

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Revenues		
Product revenues	\$ 527,822	\$ 416,324
Service revenues	75,620	78,294
Total revenues	<u>603,442</u>	<u>494,618</u>
Cost of revenues		
Product cost of revenues	356,707	297,343
Service cost of revenues	41,356	40,907
Total cost of revenues	<u>398,063</u>	<u>338,250</u>
Gross profit	205,379	156,368
Operating expenses		
Sales, general and administrative	85,971	75,521
Research and development	52,401	49,565
Amortization of intangible assets	3,986	5,048
Restructuring	198	36,609
Loss on sale of business	23	18
Total operating expenses	<u>142,579</u>	<u>166,761</u>
Operating income (loss)	62,800	(10,393)
Other income (expense)		
Interest income	3,846	1,818
Interest expense	(1,893)	(2,057)
Other income (expense), net	463	(1,475)
Total other income (expense)	<u>2,416</u>	<u>(1,714)</u>
Income (loss) before income taxes	65,216	(12,107)
Income tax benefit (provision)	(13,429)	70
Net income (loss)	51,787	(12,037)
Net income (loss) attributable to noncontrolling interests	66	(201)
Net income (loss) attributable to Itron, Inc.	<u>\$ 51,721</u>	<u>\$ (11,836)</u>
Net income (loss) per common share - Basic	<u>\$ 1.13</u>	<u>\$ (0.26)</u>
Net income (loss) per common share - Diluted	<u>\$ 1.12</u>	<u>\$ (0.26)</u>
Weighted average common shares outstanding - Basic	45,652	45,281
Weighted average common shares outstanding - Diluted	46,357	45,281

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ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2024	2023
Product revenues		
Device Solutions	\$ 125,908	\$ 117,451
Networked Solutions	381,305	281,470
Outcomes	20,609	17,403
Total Company	<u>\$ 527,822</u>	<u>\$ 416,324</u>
Service revenues		
Device Solutions	\$ 844	\$ 803
Networked Solutions	26,211	31,998
Outcomes	48,565	45,493
Total Company	<u>\$ 75,620</u>	<u>\$ 78,294</u>
Total revenues		
Device Solutions	\$ 126,752	\$ 118,254
Networked Solutions	407,516	313,468
Outcomes	69,174	62,896
Total Company	<u>\$ 603,442</u>	<u>\$ 494,618</u>
Gross profit		
Device Solutions	\$ 30,064	\$ 23,713
Networked Solutions	151,025	105,776
Outcomes	24,290	26,879
Total Company	<u>\$ 205,379</u>	<u>\$ 156,368</u>
Operating income (loss)		
Device Solutions	\$ 21,703	\$ 14,078
Networked Solutions	116,678	74,956
Outcomes	9,091	12,911
Corporate unallocated	(84,672)	(112,338)
Total Company	<u>\$ 62,800</u>	<u>\$ (10,393)</u>
Total Gross Margin	34.0 %	31.6 %

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ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 300,606	\$ 302,049
Accounts receivable, net	339,948	303,821
Inventories	287,220	283,686
Other current assets	169,323	159,882
Total current assets	1,097,097	1,049,438
Property, plant, and equipment, net	124,979	128,806
Deferred tax assets, net	249,694	247,211
Other long-term assets	42,397	38,836
Operating lease right-of-use assets, net	40,998	41,186
Intangible assets, net	57,123	46,282
Goodwill	1,064,275	1,052,504
Total assets	\$ 2,676,563	\$ 2,604,263
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 223,575	\$ 199,520
Other current liabilities	59,621	54,407
Wages and benefits payable	94,318	135,803
Taxes payable	27,754	8,636
Current portion of warranty	15,812	14,663
Unearned revenue	157,237	124,207
Total current liabilities	578,317	537,236
Long-term debt, net	455,400	454,827
Long-term warranty	7,763	7,501
Pension benefit obligation	62,626	63,887
Deferred tax liabilities, net	678	697
Operating lease liabilities	31,702	32,656
Other long-term obligations	154,767	176,028
Total liabilities	1,291,253	1,272,832
Equity		
Common stock	1,833,510	1,820,510
Accumulated other comprehensive loss, net	(92,098)	(81,190)
Accumulated deficit	(376,688)	(428,409)
Total Itron, Inc. shareholders' equity	1,364,724	1,310,911
Noncontrolling interests	20,586	20,520
Total equity	1,385,310	1,331,431
Total liabilities and equity	\$ 2,676,563	\$ 2,604,263

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ITRON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net income (loss)	\$ 51,787	\$ (12,037)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	12,744	14,463
Non-cash operating lease expense	3,814	3,972
Stock-based compensation	11,429	6,919
Amortization of prepaid debt fees	888	889
Deferred taxes, net	(1,579)	(4,272)
Loss on sale of business	23	18
Restructuring, non-cash	(194)	1,070
Other adjustments, net	(322)	56
Changes in operating assets and liabilities, net of acquisition and sale of business:		
Accounts receivable	(36,826)	(22,497)
Inventories	(5,559)	(34,791)
Other current assets	(9,690)	(17,129)
Other long-term assets	(4,824)	3,002
Accounts payable, other current liabilities, and taxes payable	48,412	15,113
Wages and benefits payable	(40,561)	(12,895)
Unearned revenue	35,738	34,471
Warranty	1,489	(1,041)
Restructuring	(7,166)	33,209
Other operating, net	(18,295)	(7,091)
Net cash provided by operating activities	41,308	1,429
Investing activities		
Net proceeds (payments) related to the sale of business	—	(772)
Acquisitions of property, plant, and equipment	(7,145)	(6,902)
Business acquisitions, net of cash and cash equivalents acquired	(34,126)	—
Other investing, net	125	16
Net cash used in investing activities	(41,146)	(7,658)
Financing activities		
Issuance of common stock	1,564	607
Prepaid debt fees	(206)	(517)
Other financing, net	(281)	(185)
Net cash provided by (used in) financing activities	1,077	(95)

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Effect of foreign exchange rate changes on cash and cash equivalents	(2,682)	330
Decrease in cash and cash equivalents	(1,443)	(5,994)
Cash and cash equivalents at beginning of period	302,049	202,007
Cash and cash equivalents at end of period	<u>\$ 300,606</u>	<u>\$ 196,013</u>

About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared in accordance with GAAP, we use certain non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, adjusted EBITDA, free cash flow, and constant currency. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and other companies may define such measures differently. For a reconciliation of each non-GAAP measure to the most comparable financial measure prepared and presented in accordance with GAAP, please see the table captioned Reconciliations of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures.

We use these non-GAAP financial measures for financial and operational decision making and/or as a means for determining executive compensation. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and ability to service debt by excluding certain expenses that may not be indicative of our recurring core operating results. These non-GAAP financial measures facilitate management's internal comparisons to our historical performance, as well as comparisons to our competitors' operating results. Our executive compensation plans exclude non-cash charges related to amortization of intangibles and certain discrete cash and non-cash charges, such as restructuring, loss on sale of business, or acquisition and integration related expenses. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe these non-GAAP financial measures are useful to investors because they provide greater transparency with respect to key metrics used by management in its financial and operational decision making and because they are used by our institutional investors and the analyst community to analyze the health of our business.

Non-GAAP operating expenses and non-GAAP operating income – We define non-GAAP operating expenses as operating expenses excluding certain expenses related to the amortization of intangible assets, restructuring, loss on sale of business, and acquisition and integration related expenses. We define non-GAAP operating income as operating income (loss) excluding the expenses related to the amortization of intangible assets, restructuring, loss on sale of business, and acquisition and integration related expenses. Acquisition and integration related expenses include costs, which are incurred to affect and integrate business combinations, such as professional fees, certain employee retention and salaries related to integration, severances, contract terminations, travel costs related to knowledge transfer, system conversion costs, and asset impairment charges. We consider these non-GAAP financial measures to be useful metrics for management and investors because they exclude the effect of expenses that are not related to our core operating results. By excluding these expenses, we believe that it is easier for management and investors to compare our financial results over multiple periods and analyze trends in our operations. For example, in certain periods, expenses related to amortization of intangible assets may decrease, which would improve GAAP operating margins, yet the improvement in GAAP operating margins due to this lower expense is not necessarily reflective of an improvement in our core business. There are some limitations related to the use of non-GAAP operating expenses and non-GAAP operating income versus operating expenses and operating income (loss) calculated in accordance with GAAP. We compensate for these limitations by providing specific information about the GAAP amounts excluded from non-GAAP operating expense and non-GAAP operating income and evaluating non-GAAP operating

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expense and non-GAAP operating income together with GAAP operating expense and operating income (loss).

Non-GAAP net income and non-GAAP diluted EPS – We define non-GAAP net income as net income (loss) attributable to Itron, Inc. excluding the expenses associated with amortization of intangible assets, amortization of debt placement fees, restructuring, loss on sale of business, acquisition and integration related expenses, and the tax effect of excluding these expenses. We define non-GAAP diluted EPS as non-GAAP net income divided by diluted weighted-average shares outstanding during the period calculated on a GAAP basis and then reduced to reflect the anti-dilutive impact of the convertible note hedge transactions entered into in connection with the 0% convertible notes due 2026 issued in March 2021. We consider these financial measures to be useful metrics for management and investors for the same reasons that we use non-GAAP operating income. The same limitations described above regarding our use of non-GAAP operating income apply to our use of non-GAAP net income and non-GAAP diluted EPS. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP measures and evaluating non-GAAP net income and non-GAAP diluted EPS together with GAAP net income (loss) attributable to Itron, Inc. and GAAP diluted EPS.

For interim periods the budgeted annual effective tax rate (AETR) is used, adjusted for any discrete items, as defined in Accounting Standards Codification (ASC) 740 - Income Taxes. The budgeted AETR is determined at the beginning of the fiscal year. The AETR is revised throughout the year based on changes to our full-year forecast. If the revised AETR increases or decreases by 200 basis points or more from the budgeted AETR due to changes in the full-year forecast during the year, the revised AETR is used in place of the budgeted AETR beginning with the quarter the 200 basis point threshold is exceeded and going forward for all subsequent interim quarters in the year. We continue to assess the AETR based on latest forecast throughout the year and use the most recent AETR anytime it increases or decreases by 200 basis points or more from the prior interim period.

Adjusted EBITDA – We define adjusted EBITDA as net income (loss) (a) minus interest income, (b) plus interest expense, depreciation and amortization, restructuring, loss on sale of business, acquisition and integration related expenses, and (c) excluding income tax provision or benefit. Management uses adjusted EBITDA as a performance measure for executive compensation. A limitation to using adjusted EBITDA is that it does not represent the total increase or decrease in the cash balance for the period and the measure includes some non-cash items and excludes other non-cash items. Additionally, the items that we exclude in our calculation of adjusted EBITDA may differ from the items that our peer companies exclude when they report their results. We compensate for these limitations by providing a reconciliation of this measure to GAAP net income (loss).

Free cash flow – We define free cash flow as net cash provided by operating activities less cash used for acquisitions of property, plant and equipment. We believe free cash flow provides investors with a relevant measure of liquidity and a useful basis for assessing our ability to fund our operations and repay our debt. The same limitations described above regarding our use of adjusted EBITDA apply to our use of free cash flow. We compensate for these limitations by providing specific information regarding the GAAP amounts in the reconciliation.

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Constant currency – We refer to the impact of foreign currency exchange rate fluctuations in our discussions of financial results, which references the differences between the foreign currency exchange rates used to translate operating results from the entity's functional currency into U.S. dollars for financial reporting purposes. We also use the term "constant currency", which represents financial results adjusted to exclude changes in foreign currency exchange rates as compared with the rates in the comparable prior year period. We calculate the constant currency change as the difference between the current period results and the comparable prior period's results restated using current period foreign currency exchange rates.

The tables below reconcile the non-GAAP financial measures of operating expenses, operating income, net income, diluted EPS, adjusted EBITDA, and free cash flow with the most directly comparable GAAP financial measures.

ITRON, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES
TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended March 31,	
	2024	2023
NON-GAAP OPERATING EXPENSES		
GAAP operating expenses	\$ 142,579	\$ 166,761
Amortization of intangible assets	(3,986)	(5,048)
Restructuring	(198)	(36,609)
Loss on sale of business	(23)	(18)
Acquisition and integration	(318)	(45)
Non-GAAP operating expenses	<u>\$ 138,054</u>	<u>\$ 125,041</u>
NON-GAAP OPERATING INCOME		
GAAP operating income (loss)	\$ 62,800	\$ (10,393)
Amortization of intangible assets	3,986	5,048
Restructuring	198	36,609
Loss on sale of business	23	18
Acquisition and integration	318	45
Non-GAAP operating income	<u>\$ 67,325</u>	<u>\$ 31,327</u>
NON-GAAP NET INCOME & DILUTED EPS		
GAAP net income (loss) attributable to Itron, Inc.	\$ 51,721	\$ (11,836)
Amortization of intangible assets	3,986	5,048
Amortization of debt placement fees	844	845
Restructuring	198	36,609
Loss on sale of business	23	18
Acquisition and integration	318	45
Income tax effect of non-GAAP adjustments	201	(8,347)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 57,291</u>	<u>\$ 22,382</u>
Non-GAAP diluted EPS	<u>\$ 1.24</u>	<u>\$ 0.49</u>
Non-GAAP weighted average common shares outstanding - Diluted	<u>46,357</u>	<u>45,572</u>
ADJUSTED EBITDA		
GAAP net income (loss) attributable to Itron, Inc.	\$ 51,721	\$ (11,836)
Interest income	(3,846)	(1,818)
Interest expense	1,893	2,057
Income tax provision (benefit)	13,429	(70)
Depreciation and amortization	12,744	14,463
Restructuring	198	36,609
Loss on sale of business	23	18
Acquisition and integration	318	45
Adjusted EBITDA	<u>\$ 76,480</u>	<u>\$ 39,468</u>
FREE CASH FLOW		
Net cash provided by operating activities	\$ 41,308	\$ 1,429
Acquisitions of property, plant, and equipment	(7,145)	(6,902)
Free Cash Flow	<u>\$ 34,163</u>	<u>\$ (5,473)</u>

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