

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2023 | 2022 |
| Revenues | | |
| Product revenues | \$ 416,324 | \$ 399,810 |
| Service revenues | 78,294 | 75,521 |
| Total revenues | 494,618 | 475,331 |
| Cost of revenues | | |
| Product cost of revenues | 297,343 | 294,820 |
| Service cost of revenues | 40,907 | 45,287 |
| Total cost of revenues | 338,250 | 340,107 |
| Gross profit | 156,368 | 135,224 |
| Operating expenses | | |
| Sales, general and administrative | 75,521 | 76,401 |
| Research and development | 49,565 | 49,596 |
| Amortization of intangible assets | 5,048 | 6,553 |
| Restructuring | 36,609 | (6,366) |
| Loss on sale of business | 18 | 2,221 |
| Total operating expenses | 166,761 | 128,405 |
| Operating income (loss) | (10,393) | 6,819 |
| Other income (expense) | | |
| Interest income | 1,818 | 217 |
| Interest expense | (2,057) | (1,592) |
| Other income (expense), net | (1,475) | (689) |
| Total other income (expense) | (1,714) | (2,064) |
| Income (loss) before income taxes | (12,107) | 4,755 |
| Income tax benefit (provision) | 70 | (3,859) |
| Net income (loss) | (12,037) | 896 |
| Net loss attributable to noncontrolling interests | (201) | (10) |
| Net income (loss) attributable to Itron, Inc. | \$ (11,836) | \$ 906 |
| Net income (loss) per common share - Basic | \$ (0.26) | \$ 0.02 |
| Net income (loss) per common share - Diluted | \$ (0.26) | \$ 0.02 |
| Weighted average common shares outstanding - Basic | 45,281 | 45,018 |
| Weighted average common shares outstanding - Diluted | 45,281 | 45,240 |

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ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

| | Three Months Ended March 31, | |
|--------------------------------|-------------------------------------|-------------------|
| | 2023 | 2022 |
| Product revenues | | |
| Device Solutions | \$ 117,451 | \$ 137,886 |
| Networked Solutions | 281,470 | 249,268 |
| Outcomes | 17,403 | 12,656 |
| Total Company | <u>\$ 416,324</u> | <u>\$ 399,810</u> |
| Service revenues | | |
| Device Solutions | \$ 803 | \$ 1,679 |
| Networked Solutions | 31,998 | 29,552 |
| Outcomes | 45,493 | 44,290 |
| Total Company | <u>\$ 78,294</u> | <u>\$ 75,521</u> |
| Total revenues | | |
| Device Solutions | \$ 118,254 | \$ 139,565 |
| Networked Solutions | 313,468 | 278,820 |
| Outcomes | 62,896 | 56,946 |
| Total Company | <u>\$ 494,618</u> | <u>\$ 475,331</u> |
| Gross profit | | |
| Device Solutions | \$ 23,713 | \$ 21,806 |
| Networked Solutions | 105,776 | 91,351 |
| Outcomes | 26,879 | 22,067 |
| Total Company | <u>\$ 156,368</u> | <u>\$ 135,224</u> |
| Operating income (loss) | | |
| Device Solutions | \$ 14,078 | \$ 11,578 |
| Networked Solutions | 74,956 | 61,007 |
| Outcomes | 12,911 | 8,341 |
| Corporate unallocated | (112,338) | (74,107) |
| Total Company | <u>\$ (10,393)</u> | <u>\$ 6,819</u> |

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ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> |
|---|-----------------------|--------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 196,013 | \$ 202,007 |
| Accounts receivable, net | 305,275 | 280,435 |
| Inventories | 265,122 | 228,701 |
| Other current assets | 135,646 | 118,441 |
| Total current assets | <u>902,056</u> | <u>829,584</u> |
| Property, plant, and equipment, net | 136,397 | 140,123 |
| Deferred tax assets, net | 215,745 | 211,982 |
| Other long-term assets | 37,857 | 39,901 |
| Operating lease right-of-use assets, net | 49,147 | 52,826 |
| Intangible assets, net | 60,052 | 64,941 |
| Goodwill | 1,044,661 | 1,038,721 |
| Total assets | <u>\$ 2,445,915</u> | <u>\$ 2,378,078</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 244,820 | \$ 237,178 |
| Other current liabilities | 44,096 | 42,869 |
| Wages and benefits payable | 77,165 | 89,431 |
| Taxes payable | 21,481 | 15,324 |
| Current portion of warranty | 17,829 | 18,203 |
| Unearned revenue | 131,164 | 95,567 |
| Total current liabilities | <u>536,555</u> | <u>498,572</u> |
| Long-term debt, net | 453,094 | 452,526 |
| Long-term warranty | 7,002 | 7,495 |
| Pension benefit obligation | 59,127 | 57,839 |
| Deferred tax liabilities, net | 849 | 833 |
| Operating lease liabilities | 40,294 | 44,370 |
| Other long-term obligations | 154,851 | 124,887 |
| Total liabilities | <u>1,251,772</u> | <u>1,186,522</u> |
| Equity | | |
| Common stock | 1,796,005 | 1,788,479 |
| Accumulated other comprehensive loss, net | (87,555) | (94,674) |
| Accumulated deficit | (537,168) | (525,332) |
| Total Itron, Inc. shareholders' equity | <u>1,171,282</u> | <u>1,168,473</u> |
| Noncontrolling interests | 22,861 | 23,083 |
| Total equity | <u>1,194,143</u> | <u>1,191,556</u> |
| Total liabilities and equity | <u>\$ 2,445,915</u> | <u>\$ 2,378,078</u> |

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ITRON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

| | Three Months Ended March 31, | |
|--|-------------------------------------|-----------------|
| | 2023 | 2022 |
| Operating activities | | |
| Net income (loss) | \$ (12,037) | \$ 896 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization of intangible assets | 14,463 | 16,837 |
| Non-cash operating lease expense | 3,972 | 4,113 |
| Stock-based compensation | 6,919 | 6,127 |
| Amortization of prepaid debt fees | 889 | 839 |
| Deferred taxes, net | (4,272) | (4,362) |
| Loss on sale of business | 18 | 2,221 |
| Restructuring, non-cash | 1,070 | 390 |
| Other adjustments, net | 56 | 137 |
| Changes in operating assets and liabilities, net of acquisition and sale of business: | | |
| Accounts receivable | (22,497) | (8,816) |
| Inventories | (34,791) | (6,345) |
| Other current assets | (17,129) | (11,899) |
| Other long-term assets | 3,002 | (2,887) |
| Accounts payable, other current liabilities, and taxes payable | 15,113 | 17,778 |
| Wages and benefits payable | (12,895) | (26,185) |
| Unearned revenue | 34,471 | 35,320 |
| Warranty | (1,041) | (928) |
| Restructuring | 33,209 | (13,167) |
| Other operating, net | (7,091) | (2,478) |
| Net cash provided by operating activities | <u>1,429</u> | <u>7,591</u> |
| Investing activities | | |
| Net proceeds (payments) related to the sale of business | (772) | 55,933 |
| Acquisitions of property, plant, and equipment | (6,902) | (5,369) |
| Business acquisitions, net of cash and cash equivalents acquired | — | 23 |
| Other investing, net | 16 | 362 |
| Net cash provided by (used in) investing activities | <u>(7,658)</u> | <u>50,949</u> |
| Financing activities | | |
| Issuance of common stock | 607 | 784 |
| Repurchase of common stock | — | (16,972) |
| Prepaid debt fees | (517) | (695) |
| Other financing, net | (185) | (222) |
| Net cash used in financing activities | <u>(95)</u> | <u>(17,105)</u> |

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| | | |
|--|-------------------|-------------------|
| Effect of foreign exchange rate changes on cash and cash equivalents | 330 | (17) |
| Increase (decrease) in cash and cash equivalents | (5,994) | 41,418 |
| Cash and cash equivalents at beginning of period | 202,007 | 162,579 |
| Cash and cash equivalents at end of period | <u>\$ 196,013</u> | <u>\$ 203,997</u> |

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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. 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. 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 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 expense and non-GAAP operating income together with GAAP operating expense and operating income.

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, 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 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, 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, | |
|---|-------------------------------------|-------------------|
| | 2023 | 2022 |
| NON-GAAP OPERATING EXPENSES | | |
| GAAP operating expenses | \$ 166,761 | \$ 128,405 |
| Amortization of intangible assets | (5,048) | (6,553) |
| Restructuring | (36,609) | 6,366 |
| Loss on sale of business | (18) | (2,221) |
| Acquisition and integration | (45) | (62) |
| Non-GAAP operating expenses | <u>\$ 125,041</u> | <u>\$ 125,935</u> |
| NON-GAAP OPERATING INCOME | | |
| GAAP operating income (loss) | \$ (10,393) | \$ 6,819 |
| Amortization of intangible assets | 5,048 | 6,553 |
| Restructuring | 36,609 | (6,366) |
| Loss on sale of business | 18 | 2,221 |
| Acquisition and integration | 45 | 62 |
| Non-GAAP operating income | <u>\$ 31,327</u> | <u>\$ 9,289</u> |
| NON-GAAP NET INCOME & DILUTED EPS | | |
| GAAP net income (loss) attributable to Itron, Inc. | \$ (11,836) | \$ 906 |
| Amortization of intangible assets | 5,048 | 6,553 |
| Amortization of debt placement fees | 845 | 796 |
| Restructuring | 36,609 | (6,366) |
| Loss on sale of business | 18 | 2,221 |
| Acquisition and integration | 45 | 62 |
| Income tax effect of non-GAAP adjustments | (8,347) | 999 |
| Non-GAAP net income attributable to Itron, Inc. | <u>\$ 22,382</u> | <u>\$ 5,171</u> |
| Non-GAAP diluted EPS | <u>\$ 0.49</u> | <u>\$ 0.11</u> |
| Non-GAAP weighted average common shares outstanding - Diluted | <u>45,572</u> | <u>45,240</u> |
| ADJUSTED EBITDA | | |
| GAAP net income (loss) attributable to Itron, Inc. | \$ (11,836) | \$ 906 |
| Interest income | (1,818) | (217) |
| Interest expense | 2,057 | 1,592 |
| Income tax provision (benefit) | (70) | 3,859 |
| Depreciation and amortization | 14,463 | 16,837 |
| Restructuring | 36,609 | (6,366) |
| Loss on sale of business | 18 | 2,221 |
| Acquisition and integration | 45 | 62 |
| Adjusted EBITDA | <u>\$ 39,468</u> | <u>\$ 18,894</u> |
| FREE CASH FLOW | | |
| Net cash provided by operating activities | \$ 1,429 | \$ 7,591 |
| Acquisitions of property, plant, and equipment | (6,902) | (5,369) |
| Free Cash Flow | <u>\$ (5,473)</u> | <u>\$ 2,222</u> |

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