \$35.3 million. These non-cash expenses were partially offset by non-cash revenues of \$4.9 million related to acquired revenue assignment arrangements. Changes in operating assets and liabilities from continuing operations provided \$16.0 million of cash, primarily driven by the timing of accounts payable disbursements as well as a reduction in accounts receivable balances as a result of the impacts of the COVID-19 pandemic that began during such period. Net cash used in discontinued operations was \$4.2 million.

### ***Cash flow from investing activities***

For the nine months ended November 30, 2021 and 2020, our net cash used in investing activities of continuing operations was \$10.3 million and \$9.0 million, respectively. In each of these periods, our primary investing activities consisted of capital expenditures. We expect that we will make additional capital expenditures in the future, including the devices that we lease to customers under subscription agreements in order to support the future growth of our business.

Net cash provided by investing activities of discontinued operations was \$5.7 million for the nine months ended November 30, 2021 compared to net cash used in investing activities of discontinued operations of \$2.1 million during the nine months ended November 30, 2020. The net cash provided by investing activities of discontinued operations during the nine months ended November 30, 2021 is comprised of cash proceeds received from the sale of the LoJack North America business.

### ***Cash flow from financing activities***

For the nine months ended November 30, 2021 and 2020, our net cash used in financing activities was \$3.2 million and \$28.3 million, respectively. In each of these periods, we had payments for taxes related to the net share settlement of vested equity awards and the proceeds from the exercise of stock options and contributions to our employee stock purchase plan. During the nine months ended November 30, 2020, we repaid our 2020 Convertible Notes of \$27.6 million, as well as borrowed and repaid \$20.0 million from our revolving credit facility.

We continue to monitor the impact of the pandemic on our operating results and liquidity as it has had an unfavorable impact on our financial condition and results of operations and we believe the pandemic may continue to have an unfavorable impact going forward.

## **FORWARD LOOKING STATEMENTS**

Forward looking statements in this Form 10-Q which include, without limitation, statements relating to our plans, strategies, objectives, expectations, intentions, projections and other information regarding future performance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “may”, “will”, “could”, “plans”, “intends”, “seeks”, “believes”, “anticipates”, “expects”, “estimates”, “judgment”, “goal”, and variations of these words and similar expressions, are intended to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and financial performance and are subject to certain risks and uncertainties that are difficult to predict, including, without limitation, product demand, competitive pressures and pricing declines in our markets, the timing of customer approvals of new product designs, intellectual property infringement claims, interruption or failure of our Internet-based systems used to wirelessly configure and communicate with the tracking and monitoring devices that we sell, global component supply shortages due to ongoing supply chain constraints, the phased implementation of our ERP system, the effect of tariffs on exports from China and other countries, the ongoing effects of the COVID-19 pandemic, and other risks and uncertainties that are set forth in Part I, Item 1A of the Annual Report on Form 10-K for the fiscal year ended February 28, 2021 as filed with the SEC on April 22, 2021. Such risks and uncertainties could cause actual results to differ materially from historical or anticipated results. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### Foreign Currency Risk

We have international operations, giving rise to exposure to market risks from changes in currency exchange rates. A cumulative foreign currency translation loss of \$2.4 million related to our foreign subsidiaries is included in “Accumulated other comprehensive loss” in the Stockholders’ Equity section of the condensed consolidated balance sheet at November 30, 2021. The aggregate foreign currency transaction exchange rate income (loss) included in determining loss before income taxes were de minimus for both the nine months ended November 30, 2021 and 2020.

As our international operations grow, our risks associated with fluctuation in foreign currency rates will become greater, and we will continue to reassess our approach to managing this risk. In addition, currency fluctuations or a weakening U.S. dollar could increase the costs of our international expansion and operations.

#### Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio. The primary objective of our investment activities is to preserve principal and liquidity while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our investment portfolio in a variety of available-for-sale fixed debt securities, including both government and corporate obligations and money market funds. Investments in fixed rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in prevailing interest rates. Due in part to these factors, we may suffer losses in principal if we need the funds prior to maturity and we choose to sell securities that have declined in market value due to changes in interest rates or perceived credit risk related to the securities’ issuers.

As the majority of our investment portfolio has a short-term nature, we do not believe an immediate increase or decrease in interest rate would have a material effect on the fair market value of our portfolio, and therefore, we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.

We do not believe our cash equivalents have significant risk of default or illiquidity. However, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits. We cannot be assured that we will not experience losses on these deposits.

Loans outstanding under our revolving credit facility bear interest at either euro currency rate plus a margin or the base rate (highest of (i) 0%, (ii) the rate of interest publicly announced by the Agent as its prime rate in effect at its principal office in New York City, (iii) the overnight bank funding rate as determined by the Federal Reserve Bank of New York plus 0.50% and (iv) the LIBOR-based rate for a one-month interest period on such day plus 1%). An applicable margin is added based on the Company’s senior leverage ratio, ranging from 1.50% to 2.00% for base rate loans, and from 2.50% to 3.00% for Eurodollar loans. Changes in interest rate would impact our variable rate borrowings. As of November 30, 2021, there was no outstanding borrowing under our revolving credit facility.

### ITEM 4. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

Our principal executive officer and principal financial officer have concluded, based on their evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report, that our disclosure controls and procedures are effective to ensure that the information required to be disclosed in reports that are filed or submitted under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

#### Changes in Internal Control Over Financial Reporting

In connection with our initiative to integrate and enhance our global information technology systems and business processes, we initiated the phased implementation of a new ERP system which started in fiscal 2020 and continues into fiscal 2022. As a result of this implementation, we modified certain existing internal controls over financial reporting as well as implemented new controls and procedures related to the new ERP system. Other than the continued implementation of our ERP system, there were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d 15(f) under the Exchange Act) that occurred during the third quarter of fiscal 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

See Note 16, *Legal Proceedings*, of the Notes to Unaudited Condensed Consolidated Financial Statements above for information regarding the legal proceedings in which we are involved.

### ITEM 1A. RISK FACTORS

The reader is referred to Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended February 28, 2021, as filed with the SEC on April 22, 2021, for a discussion of factors that could materially affect our business, financial condition, results of operations, or future results, as well as the information contained in this Quarterly Report, including the risk factors below, and our other reports and registration statements filed with the SEC.

***Our accelerated supply chain diversification program, component shortages and uncertainty in international trade relations with China have adversely impacted us and may have a material adverse effect on our business, results of operations and financial condition.***

We accelerated our supply chain diversification program to transition our manufacturing to tier one global contract manufacturers with facilities outside of China. This program was initiated against the backdrop of the escalation of trade tensions between the U.S. and China. These factors attributed to various supply disruptions, including component shortages. Although we are taking steps to address these matters, the related operational challenges and supply chain disruptions may persist for some time. Additionally, our contract manufacturers’ supply shortages as a result of the pandemic have impacted our business, customer relationships and as described in this Quarterly Report, have also impacted our results of operations.

More recently we have experienced supply shortages driven by global supply imbalances driven by the global pandemic, which negatively impacted all parts of our business. These supply imbalances have created supply shortages of silicon wafers and other components used in our products and the devices we utilize to deliver our subscription services and our telematics products. We expect these supply shortages to continue for the foreseeable future as suppliers strive to create additional production capacity.

***Because some of our components, assemblies and electronics manufacturing services are purchased from sole source suppliers or require long lead times, our business is subject to unexpected interruptions, which has adversely affected our ability to bring products to market, may damage our reputation and has adversely affected our results of operations.***

We operate a primarily outsourced manufacturing business model that utilizes contract manufacturers. We depend on a limited number of contract manufacturers to allocate sufficient manufacturing capacity to meet our needs, to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. Some of our key components are complex to manufacture and have long lead times. In the event of a reduction or interruption of supply, or degradation in quality, it could take up to six months to begin receiving adequate supplies from alternative suppliers, if any. Recently we have experienced a delay in product shipments and revenues and profitability have been affected. In some circumstances, we have been unable to meet our customer demand and if these supply imbalances continue, we may fail to meet our contractual obligations. Accordingly, if these interruptions continue at this severity and we are unable to meet customer demands in the future, this could result in the payment of significant damages by us to our customers, a decline in net revenue and a loss of market share as our customers could choose to purchase competing products, all of which could adversely affect our business, financial condition and results of operations. Any substantial disruption in our contract manufacturers’ supply as a result of the pandemic, any natural disaster, trade war, political unrest, economic instability, equipment failure or other cause could continue to materially harm our business, customer relationships and results of operations.

## ITEM 5. OTHER INFORMATION

The following disclosure is included in this Quarterly Report on Form 10-Q in lieu of filing a Current Report on Form 8-K with respect to disclosure required under Item 5.02 thereof.

### *Amended and Restated Employment Agreements*

On December 16, 2021, the Company entered into an Amended and Restated Employment Agreement with each of Anand Rau and Arym Diamond, on December 17, 2021, the Company entered into an Amended and Restated Employment Agreement with Kurt Binder and on December 18, 2021, the Company entered into an Amended and Restated Employment Agreement with Jeffrey Gardner (collectively, the “Amended Employment Agreements” and individually, an “Amended Employment Agreement”), in each case, effective as of November 5, 2021. Each Amended Employment Agreement amends and restates the employment agreements previously entered into between the Company and each executive.

The terms and conditions of the Amended Employment Agreements remain the same as in the original employment agreements, but were modified in the following ways:

- Each Amended Employment Agreement is terminable “at will” with or without notice, and, unlike the prior employment agreement, is not subject to a specified term or automatic renewal term.
- Messrs. Binder, Rau, and Diamond are entitled to receive annual base salaries of \$388,500, \$312,000, and \$309,000, respectively, each of which was increased from \$370,000, \$300,000, and \$300,000, respectively, under the prior employment agreements.
- Upon a termination by us without “cause” or by the executive for “good reason” (each as defined in the Amended Employment Agreements), then the executive will be entitled to receive the same payments and benefits as in the prior employment agreements, except that:
  - The amount of the cash severance will be the sum of (i) 12 months (18 months for Mr. Gardner) of annual base salary (increased from 12 months for Mr. Gardner, 6 months for Mr. Binder and 3 months for Messrs. Diamond and Rau), (ii) any earned but unpaid bonus, and (iii) a pro-rated portion of his target bonus for year of termination. Messrs. Diamond and Rau will also be entitled to receive continued COBRA coverage for 12 months (increased from 6 months), and for Mr. Gardner 18 months (increased from 12 months).
  - Additionally, (i) any unvested equity awards granted prior to 2021 will continue to vest for 12 months following termination, and (ii) any options that are exercisable or become exercisable will remain exercisable for up to 12 months (in each case, increased from 6 months for Mr. Binder and 3 months for Messrs. Diamond and Rau) following termination. Any unvested equity awards granted during or after 2021 will be forfeited and canceled.
- Upon a termination by us without cause or by the executive for good reason during the 3-month period preceding or the 12-month period following a change of control, then the executive will be entitled to receive the same payments and benefits as in the prior employment agreements, except that he will receive an amount equal to his target bonus (increased from a pro-rated portion of his target bonus), and for Mr. Gardner two times his target bonus. Additionally, for Messrs. Gardner and Binder, any options that are exercisable or become exercisable will remain exercisable for up to 6 months following termination (decreased from 24 months for Mr. Gardner and 12 months for Mr. Binder).
- Each of the Amended Employment Agreements was revised to include a standard non-disparagement provision to cover the term of each named executive officer’s employment and any period following his termination of employment for any reason.
- In addition, Mr. Rau’s Amended Employment Agreement was revised to reflect his change in position from SVP, Engineering to Chief Technology Officer.

The foregoing summary of the material changes to terms of the Amended Employment Agreements are qualified in their entirety by the full terms and conditions of the Amended Employment Agreements for each of Mr. Gardner, Mr. Binder, Mr. Rau and Mr. Diamond, copies of which are filed as Exhibits 10.3, 10.4, 10.1 and 10.2, respectively, to this Form 10-Q, and are incorporated herein by reference.

## ITEM 6. EXHIBITS

Exhibit 10.1	<a href="#">Employment Agreement between the Company and Anand Rau dated December 16, 2021</a>
Exhibit 10.2	<a href="#">Employment Agreement between the Company and Arym Diamond dated December 16, 2021</a>
Exhibit 10.3	<a href="#">Employment Agreement between the Company and Jeffery Gardner dated December 18, 2021</a>
Exhibit 10.4	<a href="#">Employment Agreement between the Company and Kurtis Binder dated December 17, 2021</a>
Exhibit 31.1	<a href="#">Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
Exhibit 31.2	<a href="#">Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
Exhibit 32	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101 .INS	Inline XBRL Instance Document
101 .SCH	Inline XBRL Taxonomy Extension Schema Document
101 .CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101 .DEF	Inline XBRL Taxonomy Definition Linkbase Document
101 .LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101 .PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
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 thereunto duly authorized.

December 21, 2021  
\_\_\_\_\_  
Date

CALAMP CORP.

/s/ Kurtis Binder  
\_\_\_\_\_  
EVP & Chief Financial Officer  
(Principal Financial Officer and  
Chief Accounting Officer)

# Cal/Amp®

## EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is entered into on **November 5, 2021** (the “**Effective Date**”) by and between Anand Rau, an individual (“**Executive**”), and CalAmp Corp., a Delaware corporation (the “**Company**”).

### RECITALS

**A.** It is the desire of the Company to assure itself of the continued services of the Executive by engaging the Executive to perform such services under the terms hereof.

**B.** The Executive desires to commit himself to serve the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below the parties hereto agree as follows.

### AGREEMENT

#### 1. Employment by the Company and Term.

**(a) Full Time and Best Efforts.** Subject to the terms set forth herein, the Company agrees to employ Executive as **Chief Technology Officer**, and in such other managerial capacities as may be requested from time to time by the President and CEO of the Company, and Executive hereby accepts such employment. Executive shall render such other services for the Company and corporations controlled by, under common control with, or controlling, directly or indirectly, the Company, and to successor entities and assignees of the Company (“**Affiliates**”) as the Company may from time to time reasonably request and as shall be consistent with the duties Executive is to perform for the Company and with Executive’s experience. During the Term (defined below) of his employment with the Company, Executive will devote his full time and use his best efforts to advance the business and welfare of the Company, and will not engage in any other employment or business activities for any direct or indirect remuneration that would be directly harmful or detrimental to, or that may compete with, the business and affairs of the Company, or that would interfere with his duties hereunder.

**(b) Duties.** Executive shall serve in a management capacity and shall perform such duties as are customarily associated with his position and as reasonably requested by the Company’s President and CEO.



(c) **Company Policies.** The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and such other policies and practices as may be generally applicable to members of the Company's executive team, as those policies and practices may be established, amended or eliminated from time to time at the Company's sole discretion, including but not limited to those relating to protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company's general and/or executive employment policies or practices, this Agreement shall control.

(d) **Term.** The term of employment of Executive under this Agreement shall begin as of the Effective Date. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an "at will" basis, meaning either the Company or Executive may terminate Executive's employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the "**Term**"). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the "at will" nature of Executive's employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive's rights to any compensation following a termination shall be only as set forth in Section 6 herein.

## 2. **Compensation and Benefits.**

(a) **Base Salary.** Executive shall receive for services to be rendered hereunder a salary at the rate of **\$312,000.00** per year, payable at least as frequently as monthly and subject to payroll deductions as may be necessary or customary in respect of the Company's salaried executives (the "**Base Salary**"). The Base Salary will be reviewed by and shall be subject to adjustment at the sole discretion of the Company's President and CEO each year during the Term of this Agreement.

(b) **Participation in Benefit Plans.** During the Term hereof, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health, accident, disability, or similar plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate, or establish additional benefit programs as it deems appropriate. Executive shall also participate in all standard fringe benefits offered by the Company to its salaried executives.

(c) **Flexible Time Off.** As a full-time exempt employee, Executive is eligible for paid time off under the Company's Flexible Paid Time Off ("**PTO**") Policy. Under this Policy, Executive may take compensated time off as needed, so long as the President and CEO approves his requested time off in advance. Under this Policy, the Executive does not earn or accrue PTO hours in advance of taking compensated time off, and therefore no payment is made for PTO upon termination of employment.

3. **Bonuses.** The Executive shall be eligible to participate in the Company's executive bonus program in accordance with the terms of such program (as it may exist from time to time) and in the discretion of the Compensation Committee of the Company's Board of Directors ("**Board**") administering such program.

4. **Stock Awards.** The Executive shall be eligible to participate in the Company's executive stock award plans and shall be eligible for equity awards in accordance with the terms of the Company's stock award plans and in the discretion of the Compensation Committee of the Board administering such plans.

5. **Reasonable Business Expenses and Support.** Executive shall be reimbursed for documented and reasonable business expenses in connection with the performance of his duties hereunder. Executive shall be furnished reasonable office space, assistance and facilities.

6. **Termination of Employment.** The date on which Executive's employment by the Company ceases under any of the following circumstances, shall be defined herein as the "**Termination Date**."

(a) **Termination Upon Death.** If Executive dies prior to the expiration of the Term of this Agreement, the Company shall (i) continue coverage of Executive's dependents (if any) under all benefit plans or programs of the type listed above in Section 2(b) herein for a period of 6 months, and (ii) pay to Executive's estate (A) Executive's accrued but unpaid Base Salary through the Termination Date (payable on the Company's first (1st) payroll processing date after Executive's Termination Date or earlier if required by applicable law), (B) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies, and (C) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 6(a)(ii) are "**Guaranteed Payments**").

(b) **Termination Upon Disability.** The Company may terminate Executive's employment in the event Executive suffers a disability that renders Executive unable to perform the essential functions of his position, even with reasonable accommodation, as determined by competent medical authority. After the Termination Date, which in this event shall be the date upon which notice of termination is given, no further compensation will be payable under this Agreement except that Executive shall be paid the Guaranteed Payments set forth in Section 6(a)(ii).

(c) **Termination for Cause.**

(i) **Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time for Cause (defined below), immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for Cause, Executive shall receive the Guaranteed Payments set forth in Section 6(a)(ii). The Company shall have no further obligation to pay severance of any kind whether under this Agreement or otherwise nor to make any payment in lieu of giving notice of such termination.

(ii) **Definition of Cause.** "Cause" means the occurrence or existence of any of the following with respect to Executive, as determined by the Company: (A) unsatisfactory performance of Executive's duties or responsibilities, provided that the Company has given Executive written notice specifying the unsatisfactory performance of his duties and responsibilities and afforded the Executive reasonable opportunity for cure, all as determined by the Company; (B) a material breach by Executive of any of his material obligations hereunder that the Company has given Executive written notice of; (C) willful failure to follow any lawful directive of the Company

consistent with the Executive's position and duties, after written notice and reasonable opportunity to cure, all as determined by the Company; **(D)** a material breach by the Executive of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its Affiliates which has not been approved in writing by the Company's President and CEO; **(E)** commission of any willful or intentional act which could reasonably be expected to materially injure the property, reputation, business, or business relationships of the Company or its customers; or **(F)** the indictment, the conviction or the plea of *nolo contendere* or the equivalent in respect of a felony involving moral turpitude.

**(d) Termination Without Cause or Disability or for Good Reason.**

**(i) Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time other than for Cause or disability by providing written notice to Executive. The Executive may terminate his employment with Good Reason (defined below) pursuant to the procedures set forth in Section 6(d)(v). In either event (unless such termination would be covered by Section 6(e) below), and contingent upon Executive's execution of a release in accordance with Section 6(d)(vi), the Company shall pay Executive as severance **(A)** subject to Section 6(d)(ii), an amount equal to 12 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 12 month term in bi-weekly *pro rata* payments on the Company's regularly scheduled payroll dates following the Termination Date; **(B)** an amount equal to **(x)** any earned but unpaid bonus payable under the Company's annual incentive plan and **(y)** a *pro rata* portion of Executive's target bonus under the Company's annual incentive plan based on the number of days worked within the applicable incentive program period during which the termination occurred; **(C)** the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 12 months following the Termination Date (or the cash equivalent of such amount); and **(D)** the Guaranteed Payments set forth in Section 6(a)(ii).

**(ii) No Breach of Sections 7, 8 or 9.** Notwithstanding the foregoing, the Company shall not be obligated to pay any termination payments under this Section 6(d) or Section 6(e) if Executive breaches the provisions of Section 7, Section 8 or Section 9 below.

**(iii) Stock Vesting Upon Termination.** In the event Executive's employment is terminated pursuant to this Section 6(d), Executive's then **(A)** unvested equity awards granted under the Company's stock incentive plans prior to 2021 and after the Executive became an Executive of the Company shall continue to vest for a period of 12 months following the Termination Date, **(B)** unvested equity awards granted during or after 2021 under the Company's stock incentive plans shall be forfeited and cancelled, and **(C)** with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 12 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as may be amended and/or restated or replaced from time to time).

**(iv) Definition of Good Reason.** "Good Reason" shall mean the occurrence of any one or more of the following without the Executive's express written consent: **(A)** the assignment of the Executive to duties materially inconsistent with the Executive's authority, duties, responsibilities, and status (including offices, titles, and reporting requirements) as an officer of the Company, or any other action that constitutes a material reduction in or alteration to the nature or status of the Executive's authority, duties, or responsibilities, in each case from those in effect immediately prior to such reduction, provided that continued employment following a Change of

Control with substantially the same responsibility with respect to the Company's business and operations will not constitute "Good Reason"; (B) the Company conditions Executive's continued service with the Company on Executive being transferred to a site of employment that would increase Executive's one-way commute by more than 55 miles from Executive's then current principal residence; (C) a reduction in the Executive's then Base Salary by ten percent (10%) or more other than in connection with a commensurate reduction of the entire executive team; or (D) any material breach by the Company of any material provision of this Agreement.

(v) **Procedure for Good Reason.** In order to exercise a Good Reason termination of employment the Executive must give the Company notice of termination within 60 days of the occurrence of one of the events included in the definition of Good Reason, following which notice the Company will have a period of 30 days to cure the circumstances constituting Good Reason. Unless the Company cures the circumstances constituting Good Reason within such 30 day period, Executive's employment will be deemed to terminate on the 30<sup>th</sup> day following the date such notice is delivered to the Company.

(vi) **Release By Executive.** In order to receive the benefits provided by this Section 6(d) or Section 6(e), Executive shall deliver to the Company within 21 days following the earlier of the Termination Date of Executive's employment and the date the Executive is offered severance benefits hereunder, a full and complete release, in form and substance reasonably acceptable to the Company, of all claims, known or unknown, that Executive may have against the Company, other than claims for indemnification, workers compensation or under the Company's 401(k) plan. The benefits provided by this Section 6(d) or Section 6(e) will be forfeited on the 28<sup>th</sup> day following the Termination Date if the Company has not been provided with such a release by the 21<sup>st</sup> day following the Termination Date, or if Executive provided such release but revoked such release within 7 days thereafter.

(e) **Termination following a Change of Control.** If, within the 3-month period preceding or the 12-month period following a Change of Control (as defined below), the Company terminates Executive's employment other than for Cause or disability or Executive terminates employment for Good Reason, then subject to Section 6(d)(ii), (i) 100% of Executive's then unvested equity awards granted under the Company's stock incentive plans after the Executive became an executive of the Company shall become vested and, with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 6 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as amended and/or restated, or replaced), (ii) the Executive shall be entitled to an amount equal to 12 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 12-month term in monthly *pro rata* payments commencing as of the Termination Date, (iii) the Executive shall be entitled to an amount equal

to Executive's target bonus under the Company's annual incentive plan for the year of termination, and (iv) the Company will pay the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 12 months following the Termination Date (or the cash equivalent of such amount).

(i) **"Change of Control"** shall mean the consummation of the first to occur of (A) the sale, lease or other transfer of all or substantially all of the assets of the Company to any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to (1) a corporation or other entity of which a majority of its combined voting

power is owned directly or indirectly by the Company, or (2) a corporation or other entity owned directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of capital stock in the Company; (B) the adoption by the stockholders of the Company of a plan relating to the liquidation or dissolution of the Company; (C) the merger or consolidation of the Company with or into another entity or the merger of another entity into the Company or any subsidiary thereof with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction (or their Related parties) hold less than 50% of the total voting power of all securities generally entitled to vote in the election of directors, managers or trustees of the entity surviving such merger of consolidation; or (D) the acquisition by any person or group of more than 50% of the voting power of all securities of the Company generally entitled to vote in the election of directors of the Company. Notwithstanding anything stated herein, a transaction shall not constitute a “Change of Control” if its sole purpose is to change the state of the Company’s incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company’s securities immediately before such transaction.

(f) **Benefits Upon Termination.** Without prejudice to Sections 6(d) and 6(e), all benefits provided under Section 2(b) hereof shall be extended, at Executive’s election and cost, to the extent permitted by the Company’s insurance policies and benefit plans, for 18 months after Executive’s Termination Date, except (i) as required by law (e.g., COBRA health insurance continuation election), or (ii) in the event of a termination described in Section 6(a).

(g) **Excess Parachute Payments, Limitation on Payments.**

(i) **Best Pay Cap.** Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 6 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject (in whole or part) to the excise tax (the “**Excise Tax**”) imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (“**Code**”) then, if elected by Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(ii) **Certain Exclusions.** For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (A) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (B) no portion of the Total Payments shall be taken into account which, in the written

opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4) (A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. **Proprietary Information Obligations.** During the Term of employment under this Agreement, Executive will have access to and become acquainted with the Company’s and its Affiliates’ confidential and proprietary information, including, but not limited to, information or plans regarding the Company’s and its Affiliates’ customer relationships, personnel, or sales, marketing, and financial operations and methods; intellectual property; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively “**Proprietary Information**”). Executive shall not disclose any of the Company’s or its Affiliates’ Proprietary Information directly or indirectly, or use it in any way, either during the Term of this Agreement or at any time thereafter, except as required in the course of his employment for the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or its Affiliates, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive’s duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment; provided, however, that Executive may retain copies of documents reasonably related to his interest as a stockholder and any documents that were personally owned, which copies and the information contained therein Executive agrees not to use for any business purpose. Notwithstanding the foregoing, Proprietary Information shall not include (a) information which is or becomes generally public knowledge except through disclosure by the Executive in violation of this Agreement, and (b) information that may be required to be disclosed by applicable law.

8. **Noninterference.** While employed by the Company, and for a period of 2 years after termination of this Agreement, Executive agrees not to interfere with the business of the Company or any Affiliate by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any Affiliate to terminate his or her employment in order to become an employee, consultant, or independent contractor to or for any other employer.

9. **Non-Disparagement.** During Executive’s employment and at all times following Executive’s termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media

platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

**10. Miscellaneous.**

**(a) Notices.** Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of 2 days following personal delivery, or the 4<sup>th</sup> day after mailing by first class mail to the recipient at the address indicated below:

**To the Company:**

CalAmp Corp.  
15635 Alton Parkway, Suite 250  
Irvine, California, USA 92618  
Attention: President and CEO

**To Executive:**

At the latest address of Executive on file with the Company

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

**(b) Severability.** Any provision of this Agreement which is deemed invalid, illegal, or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 10(b), be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal, or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

**(c) Entire Agreement.** This Agreement constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof, and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

(d) **Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by DocuSign shall be effective as delivery of an original executed counterpart of this Agreement.

(e) **Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) **Amendments.** No amendments of or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation, or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

(g) **Choice of Law.** All questions concerning the construction, validity, and interpretation of this Agreement will be governed by the laws of the State of California without giving effect to principles of conflicts of law.

(h) **Interpretation.** For purposes of this Agreement, (i) the words “include,” “includes,” and “including,” are deemed to be followed by the words “without limitation;” (ii) the word “or” is not exclusive; and (iii) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder,” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to sections, schedules, and exhibits mean the sections of, and schedules and exhibits attached to, this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof/without regard to subsequent amendments, supplements, and modifications thereto; and (z) to a statute means such statute as amended from time to time and includes/enforced at the time and date of this Agreement becoming effective and does not include any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All references to “\$” or “dollars” mean the lawful currency of the United States of America. Whenever the masculine is used in this Agreement, the same shall include the feminine and whenever the feminine is used herein, the same shall include the masculine, where appropriate. Whenever the singular is used in this Agreement, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

11. **Attorneys’ Fees.** In the event of litigation arising under this Agreement or out of or concerning the Executive’s employment or termination by the Company, the prevailing party shall, in addition to all costs of suit, be entitled to recover its or his reasonable attorneys’ fees from the other party.

12. **Section 409A Compliance.**



(a) The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A. The Company shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition on Executive of any additional tax, penalty, or interest under Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” or like terms shall mean “separation from service.”

(c) Notwithstanding anything herein to the contrary, in the event that Executive is a “specified Executive” (within the meaning of Section 409A) on the date of termination of Executive’s employment with the Company and the payments described in Section 6(d)(i) or Section 6(e), as applicable, to be paid within the first 6 months following the date of such termination of employment (the “**Initial Payment Period**”) exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) (the “**Limit**”), then (i) any portion of such payments that are payable during the Initial Payment Period that does not exceed the Limit shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable, (ii) any portion of such payments that exceed the Limit (and would have been payable during the Initial Payment Period but for the Limit) shall be paid, in lump sum, on the first business day after the 6<sup>th</sup> month anniversary of Executive’s termination of employment, and (iii) any portion of such payments that are payable after the Initial Payment Period shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable.

(d) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the Effective Date.

[SIGNATURE PAGE ON NEXT PAGE]

**SIGNATURE PAGE**  
**EXECUTIVE EMPLOYMENT AGREEMENT**

**CALAMP CORP.:**

By: /s/ Jeffery Gardner  
Jeffery Gardner  
Its: President and CEO  
Dated: December 15, 2021

**EXECUTIVE:**

By: /s/ Anand Rau  
Anand Rau  
Chief Technology Officer  
Dated: December 16, 2021



## EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is entered into on **November 5, 2021** (the “**Effective Date**”) by and between Arym Diamond, an individual (“**Executive**”), and CalAmp Corp., a Delaware corporation (the “**Company**”).

### RECITALS

**A.** It is the desire of the Company to assure itself of the continued services of the Executive by engaging the Executive to perform such services under the terms hereof.

**B.** The Executive desires to commit himself to serve the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below the parties hereto agree as follows.

### AGREEMENT

#### 1. Employment by the Company and Term.

**(a) Full Time and Best Efforts.** Subject to the terms set forth herein, the Company agrees to employ Executive as **Chief Revenue Officer**, and in such other managerial capacities as may be requested from time to time by the President and CEO of the Company, and Executive hereby accepts such employment. Executive shall render such other services for the Company and corporations controlled by, under common control with, or controlling, directly or indirectly, the Company, and to successor entities and assignees of the Company (“**Affiliates**”) as the Company may from time to time reasonably request and as shall be consistent with the duties Executive is to perform for the Company and with Executive’s experience. During the Term (defined below) of his employment with the Company, Executive will devote his full time and use his best efforts to advance the business and welfare of the Company, and will not engage in any other employment or business activities for any direct or indirect remuneration that would be directly harmful or detrimental to, or that may compete with, the business and affairs of the Company, or that would interfere with his duties hereunder.

**(b) Duties.** Executive shall serve in a management capacity and shall perform such duties as are customarily associated with his position and as reasonably requested by the Company’s President and CEO.

(a) **Company Policies.** The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and such other policies and practices as may be generally applicable to members of the Company's executive team, as those policies and practices may be established, amended or eliminated from time to time at the Company's sole discretion, including but not limited to those relating to protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company's general and/or executive employment policies or practices, this Agreement shall control.

(b) **Term.** The term of employment of Executive under this Agreement shall begin as of the Effective Date. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an "at will" basis, meaning either the Company or Executive may terminate Executive's employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the "**Term**"). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the "at will" nature of Executive's employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive's rights to any compensation following a termination shall be only as set forth in Section 6 herein.

### 3. **Compensation and Benefits.**

(a) **Base Salary.** Executive shall receive for services to be rendered hereunder a salary at the rate of **\$309,000.12** per year, payable at least as frequently as monthly and subject to payroll deductions as may be necessary or customary in respect of the Company's salaried executives (the "**Base Salary**"). The Base Salary will be reviewed by and shall be subject to adjustment at the sole discretion of the Company's President and CEO each year during the Term of this Agreement.

(b) **Participation in Benefit Plans.** During the Term hereof, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health, accident, disability, or similar plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate, or establish additional benefit programs as it deems appropriate. Executive shall also participate in all standard fringe benefits offered by the Company to its salaried executives.

(c) **Flexible Time Off.** As a full-time exempt employee, Executive is eligible for paid time off under the Company's Flexible Paid Time Off ("**PTO**") Policy. Under this Policy, Executive may take compensated time off as needed, so long as the President and CEO approves his requested time off in advance. Under this Policy, the Executive does not earn or accrue PTO hours in advance of taking compensated time off, and therefore no payment is made for PTO upon termination of employment.

4. **Bonuses.** The Executive shall be eligible to participate in the Company's executive bonus program in accordance with the terms of such program (as it may exist from time to time) and in the discretion of the Compensation Committee of the Company's Board of Directors ("**Board**") administering such program.

5. **Stock Awards.** The Executive shall be eligible to participate in the Company's executive stock award plans and shall be eligible for equity awards in accordance with the terms of the Company's stock award plans and in the discretion of the Compensation Committee of the Board administering such plans.

6. **Reasonable Business Expenses and Support.** Executive shall be reimbursed for documented and reasonable business expenses in connection with the performance of his duties hereunder. Executive shall be furnished reasonable office space, assistance and facilities.

7. **Termination of Employment.** The date on which Executive's employment by the Company ceases under any of the following circumstances, shall be defined herein as the "**Termination Date.**"

(a) **Termination Upon Death.** If Executive dies prior to the expiration of the Term of this Agreement, the Company shall (i) continue coverage of Executive's dependents (if any) under all benefit plans or programs of the type listed above in Section 2(b) herein for a period of 6 months, and (ii) pay to Executive's estate (A) Executive's accrued but unpaid Base Salary through the Termination Date (payable on the Company's first (1<sup>st</sup>) payroll processing date after Executive's Termination Date or earlier if required by applicable law), (B) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies, and (C) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 6(a)(ii) are "**Guaranteed Payments**").

(b) **Termination Upon Disability.** The Company may terminate Executive's employment in the event Executive suffers a disability that renders Executive unable to perform the essential functions of his position, even with reasonable accommodation, as determined by competent medical authority. After the Termination Date, which in this event shall be the date upon which notice of termination is given, no further compensation will be payable under this Agreement except that Executive shall be paid the Guaranteed Payments set forth in Section 6(a)(ii).

(c) **Termination for Cause.**

(i) **Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time for Cause (defined below), immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for Cause, Executive shall receive the Guaranteed Payments set forth in Section 6(a)(ii). The Company shall have no further obligation to pay severance of any kind whether under this Agreement or otherwise nor to make any payment in lieu of giving notice of such termination.

(ii) **Definition of Cause.** "Cause" means the occurrence or existence of any of the following with respect to Executive, as determined by the Company: (A) unsatisfactory performance of Executive's duties or responsibilities, provided that the Company has given Executive written notice specifying the unsatisfactory performance of his duties and responsibilities and afforded the Executive reasonable opportunity for cure, all as determined by the Company; (B) a material breach by Executive of any of his material obligations hereunder that the Company has given Executive written notice of; (C) willful failure to follow any lawful directive of the Company

consistent with the Executive's position and duties, after written notice and reasonable opportunity to cure, all as determined by the Company; **(D)** a material breach by the Executive of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its Affiliates which has not been approved in writing by the Company's President and CEO; **(E)** commission of any willful or intentional act which could reasonably be expected to materially injure the property, reputation, business, or business relationships of the Company or its customers; or **(F)** the indictment, the conviction or the plea of *nolo contendere* or the equivalent in respect of a felony involving moral turpitude.

**(d) Termination Without Cause or Disability or for Good Reason.**

**(i) Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time other than for Cause or disability by providing written notice to Executive. The Executive may terminate his employment with Good Reason (defined below) pursuant to the procedures set forth in Section 6(d)(v). In either event (unless such termination would be covered by Section 6(e) below), and contingent upon Executive's execution of a release in accordance with Section 6(d)(vi), the Company shall pay Executive as severance **(A)** subject to Section 6(d)(ii), an amount equal to 12 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 12 month term in bi-weekly *pro rata* payments on the Company's regularly scheduled payroll dates following the Termination Date; **(B)** an amount equal to **(x)** any earned but unpaid bonus payable under the Company's annual incentive plan and **(y)** a *pro rata* portion of Executive's target bonus under the Company's annual incentive plan based on the number of days worked within the applicable incentive program period during which the termination occurred; **(C)** the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 12 months following the Termination Date (or the cash equivalent of such amount); and **(D)** the Guaranteed Payments set forth in Section 6(a)(ii).

**(ii) No Breach of Sections 7, 8 or 9.** Notwithstanding the foregoing, the Company shall not be obligated to pay any termination payments under this Section 6(d) or Section 6(e) if Executive breaches the provisions of Section 7, Section 8 or Section 9 below.

**(iii) Stock Vesting Upon Termination.** In the event Executive's employment is terminated pursuant to this Section 6(d), Executive's then **(A)** unvested equity awards granted under the Company's stock incentive plans prior to 2021 and after the Executive became an Executive of the Company shall continue to vest for a period of 12 months following the Termination Date, **(B)** unvested equity awards granted during or after 2021 under the Company's stock incentive plans shall be forfeited and cancelled, and **(C)** with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 12 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as may be amended and/or restated or replaced from time to time).

**(iv) Definition of Good Reason.** "Good Reason" shall mean the occurrence of any one or more of the following without the Executive's express written consent: **(A)** the assignment of the Executive to duties materially inconsistent with the Executive's authority, duties, responsibilities, and status (including offices, titles, and reporting requirements) as an officer of the Company, or any other action that constitutes a material reduction in or alteration to the nature or status of the Executive's authority, duties, or responsibilities, in each case from those in effect immediately prior to such reduction, provided that continued employment following a Change of

Control with substantially the same responsibility with respect to the Company's business and operations will not constitute "Good Reason"; **(B)** the Company conditions Executive's continued service with the Company on Executive being transferred to a site of employment that would increase Executive's one-way commute by more than 55 miles from Executive's then current principal residence; **(C)** a reduction in the Executive's then Base Salary by ten percent (10%) or more other than in connection with a commensurate reduction of the entire executive team; or **(D)** any material breach by the Company of any material provision of this Agreement.

**(v) Procedure for Good Reason.** In order to exercise a Good Reason termination of employment the Executive must give the Company notice of termination within 60 days of the occurrence of one of the events included in the definition of Good Reason, following which notice the Company will have a period of 30 days to cure the circumstances constituting Good Reason. Unless the Company cures the circumstances constituting Good Reason within such 30 day period, Executive's employment will be deemed to terminate on the 30<sup>th</sup> day following the date such notice is delivered to the Company.

**(vi) Release By Executive.** In order to receive the benefits provided by this Section 6(d) or Section 6(e), Executive shall deliver to the Company within 21 days following the earlier of the Termination Date of Executive's employment and the date the Executive is offered severance benefits hereunder, a full and complete release, in form and substance reasonably acceptable to the Company, of all claims, known or unknown, that Executive may have against the Company, other than claims for indemnification, workers compensation or under the Company's 401(k) plan. The benefits provided by this Section 6(d) or Section 6(e) will be forfeited on the 28<sup>th</sup> day following the Termination Date if the Company has not been provided with such a release by the 21<sup>st</sup> day following the Termination Date, or if Executive provided such release but revoked such release within 7 days thereafter.

**(e) Termination following a Change of Control.** If, within the 3-month period preceding or the 12-month period following a Change of Control (as defined below), the Company terminates Executive's employment other than for Cause or disability or Executive terminates employment for Good Reason, then subject to Section 6(d)(ii), **(i)** 100% of Executive's then unvested equity awards granted under the Company's stock incentive plans after the Executive became an executive of the Company shall become vested and, with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 6 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as amended and/or restated, or replaced), **(ii)** the Executive shall be entitled to an amount equal to 12 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 12-month term in monthly *pro rata* payments commencing as of the Termination Date, **(iii)** the Executive shall be entitled to an amount equal to Executive's target bonus under the Company's annual incentive plan for the year of termination, and **(iv)** the Company will pay the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 12 months following the Termination Date (or the cash equivalent of such amount).

**(i) "Change of Control"** shall mean the consummation of the first to occur of **(A)** the sale, lease or other transfer of all or substantially all of the assets of the Company to any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to **(1)** a corporation or other entity of which a majority of its combined voting power is owned directly or indirectly by the Company, or **(2)** a corporation or other entity owned

directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of capital stock in the Company; **(B)** the adoption by the stockholders of the Company of a plan relating to the liquidation or dissolution of the Company; **(C)** the merger or consolidation of the Company with or into another entity or the merger of another entity into the Company or any subsidiary thereof with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction (or their Related parties) hold less than 50% of the total voting power of all securities generally entitled to vote in the election of directors, managers or trustees of the entity surviving such merger or consolidation; or **(D)** the acquisition by any person or group of more than 50% of the voting power of all securities of the Company generally entitled to vote in the election of directors of the Company. Notwithstanding anything stated herein, a transaction shall not constitute a “Change of Control” if its sole purpose is to change the state of the Company’s incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company’s securities immediately before such transaction.

**(f) Benefits Upon Termination.** Without prejudice to Sections 6(d) and 6(e), all benefits provided under Section 2(b) hereof shall be extended, at Executive’s election and cost, to the extent permitted by the Company’s insurance policies and benefit plans, for 18 months after Executive’s Termination Date, except **(i)** as required by law (e.g., COBRA health insurance continuation election), or

**(ii)** in the event of a termination described in Section 6(a).

**(g) Excess Parachute Payments, Limitation on Payments.**

**(i) Best Pay Cap.** Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 6 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject (in whole or part) to the excise tax (the “**Excise Tax**”) imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (“**Code**”) then, if elected by Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if **(A)** the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to **(B)** the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

**(ii) Certain Exclusions.** For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, **(A)** no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; **(B)** no portion of the Total Payments shall be taken into account which, in the



written opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

**8. Proprietary Information Obligations.** During the Term of employment under this Agreement, Executive will have access to and become acquainted with the Company’s and its Affiliates’ confidential and proprietary information, including, but not limited to, information or plans regarding the Company’s and its Affiliates’ customer relationships, personnel, or sales, marketing, and financial operations and methods; intellectual property; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively “**Proprietary Information**”). Executive shall not disclose any of the Company’s or its Affiliates’ Proprietary Information directly or indirectly, or use it in any way, either during the Term of this Agreement or at any time thereafter, except as required in the course of his employment for the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or its Affiliates, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive’s duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment; provided, however, that Executive may retain copies of documents reasonably related to his interest as a stockholder and any documents that were personally owned, which copies and the information contained therein Executive agrees not to use for any business purpose. Notwithstanding the foregoing, Proprietary Information shall not include (a) information which is or becomes generally public knowledge except through disclosure by the Executive in violation of this Agreement, and (b) information that may be required to be disclosed by applicable law.

**9. Noninterference.** While employed by the Company, and for a period of 2 years after termination of this Agreement, Executive agrees not to interfere with the business of the Company or any Affiliate by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any Affiliate to terminate his or her employment in order to become an employee, consultant, or independent contractor to or for any other employer.

**10. Non-Disparagement.** During Executive’s employment and at all times following Executive’s termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media

platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

**11. Miscellaneous.**

(a) **Notices.** Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of 2 days following personal delivery, or the 4<sup>th</sup> day after mailing by first class mail to the recipient at the address indicated below:

**To the Company:**

CalAmp Corp.  
15635 Alton Parkway, Suite 250  
Irvine, California, USA 92618  
Attention: President and CEO

**To Executive:**

At the latest address of Executive on file with the Company

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

(b) **Severability.** Any provision of this Agreement which is deemed invalid, illegal, or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 10(b), be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal, or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

(c) **Entire Agreement.** This Agreement constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof, and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

(d) **Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by DocuSign shall be effective as delivery of an original executed counterpart of this Agreement.

(e) **Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) **Amendments.** No amendments of or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation, or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

(g) **Choice of Law.** All questions concerning the construction, validity, and interpretation of this Agreement will be governed by the laws of the State of California without giving effect to principles of conflicts of law.

(h) **Interpretation.** For purposes of this Agreement, (i) the words “include,” “includes,” and “including,” are deemed to be followed by the words “without limitation;” (ii) the word “or” is not exclusive; and (iii) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder,” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to sections, schedules, and exhibits mean the sections of, and schedules and exhibits attached to, this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof/without regard to subsequent amendments, supplements, and modifications thereto; and (z) to a statute means such statute as amended from time to time and includes/enforced at the time and date of this Agreement becoming effective and does not include any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All references to “\$” or “dollars” mean the lawful currency of the United States of America. Whenever the masculine is used in this Agreement, the same shall include the feminine and whenever the feminine is used herein, the same shall include the masculine, where appropriate. Whenever the singular is used in this Agreement, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

12. **Attorneys’ Fees.** In the event of litigation arising under this Agreement or out of or concerning the Executive’s employment or termination by the Company, the prevailing party shall, in addition to all costs of suit, be entitled to recover its or his reasonable attorneys’ fees from the other party.

**13. Section 409A Compliance.**

(a) The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A. The Company shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition on Executive of any additional tax, penalty, or interest under Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” or like terms shall mean “separation from service.”

(c) Notwithstanding anything herein to the contrary, in the event that Executive is a “specified Executive” (within the meaning of Section 409A) on the date of termination of Executive’s employment with the Company and the payments described in Section 6(d)(i) or Section 6(e), as applicable, to be paid within the first 6 months following the date of such termination of employment (the “**Initial Payment Period**”) exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) (the “**Limit**”), then (i) any portion of such payments that are payable during the Initial Payment Period that does not exceed the Limit shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable, (ii) any portion of such payments that exceed the Limit (and would have been payable during the Initial Payment Period but for the Limit) shall be paid, in lump sum, on the first business day after the 6<sup>th</sup> month anniversary of Executive’s termination of employment, and (iii) any portion of such payments that are payable after the Initial Payment Period shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable.

(d) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the Effective Date.

[SIGNATURE PAGE ON NEXT PAGE]

**SIGNATURE PAGE**  
**EXECUTIVE EMPLOYMENT AGREEMENT**

**CALAMP CORP.:**

By: /s/Jeffery Gardner  
Jeffery Gardner  
Its: President and CEO  
Dated: December 16, 2021

**EXECUTIVE:**

By: /s/Arym Diamond  
Arym Diamond  
Chief Revenue Officer  
Dated: December 16, 2021

# Cal/Amp®

## EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is entered into on **November 5, 2021** (the “**Effective Date**”) by and between **Jeffery Gardner**, an individual (“**Executive**”), and CalAmp Corp., a Delaware corporation (the “**Company**”).

### RECITALS

**A.** It is the desire of the Company to assure itself of the continued services of the Executive by engaging the Executive to perform such services under the terms hereof.

**B.** The Executive desires to commit himself to serve the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below the parties hereto agree as follows.

### AGREEMENT

#### 1. Employment by the Company and Term.

**(a) Full Time and Best Efforts.** Subject to the terms set forth herein, the Company agrees to employ Executive as **President and CEO**, and in such other managerial capacities as may be requested from time to time by the Company’s Board of Directors (the “**Board**”) and Executive hereby accepts such employment. Executive shall render such other services for the Company and corporations controlled by, under common control with, or controlling, directly or indirectly, the Company, and to successor entities and assignees of the Company (“**Affiliates**”) as the Company may from time to time reasonably request and as shall be consistent with the duties Executive is to perform for the Company and with Executive’s experience. During the Term (defined below) of his employment with the Company, Executive will devote his full time and use his best efforts to advance the business and welfare of the Company, and will not engage in any other employment or business activities for any direct or indirect remuneration that would be directly harmful or detrimental to, or that may compete with, the business and affairs of the Company, or that would interfere with his duties hereunder.

**(b) Duties.** Executive shall serve in a management capacity and shall perform such duties as are customarily associated with his position and as reasonably requested by the Board.

**(c) Company Policies.** The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and such other policies and practices as may be generally applicable to members of the Company’s executive team, as those policies and practices may be established, amended or eliminated from time to time at the Company’s sole discretion, including but not limited to those relating to protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company’s general and/or executive employment policies or practices, this Agreement shall control.

**Term.** The term of employment of Executive under this Agreement shall begin as of the Effective Date. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis, meaning either the Company or Executive may terminate Executive’s employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the “**Term**”). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the “at will” nature of Executive’s employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive’s rights to any compensation following a termination shall be only as set forth in Section 6 herein.

## 2. Compensation and Benefits.

(a) **Base Salary.** Executive shall receive for services to be rendered hereunder a salary at the rate of **\$515,000.20** per year, payable at least as frequently as monthly and subject to payroll deductions as may be necessary or customary in respect of the Company's salaried executives (the "**Base Salary**"). The Base Salary will be reviewed by and shall be subject to adjustment at the sole discretion of the Board each year during the Term of this Agreement.

(b) **Participation in Benefit Plans.** During the Term hereof, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health, accident, disability, or similar plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate, or establish additional benefit programs as it deems appropriate. Executive shall also participate in all standard fringe benefits offered by the Company to its salaried executives.

(c) **Flexible Time Off.** As a full-time exempt employee, Executive is eligible for paid time off under the Company's Flexible Paid Time Off ("**PTO**") Policy. Under this Policy, Executive may take compensated time off as needed. Under this Policy, the Executive does not earn or accrue PTO hours in advance of taking compensated time off, and therefore no payment is made for PTO upon termination of employment.

3. **Bonuses.** The Executive shall be eligible to participate in the Company's executive bonus program in accordance with the terms of such program (as it may exist from time to time) and in the discretion of the Compensation Committee of the Company's Board of Directors ("**Board**") administering such program.

4. **Stock Awards.** The Executive shall be eligible to participate in the Company's executive stock award plans and shall be eligible for equity awards in accordance with the terms of the Company's stock award plans and in the discretion of the Compensation Committee of the Board administering such plans.

5. **Reasonable Business Expenses and Support.** Executive shall be reimbursed for documented and reasonable business expenses in connection with the performance of his duties hereunder. Executive shall be furnished reasonable office space, assistance and facilities.

6. **Termination of Employment.** The date on which Executive's employment by the Company ceases under any of the following circumstances, shall be defined herein as the "**Termination Date**."

(a) **Termination Upon Death.** If Executive dies prior to the expiration of the Term of this Agreement, the Company shall (i) continue coverage of Executive's dependents (if any) under all benefit plans or programs of the type listed above in Section 2(b) herein for a period of 6 months, and (ii) pay to Executive's estate (A) Executive's accrued but unpaid Base Salary through the Termination Date (payable on the Company's first (1<sup>st</sup>) payroll processing date after Executive's Termination Date or earlier if required by applicable law), (B) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies, and (C) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 6(a)(ii) are "**Guaranteed Payments**").

(b) **Termination Upon Disability.** The Company may terminate Executive's employment in the event Executive suffers a disability that renders Executive unable to perform the essential functions of his position, even with reasonable accommodation, as determined by competent medical authority. After the Termination Date, which in this event shall be the date upon which notice of termination is given, no further compensation will be payable under this Agreement except that Executive shall be paid the Guaranteed Payments set forth in Section 6(a)(ii).

**(c) Termination for Cause.**

**(i) Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time for Cause (defined below), immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for Cause, Executive shall receive the Guaranteed Payments set forth in Section 6(a)(ii). The Company shall have no further obligation to pay severance of any kind whether under this Agreement or otherwise nor to make any payment in lieu of giving notice of such termination.

**(ii) Definition of Cause.** "Cause" means the occurrence or existence of any of the following with respect to Executive, as determined by the Company: **(A)** unsatisfactory performance of Executive's duties or responsibilities, provided that the Company has given Executive written notice specifying the unsatisfactory performance of his duties and responsibilities and afforded the Executive reasonable opportunity for cure, all as determined by the Company; **(B)** a material breach by Executive of any of his material obligations hereunder that the Company has given Executive written notice of; **(C)** willful failure to follow any lawful directive of the Company consistent with the Executive's position and duties, after written notice and reasonable opportunity to cure, all as determined by the Company; **(D)** a material breach by the Executive of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its Affiliates which has not been approved in writing by the Board; **(E)** commission of any willful or intentional act which could reasonably be expected to materially injure the property, reputation, business, or business relationships of the Company or its customers; or **(F)** the indictment, the conviction or the plea of *nolo contendere* or the equivalent in respect of a felony involving moral turpitude.

**(d) Termination Without Cause or Disability or for Good Reason.**

**(i) Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time other than for Cause or disability by providing written notice to Executive. The Executive may terminate his employment with Good Reason (defined below) pursuant to the procedures set forth in Section 6(d)(v). In either event (unless such termination would be covered by Section 6(e) below), and contingent upon Executive's execution of a release in accordance with Section 6(d)(vi), the Company shall pay Executive as severance **(A)** subject to Section 6(d)(ii), an amount equal to 18 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 18 month term in bi-weekly *pro rata* payments on the Company's regularly scheduled payroll dates following the Termination Date; **(B)** an amount equal to **(x)** any earned but unpaid bonus payable under the Company's annual incentive plan and **(y)** a *pro rata* portion of Executive's target bonus under the Company's annual incentive plan based on the number of days worked within the applicable incentive program period during which the termination occurred; **(C)** the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 18 months following the Termination Date (or the cash equivalent of such amount); and **(D)** the Guaranteed Payments set forth in Section 6(a)(ii).

**(ii) No Breach of Sections 7, 8 or 9.** Notwithstanding the foregoing, the Company shall not be obligated to pay any termination payments under this Section 6(d) or Section 6(e) if Executive breaches the provisions of Section 7, Section 8 or Section 9 below.

**(iii) Stock Vesting Upon Termination.** In the event Executive's employment is terminated pursuant to this Section 6(d), Executive's then **(A)** unvested equity awards granted under the Company's stock incentive plans prior to 2021 and after the Executive became an Executive of the Company shall continue to vest for a period of 12 months following the Termination Date, **(B)** unvested equity awards granted during or after 2021 under the Company's stock incentive plans shall be forfeited and cancelled, and **(C)** with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 12 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as may be amended and/or restated or replaced from time to time).



(iv) **Definition of Good Reason.** “Good Reason” shall mean the occurrence of any one or more of the following without the Executive’s express written consent: (A) the assignment of the Executive to duties materially inconsistent with the Executive’s authority, duties, responsibilities, and status (including offices, titles, and reporting requirements) as an officer of the Company, or any other action that constitutes a material reduction in or alteration to the nature or status of the Executive’s authority, duties, or responsibilities, in each case from those in effect immediately prior to such reduction, provided that continued employment following a Change of Control with substantially the same responsibility with respect to the Company’s business and operations will not constitute “Good Reason”; (B) the Company conditions Executive’s continued service with the Company on Executive being transferred to a site of employment that would increase Executive’s one-way commute by more than 55 miles from Executive’s then current principal residence; (C) a reduction in the Executive’s then Base Salary by ten percent (10%) or more other than in connection with a commensurate reduction of the entire executive team; or (D) any material breach by the Company of any material provision of this Agreement.

(v) **Procedure for Good Reason.** In order to exercise a Good Reason termination of employment the Executive must give the Company notice of termination within 60 days of the occurrence of one of the events included in the definition of Good Reason, following which notice the Company will have a period of 30 days to cure the circumstances constituting Good Reason. Unless the Company cures the circumstances constituting Good Reason within such 30 day period, Executive’s employment will be deemed to terminate on the 30<sup>th</sup> day following the date such notice is delivered to the Company.

(vi) **Release By Executive.** In order to receive the benefits provided by this Section 6(d) or Section 6(e), Executive shall deliver to the Company within 21 days following the earlier of the Termination Date of Executive’s employment and the date the Executive is offered severance benefits hereunder, a full and complete release, in form and substance reasonably acceptable to the Company, of all claims, known or unknown, that Executive may have against the Company, other than claims for indemnification, workers compensation or under the Company’s 401(k) plan. The benefits provided by this Section 6(d) or Section 6(e) will be forfeited on the 28<sup>th</sup> day following the Termination Date if the Company has not been provided with such a release by the 21<sup>st</sup> day following the Termination Date, or if Executive provided such release but revoked such release within 7 days thereafter.

(e) **Termination following a Change of Control.** If, within the 3-month period preceding or the 12-month period following a Change of Control (as defined below), the Company terminates Executive’s employment other than for Cause or disability or Executive terminates employment for Good Reason, then subject to Section 6(d)(ii), (i) 100% of Executive’s then unvested equity awards granted under the Company’s stock incentive plans after the Executive became an executive of the Company shall become vested and, with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 6 months following the Termination Date, subject to such longer period as may be provided by the Company’s 2004 Incentive Stock Plan (as amended and/or restated, or replaced), (ii) the Executive shall be entitled to an amount equal to 24 months of Executive’s then Base Salary, less standard withholdings for tax and social security purposes, payable over such 24-month term in monthly *pro rata* payments commencing as of the Termination Date, (iii) the Executive shall be entitled to an amount equal to Executive’s target bonus under the Company’s annual incentive plan for the year of termination multiplied by two, and (iv) the Company will pay the premiums for continued coverage in the Company’s health and welfare plans under the continuation coverage provisions of COBRA for a period of 24 months following the Termination Date (or the cash equivalent of such amount).

(i) **“Change of Control”** shall mean the consummation of the first to occur of (A) the sale, lease or other transfer of all or substantially all of the assets of the Company to any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to (1) a corporation or other entity of which a majority of its combined voting power is owned directly or indirectly by the Company, or (2) a corporation or other entity owned directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of capital stock in the Company; (B) the adoption by the stockholders of the Company of a plan relating to the liquidation or

dissolution of the Company; **(C)** the merger or consolidation of the Company with or into another entity or the merger of another entity into the Company or any subsidiary thereof with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction (or their Related parties) hold less than 50% of the total voting power of all securities generally entitled to vote in the election of directors, managers or trustees of the entity surviving such merger or consolidation; or **(D)** the acquisition by any person or group of more than 50% of the voting power of all securities of the Company generally entitled to vote in the election of directors of the Company. Notwithstanding anything stated herein, a transaction shall not constitute a “Change of Control” if its sole purpose is to change the state of the Company’s incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company’s securities immediately before such transaction.

**(f) Benefits Upon Termination.** Without prejudice to Sections 6(d) and 6(e), all benefits provided under Section 2(b) hereof shall be extended, at Executive’s election and cost, to the extent permitted by the Company’s insurance policies and benefit plans, for 18 months after Executive’s Termination Date, except **(i)** as required by law (e.g., COBRA health insurance continuation election), or **(ii)** in the event of a termination described in Section 6(a).

**(g) Excess Parachute Payments, Limitation on Payments.**

**(i) Best Pay Cap.** Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 6 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject (in whole or part) to the excise tax (the “**Excise Tax**”) imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (“**Code**”) then, if elected by Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if **(A)** the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to **(B)** the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

**(ii) Certain Exclusions.** For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, **(A)** no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; **(B)** no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and **(C)** the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. **Proprietary Information Obligations.** During the Term of employment under this Agreement, Executive will have access to and become acquainted with the Company's and its Affiliates' confidential and proprietary information, including, but not limited to, information or plans regarding the Company's and its Affiliates' customer relationships, personnel, or sales, marketing, and financial operations and methods; intellectual property; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively "**Proprietary Information**"). Executive shall not disclose any of the Company's or its Affiliates' Proprietary Information directly or indirectly, or use it in any way, either during the Term of this Agreement or at any time thereafter, except as required in the course of his employment for the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or its Affiliates, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment; provided, however, that Executive may retain copies of documents reasonably related to his interest as a stockholder and any documents that were personally owned, which copies and the information contained therein Executive agrees not to use for any business purpose. Notwithstanding the foregoing, Proprietary Information shall not include (a) information which is or becomes generally public knowledge except through disclosure by the Executive in violation of this Agreement, and (b) information that may be required to be disclosed by applicable law.

8. **Noninterference.** While employed by the Company, and for a period of 2 years after termination of this Agreement, Executive agrees not to interfere with the business of the Company or any Affiliate by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any Affiliate to terminate his or her employment in order to become an employee, consultant, or independent contractor to or for any other employer.

9. **Non-Disparagement.** During Executive's employment and at all times following Executive's termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

**10. Miscellaneous.**

**(a) Notices.** Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of 2 days following personal delivery, or the 4<sup>th</sup> day after mailing by first class mail to the recipient at the address indicated below:

**To the Company:**

CalAmp Corp.  
15635 Alton Parkway, Suite 250 Irvine, California, USA 92618  
Attention: SVP, General Counsel & Secretary

**To Executive:**

At the latest address of Executive on file with the Company

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

**(b) Severability.** Any provision of this Agreement which is deemed invalid, illegal, or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 10(b), be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal, or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

**(c) Entire Agreement.** This Agreement constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof, and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

**(d) Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by DocuSign shall be effective as delivery of an original executed counterpart of this Agreement.

**(e) Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

**(f) Amendments.** No amendments of or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation, or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

**(g) Choice of Law.** All questions concerning the construction, validity, and interpretation of this Agreement will be governed by the laws of the State of California without giving effect to principles of conflicts of law.

**(h) Interpretation.** For purposes of this Agreement, **(i)** the words “include,” “includes,” and “including,” are deemed to be followed by the words “without limitation;” **(ii)** the word “or” is not exclusive; and **(iii)** the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder,” refer to this Agreement as a

whole. Unless the context otherwise requires, references herein: **(x)** to sections, schedules, and exhibits mean the sections of, and schedules and exhibits attached to, this Agreement; **(y)** to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof/without regard to subsequent amendments, supplements, and modifications thereto; and **(z)** to a statute means such statute as amended from time to time and includes/enforced at the time and date of this Agreement becoming effective and does not include any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All references to “\$” or “dollars” mean the lawful currency of the United States of America. Whenever the masculine is used in this Agreement, the same shall include the feminine and whenever the feminine is used herein, the same shall include the masculine, where appropriate. Whenever the singular is used in this Agreement, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

**11. Attorneys’ Fees.** In the event of litigation arising under this Agreement or out of or concerning the Executive’s employment or termination by the Company, the prevailing party shall, in addition to all costs of suit, be entitled to recover its or his reasonable attorneys’ fees from the other party.

**12. Section 409A Compliance.**

**(a)** The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A. The Company shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition on Executive of any additional tax, penalty, or interest under Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A.

**(b)** A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” or like terms shall mean “separation from service.”

**(c)** Notwithstanding anything herein to the contrary, in the event that Executive is a “specified Executive” (within the meaning of Section 409A) on the date of termination of Executive’s employment with the Company and the payments described in Section 6(d)(i) or Section 6(e), as applicable, to be paid within the first 6 months following the date of such termination of employment (the “**Initial Payment Period**”) exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) (the “**Limit**”), then **(i)** any portion of such payments that are payable during the Initial Payment Period that does not exceed the Limit shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable, **(ii)** any portion of such payments that exceed the Limit (and would have been payable during the Initial Payment Period but for the Limit) shall be paid, in lump sum, on the first business day after the 6<sup>th</sup> month anniversary of Executive’s termination of employment, and **(iii)** any portion of such payments that are payable after the Initial Payment Period shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable.

**(d)** With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the Effective Date.

[SIGNATURE PAGE ON NEXT PAGE]

**SIGNATURE PAGE**  
**EXECUTIVE EMPLOYMENT AGREEMENT**

**CALAMP CORP.:**

**EXECUTIVE:**

By: /s/ Amal Johnson  
Amal Johnson  
Its: Chair of the Board of Directors

By: /s/ Jeffery Gardner  
Jeffery Gardner  
President and CEO

Dated: December 16, 2021

Dated: December 18, 2021



## EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is entered into on **November 5, 2021** (the “**Effective Date**”) by and between Kurtis Binder, an individual (“**Executive**”), and CalAmp Corp., a Delaware corporation (the “**Company**”).

### RECITALS

**A.** It is the desire of the Company to assure itself of the continued services of the Executive by engaging the Executive to perform such services under the terms hereof.

**B.** The Executive desires to commit himself to serve the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below the parties hereto agree as follows.

### AGREEMENT

#### 1. Employment by the Company and Term.

**(a) Full Time and Best Efforts.** Subject to the terms set forth herein, the Company agrees to employ Executive as **Exec. Vice President & CFO**, and in such other managerial capacities as may be requested from time to time by the President and CEO of the Company, and Executive hereby accepts such employment. Executive shall render such other services for the Company and corporations controlled by, under common control with, or controlling, directly or indirectly, the Company, and to successor entities and assignees of the Company (“**Affiliates**”) as the Company may from time to time reasonably request and as shall be consistent with the duties Executive is to perform for the Company and with Executive’s experience. During the Term (defined below) of his employment with the Company, Executive will devote his full time and use his best efforts to advance the business and welfare of the Company, and will not engage in any other employment or business activities for any direct or indirect remuneration that would be directly harmful or detrimental to, or that may compete with, the business and affairs of the Company, or that would interfere with his duties hereunder.

**(b) Duties.** Executive shall serve in a management capacity and shall perform such duties as are customarily associated with his position and as reasonably requested by the Company’s President and CEO.

**(c) Company Policies.** The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and such other policies and practices as may be generally applicable to members of the Company’s executive team, as those policies and practices may be established, amended or eliminated from time to time at the Company’s sole discretion, including but not limited to those relating to protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company’s general and/or executive employment policies or practices, this Agreement shall control.

(d) **Term.** The term of employment of Executive under this Agreement shall begin as of the Effective Date. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis, meaning either the Company or Executive may terminate Executive’s employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the “**Term**”). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the “at will” nature of Executive’s employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive’s rights to any compensation following a termination shall be only as set forth in Section 6 herein.

## 2. **Compensation and Benefits.**

(a) **Base Salary.** Executive shall receive for services to be rendered hereunder a salary at the rate of **\$388,500.06** per year, payable at least as frequently as monthly and subject to payroll deductions as may be necessary or customary in respect of the Company’s salaried executives (the “**Base Salary**”). The Base Salary will be reviewed by and shall be subject to adjustment at the sole discretion of the Company’s President and CEO each year during the Term of this Agreement.

(b) **Participation in Benefit Plans.** During the Term hereof, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health, accident, disability, or similar plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate, or establish additional benefit programs as it deems appropriate. Executive shall also participate in all standard fringe benefits offered by the Company to its salaried executives.

(c) **Flexible Time Off.** As a full-time exempt employee, Executive is eligible for paid time off under the Company’s Flexible Paid Time Off (“**PTO**”) Policy. Under this Policy, Executive may take compensated time off as needed, so long as the President and CEO approves his requested time off in advance. Under this Policy, the Executive does not earn or accrue PTO hours in advance of taking compensated time off, and therefore no payment is made for PTO upon termination of employment.

3. **Bonuses.** The Executive shall be eligible to participate in the Company’s executive bonus program in accordance with the terms of such program (as it may exist from time to time) and in the discretion of the Compensation Committee of the Company’s Board of Directors (“**Board**”) administering such program.

4. **Stock Awards.** The Executive shall be eligible to participate in the Company’s executive stock award plans and shall be eligible for equity awards in accordance with the terms of the Company’s stock award plans and in the discretion of the Compensation Committee of the Board administering such plans.

5. **Reasonable Business Expenses and Support.** Executive shall be reimbursed for documented and reasonable business expenses in connection with the performance of his duties hereunder. Executive shall be furnished reasonable office space, assistance and facilities.



**6. Termination of Employment.** The date on which Executive's employment by the Company ceases under any of the following circumstances, shall be defined herein as the "**Termination Date.**"

(a) **Termination Upon Death.** If Executive dies prior to the expiration of the Term of this Agreement, the Company shall (i) continue coverage of Executive's dependents (if any) under all benefit plans or programs of the type listed above in Section 2(b) herein for a period of 6 months, and (ii) pay to Executive's estate (A) Executive's accrued but unpaid Base Salary through the Termination Date (payable on the Company's first (1st) payroll processing date after Executive's Termination Date or earlier if required by applicable law), (B) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies, and (C) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 6(a)(ii) are "**Guaranteed Payments**").

(b) **Termination Upon Disability.** The Company may terminate Executive's employment in the event Executive suffers a disability that renders Executive unable to perform the essential functions of his position, even with reasonable accommodation, as determined by competent medical authority. After the Termination Date, which in this event shall be the date upon which notice of termination is given, no further compensation will be payable under this Agreement except that Executive shall be paid the Guaranteed Payments set forth in Section 6(a)(ii).

(c) **Termination for Cause.**

(i) **Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time for Cause (defined below), immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for Cause, Executive shall receive the Guaranteed Payments set forth in Section 6(a)(ii). The Company shall have no further obligation to pay severance of any kind whether under this Agreement or otherwise nor to make any payment in lieu of giving notice of such termination.

(ii) **Definition of Cause.** "**Cause**" means the occurrence or existence of any of the following with respect to Executive, as determined by the Company: (A) unsatisfactory performance of Executive's duties or responsibilities, provided that the Company has given Executive written notice specifying the unsatisfactory performance of his duties and responsibilities and afforded the Executive reasonable opportunity for cure, all as determined by the Company; (B) a material breach by Executive of any of his material obligations hereunder that the Company has given Executive written notice of; (C) willful failure to follow any lawful directive of the Company consistent with the Executive's position and duties, after written notice and reasonable opportunity to cure, all as determined by the Company; (D) a material breach by the Executive of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its Affiliates which has not been approved in writing by the Company's President and CEO; (E) commission of any willful or intentional act which could reasonably be expected to materially injure the property, reputation, business, or business relationships of the Company or its customers; or (F) the indictment, the conviction or the plea of *nolo contendere* or the equivalent in respect of a felony involving moral turpitude.

**(d) Termination Without Cause or Disability or for Good Reason.**

**(i) Termination; Payment of Accrued Base Salary.** The Company may terminate Executive's employment at any time other than for Cause or disability by providing written notice to Executive. The Executive may terminate his employment with Good Reason (defined below) pursuant to the procedures set forth in Section 6(d)(v). In either event (unless such termination would be covered by Section 6(e) below), and contingent upon Executive's execution of a release in accordance with Section 6(d)(vi), the Company shall pay Executive as severance **(A)** subject to Section 6(d)(ii), an amount equal to 12 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 12 month term in bi-weekly *pro rata* payments on the Company's regularly scheduled payroll dates following the Termination Date; **(B)** an amount equal to **(x)** any earned but unpaid bonus payable under the Company's annual incentive plan and **(y)** a *pro rata* portion of Executive's target bonus under the Company's annual incentive plan based on the number of days worked within the applicable incentive program period during which the termination occurred; **(C)** the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 12 months following the Termination Date (or the cash equivalent of such amount); and **(D)** the Guaranteed Payments set forth in Section 6(a)(ii).

**(ii) No Breach of Sections 7, 8 or 9.** Notwithstanding the foregoing, the Company shall not be obligated to pay any termination payments under this Section 6(d) or Section 6(e) if Executive breaches the provisions of Section 7, Section 8 or Section 9 below.

**(iii) Stock Vesting Upon Termination.** In the event Executive's employment is terminated pursuant to this Section 6(d), Executive's then **(A)** unvested equity awards granted under the Company's stock incentive plans prior to 2021 and after the Executive became an Executive of the Company shall continue to vest for a period of 12 months following the Termination Date, **(B)** unvested equity awards granted during or after 2021 under the Company's stock incentive plans shall be forfeited and cancelled, and **(C)** with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 12 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as may be amended and/or restated or replaced from time to time).

**(iv) Definition of Good Reason.** "Good Reason" shall mean the occurrence of any one or more of the following without the Executive's express written consent: **(A)** the assignment of the Executive to duties materially inconsistent with the Executive's authority, duties, responsibilities, and status (including offices, titles, and reporting requirements) as an officer of the Company, or any other action that constitutes a material reduction in or alteration to the nature or status of the Executive's authority, duties, or responsibilities, in each case from those in effect immediately prior to such reduction, provided that continued employment following a Change of Control with substantially the same responsibility with respect to the Company's business and operations will not constitute "Good Reason"; **(B)** the Company conditions Executive's continued service with the Company on Executive being transferred to a site of employment that would increase Executive's one-way commute by more than 55 miles from Executive's then current principal residence; **(C)** a reduction in the Executive's then Base Salary by ten percent (10%) or more other than in connection with a commensurate reduction of the entire executive team; or **(D)** any material breach by the Company of any material provision of this Agreement.

**(v) Procedure for Good Reason.** In order to exercise a Good Reason termination of employment the Executive must give the Company notice of termination within 60

days of the occurrence of one of the events included in the definition of Good Reason, following which notice the Company will have a period of 30 days to cure the circumstances constituting Good Reason. Unless the Company cures the circumstances constituting Good Reason within such 30 day period, Executive's employment will be deemed to terminate on the 30<sup>th</sup> day following the date such notice is delivered to the Company.

(vi) **Release By Executive.** In order to receive the benefits provided by this Section 6(d) or Section 6(e), Executive shall deliver to the Company within 21 days following the earlier of the Termination Date of Executive's employment and the date the Executive is offered severance benefits hereunder, a full and complete release, in form and substance reasonably acceptable to the Company, of all claims, known or unknown, that Executive may have against the Company, other than claims for indemnification, workers compensation or under the Company's 401(k) plan. The benefits provided by this Section 6(d) or Section 6(e) will be forfeited on the 28<sup>th</sup> day following the Termination Date if the Company has not been provided with such a release by the 21<sup>st</sup> day following the Termination Date, or if Executive provided such release but revoked such release within 7 days thereafter.

(e) **Termination following a Change of Control.** If, within the 3-month period preceding or the 12-month period following a Change of Control (as defined below), the Company terminates Executive's employment other than for Cause or disability or Executive terminates employment for Good Reason, then subject to Section 6(d)(ii), (i) 100% of Executive's then unvested equity awards granted under the Company's stock incentive plans after the Executive became an executive of the Company shall become vested and, with respect to any options that are exercisable or become exercisable, such options shall remain exercisable for 6 months following the Termination Date, subject to such longer period as may be provided by the Company's 2004 Incentive Stock Plan (as amended and/or restated, or replaced), (ii) the Executive shall be entitled to an amount equal to 18 months of Executive's then Base Salary, less standard withholdings for tax and social security purposes, payable over such 18-month term in monthly *pro rata* payments commencing as of the Termination Date, (iii) the Executive shall be entitled to an amount equal to Executive's target bonus under the Company's annual incentive plan for the year of termination, and (iv) the Company will pay the premiums for continued coverage in the Company's health and welfare plans under the continuation coverage provisions of COBRA for a period of 18 months following the Termination Date (or the cash equivalent of such amount).

(i) **"Change of Control"** shall mean the consummation of the first to occur of (A) the sale, lease or other transfer of all or substantially all of the assets of the Company to any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to (1) a corporation or other entity of which a majority of its combined voting power is owned directly or indirectly by the Company, or (2) a corporation or other entity owned directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of capital stock in the Company; (B) the adoption by the stockholders of the Company of a plan relating to the liquidation or dissolution of the Company; (C) the merger or consolidation of the Company with or into another entity or the merger of another entity into the Company or any subsidiary thereof with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction (or their Related parties) hold less than 50% of the total voting power of all securities generally entitled to vote in the election of directors, managers or trustees of the entity surviving such merger or consolidation; or (D) the acquisition by any person or group of more than 50% of the voting power of all securities of the Company generally entitled to vote in the election of directors of the Company. Notwithstanding

anything stated herein, a transaction shall not constitute a “Change of Control” if its sole purpose is to change the state of the Company’s incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company’s securities immediately before such transaction.

(f) **Benefits Upon Termination.** Without prejudice to Sections 6(d) and 6(e), all benefits provided under Section 2(b) hereof shall be extended, at Executive’s election and cost, to the extent permitted by the Company’s insurance policies and benefit plans, for 18 months after Executive’s Termination Date, except (i) as required by law (e.g., COBRA health insurance continuation election), or (ii) in the event of a termination described in Section 6(a).

(g) **Excess Parachute Payments, Limitation on Payments.**

(i) **Best Pay Cap.** Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 6 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject (in whole or part) to the excise tax (the “**Excise Tax**”) imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (“**Code**”) then, if elected by Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(ii) **Certain Exclusions.** For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (A) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (B) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. **Proprietary Information Obligations.** During the Term of employment under this Agreement, Executive will have access to and become acquainted with the Company's and its Affiliates' confidential and proprietary information, including, but not limited to, information or plans regarding the Company's and its Affiliates' customer relationships, personnel, or sales, marketing, and financial operations and methods; intellectual property; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively "**Proprietary Information**"). Executive shall not disclose any of the Company's or its Affiliates' Proprietary Information directly or indirectly, or use it in any way, either during the Term of this Agreement or at any time thereafter, except as required in the course of his employment for the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or its Affiliates, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment; provided, however, that Executive may retain copies of documents reasonably related to his interest as a stockholder and any documents that were personally owned, which copies and the information contained therein Executive agrees not to use for any business purpose. Notwithstanding the foregoing, Proprietary Information shall not include (a) information which is or becomes generally public knowledge except through disclosure by the Executive in violation of this Agreement, and (b) information that may be required to be disclosed by applicable law.

8. **Noninterference.** While employed by the Company, and for a period of 2 years after termination of this Agreement, Executive agrees not to interfere with the business of the Company or any Affiliate by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any Affiliate to terminate his or her employment in order to become an employee, consultant, or independent contractor to or for any other employer.

9. **Non-Disparagement.** During Executive's employment and at all times following Executive's termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or

(c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

**10. Miscellaneous.**

**(a) Notices.** Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of 2 days following personal delivery, or the 4<sup>th</sup> day after mailing by first class mail to the recipient at the address indicated below:

**To the Company:**

CalAmp Corp.  
15635 Alton Parkway, Suite 250  
Irvine, California, USA 92618  
Attention: President and CEO

**To Executive:**

At the latest address of Executive on file with the Company

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

**(b) Severability.** Any provision of this Agreement which is deemed invalid, illegal, or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 10(b), be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal, or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

**(c) Entire Agreement.** This Agreement constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof, and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

**(d) Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by DocuSign shall be effective as delivery of an original executed counterpart of this Agreement.

**(e) Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) **Amendments.** No amendments of or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation, or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

(g) **Choice of Law.** All questions concerning the construction, validity, and interpretation of this Agreement will be governed by the laws of the State of California without giving effect to principles of conflicts of law.

(h) **Interpretation.** For purposes of this Agreement, (i) the words “include,” “includes,” and “including,” are deemed to be followed by the words “without limitation;” (ii) the word “or” is not exclusive; and (iii) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder,” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to sections, schedules, and exhibits mean the sections of, and schedules and exhibits attached to, this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof/without regard to subsequent amendments, supplements, and modifications thereto; and (z) to a statute means such statute as amended from time to time and includes/enforced at the time and date of this Agreement becoming effective and does not include any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All references to “\$” or “dollars” mean the lawful currency of the United States of America. Whenever the masculine is used in this Agreement, the same shall include the feminine and whenever the feminine is used herein, the same shall include the masculine, where appropriate. Whenever the singular is used in this Agreement, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

11. **Attorneys’ Fees.** In the event of litigation arising under this Agreement or out of or concerning the Executive’s employment or termination by the Company, the prevailing party shall, in addition to all costs of suit, be entitled to recover its or his reasonable attorneys’ fees from the other party.

12. **Section 409A Compliance.**

(a) The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A. The Company shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition on Executive of any additional tax, penalty, or interest under Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” or like terms shall mean “separation from service.”

(c) Notwithstanding anything herein to the contrary, in the event that Executive is a “specified Executive” (within the meaning of Section 409A) on the date of termination of Executive’s employment with the Company and the payments described in Section 6(d)(i) or Section 6(e), as applicable, to be paid within the first 6 months following the date of such termination of employment (the “**Initial Payment Period**”) exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) (the “**Limit**”), then

(i) any portion of such payments that are payable during the Initial Payment Period that does not exceed the Limit shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable, (ii) any portion of such payments that exceed the Limit (and would have been payable during the Initial Payment Period but for the Limit) shall be paid, in lump sum, on the first business day after the 6th month anniversary of Executive’s termination of employment, and (iii) any portion of such payments that are payable after the Initial Payment Period shall be paid at the times set forth in Section 6(d)(i) or Section 6(e), as applicable.

(d) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the Effective Date.

[SIGNATURE PAGE ON NEXT PAGE]



**SIGNATURE PAGE**

**EXECUTIVE EMPLOYMENT AGREEMENT**

**CALAMP CORP.:**

By: /s/ Jeffery Gardner  
Jeffery Gardner  
Its: President and CEO  
Dated: December 15, 2021

**EXECUTIVE:**

By: /s/ Kurtis Binder  
Kurtis Binder  
Exec. Vice President & CFO  
Dated: December 17, 2021

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT, AS AMENDED

I, Jeffery Gardner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CalAmp Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 21, 2021

Date

/s/ Jeffery Gardner

Jeffery Gardner  
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT, AS AMENDED

I, Kurtis Binder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CalAmp Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 21, 2021

Date

/s/ Kurtis Binder

Kurtis Binder

Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CalAmp Corp. (the "Company") on Form 10-Q for the quarter ended November 30, 2021 as filed with the Securities and Exchange Commission (the "Report"), we, Jeffery Gardner, Chief Executive Officer of the Company, and Kurtis Binder, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffery Gardner

\_\_\_\_\_  
Jeffery Gardner

Chief Executive Officer

/s/ Kurtis Binder

\_\_\_\_\_  
Kurtis Binder

Chief Financial Officer

December 21, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.