

Looking Ahead

Environmental and social responsibility is part of CalAmp's DNA. The programs and protocols we follow today are intended to evolve and grow to better reflect our changing business objectives and our continuing role in society as developers of solutions that improve road and driver safety and efficiency as well as the changing needs of our employees, the communities we affect and the world as a whole.

Creating Greater Opportunity

As an organization, we believe it is essential to support every employee, to help them reach their potential. We also believe that diversity strengthens our ability to perform at our best. While we have made great strides in these areas, there is always more that can be done. For example, while the percentage of women employees has risen from 25% to 31% in just three years, we aim to raise that number to 33% or more in the next year and continue growing that number long into the future.

Furthering the Positive Role of Technology

We are continuing to develop new solutions that can benefit the mobile connected economy. CalAmp initiatives include furthering our support for electric vehicles, including battery health monitoring and telematics that can enable new markets for alternative, zero-emission transportation. CalAmp solutions can power better asset utilization of electric, autonomous or conventionally-powered vehicles, leading to new avenues for ride-sharing. LoJack Italia is doing just that, working with leasing companies to support ride-sharing in an effort to get vehicle utilization up from 30% to 70%. LoJack Mexico is also helping to minimize gas consumption and improve road safety of trucks and buses in Mexico through their partnership with MAN Truck & Bus Mexico, Volkswagen Group's truck and bus manufacturing division.

We are also expanding our development of regenerative power solutions: for trailers that are not connected to trucks at all times, and therefore not receiving vehicle power, solar-powered sensors can provide real-time updates on the condition of cargo as well as the location of the trailer. Along the same lines, we are expanding our development of rechargeable asset trackers—smart sensor tags that combine several wireless technologies: Bluetooth connectivity to the sensors, cellular connections to the data center, and Qi charging for the tags themselves.

Video telematics is an emerging solution area, one that can help further reduce the risks to drivers and improve overall road safety. While telematics devices can identify when a driver swerves or brakes hard, for example, they can't show another driver cutting them off or changing lanes unexpectedly. Video streams, combined with the smart edge computing devices and crash detection technology in each vehicle, can provide a more complete story and lead to improvements that can greatly reduce collisions. Additionally, these video-based solutions support driver behavior scoring and advanced driver assistance systems, which provide visual cues to correct actions, such as hard braking, speeding, or drifting across lanes.

Our current solutions already support preventive maintenance routines that can keep vehicles operating at peak efficiency for longer. We have also been expanding into supporting predictive maintenance capabilities that go a step further; by monitoring the actual use and conditions of each vehicle, predictive solutions can better alert operators to the need for out-of-cycle

maintenance. This can have an even greater impact on vehicle performance and longevity, which not only reduces the use of fossil fuels, it lengthens the cycle between purchasing replacement vehicles and keeps vehicles out of scrap yards longer.

In our manufacturing processes, we are focused on continually reducing waste. Our goal is to reduce scrap. Currently, we aim for a 95% first-pass yield for completed units, but our next goal is much more stringent: meeting the auto industry's standard of 300 parts-per-million. This much higher goal is now a design requirement for new products.

A Business Model for an Evolving World

Overall, our most significant strategic initiative is our move from a hardware-centric business model to a software-as-a-service model. As noted in earlier sections of this report, our focus on SaaS solutions and over-the-air capabilities and updates can ensure users have maximum functionality at all times, while reducing the need to drive installed units to a central location for updating. This also makes possible multi-purpose devices that can reduce the need—and the weight and power consumption—for multiple devices per vehicle.

Fostering Innovation

How will we continue to propel our customers' digital transformations? That stems from a culture of innovation, which is why we are launching the CalAmp Innovation Center, an idea "market" driven by and supported by employees.

Any employee can post an idea and list it as a "stock" within this innovation center. Employees will be given a virtual \$10,000 to "invest" in the projects they wish to support. Ideas that garner the greatest investment will be funded and staffed by the company. "Investors" will then be able to participate in each funded project and, if it succeeds in the real world, will also receive a share in the profits or a monetary reward. It's a program designed to tap into our greatest source of innovation: the people of CalAmp who know our capabilities and our potential to create market-leading and world-changing technologies.

As the world adapts to the new realities and challenges of global supply chains, CalAmp continues to create smarter solutions that connect people, goods and services — improving transparency and delivering exceptional value.

Most importantly, we remain committed to a fair, equitable and inclusive society, both within our organization and wherever we can have an impact. This is central to who we are, and a goal we strive to achieve every day.

