UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2024

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 000-22418

Itron, Inc.
(Exact name of registrant as specified in its charter)

Washington	**91-1011792**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

2111 N Molter Road, Liberty Lake, Washington 99019
(509) 924-9900
(Address and telephone number of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	ITRI	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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 ☒

As of July 29, 2024, there were outstanding 44,962,799 shares of the registrant's common stock, no par value, which is the only class of common stock of the registrant.

Itron, Inc.

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PART I: FINANCIAL INFORMATION

Item 1: Financial Statements (Unaudited)

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

In thousands, except per share data	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenues				
Product revenues	$ 532,907	$ 464,803	$ 1,060,729	$ 881,127
Service revenues	76,162	76,267	151,782	154,561
Total revenues	609,069	541,070	1,212,511	1,035,688
Cost of revenues				
Product cost of revenues	356,747	322,288	713,454	619,631
Service cost of revenues	41,862	44,835	83,218	85,742
Total cost of revenues	398,609	367,123	796,672	705,373
Gross profit	210,460	173,947	415,839	330,315
Operating expenses				
Sales, general and administrative	88,413	79,079	174,384	154,600
Research and development	53,053	53,560	105,454	103,125
Amortization of intangible assets	4,511	4,722	8,497	9,770
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Total operating expenses	145,813	138,847	288,392	305,608
Operating income	64,647	35,100	127,447	24,707
Other income (expense)				
Interest income	5,128	1,508	8,974	3,326
Interest expense	(2,290)	(1,977)	(4,183)	(4,034)
Other income (expense), net	(445)	(333)	18	(1,808)
Total other income (expense)	2,393	(802)	4,809	(2,516)
Income before income taxes	67,040	34,298	132,256	22,191
Income tax provision	(15,180)	(9,195)	(28,609)	(9,125)
Net income	51,860	25,103	103,647	13,066
Net income attributable to noncontrolling interests	542	902	608	701
Net income attributable to Itron, Inc.	$ 51,318	$ 24,201	$ 103,039	$ 12,365
Net income per common share - Basic	$ 1.12	$ 0.53	$ 2.25	$ 0.27
Net income per common share - Diluted	$ 1.10	$ 0.53	$ 2.22	$ 0.27
Weighted average common shares outstanding - Basic	45,745	45,435	45,698	45,358
Weighted average common shares outstanding - Diluted	46,526	45,781	46,441	45,677

The accompanying notes are an integral part of these consolidated financial statements.

ITRON, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Net income	$ 51,860	$ 25,103	$ 103,647	$ 13,066
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(5,418)	1,940	(16,269)	9,165
Pension benefit obligation adjustment	(516)	(107)	(573)	(213)
Total other comprehensive income (loss), net of tax	(5,934)	1,833	(16,842)	8,952
Total comprehensive income (loss), net of tax	45,926	26,936	86,805	22,018
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	542	902	608	701
Comprehensive income (loss) attributable to Itron, Inc.	$ 45,384	$ 26,034	$ 86,197	$ 21,317

The accompanying notes are an integral part of these consolidated financial statements.

ITRON, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

In thousands	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 920,639	$ 302,049
Accounts receivable, net	316,742	303,821
Inventories	291,781	283,686
Other current assets	160,293	159,882
Total current assets	1,689,455	1,049,438
Property, plant, and equipment, net	122,026	128,806
Deferred tax assets, net	283,697	247,211
Other long-term assets	38,506	38,836
Operating lease right-of-use assets, net	37,619	41,186
Intangible assets, net	52,544	46,282
Goodwill	1,060,093	1,052,504
Total assets	$ 3,283,940	$ 2,604,263
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 184,783	$ 199,520
Other current liabilities	57,491	54,407
Wages and benefits payable	105,884	135,803
Taxes payable	12,792	8,636
Current portion of warranty	14,612	14,663
Unearned revenue	159,625	124,207
Total current liabilities	535,187	537,236
Long-term debt, net	1,239,772	454,827
Long-term warranty	8,227	7,501
Pension benefit obligation	62,024	63,887
Deferred tax liabilities, net	670	697
Operating lease liabilities	28,468	32,656
Other long-term obligations	148,901	176,028
Total liabilities	2,023,249	1,272,832
Equity		
Preferred stock, no par value, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock, no par value, 75,000 shares authorized, 44,952 and 45,512 shares issued and outstanding	1,662,965	1,820,510
Accumulated other comprehensive loss, net	(98,032)	(81,190)
Accumulated deficit	(325,370)	(428,409)
Total Itron, Inc. shareholders' equity	1,239,563	1,310,911
Noncontrolling interests	21,128	20,520
Total equity	1,260,691	1,331,431
Total liabilities and equity	$ 3,283,940	$ 2,604,263

The accompanying notes are an integral part of these consolidated financial statements.

ITRON, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

In thousands	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at January 1, 2024	45,512	$ 1,820,510	$ (81,190)	$ (428,409)	$ 1,310,911	$ 20,520	$ 1,331,431
Net income				51,721	51,721	66	51,787
Other comprehensive income (loss), net of tax			(10,908)		(10,908)		(10,908)
Net stock issued and repurchased	338	1,560			1,560		1,560
Stock-based compensation expense		11,429			11,429		11,429
Registration fee		11			11		11
Balances at March 31, 2024	45,850	1,833,510	(92,098)	(376,688)	1,364,724	20,586	1,385,310
Net income				51,318	51,318	542	51,860
Other comprehensive income (loss), net of tax			(5,934)		(5,934)		(5,934)
Net stock issued and repurchased	74	1,408			1,408		1,408
Stock-based compensation expense		10,416			10,416		10,416
Payments on call spread for convertible offering, net of tax		(82,304)			(82,304)		(82,304)
Stock repurchased	(972)	(100,000)			(100,000)		(100,000)
Registration fee		(65)			(65)		(65)
Balances at June 30, 2024	44,952	$ 1,662,965	$ (98,032)	$ (325,370)	$ 1,239,563	$ 21,128	$ 1,260,691

In thousands	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at January 1, 2023	45,186	$ 1,788,479	$ (94,674)	$ (525,332)	$ 1,168,473	$ 23,083	$ 1,191,556
Net loss				(11,836)	(11,836)	(201)	(12,037)
Other comprehensive income (loss), net of tax			7,119		7,119		7,119
Distributions to noncontrolling interests						(21)	(21)
Net stock issued and repurchased	219	607			607		607
Stock-based compensation expense		6,919			6,919		6,919
Balances at March 31, 2023	45,405	1,796,005	(87,555)	(537,168)	1,171,282	22,861	1,194,143
Net income				24,201	24,201	902	25,103
Other comprehensive income (loss), net of tax			1,833		1,833		1,833
Net stock issued and repurchased	43	1,033			1,033		1,033
Stock-based compensation expense		6,775			6,775		6,775
Balances at June 30, 2023	45,448	$ 1,803,813	$ (85,722)	$ (512,967)	$ 1,205,124	$ 23,763	$ 1,228,887

The accompanying notes are an integral part of these consolidated financial statements.

ITRON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
In thousands	2024	2023
Operating activities		
Net income	$ 103,647	$ 13,066
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	26,263	28,368
Non-cash operating lease expense	7,634	8,141
Stock-based compensation	21,845	13,694
Amortization of prepaid debt fees	1,867	1,820
Deferred taxes, net	(8,725)	(2,509)
(Gain) loss on sale of business	(42)	630
Restructuring, non-cash	(171)	922
Other adjustments, net	(591)	(199)
Changes in operating assets and liabilities, net of acquisition and sale of business:		
Accounts receivable	(13,557)	(34,681)
Inventories	(13,216)	(36,466)
Other current assets	(510)	(33,554)
Other long-term assets	(1,885)	5,595
Accounts payable, other current liabilities, and taxes payable	(7,128)	4,670
Wages and benefits payable	(28,700)	9,040
Unearned revenue	39,039	42,919
Warranty	810	(440)
Restructuring	(14,628)	31,181
Other operating, net	(18,927)	(9,208)
Net cash provided by operating activities	93,025	42,989
Investing activities		
Net proceeds (payments) related to the sale of business	405	(772)
Acquisitions of property, plant, and equipment	(14,255)	(12,498)
Business acquisitions, net of cash and cash equivalents acquired	(34,126)	—
Other investing, net	156	50
Net cash used in investing activities	(47,820)	(13,220)
Financing activities		
Proceeds from borrowings	805,000	—
Issuance of common stock	2,972	1,641
Payments on call spread for convertible offering	(108,997)	—
Repurchase of common stock	(100,000)	—
Prepaid debt fees	(21,495)	(517)
Other financing, net	(641)	(354)
Net cash provided by financing activities	576,839	770
Effect of foreign exchange rate changes on cash and cash equivalents	(3,454)	241
Increase in cash and cash equivalents	618,590	30,780
Cash and cash equivalents at beginning of period	302,049	202,007
Cash and cash equivalents at end of period	$ 920,639	$ 232,787
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes, net	$ 40,006	$ 20,653
Interest	958	785

The accompanying notes are an integral part of these consolidated financial statements.

ITRON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024
(UNAUDITED)

In this Quarterly Report on Form 10-Q, the terms "we", "us", "our", "Itron", and the "Company" refer to Itron, Inc. and its subsidiaries.

Note 1: Summary of Significant Accounting Policies

Financial Statement Preparation

The consolidated financial statements presented in this Quarterly Report on Form 10-Q are unaudited and reflect entries necessary for the fair presentation of the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2024 and 2023, Consolidated Statements of Equity for the three months ended June 30, 2024 and 2023 and March 31, 2024 and 2023, the Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023, and the Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, of Itron, Inc. and its subsidiaries. All entries required for the fair presentation of the financial statements are of a normal recurring nature, except as disclosed. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results expected for the full year or for any other period.

Certain information and notes normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been partially or completely omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) regarding interim results. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2023 filed with the SEC in our Annual Report on Form 10-K on February 26, 2024 (2023 Annual Report). There have been no significant changes in financial statement preparation or significant accounting policies since December 31, 2023.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are contractually restricted from operating use are classified as restricted cash and cash equivalents. We had $1.8 million pledged for standby letters of credit as of June 30, 2024 and December 31, 2023.

Risks and Uncertainties

Global economic impacts, such as pandemics and various ongoing conflicts around the world, may create disruption in customer demand and global supply chains, resulting in market volatility, which our management continues to monitor. In the aftermath of these types of events, global supply chains, including labor, may struggle to keep pace with rapidly changing demand. Temporary imbalance in supply and demand may create business uncertainties that include costs and availability. Efforts continue with suppliers to improve supply resiliency, including the approval of alternate sources. Additionally, inflation in our raw materials and component costs, freight charges, and labor costs may increase above historical levels due to, among other things, the continuing impacts of an uncertain economic environment. We may or may not be able to fully recover these increased costs through pricing actions with our customers. Currently, we have not identified any significant decrease in long-term customer demand for our products and services.

While we have limited direct business exposure in areas with current conflict, such as Ukraine and Israel, military actions globally and any resulting sanctions could adversely affect the global economy, as well as further disrupt the supply chain. A major disruption in the global economy and supply chain could have a material adverse effect on our business, prospects, financial condition, results of operations, and cash flows. The extent and duration of the military action, sanctions, and resulting market and/or supply disruptions are impossible to predict but could be substantial, and our management continues to monitor these events closely.

Recent Accounting Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures, which amends the reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for our annual financial reporting in 2024 and interim financial reports for the first quarter of 2025, with early adoption permitted. These amendments are to be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures for our reportable segment information.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which amends Income Taxes (Topic 740). The FASB issued this update to improve annual basis income tax disclosures related to (1) rate reconciliation, (2) income taxes paid, and (3) other disclosures related to pretax income (or loss) and income tax expense (or benefit) from continuing operations. The effective date for this amendment is January 1, 2025, with early adoption permitted. These amendments are to be applied on a prospective basis. Retrospective application is permitted. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

Note 2: Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (EPS):

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands, except per share data	2024	2023	2024	2023
Net income available to common shareholders	$ 51,318	$ 24,201	$ 103,039	$ 12,365
Weighted average common shares outstanding - Basic	45,745	45,435	45,698	45,358
Dilutive effect of stock-based awards	781	346	743	319
Dilutive effect of convertible notes	—	—	—	—
Weighted average common shares outstanding - Diluted	46,526	45,781	46,441	45,677
Net income per common share - Basic	$ 1.12	$ 0.53	$ 2.25	$ 0.27
Net income per common share - Diluted	$ 1.10	$ 0.53	$ 2.22	$ 0.27

Stock-based Awards

For stock-based awards, the dilutive effect is calculated using the treasury stock method. Under this method, the dilutive effect is computed as if the awards were exercised at the beginning of the period (or at time of issuance, if later) and assumes the related proceeds were used to repurchase our common stock at the average market price during the period. Related proceeds include the amount the employee must pay upon exercise and the future compensation cost associated with the stock award. Approximately 10,000 and 33,000 stock-based awards were excluded from the calculation of diluted EPS for the three and six months ended June 30, 2024 because they were anti-dilutive. Approximately 0.4 million stock-based awards were excluded from the calculation of diluted EPS for the three and six months ended June 30, 2023 because they were anti-dilutive. These stock-based awards could be dilutive in future periods.

Convertible Notes and Share Hedges

2021 Notes, Warrants and Call Option Transactions

For our convertible notes issued in March 2021 (the 2021 Notes), the dilutive effect is calculated using the if-converted method. We are required, pursuant to the indenture governing the notes, to settle the principal amount in cash and may elect to settle the remaining conversion obligation (stock price in excess of conversion price) in cash, shares, or a combination thereof. Under the if-converted method, we include the number of shares required to satisfy the remaining conversion obligation, assuming all the notes were converted. The average closing prices of our common stock for the quarter ended June 30, 2024 were used as the basis for determining the dilutive effect on EPS. The quarterly average closing prices for our common stock did not exceed the conversion price of $126.00, and therefore all associated shares were anti-dilutive.

In conjunction with the issuance of the 2021 Notes, we sold warrants to purchase 3.7 million shares of Itron common stock. The warrants have a strike price of $180.00 per share. For calculating the dilutive effect of the warrants, we use the treasury stock method. With this method, we assume exercise of the warrants at the beginning of the period, or at time of issuance if later, and the issuance of common stock upon exercise. Proceeds from the exercise of the warrants are assumed to be used to repurchase shares of our stock at the average market price during the period. The incremental shares, representing the number of shares assumed to be exercised with the warrants less the number of shares repurchased, are included in diluted weighted average common shares outstanding. For periods where the warrants strike price of $180.00 per share is greater than the average share price of Itron stock for the period, the warrants would be anti-dilutive. For the three and six months ended June 30, 2024, the quarterly average closing prices of our common stock did not exceed the warrant strike price and therefore 3.7 million shares were considered anti-dilutive.

In connection with the issuance of the 2021 Notes, we entered into privately negotiated call option contracts on our common stock (the 2021 call option transactions) with certain commercial banks. The 2021 call option transactions cover, subject to anti-dilution adjustments substantially similar to those in the 2021 Notes, approximately 3.7 million shares of our common stock, the same number of shares initially underlying the notes, at a strike price of approximately $126.00, subject to customary adjustments. The 2021 call option transactions will expire upon the maturity of the 2021 Notes, subject to earlier exercise or termination. Exercise of the 2021 call option transactions would reduce the number of shares of our common stock outstanding and therefore would be anti-dilutive.

2024 Notes and Capped Call Transactions

For our convertible notes issued in June 2024 (the 2024 Notes), the dilutive effect is calculated using the if-converted method. We are required, pursuant to the indenture governing our convertible notes, to settle the principal amount of the convertible notes in cash and may elect to settle the remaining conversion obligation (stock price in excess of conversion price) in cash, shares, or a combination thereof. Under the if-converted method, we include the number of shares required to satisfy the remaining conversion obligation, assuming all the convertible notes were converted. The average closing prices of our common stock for the quarter ended June 30, 2024 were used as the basis for determining the dilutive effect on EPS. The quarterly average closing prices for our common stock did not exceed the conversion price of $131.24, and therefore all associated shares were anti-dilutive.

In connection with the issuance of the 2024 Notes, we entered into privately negotiated capped call transactions (the 2024 capped call transactions) on our common stock with certain commercial banks. The 2024 capped call transactions cover, subject to anti-dilution adjustments substantially similar to those in the 2024 Notes, approximately 6.1 million shares of our common stock, the same number of shares initially underlying the convertible notes, at a strike price of approximately $131.2353, subject to customary adjustments. The cap price of the 2024 capped call transactions will initially be $205.86 per share, which represents a premium of 100% over the last reported stock price per share of the Company's common stock on June 17, 2024, and is subject to certain adjustments under the terms of the 2024 capped call transactions. The 2024 capped call transactions will expire upon the maturity of the 2024 Notes, subject to earlier exercise or termination. Exercise of the 2024 capped call transactions would reduce the number of shares of our common stock outstanding and therefore would be anti-dilutive.

Note 3: Certain Balance Sheet Components

A summary of accounts receivable from contracts with customers is as follows:

Accounts receivable, net *In thousands*	June 30, 2024	December 31, 2023
Trade receivables (net of allowance of $603 and $738)	$ 288,568	$ 272,890
Unbilled receivables	28,174	30,931
Total accounts receivable, net	$ 316,742	$ 303,821

Allowance for credit losses account activity	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Beginning balance	$ 722	$ 4,782	$ 738	$ 4,863
Provision for (release of) doubtful accounts, net	(100)	52	(78)	(39)
Accounts written-off, net	(17)	(178)	(43)	(244)
Effect of change in exchange rates	(2)	38	(14)	114
Ending balance	$ 603	$ 4,694	$ 603	$ 4,694

Inventories *In thousands*	June 30, 2024	December 31, 2023
Raw materials	$ 201,690	$ 213,303
Work in process	14,620	17,849
Finished goods	75,471	52,534
Total inventories	$ 291,781	$ 283,686

Property, plant, and equipment, net *In thousands*	June 30, 2024	December 31, 2023
Machinery and equipment	$ 315,068	$ 318,546
Computers and software	127,653	126,149
Buildings, furniture, and improvements	124,040	126,041
Land	8,223	7,846
Construction in progress, including purchased equipment	22,053	24,316
Total cost	597,037	602,898
Accumulated depreciation	(475,011)	(474,092)
Property, plant, and equipment, net	$ 122,026	$ 128,806

Depreciation expense	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Depreciation expense	$ 9,008	$ 9,183	$ 17,766	$ 18,598

Note 4: Intangible Assets and Liabilities

The gross carrying amount and accumulated amortization (accretion) of our intangible assets and liabilities, other than goodwill, were as follows:

	June 30, 2024			December 31, 2023		
In thousands	Gross	Accumulated (Amortization) Accretion	Net	Gross	Accumulated (Amortization) Accretion	Net
Intangible Assets						
Core-developed technology	$ 512,185	$ (498,767)	$ 13,418	$ 502,010	$ (499,571)	$ 2,439
Customer contracts and relationships	327,053	(289,556)	37,497	329,688	(287,653)	42,035
Trademarks and trade names	72,495	(70,925)	1,570	73,461	(71,740)	1,721
Other	12,019	(11,960)	59	12,019	(11,932)	87
Total intangible assets	$ 923,752	$ (871,208)	$ 52,544	$ 917,178	$ (870,896)	$ 46,282
Intangible Liabilities						
Customer contracts and relationships	$ (23,900)	$ 23,900	$ —	$ (23,900)	$ 23,900	$ —

A summary of intangible assets and liabilities activity is as follows:

	Six Months Ended June 30,	
In thousands	2024	2023
Intangible assets, gross beginning balance	$ 917,178	$ 905,134
Intangible assets acquired [1]	15,000	—
Effect of change in exchange rates	(8,426)	7,202
Intangible assets, gross ending balance	$ 923,752	$ 912,336
Intangible liabilities, gross beginning balance	$ (23,900)	$ (23,900)
Effect of change in exchange rates	—	—
Intangible liabilities, gross ending balance	$ (23,900)	$ (23,900)

[1] On March 1, 2024, we completed the acquisition of 100% of the shares Elpis2, Inc. (Elpis Squared), a privately held software and services company. The purchase resulted in the addition of intangible assets of $15.0 million including $12.5 million identified core-developed technology and $2.5 million of customer contracts and relationships. The core-developed technology and customer contract and relationships will be amortized over the weighted-average five-year and three-year useful lives, respectively, using the straight-line method. Refer to Note 5: Goodwill and Note 17: Business Combination for additional information.

Assumed intangible liabilities reflect the present value of the projected cash outflows for an existing contract where remaining costs were expected to exceed projected revenues.

Estimated future annual amortization is as follows:

Year Ending December 31,	**Estimated Annual Amortization**
In thousands	
2024 (amount remaining at June 30, 2024)	$ 9,334
2025	17,660
2026	13,652
2027	8,275
2028	2,681
Thereafter	942
Total intangible assets subject to amortization	$ 52,544

Note 5: Goodwill

The following table reflects changes in the carrying amount of goodwill for the six months ended June 30, 2024:

In thousands	Device Solutions	Networked Solutions	Outcomes	Total Company
Goodwill balance at January 1, 2024	$ —	$ 911,847	$ 140,657	$ 1,052,504
Goodwill acquired [(1)]	—	—	19,661	19,661
Effect of change in exchange rates	—	(10,475)	(1,597)	(12,072)
Goodwill balance at June 30, 2024	$ —	$ 901,372	$ 158,721	$ 1,060,093

[(1)] On March 1, 2024, we acquired Elpis Squared. The purchase resulted in the recognition of $19.7 million in goodwill allocated to our Outcomes operating segment and reporting unit. Refer to Note 4: Intangible Assets and Liabilities and Note 17: Business Combination for additional information on the transaction.

Note 6: Debt

The components of our borrowings were as follows:

In thousands	June 30, 2024	December 31, 2023
Credit facility		
Multicurrency revolving line of credit	$ —	$ —
Convertible notes	1,265,000	460,000
Total debt	1,265,000	460,000
Less: unamortized prepaid debt fees - convertible notes	25,228	5,173
Long-term debt, net	$ 1,239,772	$ 454,827

Credit Facility

Our current credit facility, entered on January 5, 2018 (as amended, the 2018 credit facility), originally provided for committed credit facilities in the amount of $1.2 billion U.S. dollars. This facility now consists of a multicurrency revolving line of credit (the revolver) with a principal amount of up to $500 million. The revolver also contains a $300 million standby letter of credit sub-facility and a $50 million swingline sub-facility. The $650 million U.S. dollar term loan (the term loan) included in the original facility was fully repaid in August 2021.

The 2018 credit facility permits us and certain of our foreign subsidiaries to borrow in U.S. dollars, euros, or, with lender approval, other currencies readily convertible into U.S. dollars. All obligations under the 2018 credit facility are guaranteed by Itron, Inc. and material U.S. domestic subsidiaries and are secured by a pledge of substantially all of the assets of Itron, Inc. and material U.S. domestic subsidiaries. This includes a pledge of 100% of the capital stock of material U.S. domestic subsidiaries and up to 66% of the voting stock (100% of the non-voting stock) of first-tier foreign subsidiaries. In addition, the obligations of any foreign subsidiary who is a foreign borrower, as defined by the 2018 credit facility, are guaranteed by the foreign subsidiary and by its direct and indirect foreign parents. The 2018 credit facility includes debt covenants, which contain certain financial thresholds and place certain restrictions on the incurrence of debt, investments, and the issuance of dividends. We were in compliance with the debt covenants under the 2018 credit facility at June 30, 2024.

Under the 2018 credit facility, we elect applicable market interest rates for both the term loan and any outstanding revolving loans. We also pay an applicable margin, which is based on our total net leverage ratio as defined in the credit agreement. The applicable rates per annum may be based on either: (1) the LIBOR rate or EURIBOR rate (subject to a floor of 0%), plus an applicable margin, or (2) the Alternate Base Rate, plus an applicable margin. The Alternate Base Rate election is equal to the greatest of three rates: (i) the prime rate, (ii) the Federal Reserve effective rate plus 0.50%, or (iii) one-month LIBOR plus 1.00%. The cessation of LIBOR occurred in June 2023. On November 23, 2022, we amended the 2018 credit facility to replace the LIBOR rate with the Term Secured Overnight Financing Rate (SOFR) as the base interest rate. On February 21, 2023, we entered into a sixth amendment to the 2018 credit facility. This amendment modified debt covenant provisions to allow for the addback of non-recurring cash expenses related to restructuring charges incurred during the quarter ended March 31, 2023. On October 13, 2023, we entered into a seventh amendment to extend the maturity date to October 18, 2026. However, that date may be advanced to December 14, 2025 if Itron does not settle or extend a sufficient portion of outstanding convertible notes detailed in the amendment. In addition, the amendment revises the interest cost, as follows:

Total Net Leverage Ratio	Interest Cost	Commitment Fee
Greater than 4.00	SOFR + 250 bps	40 bps
3.51 to 4.00	SOFR + 225 bps	35 bps
2.51 to 3.50	SOFR + 200 bps	30 bps
Less than or equal to 2.50	SOFR + 175 bps	25 bps

On June 14, 2024, we entered into an eighth amendment of the 2018 credit facility. In contemplation of the issuance of the 2024 convertible notes, this amendment to the Credit Agreement removed the $500 million maximum amount of convertible notes we could offer.

At June 30, 2024, there were no outstanding loan balances under the credit facility, and $46.8 million was utilized by outstanding standby letters of credit, resulting in $453.2 million available for additional borrowings or standby letters of credit within the revolver. At June 30, 2024, $253.2 million was available for additional standby letters of credit under the letter of credit sub-facility, and no amounts were outstanding under the swingline sub-facility.

Convertible Notes

2021 Notes

On March 12, 2021, we closed the sale of $460 million of convertible notes in a private placement to qualified institutional buyers, resulting in net proceeds to us of $448.5 million after deducting initial purchasers' discounts of the offering. The 2021 Notes do not bear regular interest, and the principal amount does not accrete. The 2021 Notes will mature on March 15, 2026, unless earlier repurchased, redeemed, or converted in accordance with their terms. No sinking fund is provided for the 2021 Notes.

The initial conversion rate of the 2021 Notes is 7.9365 shares of our common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $126.00 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events. In addition, upon the occurrence of a make-whole fundamental change (as defined in the indenture governing the 2021 Notes) or upon a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder that elects to convert its convertible notes in connection with such make-whole fundamental change or notice of redemption, as the case may be.

Prior to the close of business on the business day immediately preceding December 15, 2025, the 2021 Notes are convertible at the option of the holders only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business-day period after any five consecutive trading-day period (the measurement period) in which the trading price per $1,000 principal amount of the notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day; (3) upon the occurrence of specified corporate events; or (4) upon redemption by us. On or after December 15, 2025, until the close of business on the second scheduled trading day immediately preceding March 15, 2026, holders of the 2021 Notes may convert all or a portion of their notes at any time. Upon conversion, we will pay cash up to the aggregate principal amount to be converted and pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted.

Subsequent to March 20, 2024 and prior to December 15, 2025, we may redeem for cash all or part of the 2021 Notes, at our option, if the last reported sales price of common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related notice of the redemption. The redemption price of each convertible note to be redeemed will be the principal amount of such note, plus accrued and unpaid special interest, if any. Upon the occurrence of a fundamental change (as defined in the indenture governing the convertible notes), subject to a limited exception described in the indenture governing the convertible notes, holders may require us to repurchase all or a portion of their notes for cash at a price equal to plus accrued and unpaid special interest to, but not including, the fundamental change repurchase date (as defined in the indenture governing the convertible notes).

The 2021 Notes are senior unsecured obligations and rank equally in right of payment with all of our existing and future unsubordinated debt and senior in right of payment to any future debt that is expressly subordinated in right of payment to the convertible notes. The convertible notes will be effectively subordinated to any of our existing and future secured debt to the extent of the assets securing such indebtedness. The convertible notes will be structurally subordinated to all existing debt and any future debt and any other liabilities of our subsidiaries.

2024 Notes

On June 21, 2024, we closed the sale of $805 million of convertible notes in a private placement to qualified institutional buyers, resulting in net proceeds to us of $784 million after deducting initial purchasers' discounts of the offering. The 2024 Notes will accrue interest at a rate of 1.375% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2025. The 2024 Notes will mature on July 15, 2030, unless earlier repurchased, redeemed, or converted in accordance with their terms.

The initial conversion rate of the 2024 Notes is 7.6199 shares of our common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $131.24 per share. The conversion rate of the notes is subject to adjustment upon the occurrence of certain specified events. In addition, upon the occurrence of a make-whole fundamental change (as defined in the indenture governing the convertible notes) or upon a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder that elects to convert its notes in connection with such make-whole fundamental change or notice of redemption, as the case may be.

Prior to the close of business on the business day immediately preceding April 15, 2030, the 2024 Notes are convertible at the option of the holders only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2024 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business-day period after any five consecutive trading-day period (the measurement period) in which the trading price per $1,000 principal amount of the notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day; (3) upon the occurrence of specified corporate events; or (4) upon redemption by us. On or after April 15, 2030, until the close of business on the second scheduled trading day immediately preceding July 15, 2030, holders of the notes may convert all or a portion of their notes at any time. Upon conversion, we will pay cash up to the aggregate principal amount of the notes to be converted and pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted.

Subsequent to July 20, 2028 and prior to April 15, 2030, we may redeem for cash all or part of the 2024 Notes, at our option, if the last reported sales price of common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related notice of the redemption. However, we may not redeem less than all of the outstanding notes unless at least $100.0 million aggregate principal amount of notes are outstanding and not called for redemption as of the time we send related redemption notices. The redemption price of each note to be redeemed will be the principal amount of such note, plus accrued and unpaid special interest, if any. Upon the occurrence of a fundamental change (as defined in the indenture governing the 2024 Notes), subject to a limited exception described in the indenture governing the notes, holders may require us to repurchase all or a portion of their notes for cash at a price equal to plus accrued and unpaid special interest to, but not including, the fundamental change repurchase date (as defined in the indenture governing the 2024 Notes).

The 2024 Notes are senior unsecured obligations and rank equally in right of payment with all of our existing and future unsubordinated debt and senior in right of payment to any future debt that is expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to any of our existing and future secured debt to the extent of the assets securing such indebtedness. The notes will be structurally subordinated to all existing debt and any future debt and any other liabilities of our subsidiaries.

Debt Maturities

The amount of required minimum principal payments on our long-term debt in aggregate over the next five years is as follows:

Year Ending December 31,	Minimum Payments
In thousands	
2024 (amount remaining at June 30, 2024)	$ —
2025	—
2026	460,000
2027	—
2028	—
Thereafter	805,000
Total minimum payments on debt	$ 1,265,000

Note 7: Derivative Financial Instruments

As part of our risk management strategy, we use derivative instruments to hedge certain foreign currency and interest rate exposures. Refer to Note 13: Shareholders' Equity and Note 14: Fair Value of Financial Instruments for additional disclosures on our derivative instruments.

Derivatives Not Designated as Hedging Relationships

We are exposed to foreign exchange risk when we enter into non-functional currency transactions, both intercompany and third party. At each period-end, non-functional currency monetary assets and liabilities are revalued with the change recognized within other income (expense) in our Consolidated Statements of Operations. We enter into monthly foreign exchange forward contracts, which are not designated for hedge accounting, with the intent to reduce earnings volatility associated with currency exposures. As of June 30, 2024, a total of 41 contracts were offsetting our exposures from the euro, pound sterling, Indonesian rupiah, Canadian dollar, Australian dollar, and various other currencies, with notional amounts ranging from $103,000 to $39.1 million.

We will continue to monitor and assess our interest rate and foreign exchange risk and may institute additional derivative instruments to manage such risk in the future.

Note 8: Defined Benefit Pension Plans

We sponsor both funded and unfunded defined benefit pension plans offering death and disability, retirement, and special termination benefits for certain of our international employees, primarily in Germany, France, India, and Indonesia. The defined benefit obligation is calculated annually by using the projected unit credit method. The measurement date for the pension plans was December 31, 2023.

Amounts recognized on the Consolidated Balance Sheets consist of:

In thousands	June 30, 2024	December 31, 2023
Assets		
Plan assets in other long-term assets	$ 66	$ 80
Liabilities		
Current portion of pension benefit obligation in wages and benefits payable	$ 3,793	$ 3,623
Long-term portion of pension benefit obligation	62,024	63,887
Pension benefit obligation, net	$ 65,751	$ 67,430

Our asset investment strategy focuses on maintaining a portfolio using primarily insurance funds, which are accounted for as investments and measured at fair value, in order to achieve our long-term investment objectives on a risk adjusted basis. Our general funding policy for these qualified pension plans is to contribute amounts sufficient to satisfy regulatory funding standards of the respective countries for each plan.

Net periodic pension benefit cost for our plans include the following components:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Service cost	$ 659	$ 636	$ 1,294	$ 1,240
Interest cost	676	721	1,357	1,433
Expected return on plan assets	(73)	(89)	(146)	(176)
Amortization of prior service costs	33	15	67	30
Amortization of actuarial net loss	(85)	(122)	(170)	(243)
Curtailment	(585)	—	(585)	—
Net periodic benefit cost	$ 625	$ 1,161	$ 1,817	$ 2,284

The components of net periodic benefit cost, other than the service cost component, are included in total other income (expense) on the Consolidated Statements of Operations.

Note 9: Stock-Based Compensation

We grant stock-based compensation awards, including restricted stock units, phantom stock, and unrestricted stock units, under the Second Amended and Restated 2010 Stock Incentive Plan (Stock Incentive Plan). Prior to December 31, 2020, stock options were also granted as part of the stock-based compensation awards. In the Stock Incentive Plan, we have 13,991,273 shares of common stock authorized for issuance subject to stock splits, dividends, and other similar events, and at June 30, 2024, 4,591,679 shares were available for grant. We issue new shares of common stock upon the exercise of stock options or when vesting conditions on restricted stock units are fully satisfied. These shares are subject to a fungible share provision such that the authorized share available for grant is reduced by (i) one share for every one share subject to a stock option or share appreciation right granted under the Plan and (ii) 1.7 shares for every one share of common stock that was subject to an award other than an option or share appreciation right.

We also award phantom stock units, which are settled in cash upon vesting and accounted for as liability-based awards, with no impact to the shares available for grant.

In addition, we maintain the Employee Stock Purchase Plan (ESPP), for which 494,176 shares of common stock were available for future issuance at June 30, 2024.

ESPP activity and stock-based grants other than stock options and restricted stock units were not significant for the three and six months ended June 30, 2024 and 2023.

Stock-Based Compensation Expense

Total stock-based compensation expense and the related tax benefit were as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Stock options	$ —	$ 20	$ —	$ 80
Restricted stock units	10,080	6,516	21,173	13,099
Unrestricted stock awards	336	239	672	515
Phantom stock units	1,312	1,147	2,761	1,924
Total stock-based compensation	$ 11,728	$ 7,922	$ 24,606	$ 15,618
Related tax benefit	$ 2,551	$ 1,670	$ 5,350	$ 3,373

Stock Options

A summary of our stock option activity is as follows:

	Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value
	In thousands		*Years*	*In thousands*	
Outstanding, January 1, 2023	381	$ 60.63	4.8	$ 1,892	
Granted	—	—			$ —
Exercised	(5)	55.49		73	
Forfeited	—	—			
Canceled	—	—			
Outstanding, June 30, 2023	376	$ 60.70	4.4	$ 5,494	
Outstanding, January 1, 2024	363	$ 61.36	4.0	$ 5,886	
Granted	—	—			$ —
Exercised	(19)	44.74		779	
Forfeited	—	—			
Canceled	—	—			
Outstanding, June 30, 2024	344	$ 62.27	3.5	$ 12,626	
Exercisable, June 30, 2024	344	$ 62.27	3.5	$ 12,626	

At June 30, 2024, all stock-based compensation expense related to nonvested stock options has been recognized.

Restricted Stock Units

The following table summarizes restricted stock unit activity:

In thousands, except fair value	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding, January 1, 2023	528		
Granted	442	$ 56.37	
Released [(1)]	(222)		$ 1,236
Forfeited	(19)		
Outstanding, June 30, 2023	729		
Outstanding, January 1, 2024	751	$ 58.89	
Granted	410	75.89	
Released [(1)]	(360)	63.22	$ 28,739
Forfeited	(10)	60.84	
Outstanding, June 30, 2024	791	66.31	
Vested but not released, June 30, 2024	17		$ 1,669

[(1)] Shares released is presented as gross shares and does not reflect shares withheld by us for employee payroll tax obligations.

At June 30, 2024, total unrecognized compensation expense on restricted stock units was $62.0 million, which is expected to be recognized over a weighted average period of approximately 1.8 years.

The weighted average assumptions used to estimate the fair value of performance-based restricted stock units granted with a service and market condition and the resulting weighted average fair value are as follows:

	Six Months Ended June 30,	
	2024	2023
Expected volatility	45.7 %	50.0 %
Risk-free interest rate	4.4 %	4.6 %
Expected term (years)	2.9	2.2
Weighted average fair value	$ 83.26	$ 59.52

Note 10: Income Taxes

We determine the interim tax benefit (provision) by applying an estimate of the annual effective tax rate to the year-to-date pretax book income (loss) and adjusting for discrete items during the reporting period, if any. Tax jurisdictions with losses for which tax benefits cannot be realized, as well as significant unusual or infrequently occurring items that are separately reported, are excluded from the annual effective tax rate.

Our tax rate for the three and six months ended June 30, 2024 of 23% and 22%, respectively, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low Taxed Income) tax, net of Section 250 deduction (largely driven by research and development capitalization), Subpart F income, a benefit related to stock-based compensation, tax credits, state taxes, and uncertain tax positions.

Our tax rate for the three and six months ended June 30, 2023 of 27% and 41%, respectively, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low Taxed Income) tax, net of Section 250 deduction (largely driven by research and development capitalization), Subpart F income, an expense related to stock-based compensation, tax credits, and uncertain tax positions.

Beginning January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years, dependent upon the geography in which the expenditures are incurred. Although Congress has considered legislation that would defer, modify, or repeal the capitalization and amortization requirement, as of quarter end no such deferral has been passed. The income tax provision has been prepared according to currently enacted tax legislation, including the effect of guidance issued in December 2023 that provided clarity regarding research providers and recipients.

In August 2022, the Inflation Reduction Act was signed into law, which made a number of changes to the Internal Revenue Code, including adding a 1% excise tax on stock buybacks by publicly traded corporations and a 15% minimum tax on adjusted financial statement income of certain large companies. We are subject to the new 1% excise tax beginning January 1, 2023, but the amount will vary depending upon various factors. The 15% minimum tax only applies to corporations with average book income in excess of $1 billion, therefore it is not currently applicable.

The Organization for Economic Cooperation and Development (OECD) guidance under the Base Erosion and Profit Shifting (BEPS) initiative aims to minimize perceived tax abuses and modernize global tax policy, including the implementation of a global minimum effective tax rate of 15%. In December 2022, the Council of the European Union adopted OECD Pillar 2 for implementation by European Union member states by December 31, 2023. Legislation is in various stages of adoption, from formal legislative proposals to passage into law, in most countries where Itron has significant operations, and is expected to take effect for calendar year 2024. The OECD continues to release more guidance on these rules and framework and we are evaluating the impact to our financial position. These enactments or amendments could adversely affect our tax rate and ultimately result in a negative impact on our operating results and cash flows. Based upon forecast calculations for calendar year 2024, the Company expects to meet the safe harbors in most jurisdictions, and the remaining top-up tax is forecasted to be immaterial.

We classify interest expense and penalties related to unrecognized tax benefits and interest income on tax overpayments as components of income tax expense. The net interest and penalties expense amounts recognized were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Net interest and penalties expense	$ 1,015	$ 556	$ 1,489	$ 806

Accrued interest and penalties recognized were as follows:

In thousands	June 30, 2024	December 31, 2023
Accrued interest	$ 11,082	$ 9,794
Accrued penalties	359	466

Unrecognized tax benefits related to uncertain tax positions and the amount of unrecognized tax benefits that, if recognized, would affect our effective tax rate were as follows:

In thousands	June 30, 2024	December 31, 2023
Unrecognized tax benefits related to uncertain tax positions	$ 129,514	$ 130,067
The amount of unrecognized tax benefits that, if recognized, would affect our effective tax rate	129,056	129,591

At June 30, 2024, we are under examination by certain tax authorities. We believe we have appropriately accrued for the expected outcome of all tax matters and do not currently anticipate that the ultimate resolution of these examinations will have a material adverse effect on our financial condition, future results of operations, or cash flows.

Based upon the timing and outcome of examinations, litigation, the impact of legislative, regulatory, and judicial developments, and the impact of these items on the statute of limitations, it is reasonably possible that the related unrecognized tax benefits could change from those recognized within the next twelve months. However, at this time, an estimate of the range of reasonably possible adjustments to the balance of unrecognized tax benefits cannot be made.

We file income tax returns in various jurisdictions. The material jurisdictions where we are subject to examination include, among others, the United States, France, Germany, India, Italy, Indonesia, and the United Kingdom.

Note 11: Commitments and Contingencies

Guarantees and Indemnifications

We are often required to obtain standby letters of credit (LOCs) or bonds in support of our obligations for customer contracts. These standby LOCs or bonds typically provide a guarantee to the customer for our future performance, which usually covers the installation phase of a contract and may, on occasion, cover the operations and maintenance phase of outsourcing contracts.

Our available lines of credit, outstanding standby LOCs, and bonds were as follows:

In thousands	June 30, 2024	December 31, 2023
Credit facility		
Multicurrency revolving line of credit	$ 500,000	$ 500,000
Standby LOCs issued and outstanding	(46,763)	(59,059)
Net available for additional borrowings under the multicurrency revolving line of credit	$ 453,237	$ 440,941
Net available for additional standby LOCs under sub-facility	$ 253,237	$ 240,941
Unsecured multicurrency revolving lines of credit with various financial institutions		
Multicurrency revolving lines of credit	$ 89,856	$ 84,318
Standby LOCs issued and outstanding	(20,221)	(21,853)
Short-term borrowings	—	—
Net available for additional borrowings and LOCs	$ 69,635	$ 62,465
Unsecured surety bonds in force	$ 263,331	$ 271,164

In the event any such standby LOC or bond were called, we would be obligated to reimburse the issuer of the standby LOC or bond. As of August 1, 2024, we are not aware of any valid claims against our outstanding standby LOCs or bonds.

We generally provide an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within our sales contracts, which indemnifies the customer from, and pays the resulting costs, damages, and attorney's fees awarded against a customer with respect to, such a claim provided that (a) the customer promptly notifies us in writing of the claim and (b) we have the sole control of the defense and all related settlement negotiations. We may also provide an indemnification to our customers for third-party claims resulting from damages caused by the negligence or willful misconduct of our employees/agents in connection with the performance of certain contracts. The terms of our indemnifications generally do not limit the maximum potential payments. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Legal Matters

We are subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. Our policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability would be recognized and charged to operating expense when we determine that a loss is probable and the amount can be reasonably estimated. Additionally, we disclose contingencies for which a material loss is reasonably possible, but not probable.

Warranty

A summary of the warranty accrual account activity is as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Beginning balance	$ 23,575	$ 24,831	$ 22,164	$ 25,698
New product warranties	1,529	1,817	3,227	3,447
Other adjustments and expirations, net	(552)	723	928	34
Claims activity	(1,653)	(1,943)	(3,343)	(3,930)
Effect of change in exchange rates	(60)	58	(137)	237
Ending balance	22,839	25,486	22,839	25,486
Less: current portion of warranty	14,612	17,847	14,612	17,847
Long-term warranty	$ 8,227	$ 7,639	$ 8,227	$ 7,639

Total warranty expense is classified within cost of revenues and consists of new product warranties issued, costs related to insurance and supplier recoveries, other changes and adjustments to warranties, and customer claims. Warranty expense was as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Total warranty expense	$ 977	$ 2,540	$ 4,155	$ 3,481

Note 12: Restructuring

2023 Projects

On February 23, 2023, our Board of Directors approved a restructuring plan (the 2023 Projects). The 2023 Projects include activities that continue Itron's efforts to optimize its global supply chain and manufacturing operations, sales and marketing organizations, and other overhead. These projects are expected to be substantially complete by early 2025.

The total expected restructuring costs, the restructuring costs recognized, and the remaining expected restructuring costs related to the 2023 Projects were as follows:

In thousands	Total Expected Costs at June 30, 2024	Costs Recognized in Prior Periods	Adjustments Recognized During the Six Months Ended June 30, 2024	Expected Remaining Costs to be Recognized at June 30, 2024
Employee severance costs	$ 42,167	$ 43,347	$ (1,180)	$ —
Asset impairments & net loss (gain) on sale or disposal	1,169	1,130	39	—
Other restructuring costs	7,543	4,051	1,792	1,700
Total	$ 50,879	$ 48,528	$ 651	$ 1,700

2021 Projects

On October 29, 2021, our Board of Directors approved a restructuring plan (the 2021 Projects), which in conjunction with the announcement of the sale of certain Gas product lines from our Device Solutions manufacturing and business operations in Europe and North America to Dresser Utility Solutions, includes activities to drive reductions in certain locations and functional support areas. These projects are expected to be substantially complete by the end of 2024.

The total expected restructuring costs, the restructuring costs recognized, and the remaining expected restructuring costs related to the 2021 Projects were as follows:

In thousands	Total Expected Costs at June 30, 2024	Costs Recognized in Prior Periods	Adjustments Recognized During the Six Months Ended June 30, 2024	Expected Remaining Costs to be Recognized at June 30, 2024
Employee severance costs	$ 34,947	$ 34,821	$ 126	$ —
Asset impairments & net loss (gain) on sale or disposal	8,169	8,379	(210)	—
Other restructuring costs	4,861	3,729	(468)	1,600
Total	$ 47,977	$ 46,929	$ (552)	$ 1,600

The following table summarizes the activity within the restructuring related balance sheet accounts for the 2023 Projects and the 2021 Projects during the six months ended June 30, 2024:

In thousands	Accrued Employee Severance	Asset Impairments & Net Loss (Gain) on Sale or Disposal	Other Accrued Costs	Total
Beginning balance, January 1, 2024	$ 68,698	$ —	$ 3,678	$ 72,376
Costs charged to expense	(1,054)	(171)	1,324	99
Cash payments	(10,987)	(13)	(2,482)	(13,482)
Net assets disposed and impaired	—	184	—	184
Effect of change in exchange rates	(1,917)	—	460	(1,457)
Ending balance, June 30, 2024	$ 54,740	$ —	$ 2,980	$ 57,720

Asset impairments are determined at the asset group level. Revenues and net operating income from the activities we have exited or will exit under the restructuring projects are not material to our operating segments or consolidated results.

Certain of Itron's employees are represented by unions or works councils, which requires consultation, and potential restructuring projects may be subject to regulatory approval, both of which could impact the timing of planned savings in certain jurisdictions.

Other restructuring costs include expenses for employee relocation, professional fees associated with employee severance, costs to exit the facilities once the operations in those facilities have ceased, and other costs associated with the liquidation of any affected legal entities. Costs associated with restructuring activities are generally presented in the Consolidated Statements of Operations as restructuring, except for certain costs associated with inventory write-downs, which are classified within cost of revenues, and accelerated depreciation expense, which is recognized according to the use of the asset. Restructuring expense is recognized within the Corporate unallocated segment and does not impact the results of our operating segments.

The current portions of restructuring liabilities were $25.0 million and $21.0 million as of June 30, 2024 and December 31, 2023 and are classified within other current liabilities on the Consolidated Balance Sheets. The long-term portions of restructuring liabilities were $32.7 million and $51.4 million as of June 30, 2024 and December 31, 2023. The long-term portions of restructuring liabilities are classified within other long-term obligations on the Consolidated Balance Sheets and include severance accruals and facility exit costs.

Note 13: Shareholders' Equity

Preferred Stock

We have authorized the issuance of 10 million shares of preferred stock with no par value. In the event of a liquidation, dissolution, or winding up of the affairs of the corporation, whether voluntary or involuntary, the holders of any outstanding preferred stock would be entitled to be paid a preferential amount per share to be determined by the Board of Directors prior to any payment to holders of common stock. There was no preferred stock issued or outstanding at June 30, 2024 or December 31, 2023.

Stock Repurchase Program
Effective May 11, 2023, Itron's Board of Directors authorized a share repurchase up to $100 million of our common stock over an 18-month period (the 2023 Stock Repurchase Program). The repurchase program is intended to comply with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. In June 2024, we repurchased 971,534 shares under the 2023 Stock Repurchase Program at an average price of $102.93 (excluding commissions) for a total of $100.0 million. This repurchase was completed in conjunction with the issuance of the convertible notes.

2021 Call Option Transactions
We paid an aggregate amount of $84.1 million for the 2021 call option transactions. The 2021 call option transactions cover, subject to anti-dilution adjustments substantially similar to those in the 2021 Notes, approximately 3.7 million shares of our common stock, the same number of shares initially underlying the 2021 Notes, at a strike price of approximately $126.00, subject to customary adjustments. The 2021 call option transactions will expire upon the maturity of the 2021 Notes, subject to earlier exercise or termination. The 2021 call option transactions are expected generally to reduce the potential dilutive effect of the conversion of our 2021 Notes and/or offset any cash payments we are required to make in excess of the principal amount of the converted notes, as the case may be, in the event that the market price per share of our common stock, as measured under the terms of the 2021 call option transactions, is greater than the strike price of the 2021 call option transactions. The 2021 call option transactions meet the criteria in Accounting Standards Codification (ASC) 815-40 to be classified within Stockholders' Equity, and therefore they are not revalued after their issuance.

We made a tax election to integrate the 2021 Notes and the 2021 call option transactions. We are retaining the identification statements in our books and records, together with a schedule providing the accruals on the synthetic debt instruments. The accounting impact of this tax election makes the call options deductible as original issue discount for tax purposes over the term of the 2021 Notes, and results in a $20.6 million deferred tax asset recognized through equity.

Warrant Transactions
In addition, concurrently with entering into the 2021 call option transactions, we separately entered into privately-negotiated warrant transactions (the warrant transactions), whereby we sold to the counterparties warrants to acquire, collectively, subject to anti-dilution adjustments, 3.7 million shares of our common stock at an initial strike price of $180.00 per share, which represents a premium of 100% over the public offering price in the common stock issuance. We received aggregate proceeds of $45.3 million from the warrant transactions with the counterparties, with such proceeds partially offsetting the costs of entering into the convertible note hedge transactions. The warrants expire in June 2026. If the market value per share of our common stock, as measured under the warrant transactions, exceeds the strike price of the warrants, the warrants will have a dilutive effect on our earnings per share, unless we elect, subject to certain conditions, to settle the warrants in cash. The warrants meet the criteria in ASC 815-40 to be classified within Stockholders' Equity, and therefore the warrants are not revalued after issuance.

2024 Capped Call Transactions
In connection with the issuance of the 2024 Notes, we entered into privately negotiated capped call transactions on our common stock with certain commercial banks. The 2024 capped call transactions cover, subject to anti-dilution adjustments substantially similar to those in the 2024 Notes, approximately 6.1 million shares of our common stock, the same number of shares initially underlying the convertible notes, at a strike price of approximately $131.2353, subject to customary adjustments. The cap price of the 2024 capped call transactions will initially be $205.86 per share, which represents a premium of 100% over the last reported stock price per share of the Company's common stock on June 17, 2024, and is subject to certain adjustments under the terms of the 2024 capped call transactions. The 2024 capped call transactions will expire upon the maturity of the 2024 Notes, subject to earlier exercise or termination.

We made a tax election to integrate the 2024 Notes and the 2024 capped call transactions. We are retaining the identification statements in our books and records, together with a schedule providing the accruals on the synthetic debt instruments. The accounting impact of this tax election makes the capped call transactions deductible as original issue discount for tax purposes over the term of the 2024 Notes, and results in a $26.7 million deferred tax asset recognized through equity.

Accumulated Other Comprehensive Income (Loss) (AOCI)

The changes in the components of AOCI, net of tax, were as follows:

In thousands	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) on Derivative Instruments	Net Unrealized Gain (Loss) on Nonderivative Instruments	Pension Benefit Obligation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balances at January 1, 2023	$ (83,193)	$ (210)	$ (14,380)	$ 3,109	$ (94,674)
OCI before reclassifications	9,165	—	—	—	9,165
Amounts reclassified from AOCI	—	—	—	(213)	(213)
Total other comprehensive income (loss)	9,165	—	—	(213)	8,952
Balances at June 30, 2023	$ (74,028)	$ (210)	$ (14,380)	$ 2,896	$ (85,722)
Balances at January 1, 2024	$ (67,643)	$ (210)	$ (14,380)	$ 1,043	$ (81,190)
OCI before reclassifications	(16,269)	—	—	—	(16,269)
Amounts reclassified from AOCI	—	—	—	(573)	(573)
Total other comprehensive income (loss)	(16,269)	—	—	(573)	(16,842)
Balances at June 30, 2024	$ (83,912)	$ (210)	$ (14,380)	$ 470	$ (98,032)

The before-tax, income tax (provision) benefit, and net-of-tax amounts related to each component of other comprehensive income (OCI) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Before-tax amount				
Foreign currency translation adjustment	$ (5,453)	$ 2,033	$ (16,361)	$ 9,260
Net defined benefit plan gain reclassified to net income	(637)	(107)	(688)	(213)
Total other comprehensive income (loss), before tax	$ (6,090)	$ 1,926	$ (17,049)	$ 9,047
Tax (provision) benefit				
Foreign currency translation adjustment	$ 35	$ (93)	$ 92	$ (95)
Net defined benefit plan loss reclassified to net income	121	—	115	—
Total other comprehensive income (loss) tax (provision) benefit	$ 156	$ (93)	$ 207	$ (95)
Net-of-tax amount				
Foreign currency translation adjustment	$ (5,418)	$ 1,940	$ (16,269)	$ 9,165
Net defined benefit plan gain reclassified to net income	(516)	(107)	(573)	(213)
Total other comprehensive income (loss), net of tax	$ (5,934)	$ 1,833	$ (16,842)	$ 8,952

Note 14: Fair Value of Financial Instruments

The fair values at June 30, 2024 and December 31, 2023 do not reflect subsequent changes in the economy, interest rates, tax rates, and other variables that may affect the determination of fair value.

	June 30, 2024		December 31, 2023	
In thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Credit facility				
Multicurrency revolving line of credit	$ —	$ —	$ —	$ —
Convertible notes	1,239,772	1,262,373	454,827	423,476

The following methods and assumptions were used in estimating fair values:

Cash and cash equivalents: Due to the liquid nature of these instruments, the carrying amount approximates fair value (Level 1).

Credit facility - multicurrency revolving line of credit: The revolver is not traded publicly. The fair values, which are determined based upon a hypothetical market participant, are calculated using a discounted cash flow model with Level 2 inputs, including estimates of incremental borrowing rates for debt with similar terms, maturities, and credit profiles. Refer to Note 6: Debt for a further discussion of our debt.

Convertible notes: The convertible notes are not listed on any securities exchange but may be actively traded. The fair value is estimated using Level 1 inputs, as it is based on quoted prices for these instruments in active markets.

Derivatives: Each derivative asset and liability has a carrying value equal to fair value. The fair values of our derivative instruments are determined using the income approach and significant other observable inputs (and are classified as Level 2 in the fair value hierarchy). We have used observable market inputs based on the type of derivative and the nature of the underlying instrument. The key inputs include foreign exchange spot and forward rates, all of which are available in an active market. We have utilized the mid-market pricing convention for these inputs.

Note 15: Segment Information

We operate under the Itron brand worldwide and manage and report under three operating segments: Device Solutions, Networked Solutions, and Outcomes.

We have three GAAP measures of segment performance: revenues, gross profit (gross margin), and operating income (operating margin). Intersegment revenues are minimal. Certain operating expenses are allocated to the operating segments based upon internally established allocation methodologies. Corporate operating expenses, interest income, interest expense, other income (expense), and the income tax provision (benefit) are neither allocated to the segments, nor are they included in the measure of segment performance. Goodwill impairment charges are recognized in Corporate unallocated. In addition, we allocate only certain production assets and intangible assets to our operating segments. We do not manage the performance of the segments on a balance sheet basis.

Segment Products

Device Solutions – This segment primarily includes hardware products used for measurement, control, or sensing. These products generally do not have communications capability or may be designed for use with non-Itron systems. Examples from the Device Solutions portfolio include: standard endpoints that are shipped without Itron communications, such as our standard gas, electricity, and water meters for a variety of global markets and adhering to regulations and standards within those markets, as well as our heat and allocation products; communicating meters that are not a part of an Itron end-to-end solution and designed to meet market requirements; and the implementation and installation of said hardware products.

Networked Solutions – This segment primarily includes a combination of communicating devices (e.g., smart meters, modules, endpoints, and sensors), network infrastructure, and associated head-end management and application software designed and sold as a complete solution for acquiring and transporting robust application-specific data. Networked Solutions includes products and software for the implementation, installation, and management of communicating devices and data networks. The Industrial Internet of Things (IIoT) solutions supported by this segment include automated meter reading (AMR); advanced metering infrastructure (AMI) for electricity, water and gas; distributed energy resource management (DERMs); smart grid and distribution automation; smart street lighting; and leak detection and applications for both gas and water systems. Our IIoT platform allows utility and smart city applications to be run and managed on a flexible multi-purpose network.

Outcomes – This segment primarily includes our value-added, enhanced software and services, artificial intelligence, and machine learning in which we enable grid edge intelligence and manage, organize, analyze, and interpret raw, anonymized data to improve decision making, maximize operational profitability, enhance resource efficiency, improve grid analytics, and deliver results for consumers, utilities, and smart cities. Outcomes supports high-value use cases, such as data management, grid operations, distributed intelligence, AMI operations, gas distribution and safety, water operations management, revenue assurance, DERMs, energy forecasting, consumer engagement, smart payment, and fleet energy resource management. Utilities leverage these outcomes to unlock the capabilities of their networks and devices, improve the productivity of their workforce, increase the reliability of their operations, manage and optimize the proliferation of distributed energy resources (DERs), address grid complexity, and enhance the customer experience. Revenue from these offerings are primarily recurring in nature and would include any direct management of Device Solutions, Networked Solutions, and other third-parties' products on behalf of our end customers.

Revenues, gross profit, and operating income associated with our operating segments were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	2024	2023	2024	2023
Product revenues				
Device Solutions	$ 117,929	$ 112,509	$ 243,837	$ 229,960
Networked Solutions	387,351	330,668	768,656	612,138
Outcomes	27,627	21,626	48,236	39,029
Total Company	$ 532,907	$ 464,803	$ 1,060,729	$ 881,127
Service revenues				
Device Solutions	$ 621	$ 651	$ 1,465	$ 1,454
Networked Solutions	25,353	30,262	51,564	62,260
Outcomes	50,188	45,354	98,753	90,847
Total Company	$ 76,162	$ 76,267	$ 151,782	$ 154,561
Total revenues				
Device Solutions	$ 118,550	$ 113,160	$ 245,302	$ 231,414
Networked Solutions	412,704	360,930	820,220	674,398
Outcomes	77,815	66,980	146,989	129,876
Total Company	$ 609,069	$ 541,070	$ 1,212,511	$ 1,035,688
Gross profit				
Device Solutions	$ 31,231	$ 24,719	$ 61,295	$ 48,432
Networked Solutions	152,157	121,873	303,182	227,649
Outcomes	27,072	27,355	51,362	54,234
Total Company	$ 210,460	$ 173,947	$ 415,839	$ 330,315
Operating income				
Device Solutions	$ 23,725	$ 14,084	$ 45,428	$ 28,162
Networked Solutions	117,444	88,593	234,122	163,549
Outcomes	10,651	12,676	19,742	25,587
Corporate unallocated	(87,173)	(80,253)	(171,845)	(192,591)
Total Company	64,647	35,100	127,447	24,707
Total other income (expense)	2,393	(802)	4,809	(2,516)
Income before income taxes	$ 67,040	$ 34,298	$ 132,256	$ 22,191

For the three and six months ended June 30, 2024 and 2023, no single customer represented more than 10% of total company revenue.

Revenues by region were as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
United States and Canada	$ 498,388	$ 430,617	$ 980,484	$ 803,459
Europe, Middle East, and Africa	86,781	85,676	185,437	184,420
Asia Pacific	23,900	24,777	46,590	47,809
Total Company	$ 609,069	$ 541,070	$ 1,212,511	$ 1,035,688

Depreciation expense is allocated to the operating segments based upon each segment's use of the assets. All amortization expense is recognized within Corporate unallocated. Depreciation and amortization of intangible assets expense associated with our operating segments was as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Device Solutions	$ 2,832	$ 3,229	$ 5,430	$ 6,491
Networked Solutions	3,997	4,068	8,015	8,199
Outcomes	1,504	1,224	2,960	2,478
Corporate unallocated	5,186	5,384	9,858	11,200
Total Company	$ 13,519	$ 13,905	$ 26,263	$ 28,368

Note 16: Revenues

A summary of significant net changes in the contract assets and the contract liabilities balances during the period is as follows:

In thousands	Contract Liabilities, Less Contract Assets
Beginning balance, January 1, 2024	$ 82,885
Revenues recognized from beginning contract liability	(59,846)
Cumulative catch-up adjustments	3,279
Increases due to amounts collected or due	187,812
Revenues recognized from current period increases	(93,924)
Other	(717)
Ending balance, June 30, 2024	$ 119,489

On January 1, 2024, total contract assets were $80.1 million and total contract liabilities were $163.0 million. On June 30, 2024, total contract assets were $84.4 million and total contract liabilities were $203.9 million. The contract assets primarily relate to contracts that include a retention clause and allocations related to contracts with multiple performance obligations. The contract liabilities primarily relate to deferred revenue, such as extended warranty and maintenance agreements. The cumulative catch-up adjustments relate to contract modifications, measure-of-progress changes, and changes in the estimate of the transaction price.

Transaction price allocated to the remaining performance obligations

Total transaction price allocated to remaining performance obligations represents committed but undelivered products and services for contracts and purchase orders at period end. Twelve-month remaining performance obligations represent the portion of total transaction price allocated to remaining performance obligations that we estimate will be recognized as revenue over the next 12 months. Total transaction price allocated to remaining performance obligations is not a complete measure of our future revenues as we also receive orders where the customer may have legal termination rights but are not likely to terminate.

Total transaction price allocated to remaining performance obligations related to contracts is approximately $1.6 billion for the next 12 months and approximately $1.7 billion for periods longer than 12 months. The total remaining performance obligations consist of product and service components. The service component relates primarily to maintenance agreements for which customers pay a full year's maintenance in advance, and service revenues are generally recognized over the service period. Total transaction price allocated to remaining performance obligations also includes our extended warranty contracts, for which revenue is recognized over the extended warranty period, and hardware, which is recognized as units are delivered. The estimate of when remaining performance obligations will be recognized requires significant judgment.

Cost to obtain a contract and cost to fulfill a contract with a customer
Cost to obtain a contract and costs to fulfill a contract were capitalized and amortized using a systematic rational approach to align with the transfer of control of underlying contracts with customers. While amounts were capitalized, they are not material.

Disaggregation of revenue
Refer to Note 15: Segment Information and the Consolidated Statements of Operations for disclosure regarding the disaggregation of revenue into categories, which depict how revenue and cash flows are affected by economic factors. Specifically, our operating segments and geographical regions as disclosed, and categories for products, which include hardware and software and services, are presented.

Note 17: Business Combination

Elpis2, Inc.
On March 1, 2024, we completed the acquisition of 100% of the shares of Elpis2, Inc. (Elpis Squared), a privately held software and services company. This acquisition provides value to Itron through the leverage of Elpis Squared's utility grid analytics, services, and operational software platforms to enhance Itron's Outcomes offerings. The acquisition was deemed a business acquisition. The sales, results of operations, and acquisition-related costs associated with the acquisition were not material.

The purchase price for this acquisition is $34.1 million. The purchase price was allocated to assets acquired and liabilities assumed, primarily $15.0 million in finite-lived intangible assets and $19.7 million in goodwill. Since this was a stock acquisition, none of the goodwill is deductible for tax purposes. The purchase was funded through cash on hand. Refer to Note 4: Intangible Assets and Liabilities and Note 5: Goodwill for additional information.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes included in this report and with the consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (SEC) in our Annual Report on Form 10-K on February 26, 2024 (2023 Annual Report).

The objective of Management's Discussion and Analysis is to provide our assessment of the financial condition and results of operations, including an evaluation of our liquidity and capital resources along with material events occurring during the year. The discussion and analysis focuses on material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. In addition, we address matters that are reasonably likely, based on management's assessment, to have a material impact on future operations. We expect the analysis will enhance a reader's understanding of our financial condition, cash flows, and other changes in financial condition and results of operations.

Documents we provide to the SEC are available free of charge under the Investors section of our website at *https://www.itron.com* as soon as practicable after they are filed with or furnished to the SEC. In addition, these documents are available at the SEC's website (*https://www.sec.gov*).

Certain Forward-Looking Statements

This report contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical factors nor assurances of future performance. These statements are based on our expectations about, among others, revenues, operations, financial performance, earnings, liquidity, earnings per share, cash flows and restructuring activities including headcount reductions and other cost savings initiatives. This document reflects our current strategy, plans and expectations and is based on information currently available as of the date of this Quarterly Report on Form 10-Q. When we use words such as "expect", "intend", "anticipate", "believe", "plan", "goal", "seek", "project", "estimate", "future", "strategy", "objective", "may", "likely", "should", "will", "will continue", and similar expressions, including related to future periods, they are intended to identify forward-looking statements. Forward-looking statements rely on a number of assumptions and estimates. Although we believe the estimates and assumptions upon which these forward-looking statements are based are reasonable, any of these estimates or assumptions could prove to be inaccurate and the forward-looking statements based on these estimates and assumptions could be incorrect. Our operations involve risks and *uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors. Therefore, you should not rely on any of these forward-looking statements. Some of the factors that we believe could affect our results include our ability to execute on our restructuring plans, our ability to achieve estimated cost savings, the rate and timing of customer demand for our products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, adverse impacts of litigation, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock-based and bonus compensation, increasing volatility in foreign exchange rates, international business risks, uncertainties caused by adverse economic conditions, including without limitation those resulting from extraordinary events or circumstances and other factors that are more fully described in Part I, Item 1A: Risk Factors included in our 2023 Annual Report and other reports on file with the SEC. We undertake no obligation to update or revise any forward-looking statement, whether written or oral.*

Overview

We are a technology, solutions, and service company, and we are a leader in the Industrial Internet of Things (IIoT). We offer solutions that enable utilities and municipalities to safely, securely, and reliably operate their critical infrastructure. Our solutions include the deployment of smart networks, software, services, devices, sensors, and data analytics that allow our customers to manage assets, secure revenue, lower operational costs, improve customer service, improve safety, and enable efficient management of valuable resources. Our comprehensive solutions and data analytics address the unique challenges facing the energy, water, and municipality sectors, including increasing demand on resources, non-technical loss, leak detection, environmental and regulatory compliance, and improved operational reliability.

We operate under the Itron brand worldwide and manage and report under three operating segments: Device Solutions, Networked Solutions, and Outcomes. The product and operating definitions of the three segments are as follows:

Device Solutions – This segment primarily includes hardware products used for measurement, control, or sensing. These products generally do not have communications capability or may be designed for use with non-Itron systems. Examples from the Device Solutions portfolio include: standard endpoints that are shipped without Itron communications, such as our standard gas, electricity, and water meters for a variety of global markets and adhering to regulations and standards within those markets, as well as our heat and allocation products; communicating meters that are not a part of an Itron end-to-end solution and designed to meet market requirements; and the implementation and installation of said hardware products.

Networked Solutions – This segment primarily includes a combination of communicating devices (e.g., smart meters, modules, endpoints, and sensors), network infrastructure, and associated head-end management and application software designed and sold as a complete solution for acquiring and transporting robust application-specific data. Networked Solutions includes products and software for the implementation, installation, and management of communicating devices and data networks. The IIoT solutions supported by this segment include automated meter reading (AMR); advanced metering infrastructure (AMI) for electricity, water and gas; distributed energy resource management (DERMs); smart grid and distribution automation; smart street lighting; and leak detection and applications for both gas and water systems. Our IIoT platform allows utility and smart city applications to be run and managed on a flexible multi-purpose network.

Outcomes – This segment primarily includes our value-added, enhanced software and services, artificial intelligence, and machine learning in which we enable grid edge intelligence and manage, organize, analyze, and interpret raw, anonymized data to improve decision making, maximize operational profitability, enhance resource efficiency, improve grid analytics, and deliver results for consumers, utilities, and smart cities. Outcomes supports high-value use cases, such as data management, grid operations, distributed intelligence, AMI operations, gas distribution and safety, water operations management, revenue assurance, DERMs, energy forecasting, consumer engagement, smart payment, and fleet energy resource management. Utilities leverage these outcomes to unlock the capabilities of their networks and devices, improve the productivity of their workforce, increase the reliability of their operations, manage and optimize the proliferation of distributed energy resources (DERs), address grid complexity, and enhance the customer experience. Revenue from these offerings are primarily recurring in nature and would include any direct management of Device Solutions, Networked Solutions, and other third-parties' products on behalf of our end customers.

We have three measures of segment performance: revenues, gross profit (margin), and operating income (margin). Intersegment revenues are minimal. Certain operating expenses are allocated to the operating segments based upon internally established allocation methodologies. Interest income, interest expense, other income (expense), the income tax provision (benefit), and certain corporate operating expenses are neither allocated to the segments nor included in the measures of segment performance.

Non-GAAP Measures

To supplement our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States (GAAP), we use certain adjusted or non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted earnings per share (EPS), adjusted EBITDA, free cash flow, and constant currency. We provide these non-GAAP financial measures because we believe they provide greater transparency and represent supplemental information used by management in its financial and operational decision making. We exclude certain costs in our non-GAAP financial measures as we believe the net result is a measure of our core business. We believe these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. Non-GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Our non-GAAP financial measures may be different from those reported by other companies.

In our discussions of the operating results below, we may refer to the impact of foreign currency exchange rate fluctuations, which are references to the differences between the foreign currency exchange rates we use to convert operating results from local currencies into U.S. dollars for reporting purposes. We also use the term "constant currency", which represents results adjusted to exclude foreign currency exchange rate impacts. We calculate the constant currency change as the difference between the current period results translated using the current period currency exchange rates and the comparable prior period's results restated using current period currency exchange rates. We believe the reconciliations of changes in constant currency provide useful supplementary information to investors in light of fluctuations in foreign currency exchange rates.

Refer to the *Non-GAAP Measures* section below on pages 44-47 for information about these non-GAAP measures and the detailed reconciliation of items that impacted non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, adjusted EBITDA, and free cash flow in the periods presented.

Total Company Highlights

Highlights and significant developments for the three months ended June 30, 2024 compared with the three months ended June 30, 2023

- Revenues were $609.1 million compared with $541.1 million in 2023, an increase of 13%
- Gross margin was 34.6%, compared with 32.1% in 2023
- Operating expenses increased $7.0 million, or 5%, compared with 2023
- Net income attributable to Itron, Inc. was $51.3 million compared with net income of $24.2 million in 2023
- GAAP diluted EPS increased by $0.57 to a diluted income per share of $1.10 in 2024
- Non-GAAP net income attributable to Itron, Inc. was $56.1 million compared with $29.8 million in 2023
- Non-GAAP diluted EPS was $1.21, an increase of $0.56 compared with 2023
- Adjusted EBITDA was $77.1 million compared with $49.3 million in 2023
- Total backlog was $4.1 billion and twelve-month backlog was $1.8 billion at June 30, 2024, compared with $4.4 billion and $2.0 billion at June 30, 2023

Highlights and significant developments for the six months ended June 30, 2024 compared with the six months ended June 30, 2023

- Revenues were $1.2 billion compared with $1.0 billion in 2023, an increase of $176.8 million, or 17%
- Gross margin was 34.3% compared with 31.9% in 2023
- Operating expenses decreased $17.2 million, or 6%, compared with 2023
- Net income attributable to Itron, Inc. was $103.0 million compared with net income of $12.4 million in 2023
- GAAP diluted EPS increased by $1.95 to a diluted income per share of $2.22 in 2024
- Non-GAAP net income attributable to Itron, Inc. was $113.4 million compared with $52.2 million in 2023
- Non-GAAP diluted EPS was $2.44, an increase of $1.30 compared with 2023
- Adjusted EBITDA was $153.6 million compared with $88.8 million in 2023

Amendment to 2018 credit facility

On June 14, 2024, we entered into an eighth amendment of the 2018 credit facility. In contemplation of the issuance of the 2024 convertible notes, this amendment to the Credit Agreement removed the $500 million maximum amount of convertible notes we could offer.

Convertible Notes

On June 21, 2024, we closed the sale of $805 million of convertible notes (the 2024 Notes) in a private placement to qualified institutional buyers, resulting in net proceeds to us of $784 million. The 2024 Notes will accrue interest at a rate of 1.375% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2025. The 2024 Notes will mature on July 15, 2030, unless earlier repurchased, redeemed, or converted in accordance with their terms. Refer to Item 1: Financial Statements (Unaudited), Note 6: Debt, and Note 13: Shareholders' Equity included in this Quarterly Report on Form 10-Q for additional information.

Stock Repurchase Program

In June 2024, we repurchased 971,534 shares under the 2023 Stock Repurchase Program at an average price of $102.93 (excluding commissions) for a total of $100.0 million. This repurchase was completed in conjunction with the issuance of the convertible notes.

Business Acquisition

On March 1, 2024, we completed the acquisition of 100% of the shares of Elpis2, Inc. (Elpis Squared), a privately held software and services company. This acquisition provides value to Itron through the leverage of Elpis Squared's utility grid analytics, services, and operational software platforms to enhance Itron's Outcomes offerings. The acquisition was deemed a business acquisition. The sales, results of operations, and acquisition-related costs associated with the acquisition were not material. The purchase price for this acquisition is $34.1 million. The purchase price was allocated to assets acquired and liabilities assumed, primarily $15.0 million in finite-lived intangible assets and $19.7 million in goodwill. Since this was a stock acquisition, none of the goodwill is deductible for tax purposes. The purchase was funded through cash on hand.

Global Geopolitical and Economic Supply Chain Risk

Global economic impacts, such as pandemics and various ongoing conflicts around the world, may create disruption in customer demand and global supply chains, resulting in market volatility, which our management continues to monitor. In the aftermath of these types of events, global supply chains, including labor, may struggle to keep pace with rapidly changing demand. Temporary imbalance in supply and demand may create business uncertainties that include costs and availability. Efforts continue with suppliers to improve supply resiliency, including the approval of alternate sources. Additionally, inflation in our raw materials and component costs, freight charges, and labor costs may increase above historical levels due to, among other things, the continuing impacts of an uncertain economic environment. We may or may not be able to fully recover these increased costs through pricing actions with our customers. Currently, we have not identified any significant decrease in long-term customer demand for our products and services. For more information on risks associated with global economic challenges, please see our risk in Part I, Item 1A: Risk Factors in our 2023 Annual Report.

While we have limited direct business exposure in areas with current conflict, such as Ukraine and Israel, military actions globally and any resulting sanctions could adversely affect the global economy, as well as further disrupt the supply chain. A major disruption in the global economy and supply chain could have a material adverse effect on our business, prospects, financial condition, results of operations, and cash flows. The extent and duration of the military action, sanctions, and resulting market and/or supply disruptions are impossible to predict but could be substantial, and our management continues to monitor these events closely.

Total Company GAAP and Non-GAAP Highlights and Endpoints Under Management:

In thousands, except margin and per share data	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	% Change	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	% Change
GAAP						
Revenues						
Product revenues	$ 532,907	$ 464,803	15%	$ 1,060,729	$ 881,127	20%
Service revenues	76,162	76,267	—%	151,782	154,561	(2)%
Total revenues	609,069	541,070	13%	1,212,511	1,035,688	17%
Gross profit	210,460	173,947	21%	415,839	330,315	26%
Operating expenses	145,813	138,847	5%	288,392	305,608	(6)%
Operating income	64,647	35,100	84%	127,447	24,707	416%
Other income (expense)	2,393	(802)	NM	4,809	(2,516)	NM
Income tax provision	(15,180)	(9,195)	65%	(28,609)	(9,125)	214%
Net income attributable to Itron, Inc.	51,318	24,201	112%	103,039	12,365	733%
Non-GAAP[(1)]						
Non-GAAP operating expenses	$ 141,376	$ 132,595	7%	$ 279,430	$ 257,636	8%
Non-GAAP operating income	69,084	41,352	67%	136,409	72,679	88%
Non-GAAP net income attributable to Itron, Inc.	56,102	29,824	88%	113,393	52,206	117%
Adjusted EBITDA	77,105	49,300	56%	153,585	88,768	73%
GAAP Margins and Earnings Per Share						
Gross margin						
Product gross margin	33.1 %	30.7 %		32.7 %	29.7 %	
Service gross margin	45.0 %	41.2 %		45.2 %	44.5 %	
Total gross margin	34.6 %	32.1 %		34.3 %	31.9 %	
Operating margin	10.6 %	6.5 %		10.5 %	2.4 %	
Net income per common share - Basic	$ 1.12	$ 0.53		$ 2.25	$ 0.27	
Net income per common share - Diluted	$ 1.10	$ 0.53		$ 2.22	$ 0.27	
Non-GAAP Earnings Per Share[(1)]						
Non-GAAP diluted EPS	$ 1.21	$ 0.65		$ 2.44	$ 1.14	

(1) These measures exclude certain expenses that we do not believe are indicative of our core operating results. See pages 44-47 for information about these non-GAAP measures and reconciliations to the most comparable GAAP measures.

Definition of an Endpoint Under Management

An "endpoint under management" is a unique endpoint, or data from that endpoint, which Itron manages via our networked platform or a third party's platform that is connected to one or multiple types of endpoints. Itron's management of an endpoint occurs when on behalf of our client, we manage one or more of the physical endpoints, operating system, data, application, data analytics, and/or outcome deriving from this unique endpoint. Itron has the ability to monitor and/or manage endpoints or the data from the endpoints via Network-as-a-Service (NaaS), Software-as-a-Service (SaaS), and/or a licensed offering at a remote location designated by our client. Our offerings typically, but not exclusively, provide an Itron product or Itron certified partner product to our clients that has the capability of one-way communication or two-way communication of data that may include remote product configuration and upgradability. Examples of these offerings include our Temetra, OpenWay®, OpenWay® Riva and Gen X.

This metric primarily includes Itron or third-party endpoints deployed within the electricity, water, and gas utility industries, as well as within cities and municipalities around the globe. Endpoints under management also include smart communication modules and network interface cards (NICs) within Itron's platforms. At times, these NICs are communicating modules that were sold separately from an Itron product directly to our customers or to third party manufacturers for use in endpoints such as electric, water, and gas meters; streetlights and other types of IIoT sensors and actuators; sensors and other capabilities that the end customer would like Itron to connect and manage on its behalf.

The endpoints under management metric only accounts for the specific, unique endpoint itself, though that endpoint may have multiple applications, services, outcomes, and higher margin recurring offerings associated with it. This metric does not reflect the multi-application value that can be derived from the individual endpoint itself. Additionally, this metric excludes those endpoints that are non-communicating, non-Itron system hardware component sales or licensed applications for which Itron does not manage the unit or the data from that unit directly.

While the one-time sale of the platform and endpoints is primarily delivered via our Networked Solutions segment, our enhanced solutions, on-going monitoring, maintenance, software, analytics, and distributed intelligent applications are predominantly recognized in our Outcomes segment. We anticipate the opportunity to increase our penetration of Outcomes applications, software, and managed applications will increase as our endpoints under management increases. Management believes using the endpoints under management metric enhances insight of the strategic and operational direction of our Networked Solutions and Outcomes segments to serve clients for years following their one-time installation of an endpoint.

A summary of our endpoints under management is as follows:

	As of June 30,	
Units in thousands	**2024**	**2023**
Endpoints under management	100,946	94,458

Results of Operations

Revenues and Gross Margin

The actual results of and effects of changes in foreign currency exchange rates on revenues and gross profit were as follows:

	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Revenues	$ 609,069	$ 541,070	$ (1,658)	$ 69,657	$ 67,999
Gross profit	210,460	173,947	(521)	37,034	36,513

	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Revenues	$ 1,212,511	$ 1,035,688	$ (458)	$ 177,281	$ 176,823
Gross profit	415,839	330,315	(294)	85,818	85,524

Revenues - Three months ended June 30, 2024 vs. Three months ended June 30, 2023

Total revenues increased $68.0 million, or 13%, in the current 2024 quarter, compared with the same period in 2023. Product revenues increased by $68.1 million, and service revenues decreased $0.1 million. Device Solutions increased by $5.4 million; Networked Solutions increased by $51.8 million; and Outcomes increased by $10.8 million when compared with the same period last year. Changes in exchange rates unfavorably impacted total revenues by $1.7 million, of which $1.1 million impacted Device Solutions.

Revenues - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Total revenues increased $176.8 million, or 17%, compared with the same period in 2023. Product revenues increased by $179.6 million, and service revenues decreased by $2.8 million. Device Solutions increased by $13.9 million; Networked Solutions increased by $145.8 million; and Outcomes increased by $17.1 million when compared with the same period last year. Changes in exchange rates unfavorably impacted total revenues by $0.5 million, all of which impacted Networked Solutions.

Gross Margin - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Gross margin in the 2024 period was 34.6%, compared with 32.1% in 2023. Product sales gross margin increased to 33.1% for the quarter in 2024, compared with 30.7% in 2023. Gross margin on service revenues increased to 45.0% in 2024, compared with 41.2% in 2023.

Gross Margin - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Gross margin was 34.3%, compared with 31.9% in 2023. Product sales gross margin increased to 32.7%, compared with 29.7% in 2023, and gross margin on service revenues increased to 45.2%, compared with 44.5% in 2023.

Refer to Operating Segment Results section below for further detail on total company revenues and gross margin.

Operating Expenses

The actual results of and effects of changes in foreign currency exchange rates on operating expenses were as follows:

	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Sales, general and administrative	$ 88,413	$ 79,079	$ (139)	$ 9,473	$ 9,334
Research and development	53,053	53,560	64	(571)	(507)
Amortization of intangible assets	4,511	4,722	(8)	(203)	(211)
Restructuring	(99)	874	(11)	(962)	(973)
(Gain) loss on sale of business	(65)	612	(7)	(670)	(677)
Total operating expenses	$ 145,813	$ 138,847	$ (101)	$ 7,067	$ 6,966

	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Sales, general and administrative	$ 174,384	$ 154,600	$ 4	$ 19,780	$ 19,784
Research and development	105,454	103,125	138	2,191	2,329
Amortization of intangible assets	8,497	9,770	8	(1,281)	(1,273)
Restructuring	99	37,483	12	(37,396)	(37,384)
(Gain) loss on sale of business	(42)	630	(7)	(665)	(672)
Total operating expenses	$ 288,392	$ 305,608	$ 155	$ (17,371)	$ (17,216)

Operating expenses increased $7.0 million for the second quarter of 2024 as compared with the same period in 2023. This was primarily the result of an increase of $9.3 million in sales, general and administrative expenses, primarily driven by increased labor costs and professional services.

Operating expenses decreased $17.2 million for the six months ended June 30, 2024 as compared with the same period in 2023. This was primarily the result of a $37.4 million decrease in restructuring costs and a $1.3 million decrease in amortization of intangible assets. The decrease was partially offset by an increase of $19.8 million in sales, general and administrative expenses and a $2.3 million increase in research and development expenses, both driven by increased labor costs and professional services. For additional details, refer to Item 1: Financial Statements (Unaudited), Note 12: Restructuring included in this Quarterly Report on Form 10-Q.

Other Income (Expense)

The following table shows the components of other income (expense):

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands	2024	2023	% Change	2024	2023	% Change
Interest income	$ 5,128	$ 1,508	240%	$ 8,974	$ 3,326	170%
Amortization of prepaid debt fees	(979)	(931)	5%	(1,867)	(1,820)	3%
Other interest expense	(1,311)	(1,046)	25%	(2,316)	(2,214)	5%
Interest expense	(2,290)	(1,977)	16%	(4,183)	(4,034)	4%
Other income (expense), net	(445)	(333)	34%	18	(1,808)	NM
Total other income (expense)	$ 2,393	$ (802)	NM	$ 4,809	$ (2,516)	NM

Total other income (expense) for the three and six months ended June 30, 2024 was income of $2.4 million and $4.8 million, compared with net expense of $0.8 million and $2.5 million in the same period in 2023.

The net other income for the three months ended June 30, 2024, as compared with the same period in 2023, was primarily driven by the $3.6 million increase in interest income.

The net other income for the six months ended June 30, 2024, as compared with the same period in 2023, was primarily driven by the $5.6 million increase in interest income as well as increased other income driven by a $1.7 million foreign currency loss recognized in the six months ended June 30, 2023.

Income Tax Provision

For the three and six months ended June 30, 2024, our income tax expense was $15.2 million and $28.6 million, compared with income tax expense of $9.2 million and $9.1 million for the same periods in 2023. Our tax rate for the three and six months ended June 30, 2024 of 23% and 22% differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low-Taxed Income), net of Section 250 deduction, Subpart F income, a benefit related to stock-based compensation, tax credits, state taxes, and uncertain tax positions. Our tax rate for the three and six months ended June 30, 2023 of 27% and 41%, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low Taxed Income), net of Section 250 deduction, Subpart F income, an expense related to stock-based compensation, tax credits, and uncertain tax positions.

Beginning January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years, dependent upon the geography in which the expenditures are incurred. Although Congress has considered legislation that would defer, modify, or repeal the capitalization and amortization requirement, as of year-end no such deferral has been passed. The income tax provision has been prepared according to currently enacted tax legislation, including the effect of guidance issued in December 2023 that provided clarity regarding research providers and recipients.

In August 2022, the Inflation Reduction Act was signed into law, which made a number of changes to the Internal Revenue Code, including adding a 1% excise tax on stock buybacks by publicly traded corporations and a 15% minimum tax on adjusted financial statement income of certain large companies. We are subject to the new 1% excise tax beginning January 1, 2023, but the amount will vary depending upon various factors. The 15% minimum tax only applies to corporations with average book income in excess of $1 billion, therefore it is not currently applicable.

The Organization for Economic Cooperation and Development (OECD) guidance under the Base Erosion and Profit Shifting (BEPS) initiative aims to minimize perceived tax abuses and modernize global tax policy, including the implementation of a global minimum effective tax rate of 15%. In December 2022, the Council of the European Union adopted OECD Pillar 2 for implementation by European Union member states by December 31, 2023. Legislation is in various stages of adoption, from formal legislative proposals to passage into law, in most countries where Itron has significant operations, and is expected to take effect for calendar year 2024. The OECD continues to release more guidance on these rules and framework and we are evaluating the impact to our financial position. These enactments or amendments could adversely affect our tax rate and ultimately result in a negative impact on our operating results and cash flows. Based upon forecast calculations for calendar year 2024, the Company expects to meet the safe harbors in most jurisdictions, and the remaining top-up tax is forecasted to be immaterial.

For additional discussion related to income taxes, see Item 1: Financial Statements (Unaudited), Note 10: Income Taxes included in this Quarterly Report on Form 10-Q.

Operating Segment Results

For a description of our operating segments, refer to Item 1: Financial Statements (Unaudited), Note 15: Segment Information included in this Quarterly Report on Form 10-Q. The following tables and discussion highlight significant changes in trends or components of each operating segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Segment revenues						
Device Solutions	$ 118,550	$ 113,160	5%	$ 245,302	$ 231,414	6%
Networked Solutions	412,704	360,930	14%	820,220	674,398	22%
Outcomes	77,815	66,980	16%	146,989	129,876	13%
Total revenues	$ 609,069	$ 541,070	13%	$ 1,212,511	$ 1,035,688	17%

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
In thousands	***Gross Profit***	***Gross Margin***	***Gross Profit***	***Gross Margin***	***Gross Profit***	***Gross Margin***	***Gross Profit***	***Gross Margin***
Segment gross profit and margin								
Device Solutions	$ 31,231	26.3%	$ 24,719	21.8%	$ 61,295	25.0%	$ 48,432	20.9%
Networked Solutions	152,157	36.9%	121,873	33.8%	303,182	37.0%	227,649	33.8%
Outcomes	27,072	34.8%	27,355	40.8%	51,362	34.9%	54,234	41.8%
Total gross profit and margin	$ 210,460	34.6%	$ 173,947	32.1%	$ 415,839	34.3%	$ 330,315	31.9%

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Segment operating expenses						
Device Solutions	$ 7,506	$ 10,635	(29)%	$ 15,867	$ 20,270	(22)%
Networked Solutions	34,713	33,280	4%	69,060	64,100	8%
Outcomes	16,421	14,679	12%	31,620	28,647	10%
Corporate unallocated	87,173	80,253	9%	171,845	192,591	(11)%
Total operating expenses	$ 145,813	$ 138,847	5%	$ 288,392	$ 305,608	(6)%

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
In thousands	***Operating Income***	***Operating Margin***	***Operating Income***	***Operating Margin***	***Operating Income***	***Operating Margin***	***Operating Income***	***Operating Margin***
Segment operating income and operating margin								
Device Solutions	$ 23,725	20.0%	$ 14,084	12.4%	$ 45,428	18.5%	$ 28,162	12.2%
Networked Solutions	117,444	28.5%	88,593	24.5%	234,122	28.5%	163,549	24.3%
Outcomes	10,651	13.7%	12,676	18.9%	19,742	13.4%	25,587	19.7%
Corporate unallocated	(87,173)	NM	(80,253)	NM	(171,845)	NM	(192,591)	NM
Total operating income and operating margin	$ 64,647	10.6%	$ 35,100	6.5%	$ 127,447	10.5%	$ 24,707	2.4%

Device Solutions

The effects of changes in foreign currency exchange rates and the constant currency changes in certain Device Solutions segment financial results were as follows:

	Three Months Ended June 30,						Effect of Changes in Foreign Currency Exchange Rates		Constant Currency Change		Total Change
In thousands		2024		2023							
Device Solutions Segment											
Revenues	$	118,550	$	113,160	$		(1,080)	$	6,470	$	5,390
Gross profit		31,231		24,719			(411)		6,923		6,512
Operating expenses		7,506		10,635			(21)		(3,108)		(3,129)

	Six Months Ended June 30,						Effect of Changes in Foreign Currency Exchange Rates		Constant Currency Change		Total Change
In thousands		2024		2023							
Device Solutions Segment											
Revenues	$	245,302	$	231,414	$		(78)	$	13,966	$	13,888
Gross profit		61,295		48,432			(304)		13,167		12,863
Operating expenses		15,867		20,270			—		(4,403)		(4,403)

Revenues - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Revenues increased $5.4 million, or 5%. Changes in foreign currency exchange rates unfavorably impacted revenues by $1.1 million. The 2024 increase in revenues was driven primarily by increased smart water and electric product sales.

Revenues - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Revenues increased $13.9 million, or 6%. Changes in foreign currency exchange rates unfavorably impacted revenues by $0.1 million. The 2024 increase in revenues was driven primarily by increased smart water and electric product sales.

Gross Margin - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
For the three months ended June 30, 2024, gross margin was 26.3%, compared with 21.8% for the same period in 2023. The 450 basis point increase over the prior year was primarily due to an improved product mix.

Gross Margin - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
For the six months ended June 30, 2024, gross margin was 25.0%, compared with 20.9% for the same period in 2023. The 410 basis point increase over the prior year was primarily due to an improved product mix.

Operating Expenses - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Operating expenses decreased $3.1 million, or 29%, compared with 2023. The decrease was primarily due to lower product development costs.

Operating Expenses - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Operating expenses decreased $4.4 million, or 22%, for the first six months of 2024, compared with the same period in 2023. The decrease was primarily due to lower product development costs.

Networked Solutions

The effects of changes in foreign currency exchange rates and the constant currency changes in certain Networked Solutions segment financial results were as follows:

In thousands	**Three Months Ended June 30, 2024**	**2023**	**Effect of Changes in Foreign Currency Exchange Rates**	**Constant Currency Change**	**Total Change**
Networked Solutions Segment					
Revenues	$ 412,704	$ 360,930	$ (493)	$ 52,267	$ 51,774
Gross profit	152,157	121,873	(77)	30,361	30,284
Operating expenses	34,713	33,280	(6)	1,439	1,433

In thousands	**Six Months Ended June 30, 2024**	**2023**	**Effect of Changes in Foreign Currency Exchange Rates**	**Constant Currency Change**	**Total Change**
Networked Solutions Segment					
Revenues	$ 820,220	$ 674,398	$ (524)	$ 146,346	$ 145,822
Gross profit	303,182	227,649	(140)	75,673	75,533
Operating expenses	69,060	64,100	(5)	4,965	4,960

Revenues - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Revenues increased $51.8 million, or 14%, in 2024 compared with 2023. The increase was primarily from product revenues due to the ramp of ongoing and new project deployments and improved component supply enabling us to fulfill the previously constrained customer demand.

Revenues - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Revenues increased $145.8 million, or 22%, for the first six months of 2024 compared with the same period in 2023. The increase was primarily from product revenues due to the ramp of ongoing and new project deployments and improved component supply enabling us to fulfill the previously constrained customer demand.

Gross Margin - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Gross margin was 36.9% for the period ending June 30, 2024, compared with 33.8% in 2023. The 310 basis point increase was primarily related to favorable product and solutions volumes and mix.

Gross Margin - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Gross margin was 37.0% for the 2024 period, compared with 33.8% in 2023. The 320 basis point increase was primarily related to favorable product and solutions volumes and mix as well as improved operational efficiencies.

Operating Expenses - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Operating expenses increased $1.4 million, or 4%, for the quarter in 2024, compared with the same period in 2023. The increase was primarily related to higher product development costs.

Operating Expenses - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Operating expenses increased $5.0 million, or 8%, for the first six months of 2024, compared with the same period in 2023. The increase was primarily related to higher product development costs.

Outcomes

The effects of changes in foreign currency exchange rates and the constant currency changes in certain Outcomes segment financial results were as follows:

In thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Outcomes Segment					
Revenues	$ 77,815	$ 66,980	$ (85)	$ 10,920	$ 10,835
Gross profit	27,072	27,355	(33)	(250)	(283)
Operating expenses	16,421	14,679	(2)	1,744	1,742

In thousands	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Outcomes Segment					
Revenues	$ 146,989	$ 129,876	$ 144	$ 16,969	$ 17,113
Gross profit	51,362	54,234	150	(3,022)	(2,872)
Operating expenses	31,620	28,647	8	2,965	2,973

Revenues - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
For the 2024 period, revenues increased $10.8 million, or 16%, compared with the 2023 period. This increase was driven by growth in recurring managed services, delivery services, distributed energy management, and revenue for grid planning solutions from the recent acquisition of Elpis2, Inc (Elpis Squared).

Revenues - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Revenues increased $17.1 million, or 13%, for the first six months of 2024, compared with 2023. This increase was driven by growth in recurring managed services, delivery services, distributed energy management, and revenue for grid planning solutions from the Elpis Squared acquisition.

Gross Margin - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Gross margin decreased to 34.8% for the second quarter of 2024, compared with 40.8% for the same period last year. The 600 basis point decrease was driven by increased services cost and lower software sales in the current period.

Gross Margin - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Gross margin decreased to 34.9% for the period ending in 2024, compared with 41.8% for last year. The 690 basis point decrease was driven by increased services cost and lower software sales in the current period.

Operating Expenses - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Operating expenses for the 2024 period increased $1.7 million, or 12%, compared with the same period last year. This was primarily related to increased product development investment.

Operating Expenses - Six months ended June 30, 2024 vs. Six months ended June 30, 2023
Operating expenses for the first six months of 2024 increased $3.0 million, or 10%, compared with the same period last year. This was primarily related to increased product development investment.

Corporate Unallocated

Corporate Unallocated Expenses - Three months ended June 30, 2024 vs. Three months ended June 30, 2023
Operating expenses not directly associated with an operating segment are classified as Corporate unallocated. These expenses increased $6.9 million, or 9%, for the three months ended June 30, 2024 compared with the same period in 2023. This increase was primarily the result of $8.9 million increase in sales, general and administrative expenses, driven by increased labor costs and professional services. This increase was partially offset by a $1.0 million decrease in restructuring costs.

Corporate Unallocated Expenses - Six months ended June 30, 2024 vs. Six months ended June 30, 2023

For the first six months of 2024, Corporate unallocated expenses decreased $20.7 million, or 11%, compared with the 2023 period. This was primarily the result of a $37.4 million decrease in restructuring costs, as well as a $1.3 million decrease in amortization of intangible assets. The decreases were offset by a $18.4 million increase in sales, general and administrative expenses, primarily driven by increased labor costs and professional services.

Bookings and Backlog of Orders

Bookings for a reported period represent customer contracts and purchase orders received during the period for hardware, software, and services that have met certain conditions, such as regulatory and/or contractual approval. Total backlog represents committed but undelivered products and services for contracts and purchase orders at period-end. Twelve-month backlog represents the portion of total backlog that reflects our understanding of customer's desired deployment over the next 12 months. The actual revenue recognized and timing of revenue earned from backlog may vary based on actual currency rates at the time of shipment, availability of critical supply components, and adjusted customer project timing. Backlog is not a complete measure of our future revenues as we also receive book-and-ship orders and frame contracts. Bookings and backlog vary from period to period primarily due to the timing of large project awards. In addition, annual or multi-year contracts are subject to rescheduling due to the long-term nature of the contracts. Certain of our customers have the right to cancel contracts, but we do not have a history of any significant cancellations. Beginning total backlog, plus bookings, minus revenues, will not equal ending total backlog due to miscellaneous contract adjustments, foreign currency fluctuations, and other factors. Total bookings and backlog include certain contracts with a termination for convenience clause, which will not agree to the total transaction price allocated to the remaining performance obligations disclosed in Item 1: Financial Statements (Unaudited), Note 16: Revenues included in this Quarterly Report on Form 10-Q.

Quarter Ended	Quarterly Bookings	Ending Total Backlog	Ending 12-Month Backlog
In millions			
June 30, 2024	$ 447	$ 4,093	$ 1,809
March 31, 2024	361	4,272	1,927
December 31, 2023	839	4,511	2,032
September 30, 2023	413	4,241	2,022
June 30, 2023	475	4,397	2,008

Financial Condition

Cash Flow Information

	Six Months Ended June 30,	
In thousands	2024	2023
Net cash provided by operating activities	$ 93,025	$ 42,989
Net cash used in investing activities	(47,820)	(13,220)
Net cash provided by financing activities	576,839	770
Effect of foreign exchange rate changes on cash and cash equivalents	(3,454)	241
Increase in cash and cash equivalents	$ 618,590	$ 30,780

Cash and cash equivalents were $920.6 million at June 30, 2024, compared with $302.0 million at December 31, 2023. The $618.6 million increase in cash and cash equivalents in the 2024 period was primarily the net proceeds provided by the convertible notes issuance and cash provided by operations as a result of higher earnings, partially offset by cash used in investing activities for the acquisition of Elpis Squared.

Operating activities

Cash provided by operating activities during the six months in 2024 was $93.0 million compared with $43.0 million during the same period in 2023. The increase was primarily due to increased earnings and working capital conversion, partially offset by higher restructuring and variable compensation payouts in 2024.

Investing activities
During the six months ended June 30, 2024, net cash used in investing activities was $47.8 million compared with $13.2 million in 2023, resulting in a change of $34.6 million. The increase in cash used was primarily the result of the acquisition of Elpis Squared for $34.1 million in 2024 and increase in property, plant, and equipment purchased of $1.8 million in 2024 compared with the same period in 2023.

Financing activities
Net cash provided by financing activities during the six months in 2024 was $576.8 million, compared with net cash provided of $0.8 million for the same period in 2023. The increase is due primarily to the issuance of convertible notes, net of total debt issuance cost, totaling $784 million, partially offset by the purchase of the capped call for the convertible offering of $109.0 million and common stock repurchase of $100.0 million.

Effect of exchange rates on cash and cash equivalents
The effect of exchange rates on the cash balances of currencies held in foreign denominations at June 30, 2024 was a decrease of $3.5 million, compared with an increase of $0.2 million for the same period in 2023. Our foreign currency exposure relates to non-U.S. dollar denominated balances in our international subsidiary operations.

Free cash flow (Non-GAAP)
To supplement our Consolidated Statements of Cash Flows presented on a GAAP basis, we use the non-GAAP measure of free cash flow to analyze cash flows generated from our operations. The presentation of non-GAAP free cash flow is not meant to be considered in isolation or as an alternative to net income as an indicator of our performance, or as an alternative to cash flows from operating activities as a measure of liquidity. We calculate free cash flows, using amounts from our Consolidated Statements of Cash Flows, as follows:

	Six Months Ended June 30,	
In thousands	**2024**	**2023**
Net cash provided by operating activities	$ 93,025	$ 42,989
Acquisitions of property, plant, and equipment	(14,255)	(12,498)
Free cash flow	$ 78,770	$ 30,491

Free cash flow fluctuated primarily as a result of changes in cash provided by increased earnings. See the cash flow discussion of operating activities above.

Off-balance sheet arrangements

We have no off-balance sheet financing agreements or guarantees as defined by Item 303 of Regulation S-K at June 30, 2024 and December 31, 2023 that we believe could reasonably likely have a current or future effect on our financial condition, results of operations, or cash flows.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, borrowings, and the sale of our common stock. Cash flows may fluctuate and are sensitive to many factors including changes in working capital and the timing and magnitude of capital expenditures and payments of debt. Working capital, which represents current assets less current liabilities, continues to be in a net favorable position. We expect existing cash, cash flows from operations, and access to capital markets to continue to be sufficient to fund our operating activities and cash commitments, such as material capital expenditures and debt obligations, for at least the next 12 months and into the foreseeable future.

Borrowings
We originally entered into our credit facility on January 5, 2018 (together with the subsequent eight amendments, the 2018 credit facility). The 2018 credit facility provides a multicurrency revolving line of credit (the revolver) with a principal amount of up to $500 million. The revolver also contains a $300 million standby letter of credit sub-facility and a $50 million swingline sub-facility. At June 30, 2024, no amount was outstanding under the 2018 credit facility, and $46.8 million was utilized by outstanding standby letters of credit, resulting in $453.2 million available for borrowing or standby letters of credit under the revolver. At June 30, 2024, $253.2 million was available for additional standby letters of credit under the letter of credit sub-facility, and no amounts were outstanding under the swingline sub-facility. Amounts borrowed under the revolver may be repaid and reborrowed until the revolver's maturity on October 18, 2026, at which time all outstanding loans together with all

accrued and unpaid interest must be repaid. However, that date may be advanced to December 14, 2025 if Itron does not settle or extend a sufficient portion of the outstanding 2021 convertible notes, as detailed in the seventh amendment.

On March 12, 2021, we closed the sale of $460 million in convertible notes in a private placement to qualified institutional buyers. The convertible notes do not bear regular interest, and the principal amount does not accrete. The convertible notes will mature on March 15, 2026, unless earlier repurchased, redeemed, or converted in accordance with their terms.

On June 21, 2024, we closed the sale of $805 million in convertible notes in a private placement to qualified institutional buyers. The convertible notes accrue interest at a rate of 1.375% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2025. The notes will mature on July 15, 2030, unless earlier repurchased, redeemed, or converted in accordance with their terms.

For further description of our borrowings, refer to Item 1: Financial Statements (Unaudited), Note 6: Debt included in this Quarterly Report on Form 10-Q.

For a description of our letters of credit and performance bonds, and the amounts available for additional borrowings or letters of credit under our lines of credit, including the revolver that is part of our credit facility, refer to Item 1: Financial Statements (Unaudited), Note 11: Commitments and Contingencies included in this Quarterly Report on Form 10-Q.

Restructuring

On October 29, 2021, our Board of Directors approved a restructuring plan (the 2021 Projects), which in conjunction with the announcement of the sale of certain Gas product lines from our Device Solutions manufacturing and business operations in Europe and North America to Dresser Utility Solutions, includes activities to drive reductions in certain locations and functional support areas. These projects are expected to be substantially complete by the end of 2024, with an estimated $20 million in cash payments remaining as of June 30, 2024 with cash outflows expected through 2025.

On February 23, 2023, our Board of Directors approved a restructuring plan (the 2023 Projects). The 2023 Projects include activities that continue Itron's efforts to optimize its global supply chain and manufacturing operations, sales and marketing organizations, and other overhead. These projects are expected to be substantially complete by early 2025, with an estimated $39 million in cash payments remaining as of June 30, 2024 with cash outflows expected through 2027.

For the six months ended June 30, 2024, we paid out $13.5 million related to all our restructuring projects. As of June 30, 2024, $57.7 million was accrued for these restructuring projects, of which $25.0 million is expected to be paid within the next 12 months.

For further details regarding our restructuring activities, refer to Item 1: Financial Statements (Unaudited), Note 12: Restructuring included in this Quarterly Report on Form 10-Q.

Other Liquidity Considerations

We have tax credits and net operating loss carryforwards in various jurisdictions that are available to reduce cash taxes. However, utilization of tax credits and net operating losses are limited in certain jurisdictions. Based on current projections, we expect to pay, net of refunds, approximately $47 million in U.S federal taxes, $9 million in state taxes, and $27 million in local and foreign taxes during 2024. For a discussion of our tax provision and unrecognized tax benefits, see Item 1: Financial Statements (Unaudited), Note 10: Income Taxes included in this Quarterly Report on Form 10-Q.

As of June 30, 2024, we are under examination by certain tax authorities. We believe we have appropriately accrued for the expected outcome of all tax matters and do not currently anticipate that the ultimate resolution of these examinations will have a material adverse effect on our financial condition, future results of operations, or liquidity.

As of June 30, 2024, there was $52.2 million of cash and short-term investments held by certain foreign subsidiaries in which we are permanently reinvested for tax purposes. As a result of recent changes in U.S. tax legislation, any repatriation in the future would not result in U.S. federal income tax. Accordingly, there is no provision for U.S. deferred taxes on this cash. If this cash were repatriated to fund U.S. operations, additional withholding tax costs may be incurred. Tax is only one of the many factors that we consider in the management of global cash. Accordingly, the amount of taxes that we would need to accrue and pay to repatriate foreign cash could vary significantly.

In certain of our consolidated international subsidiaries, we have joint venture partners who are minority shareholders. Although these entities are not wholly-owned by Itron, Inc., we consolidate them because we have a greater than 50% ownership interest and/or because we exercise control over the operations. The noncontrolling interest balance in our Consolidated Balance Sheets represents the proportional share of the equity of the joint venture entities, which is attributable to the minority shareholders. At June 30, 2024, $3.7 million of our consolidated cash balance was held in our joint venture entities. As a result, the minority shareholders of these entities have rights to their proportional share of this cash balance, and there may be limitations on our ability to repatriate cash to the United States from these entities.

General Liquidity Overview

We expect to grow through a combination of internal new research and development, licensing technology from and to others, distribution agreements, partnering arrangements, and acquisitions of technology or other companies. We expect these activities to be funded with existing cash, cash flow from operations, borrowings, or the sale of our common stock or other securities. We believe existing sources of liquidity will be sufficient to fund our existing operations and obligations for the next 12 months and into the foreseeable future, but offer no assurances. Our liquidity could be affected by the stability of the electricity, gas, and water utility industries, competitive pressures, our dependence on certain key vendors and components, changes in estimated liabilities for product warranties and/or litigation, supply constraints, future business combinations, capital market fluctuations, international risks, and other factors described under Part I, Item 1A: Risk Factors of our 2023 Annual Report, as well as Part I, Item 3: Quantitative and Qualitative Disclosures About Market Risk included in this Quarterly Report on Form 10-Q.

Contingencies

Refer to Item 1: Financial Statements (Unaudited), Note 11: Commitments and Contingencies included in this Quarterly Report on Form 10-Q.

Critical Accounting Estimates and Policies

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Our critical accounting policies that require the use of estimates and assumptions were discussed in detail in the 2023 Annual Report and have not changed materially.

Refer to Item 1: Financial Statements (Unaudited), Note 1: Summary of Significant Accounting Policies included in this Quarterly Report on Form 10-Q for further disclosures regarding new accounting pronouncements.

Non-GAAP 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, (gain) 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, (gain) loss on sale of business, and acquisition and integration related expenses. We define non-GAAP operating income as operating income excluding the expenses related to the amortization of intangible assets, restructuring, (gain) 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 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 attributable to Itron, Inc. excluding the expenses associated with amortization of intangible assets, amortization of debt placement fees, restructuring, (gain) 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 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 (a) minus interest income, (b) plus interest expense, depreciation and amortization, restructuring, (gain) 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.

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.

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.

Reconciliations of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

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.

TOTAL COMPANY RECONCILIATIONS	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
In thousands, except per share data	**2024**	**2023**	**2024**	**2023**
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	$ 145,813	$ 138,847	$ 288,392	$ 305,608
Amortization of intangible assets	(4,511)	(4,722)	(8,497)	(9,770)
Restructuring	99	(874)	(99)	(37,483)
(Gain) loss on sale of business	65	(612)	42	(630)
Acquisition and integration	(90)	(44)	(408)	(89)
Non-GAAP operating expenses	$ 141,376	$ 132,595	$ 279,430	$ 257,636
NON-GAAP OPERATING INCOME				
GAAP operating income	$ 64,647	$ 35,100	$ 127,447	$ 24,707
Amortization of intangible assets	4,511	4,722	8,497	9,770
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Non-GAAP operating income	$ 69,084	$ 41,352	$ 136,409	$ 72,679
NON-GAAP NET INCOME & DILUTED EPS				
GAAP net income attributable to Itron, Inc.	$ 51,318	$ 24,201	$ 103,039	$ 12,365
Amortization of intangible assets	4,511	4,722	8,497	9,770
Amortization of debt placement fees	935	887	1,779	1,732
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Income tax effect of non-GAAP adjustments	(588)	(1,516)	(387)	(9,863)
Non-GAAP net income attributable to Itron, Inc.	$ 56,102	$ 29,824	$ 113,393	$ 52,206
Non-GAAP diluted EPS	$ 1.21	$ 0.65	$ 2.44	$ 1.14
Non-GAAP weighted average common shares outstanding - Diluted	46,526	45,781	46,441	45,677

TOTAL COMPANY RECONCILIATIONS	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands, except per share data	2024	2023	2024	2023
ADJUSTED EBITDA				
GAAP net income attributable to Itron, Inc.	$ 51,318	$ 24,201	$ 103,039	$ 12,365
Interest income	(5,128)	(1,508)	(8,974)	(3,326)
Interest expense	2,290	1,977	4,183	4,034
Income tax provision	15,180	9,195	28,609	9,125
Depreciation and amortization	13,519	13,905	26,263	28,368
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Adjusted EBITDA	$ 77,105	$ 49,300	$ 153,585	$ 88,768
FREE CASH FLOW				
Net cash provided by operating activities	$ 51,717	$ 41,560	$ 93,025	$ 42,989
Acquisitions of property, plant, and equipment	(7,110)	(5,596)	(14,255)	(12,498)
Free Cash Flow	$ 44,607	$ 35,964	$ 78,770	$ 30,491

Item 3: Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to interest rate and foreign currency exchange rate risks that could impact our financial position and results of operations. As part of our risk management strategy, we may use derivative financial instruments to hedge certain foreign currency and interest rate exposures. Our objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, therefore reducing the impact of volatility on earnings or protecting the fair values of assets and liabilities. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for trading or speculative purposes.

Interest Rate Risk

We may be exposed to interest rate risk through our variable rate debt instruments, namely the multicurrency revolving line of credit. At June 30, 2024, we had no outstanding variable rate debt.

We continually monitor and assess our interest rate risk and may institute additional interest rate swaps or other derivative instruments to manage such risk in the future if we were to have variable rate debt outstanding.

Foreign Currency Exchange Rate Risk

We conduct business in a number of countries. Revenues denominated in functional currencies other than the U.S. dollar were 24% of total revenues for the three and six months ended June 30, 2024 compared with 24% and 25% for the same respective periods in 2023. These transactions expose our account balances to movements in foreign currency exchange rates that could have a material effect on our financial results. Our primary foreign currency exposure relates to non-U.S. dollar denominated transactions in our international subsidiary operations, the most significant of which is the euro.

We are also exposed to foreign exchange risk when we enter into non-functional currency transactions, both intercompany and third party. At each period-end, non-functional currency monetary assets and liabilities are revalued with the change recognized within other income (expense) in our Consolidated Statements of Operations. We enter into monthly foreign exchange forward contracts, which are not designated for hedge accounting, with the intent to reduce earnings volatility associated with currency exposures. As of June 30, 2024, a total of 41 contracts were offsetting our exposures from the euro, pound sterling, Indonesian rupiah, Canadian dollar, Australian dollar, and various other currencies, with notional amounts ranging from $103,000 to $39.1 million.

In future periods, we may use additional derivative contracts to protect against foreign currency exchange rate risks.

Item 4: Controls and Procedures

Evaluation of disclosure controls and procedures

An evaluation was performed under the supervision and with the participation of our Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934 as amended. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that as of June 30, 2024, the Company's disclosure controls and procedures were effective to ensure the information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in internal controls over financial reporting

There have been no changes in our internal control over financial reporting during the three months ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1: Legal Proceedings

Refer to Item 1: Financial Statements (Unaudited), Note 11: Commitments and Contingencies included in this Quarterly Report on Form 10-Q.

Item 1A: Risk Factors

For a complete list of Risk Factors, refer to Part I, Item 1A: Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the Securities and Exchange Commission on February 26, 2024.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) Issuer Repurchase of Equity Securities.

Period	Total Number of Shares Purchased [(1) (3)]	Average Price Paid per Share [(2)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
				In thousands
April 1, 2024 through April 30, 2024	—	$ —	—	$ 100,000
May 1, 2024 through May 31, 2024	—	—	—	100,000
June 1, 2024 through June 30, 2024	971,534	102.93	971,534	—
Total	971,534		971,534	

(1) Effective May 11, 2023, Itron's Board of Directors authorized a share repurchase program of up to $100 million of Itron's common stock over an 18-month period.

(2) Excludes commissions.

(3) Shares purchased may include shares transferred to us by certain employees who vested in restricted stock units and used shares to pay all, or a portion of, the related taxes.

Item 5: Other Information

(a) No information was required to be disclosed in a report on Form 8-K during the second quarter of 2024 that was not reported.

(b) Not applicable.

(c) **Insider Trading Arrangements**

During the quarter ended June 30, 2024, the following Section 16 officers and directors, as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934 (the Exchange Act), adopted, modified, or terminated Rule 10b5-1 trading arrangements (as defined in Item 408 of Regulation S-K of the Exchange Act):

- On May 6, 2024, Thomas L. Deitrich, President and Chief Executive Officer, adopted a new written trading plan to sell up to 75,241 shares of Itron, Inc. common stock over a period ending on May 6, 2025, subject to certain conditions.
- On May 14, 2024, Donald L. Reeves, Senior Vice President, Outcomes, adopted a new written trading plan to sell up to 7,510 shares of Itron, Inc. common stock over a period ending on May 9, 2025, subject to certain conditions.

Item 6: Exhibits

Exhibit Number	Description of Exhibits
4.1	Indenture, dated as of June 21, 2024, by and between Itron, Inc. and U.S. Bank Trust Company, National Association, as trustee (Filed as Exhibit 4.1 to Itron, Inc.'s Current Report on Form 8-K, filed on June 21, 2024)
4.2	Form of 1.375% Convertible Senior Note due 2030 (included in Exhibit 4.1) (Filed as Exhibit 4.2 to Itron, Inc.'s Current Report on Form 8-K, filed on June 21, 2024)
10.1	Form of Capped Call Confirmation (Filed as Exhibit 10.1 to Itron, Inc.'s Current Report on Form 8-K, filed on June 21, 2024)
10.2	Form of Amendment to Warrant Confirmation (Filed with this report)
10.3	Amendment No. 8, dated June 14, 2024, to the Credit Agreement, dated January 5, 2018 among Itron, Inc. and certain foreign borrowers, guarantors, lenders and issuing parties thereto, and Wells Fargo Bank, National Association, as administrative agent (Filed as Exhibit 10.2 to Itron, Inc.'s Current Report on Form 8-K, filed on June 21, 2024)
10.4	Third Amended and Restated 2010 Stock Incentive Plan. (Filed with this report)
10.5	Third Amendment to the Executive Deferred Compensation Plan. (Filed with this report)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Itron, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

ITRON, INC.

August 1, 2024	By:	/s/ JOAN S. HOOPER
Date		**Joan S. Hooper** **Senior Vice President and Chief Financial Officer**

Exhibit 10.2

WARRANT AMENDMENT AGREEMENT

This Amendment (this "***Agreement***") is made as of June [●], 2024 by and between Itron, Inc., a Washington corporation ("***Company***"), and [*Dealer Name*] ("***Dealer***"). Capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to such terms in the Existing Warrant Confirmation.

WHEREAS, Company issued $460,000,000 principal amount of 0.00% Convertible Senior Notes due 2026 (the "***Convertible Notes***") pursuant to an indenture dated as of March 12, 2021 between Company and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee;

WHEREAS, in connection with the pricing of the Convertible Notes, Company and Dealer entered into a Base Note Hedge Transaction (the "***Base Note Hedge Transaction***") pursuant to a confirmation dated as of March 9, 2021, and an Additional Note Hedge Transaction (the "***Additional Note Hedge Transaction***", and together with the Base Note Hedge Transaction, the "***Note Hedge Transactions***") pursuant to a confirmation dated as of March 10, 2021;

WHEREAS, in connection with the Note Hedge Transactions, Company entered into a Base Warrant Transaction pursuant to a confirmation dated as of March 9, 2021 (the "***Base Warrant Confirmation***") and an Additional Warrant Transaction pursuant to a confirmation dated as of March 10, 2021 (the "***Additional Warrant Confirmation***", together with the Base Warrant Confirmation, the "***Existing Warrant Confirmations***"); and

WHEREAS, Company has requested and the Dealer agrees to make certain amendments to the Existing Warrant Confirmations.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree to amend the Existing Warrant Confirmations as set forth herein.

1. Defined Terms. Any capitalized term not otherwise defined herein shall have the meaning set forth for such term in the Existing Warrant Confirmations.

2. Amendment of Existing Warrant Confirmations. Solely from the date of effectiveness of this Agreement to the date that is five Scheduled Trading Day following such time that Company has received the requisite approval from its shareholders to amend (following the proposal and recommendation of such amendment by the Company's Board of Directors at its sole discretion) its Amended and Restated Articles of Incorporation, as currently in effect, to increase the number of authorized but unissued shares of its common stock, no par value (such approval, the "Requisite Stockholder Approval" and such date, the "***Approval Date***"):

   2.1. Section 9(p)(i) of the Base Warrant Confirmation shall be deemed amended by replacing "[●][1]" (the "**Base Original Number**") with "[●]"[2]; and

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[1] *Insert the number of shares currently in the confirmation.*

[2] *Insert the number equal to 5/8 of the number of shares currently in the confirmation.*

2.2. Section 9(p)(i) of the Additional Warrant Confirmation shall be deemed amended by replacing "[●][3]" (the "**Additional Original Number**") with "[●]".[4]

For the avoidance of doubt, from and after the date five Scheduled Trading Day following the Approval Date, Section 9(p)(i) of each of the Base Warrant Confirmation and the Additional Warrant Confirmation shall be deemed to reflect the Base Original Number and the Additional Original Number, as applicable.

3. Representations and Warranties of Company. Company represents and warrants to Dealer on the date hereof that:

(a) it has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and to perform its obligations under this Agreement and has taken all necessary action to authorize such execution, delivery and performance;

(b) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any material contractual restriction binding on or affecting it or any of its assets;

(c) all governmental and other consents that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with;

(d) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));

(e) it is not in possession of any material nonpublic information regarding Company or the Shares; and

(f) it is not entering into this Agreement to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares) or otherwise in violation of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

4. Representations and Warranties of Dealer. Dealer represents and warrants to Company on the date hereof that:

(a) it has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and to perform its obligations under

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[3] *Insert the number of shares currently in the confirmation.*

[4] *Insert the number equal to 5/8 of the number of shares currently in the confirmation.*

this Agreement and has taken all necessary action to authorize such execution, delivery and performance;

(b) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any material contractual restriction binding on or affecting it or any of its assets;

(c) all governmental and other consents that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(d) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

5. Entire Amendment. Except as provided hereby, all of the representations, warranties, terms, covenants and conditions of the Existing Warrant Confirmations shall remain unamended and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The provisions set forth herein shall be limited as provided for herein, and shall not be deemed to be a waiver of, amendment to, consent to or modification of any other term or provision of the Existing Warrant Confirmations or of any event, condition, or transaction on the part of Dealer or Company. The execution, delivery and effectiveness of this Agreement shall not, by implication or otherwise, limit, impair, waive or otherwise affect any right, power or remedy of Dealer under the Existing Warrant Confirmations.

6. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).

7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all of the signatures thereto and hereto were upon the same instrument.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed as of the date first above written.

ITRON, INC.

By: ______________________________

Name:

Title:

[DEALER], as Dealer

By: ______________________________

Name:

Title:

[*Signature Page to Warrant Amendment Agreement*]

ITRON, INC.
THIRD AMENDED AND RESTATED 2010 STOCK INCENTIVE PLAN

(As Amended and Restated, May 9, 2024)

SECTION 1. PURPOSE; EFFECTIVE DATE

The name of this Plan is the Itron, Inc. Third Amended and Restated 2010 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to enhance the long-term shareholder value of Itron, Inc., a Washington corporation (the "Company"), by offering opportunities to selected persons to participate in the Company's growth and success, and to encourage them to remain in the service of the Company and its Related Corporations (as defined in Section 2) and to acquire and maintain stock ownership in the Company.

The Plan is hereby amended and restated, effective as of the date of approval by the shareholders of the Company at the annual shareholders meeting held in 2024 (the "Restatement Effective Date").

SECTION 2. DEFINITIONS

For purposes of the Plan, the following terms shall be defined as set forth below:

"Award" means any Option, Stock Appreciation Right, Stock Award or Performance Award granted pursuant to the provisions of the Plan.

"Board" means the Board of Directors of the Company.

"Cause," unless otherwise defined in the instrument evidencing the Award or in a written employment or services agreement between the Participant and the Company or a Related Corporation in connection with an Award, means dishonesty, fraud, misconduct, unauthorized use or disclosure of confidential information or trade secrets (except in certain circumstances involving government agencies), or conviction or confession of a crime punishable by law (except minor violations), in each case as determined by the Plan Administrator, and its determination shall be conclusive and binding.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Common Stock" means the common stock, no par value per share, of the Company.

"Change in Control Transaction" has the meaning set forth in Section 16.2.1.

"Disability," unless otherwise defined by the Plan Administrator, means that the Participant would qualify to receive benefit payments under the long-term disability plan or policy, as it may be amended from time to time, of the Company or, if different, the Related Corporation that employs the Participant, regardless of whether Participant is covered by such policy.

"Dividend Equivalent" has the meaning set forth in Section 10.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall be as established by the Plan Administrator acting in good faith to be reasonable and in compliance with Section 409A of the Code or (a) if the Common Stock is listed on The NASDAQ Global Select Market, the closing sales price for the Common Stock as reported by the NASDAQ

Global Select Market for a single trading day or (b) if the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange, the closing sales price for the Common Stock as such price is officially quoted in the composite tape of transactions on such exchange for a single trading day. If there is no such reported price for the Common Stock for the date in question, then such price on the last preceding date for which such price exists shall be determinative of Fair Market Value. Notwithstanding the foregoing, for income tax reporting and withholding purposes under U.S. federal, state, local or non-U.S. law and for such other purposes as the Plan Administrator deems appropriate, including, without limitation, where Fair Market Value is used in reference to exercise, vesting, settlement or payout of an Award, the Fair Market Value shall be determined by the Plan Administrator in accordance with applicable law and uniform and nondiscriminatory standards adopted by it from time to time.

“Grant Date” means the date on which the Plan Administrator completes the corporate action authorizing the grant of an Award or such later date specified by the Plan Administrator, and on which all conditions precedent to the grant have been satisfied, provided that conditions to the exercisability or vesting of Awards shall not defer the Grant Date.

“Incentive Stock Option” means an Option to purchase Common Stock granted under Section 7 with the intention that it qualify as an “incentive stock option” as that term is defined in Section 422 of the Code.

“Nonqualified Stock Option” means an Option to purchase Common Stock granted under Section 7 other than an Incentive Stock Option or that fail to qualify as an Incentive Stock Option.

“Option” means the right to purchase Common Stock granted under Section 7.

“Option Term” has the meaning set forth in Section 7.3.

"Outstanding Qualified Performance Based Awards” means an Award granted prior to November 3, 2017 and that is outstanding as of the Restatement Effective Date and is intended to constitute “qualified performance-based compensation” as described in Section 162(m)(4)(C) of the Code. In the interest of clarity, all provisions of the Plan governing Outstanding Qualified Performance Based Awards that were in effect prior to the Restatement Effective Date shall continue in effect with respect to Outstanding Qualified Performance Based Awards, notwithstanding the elimination of such provisions from the Plan.

“Parent,” except as otherwise provided in Section 8.7 in connection with Incentive Stock Options, means any entity, whether now or hereafter existing, that directly or indirectly controls the Company.

“Participant” means the person to whom an Award is granted.

“Performance Award” means any Award of Performance Shares or Performance Units granted pursuant to Section 12.

“Performance Share” has the meaning set forth in Section 12.1.

“Performance Unit” has the meaning set forth in Section 12.2.

“Plan Administrator” has the meaning set forth in Section 3.1.

“Prior Plan” means the Itron, Inc. Amended and Restated 2000 Stock Incentive Plan.

“Related Corporation” means any Parent or Subsidiary of the Company.

“Restricted Stock” has the meaning set forth in Section 11.1.

“Retirement” has the meaning assigned to it in the instrument evidencing the Award.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Stock Appreciation Right” or “SAR” has the meaning set forth in Section 9.

“Stock Award” means Unrestricted Stock, Restricted Stock or Stock Units granted under Section 11.

“Stock Unit” has the meaning set forth in Section 11.2.

“Subsidiary,” except as otherwise provided in Section 8.7 in connection with Incentive Stock Options, means any entity that is directly or indirectly controlled by the Company.

“Successor Corporation” has the meaning set forth in Section 16.2.2.

“Tax-Related Items” means U.S. federal, state and/or local taxes, and/or taxes imposed by jurisdictions outside of the U.S. (including, but not limited to, income tax, social insurance contributions or similar contributions), payroll tax, fringe benefits tax, payment on account, employment tax obligations, stamp taxes, and any other taxes or tax-related item that may be due) required by law to be withheld, including any employer liability shifted to the Participant under the terms of the instrument evidencing the Award or otherwise.

“Termination Date” has the meaning set forth in Section 7.6.

“Unrestricted Stock” has the meaning set forth in Section 11.1.

SECTION 3. ADMINISTRATION

3.1 Plan Administrator

The Plan shall be administered by the Board and/or a committee or committees (which term includes subcommittees) appointed by, and consisting of, two or more members of the Board who meet the independence standards set forth by the NASDAQ Global Select Market (the “Plan Administrator”). If and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, the Board shall consider in selecting the members of any committee acting as Plan Administrator, with respect to any Outstanding Qualified Performance Based Awards, the requirements of “outside directors” as contemplated by Section 162(m) of the Code, and with respect to persons subject or likely to become subject to Section 16 of the Exchange Act, the requirements of “nonemployee directors” as contemplated by Rule 16b-3 under the Exchange Act. Notwithstanding the foregoing, the Board may delegate the responsibility for administering the Plan with respect to designated classes of eligible persons to different committees consisting of two or more members of the Board, subject to such limitations as the Board deems appropriate. Committee members shall serve for such term as the Board may determine, subject to removal by the Board at any time. To the extent consistent with applicable law, the Board may authorize one or more senior executive officers of the Company to grant Awards to designated classes of eligible persons, within the limits specifically prescribed by the Board.

3.2 Administration and Interpretation by Plan Administrator

Except for the terms and conditions explicitly set forth in the Plan, the Plan Administrator shall have exclusive authority, in its discretion, to determine all matters relating to Awards under the Plan, including the selection of individuals to be granted Awards, the type of Awards, the number of shares of Common Stock subject to an Award, all terms, conditions, restrictions and limitations, if any, of an Award and the terms of any instrument that evidences the Award. The Plan Administrator shall also have exclusive authority to interpret the Plan and the terms of any instrument evidencing the Award and may from time to time adopt and change rules and regulations of general application for the Plan's administration. The Plan Administrator's interpretation of the Plan and its rules and regulations, and all actions taken and determinations made by the Plan Administrator pursuant to the Plan, shall be conclusive and binding on all parties involved or affected.

In any event, however, (a) no Option or SAR may be amended to reduce the exercise price of such Option or SAR below the per share Fair Market Value of the Common Stock as of the date the Option or SAR was granted, and (b) except as provided in Section 16.1 and Section 16.3 hereof, at any time when the then-current fair market value of a share of Common Stock is less than the Fair Market Value of a share of Common Stock on the date that an outstanding Option or SAR was granted, such outstanding Option or SAR may not be cancelled or surrendered in exchange for (i) cash, (ii) an Option or SAR having an exercise price that is less than the Fair Market Value of a share of Common Stock on the date that the original Option or SAR was granted, or (iii) any other Award.

The Plan Administrator may delegate ministerial duties to such of the Company's officers as it so determines.

SECTION 4. STOCK SUBJECT TO THE PLAN

4.1 Number of Shares

(a) Subject to adjustment from time to time as provided in Section 16.1, the number of shares of Common Stock that shall be authorized for grant under the Plan shall be the sum of (i) 13,991,273, plus (ii) any shares subject to awards granted under the Prior Plan that are forfeited, expire or are otherwise cancelled or settled in cash after the initial adoption of the Plan in 2010. A maximum of 13,375,000 shares of Common Stock may be granted as Incentive Stock Options.

Any shares of Common Stock that are subject to Options or SARs shall be counted against this limit as one (1) share of Common Stock for every one (1) share of Common Stock granted, and any shares that are subject to Awards other than Options or SARs shall be counted against this limit as 1.7 shares of Common Stock for every one (1) share of Common Stock granted.

(b) If (i) any shares of Common Stock subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) any shares of Common Stock subject to an award under the Prior Plan are forfeited, or an award under the Prior Plan expires or is settled for cash (in whole or in part), the shares of Common Stock subject to such Award or award under the Prior Plan shall, to the extent of such forfeiture, expiration or cash settlement, again be available for Awards under the Plan, in accordance with Section 4.1(d) below. In the event that withholding liabilities for Tax-Related Items arising from an Award other than an Option or Stock Appreciation Right or an award other than an option or stock appreciation right under any Prior Plan are satisfied by surrendering of shares subject to the Award, the shares so surrendered shall be added to the shares available for Awards under the Plan in accordance with Section 4.1(d) below. Notwithstanding anything to the contrary contained herein, the following shall not be added to the shares of Common Stock authorized for grant under Section 4.1(a) above: (x) shares of Common Stock subject to an Option or an Award surrendered in payment of the Option exercise price or Award purchase price or shares of Common Stock subject to an option or award granted under the Prior Plan surrendered in payment of the option exercise price or award purchase price, or to satisfy any withholding obligation for Tax-Related Items with respect to an Option or SAR or an option or stock appreciation right granted under the Prior Plan, (y) shares of Common Stock that are not issued as a result of a net settlement of an Option or SAR or an option or stock appreciation right granted under the Prior Plan, and (z) shares of Common Stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options or options granted under the Prior Plan. For purposes of this Section 4.1 and for the avoidance of any doubt, “surrendered” includes the tendering of shares held by the Participant or withheld from an Award voluntarily by the Participant or mandatorily by the Company.

(c) Substitute Awards granted pursuant to Section 6.3 below shall not reduce the number of shares of Common Stock authorized for grant under the Plan. Additionally, and in accordance with applicable Nasdaq or other applicable stock exchange listing requirements, in the event that a company acquired by the Company or with which the Company combines has shares of stock available under a pre-existing plan approved by such company’s shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employees or directors of the Company or a Related Corporation prior to such acquisition or combination.

(d) Any shares of Common Stock that again become available for grant pursuant to this Section 4.1 shall be added back as (i) one (1) share of Common Stock if such shares were subject to Options or SARs granted under the Plan or options or stock appreciation rights granted under the Prior Plan, and (ii) as 1.7 shares of Common Stock if such shares were subject to Awards other than Options or SARs granted under the Plan or awards other than options or stock appreciation rights granted under the Prior Plan.

(e) Notwithstanding any other provision of the Plan to the contrary, the aggregate grant date fair value (computed as of the Grant Date in accordance with applicable financial accounting rules) of all Awards granted to any non-employee director plus the total of all cash paid or payable to such non-employee director for services rendered during any single calendar year shall not exceed $500,000. For the avoidance of doubt, any compensation that is deferred shall be counted towards the foregoing limit for the year in which the compensation is earned (and not counted in the year it is paid/settled), and no interest or other earnings on such compensation shall count towards the limit.

4.2 Character of Shares

Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

SECTION 5. ELIGIBILITY

Awards may be granted under the Plan to those officers, directors and employees of the Company and its Related Corporations as the Plan Administrator from time to time selects. Awards may also be made to consultants, agents, advisors and independent contractors who provide services to the Company and its Related Corporations; provided, however, that such Participants render bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

SECTION 6. AWARDS

6.1 Form and Grant of Awards

The Plan Administrator shall have the authority, in its sole discretion, to determine the type or types of Awards to be made under the Plan. Such Awards may include, but are not limited to, Incentive Stock Options, Nonqualified Stock Options, SARs, Dividend Equivalents, Stock Awards and Performance Awards. Awards may be granted singly or in combination.

6.2 Settlement of Awards

The Company may settle Awards through the delivery of shares of Common Stock, the payment of a cash amount equal to or by reference to the Fair Market Value of the shares of Common Stock on the date of settlement of an Award other than an Option or SAR, the granting of replacement Awards, or any combination thereof as the Plan Administrator shall determine. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Plan Administrator shall determine. The Plan Administrator may permit or require the deferral of any Award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or Dividend Equivalents, including converting such credits into deferred stock equivalents.

6.3 Acquired Company Awards

Notwithstanding anything in the Plan to the contrary, the Plan Administrator may grant Awards under the Plan in substitution for awards issued under other plans, or assume under the Plan awards issued under other plans, if the other plans are or were plans of other acquired entities ("Acquired Entities") (or the parent of the Acquired Entity) and the new Award is substituted, or the old award is assumed, by reason of a merger, consolidation, acquisition of property or stock, reorganization or liquidation (the "Acquisition Transaction"). In the event that a written agreement pursuant to which the Acquisition Transaction is completed is approved by the Board and said agreement sets forth the terms and conditions of the substitution for or assumption of outstanding awards of the Acquired Entity, said terms and conditions shall be deemed to be the action of the Plan Administrator without any further action by the Plan Administrator, except as may be required for compliance with Rule 16b-3 under the Exchange Act, and the persons holding such awards shall be deemed to be Participants.

6.4 Minimum Vesting Requirements

Notwithstanding any other provision of the Plan, except in connection with Awards that are substituted pursuant to Section 6.3 hereof, Awards that may be settled only in cash or an adjustment provided for in Section 16, no portion of an Award may vest prior to the date that the Participant has completed one year of service measured from the Grant Date, subject to earlier vesting in whole or in part in connection with a Change in Control Transaction or upon a Participant's death or Disability; provided, however, that the Company may grant Awards with respect to up to five percent (5%) of the number of shares of Common Stock reserved under Section 4.1 without regard to the minimum vesting period set forth in this Section 6.4. The Committee may accelerate the vesting or exercisability of an Award in circumstances other than a Change in Control Transaction or a Participant's death or Disability, provided that such acceleration does not cause an Award that is subject to the minimum vesting requirements of this Section 6.4 to vest or become exercisable prior to the first anniversary of the Grant Date.

SECTION 7. OPTIONS

7.1 Grant of Options

The Plan Administrator is authorized under the Plan, in its sole discretion, to issue Options as Incentive Stock Options or as Nonqualified Stock Options, which shall be appropriately designated.

7.2 Option Exercise Price

The exercise price for shares purchased under an Option shall be as determined by the Plan Administrator. Except in the case of a substitute or assumed option pursuant to Section 6.3 above, the exercise price shall not be less than 100% of the Fair Market Value of the Common Stock on the Grant Date. For Incentive Stock Options granted to a more than 10% shareholder, the Option exercise price shall be as specified in Section 8.2.

7.3 Term of Options

The term of each Option (the "Option Term") shall be as established by the Plan Administrator, but shall not exceed ten years from the Grant Date. For Incentive Stock Options, the maximum Option Term shall be as specified in Sections 8.2 and 8.4.

7.4 Vesting/Exercise of Options

The Plan Administrator shall establish and set forth in each instrument that evidences an Option the time at which, or the installments in which, the Option shall vest and become exercisable, which provisions may be waived or modified by the Plan Administrator at any time. The Plan Administrator may adjust the vesting schedule of an Option held by a Participant who works less than "full-time" as that term is defined by the Plan Administrator (taking into consideration definitions under local law) or who takes a Company-approved leave of absence.

To the extent that an Option has vested and become exercisable, the Option may be exercised from time to time by delivery to the Company of a written stock option exercise agreement or notice, in a form and in accordance with procedures established by the Plan Administrator, setting forth the number of shares with respect to which the Option is being exercised, the restrictions imposed on the shares purchased under such exercise agreement, if any, and such representations and agreements as may be required by the Plan Administrator, accompanied by payment in full as described in Section 7.5. Alternatively, the Option may be exercised electronically through a third-party stock plan service provider designated by the Company and according to such procedures established by the Company. An Option may not be exercised for less than a reasonable number of shares at any one time, as determined by the Plan Administrator.

7.5 Payment of Exercise Price

The exercise price for shares purchased under an Option shall be paid in full to the Company by delivery of consideration equal to the product of the Option exercise price and the number of shares purchased. Such consideration must be paid in cash or by check or, unless the Plan Administrator in its sole discretion determines otherwise, either at the time the Option is granted or at any time before it is exercised, in any combination of:

(a) cash or check;

(b) tendering (either actually or, if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, by attestation) shares of Common Stock already owned by the Participant (for the period necessary to avoid a charge to the Company's earnings for financial reporting purposes) having a Fair Market Value on the day prior to the exercise date equal to the aggregate Option exercise price;

(c) if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, delivery of a properly executed exercise notice, together with irrevocable instructions, to (i) a brokerage firm designated by the Company to deliver promptly to the Company the aggregate amount of sale proceeds to pay the Option exercise price and any withholding obligations with respect to Tax-Related Items that may arise in connection with the exercise and (ii) the Company to deliver the certificates for such purchased shares directly to such brokerage firm, all in accordance with the regulations of the Federal Reserve Board; or

(d) such other consideration as the Plan Administrator may permit.

7.6 Post-Termination Exercises

The Plan Administrator shall establish and set forth in each instrument that evidences an Option whether the Option shall continue to be exercisable, and the terms and conditions of such exercise, if a Participant ceases to be employed by, or to provide services to, the Company or its Related Corporations, which provisions may be waived or modified by the Plan Administrator at any time. If not so established in the instrument evidencing the Option, the Option shall be exercisable according to the following terms and conditions, which may be waived or modified by the Plan Administrator at any time:

(a) Any portion of an Option that is not vested and exercisable on the date of termination of the Participant's employment or service relationship (the "Termination Date") shall expire on such date.

(b) Any portion of an Option that is vested and exercisable on the Termination Date shall expire upon the earliest to occur of:

(i) the last day of the Option Term;

(ii) if the Participant's Termination Date occurs for reasons other than Cause, Retirement, death or Disability, the three-month anniversary of such Termination Date; and

(iii) if the Participant's Termination Date occurs by reason of Retirement, Disability or death, the one-year anniversary of such Termination Date.

Notwithstanding the foregoing, if the Participant dies after the Termination Date while the Option is otherwise exercisable, the portion of the Option that is vested and exercisable on such Termination Date shall expire upon the earlier to occur of (y) the last day of the Option Term and (z) the first anniversary of the date of death, unless the Plan Administrator determines otherwise.

Also notwithstanding the foregoing, in case of termination of the Participant's employment or service relationship for Cause, the Option shall automatically expire upon first notification to the Participant of such termination, unless the Plan Administrator determines otherwise. If a Participant's employment or service relationship with the Company is suspended pending an investigation of whether the Participant shall be terminated for Cause, all the Participant's rights under any Option likewise shall be suspended during the period of investigation. If any facts that would constitute termination for Cause are discovered after a Participant's Termination Date, any Option then held by the Participant may be immediately terminated by the Plan Administrator, in its sole discretion.

SECTION 8. INCENTIVE STOCK OPTION LIMITATIONS

To the extent required by Section 422 of the Code, Incentive Stock Options shall be subject to the following additional terms and conditions:

8.1 Dollar Limitation

To the extent the aggregate Fair Market Value (determined as of the Grant Date) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time during any calendar year (under the Plan and all other stock option plans of the Company) exceeds $100,000, such portion in excess of $100,000 shall be treated as a Nonqualified Stock Option. In the event the Participant holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

8.2 More Than 10% Shareholders

If an individual owns more than 10% of the total combined voting power of all classes of the stock of the Company or of its parent or subsidiary corporations, then the exercise price per share of an Incentive Stock Option shall not be less than 110% of the Fair Market Value of the Common Stock on the Grant Date and the Option Term shall not exceed five years. The determination of more than 10% ownership shall be made in accordance with Section 422 of the Code.

8.3 Eligible Employees

Individuals who are not employees of the Company or one of its parent corporations or subsidiary corporations may not be granted Incentive Stock Options.

8.4 Term

Subject to Section 8.2, the Option Term shall not exceed ten years.

8.5 Exercisability

An Option designated as an Incentive Stock Option shall cease to qualify for favorable tax treatment as an Incentive Stock Option to the extent it is exercised (if permitted by the terms of the Option) (a) more than three months after the Termination Date (including as a result of a termination that occurs where the Participant has been on leave of absence for more than three months, unless the Participant's reemployment rights are guaranteed by statute or contract) for reasons other than death or Disability, or (b) more than one year after the Termination Date by reason of Disability.

8.6 Notification of Disqualifying Disposition

The Participant must promptly notify the Company of any disposition of the shares of Common Stock acquired upon exercise of an Incentive Stock Option that occurs prior to the expiration of the holding period required to receive the favorable tax treatment applicable to Incentive Stock Options, which period shall be set forth in the instrument evidencing the Option.

8.7 Code Definitions

For purposes of this Section 8, "parent corporation" and "subsidiary corporation" shall have the meanings attributed to those terms for purposes of Section 422 of the Code.

SECTION 9. STOCK APPRECIATION RIGHTS

The Plan Administrator is authorized to make Awards which shall entitle a Participant to exercise all or a specified portion of the Award (to the extent then exercisable pursuant to its terms) and to receive from the Company the excess of (a) the Fair Market Value of a share of Common Stock on the date of exercise over (b) the exercise price of the SAR which shall not be less than 100% of the Fair Market Value of the Common Stock on the Grant Date ("Stock Appreciation Rights" or "SARs").

SARs may be granted on such terms and conditions and subject to such restrictions (which may be based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) as the Plan Administrator shall determine, in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the Award. The terms, conditions and restrictions that the Plan Administrator shall have the power to determine shall include, without limitation, the conditions which must be satisfied prior to the exercise of the SAR, whether the SAR shall be payable in cash or in shares of Common Stock, and the circumstances under which forfeiture of the SAR shall occur by reason of termination of the Participant's employment or service relationship.

The term of a SAR shall not exceed ten years.

SECTION 10. DIVIDEND EQUIVALENTS/DIVIDENDS

The Plan Administrator is authorized to make Awards which shall entitle a Participant to receive credit based on dividends that would have been paid on shares of Common Stock subject to an Award if such shares had been held by the Participant at the time such dividend was declared ("Dividend Equivalents"), provided, however, that Dividend Equivalents shall not be granted in connection with Options or SARs. Dividend Equivalents may be granted on such terms and conditions and subject to such restrictions as the Plan Administrator shall determine, in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the underlying Award. Notwithstanding the provisions of this Section 10, Dividend Equivalents granted with respect to any Award shall either be credited and accumulated and/or reinvested as additional units or shares in a bookkeeping account or otherwise, and in all events shall be subject to restrictions and risk of forfeiture to the same extent as the underlying Award and shall not be paid unless and until the underlying Award vests.

Any dividends that are distributable with respect to Restricted Stock shall be credited/accumulated, subject to restrictions and risk of forfeiture to the same extent as the underlying Award, and shall not be paid unless and until the underlying Award vests.

SECTION 11. STOCK AWARDS

11.1 Restricted and Unrestricted Stock

The Plan Administrator is authorized to make Awards of Common Stock on such terms and conditions and subject to such restrictions (which may be based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) as the Plan Administrator shall determine, in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the Award ("Restricted Stock"). The terms, conditions and restrictions that the Plan Administrator shall have the power to determine shall include, without limitation, the manner in which shares of Restricted Stock are held during the periods they are subject to restrictions and the circumstances under which forfeiture of the Restricted Stock shall occur by reason of termination of the Participant's employment or service relationship, if any.

The Plan Administrator is also authorized to make Awards of Common Stock as described above but without imposing any restrictions (whether based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) on the shares of Common Stock subject to the Award ("Unrestricted Stock"), subject to the provisions of Section 6.4.

11.2 Stock Units

The Plan Administrator is authorized to make Awards denominated in units of Common Stock ("Stock Units") on such terms and conditions and subject to such restrictions (which may be based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) as the Plan Administrator shall determine, in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the Award. The terms, conditions and restrictions that the Plan Administrator shall have the power to determine shall include, without limitation, the conditions which must be satisfied prior to the issuance of the shares subject to the Stock Units to the Participant and the circumstances under which forfeiture of the Stock Units shall occur by reason of termination of the Participant's employment or service relationship.

11.3 Issuance of Shares

Upon the satisfaction of any terms, conditions and restrictions prescribed in respect to a Stock Award, or upon the Participant's release from any terms, conditions and restrictions of a Stock Award, as determined by the Plan Administrator, the Company shall release, as soon as practicable, to the Participant or, in the case of the Participant's death, to the personal representative of the Participant's estate or as the appropriate court directs, the appropriate number of shares of Common Stock.

11.4 Waiver of Restrictions

Notwithstanding any other provisions of the Plan, the Plan Administrator may, in its sole discretion, waive the forfeiture period and any other terms, conditions or restrictions on any Stock Award under such circumstances and subject to such terms and conditions as the Plan Administrator shall deem appropriate; provided, however, that the Plan Administrator may not adjust performance goals for any Outstanding Qualified Performance-Based Awards.

SECTION 12. PERFORMANCE AWARDS

12.1 Performance Shares

The Plan Administrator may grant Awards of performance shares ("Performance Shares") and designate the Participants to whom Performance Shares are to be awarded and determine the number of Performance Shares and the terms and conditions of each such Award. Performance Shares shall consist of a unit valued by reference to a designated number of shares of Common Stock, the value of which may be paid to the Participant by delivery of such property as the Plan Administrator shall determine, including, without limitation, cash, shares of Common Stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the Plan Administrator, and other terms and conditions specified by the Plan Administrator. Notwithstanding the satisfaction of any performance goals, the amount to be paid under an Award of Performance Shares may be adjusted on the basis of such further consideration as the Plan Administrator shall determine in its sole discretion.

12.2 Performance Units

The Plan Administrator may grant Awards of performance units ("Performance Units") and designate the Participants to whom Performance Units are to be awarded and determine the number of Performance Units and the terms and conditions of each such Award. Performance Units shall consist of a unit valued by reference to a designated amount of property other than shares of Common Stock, which value may be paid to the Participant by delivery of such property as the Plan Administrator shall determine, including, without limitation, cash, shares of Common Stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the Plan Administrator, and other terms and conditions specified by the Plan Administrator. Notwithstanding the satisfaction of any performance goals, the amount to be paid under an Award of Performance Units may be adjusted on the basis of such further consideration as the Plan Administrator shall determine in its sole discretion.

SECTION 13. PERFORMANCE GOALS AND RELATED ADJUSTMENTS

13.1 Performance Goal Criteria

Performance goals established by the Plan Administrator for purpose of Awards that vest based on performance conditions shall be based on the business criteria selected by the Plan Administrator that may including, either individually, alternatively or in any combination, as reported or calculated by the Company: (i) earnings, including one or more of operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, adjusted EBITDA, economic earnings, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) revenue, revenue growth or rate of revenue growth; (vi) return on assets (gross or net), return on investment, return on capital, or return on equity; (vii) returns on sales or revenues; (viii) operating expenses; (ix) share price or total shareholder return; (x) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xi) implementation or completion of critical projects or processes; (xii) cumulative earnings per share growth; (xiii) operating margin or profit margin; (xiv) cost targets, reductions and savings, productivity and efficiencies; (xv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, product quality measures, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xvi) personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, and the completion of other corporate transactions; (xvii) other measurable business drivers; and (xviii) any combination of, or a specified increase in, any of the foregoing, any of which may be used to measure the performance of the Company as a whole or with respect to any business unit, Subsidiary or business segment of the Company, either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years or other period, on an absolute basis or relative to a pre-established target, to previous period results or to a designated comparison group.

13.2 Adjustments

Any performance goals that are financial metrics, may be determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting principles established by the International Accounting Standards Board ("IASB Principles"), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP or under IASB Principles. The Plan Administrator may provide for exclusion of the impact of an event or occurrence which the Plan Administrator determines should appropriately be excluded, including, without limitation (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to common stock, (m) any business interruption event (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

SECTION 14. WITHHOLDING

The Company or the Related Corporation, as applicable, shall have the authority and right to deduct or withhold from any payments made to the Participant by the Company or the Related Corporation, or require the Participant to pay to the Company or the Related Corporation, the amount of any Tax-Related Items that the Company or a Related Corporation determines is required to withhold with respect to any Award. Subject to the Plan and applicable law, the Plan Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, in whole or in part, (a) allow a Participant to pay cash (by check or wire transfer), (b) allow the Company to withhold, or allow a Participant to elect to have the Company withhold, shares of Common Stock having a fair market value equal to the sums required to be withheld, which may be determined using rates of up to the maxim rates applicable in the applicable jurisdiction (with the fair market value of the shares to be withheld and the applicable rate of withholding for Tax-Related Items determined on the date that the amount of the Tax-Related Items to be withheld is to be determined), (c) allow the transfer to the Company shares of Common Stock (already owned by the Participant for the period necessary to avoid a charge to the Company's earnings for financial reporting purposes), in such amounts as are equivalent to the fair market value of the withholding obligation, (d) allow the Company or the Related Corporation wot withhold from any cash compensation otherwise due the Participant, (e) allow the Company or Related Corporation to withhold from the proceeds of the sale of shares underlying an Award, either through a voluntary sale or a mandatory sale arranged by the Company or Related Corporation on the Participant's behalf, without need of further authorization, or (f) may permit any other method set forth in the instrument evidencing the Award. No Common Stock shall be delivered hereunder to any Participant or other person until the Participant or such other person has made arrangements acceptable to the Plan Administrator for the satisfaction of these obligations for Tax-Related Items with respect to any taxable event concerning the Participant or such other person arising as a result of Awards made under this Plan.

SECTION 15. ASSIGNABILITY

Except as provided below, Awards granted under the Plan and any interest therein may not be assigned, pledged or transferred by the Participant and may not be made subject to attachment or similar proceedings otherwise than by will or by the applicable laws of descent and distribution, except to the extent the instrument evidencing the Award provides that a Participant may designate a beneficiary on a Company-approved form who may exercise the Award or receive payment under the Award after the Participant's death, and the Participant has made such a designation. During a Participant's lifetime, Awards may be exercised only by the Participant. To the extent permitted by Section 422 of the Code and under such terms and conditions as determined by the Plan Administrator and provided such transfer is consistent with securities offerings registered on a Form S-8, a Participant may assign or transfer an Award without consideration (each transferee thereof, a "Permitted Assignee"); provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan.

SECTION 16. ADJUSTMENTS

16.1 Adjustment of Shares

In the event that, at any time or from time to time, a stock dividend, stock split, reverse stock split, reorganization, split-up, spin-off, combination, repurchase, or exchange of shares of Common Stock or other securities of the Company, recapitalization, merger, consolidation, distribution to shareholders other than a normal cash dividend (whether in the form of cash, securities of the Company or other property), or other change in the Company's corporate or capital structure affects the Common Stock or its value or results in (a) the outstanding shares, or any securities exchanged therefor or received in their place, being exchanged for a different number or class of securities of the Company or of any other corporation or (b) new, different or additional securities of the Company or of any other corporation being received by the holders of shares of Common Stock of the Company, then the Plan Administrator shall make proportional adjustments in (i) the maximum number and kind of securities that may be made subject to certain Awards as set forth in Section 4.1 (including the number of shares that may be issued pursuant to the exercise of Incentive Stock Options), (ii) the number and kind of securities that are subject to any outstanding Award and the per share price of such securities, without any change in the aggregate price to be paid therefor, and (iii) the number and kind of securities automatically granted pursuant to a formula program established under the Plan. The determination by the Plan Administrator as to the terms of any of the foregoing adjustments shall be conclusive and binding.

16.2 Change in Control Transaction

16.2.1 Definitions

"Change in Control Transaction" shall be deemed to have occurred if any of the events set forth in any one of the following paragraphs shall have occurred:

(a) any Person is or becomes the Beneficial Owner (as such term is set forth in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in Section 16.2.1(c)(i);

(b) a change in the composition of the Board during any two-year period such that the individuals who, as of the date of this agreement, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that for purposes of this definition, any individual who becomes a member of the Board subsequent to the beginning of the two-year period, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; and provided further, however, that any such individual whose initial assumption of office occurs as a result of or in connection with an actual or threatened solicitation of proxies or consents by or on behalf of an Person other than the Board shall not be considered a member of the Incumbent Board;

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a merger or consolidation immediately following which members of the Incumbent Board constitute a majority of the members of the board of directors (or similar body) of the surviving entity or, if the surviving entity is a subsidiary, any parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates (as such term is set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act)) representing 50% more of the combined voting power of the Company's then outstanding securities; or

(d) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this Section 16.2.1, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

For clarity, a Change in Control Transaction shall not be deemed to have occurred in the event of a reorganization of the Company and/or any Related Corporations nor in the event of a reincorporation of the Company or any Related Corporation in another jurisdiction.

16.2.2 Assumption of Awards

Notwithstanding Section 16.1 hereof, and except as provided in Section 16.2.3 and as may otherwise be provided in the instrument evidencing the Award or in written employment or services or other agreement between a Participant and the Company or a Related Corporation in connection with an Award, if in the event of a Change in Control Transaction a Participant's Awards are not assumed, converted, continued, replaced or an equivalent award is not substituted for the Awards by the surviving corporation, the successor corporation or its parent corporation, as applicable, (the "Successor Corporation"), the Participant shall fully vest in and, if applicable, have the right to exercise the Award as to all of the shares of Common Stock subject thereto, including shares as to which the Award would not otherwise be vested or, if applicable, exercisable. If an Award is in the form of an exercisable right that will become fully vested and exercisable in lieu of assumption or substitution in the event of a Change in Control Transaction, the Plan Administrator shall notify the Participant in writing or electronically that the Award shall be fully vested and exercisable for a specified time period after the date of such notice, and the Award shall terminate upon the expiration of such period, in each case conditioned on the consummation of the Change in Control Transaction. For the purposes of this Section 16.2.2, the Award shall be considered assumed if, following the Change in Control Transaction, the assumed right confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to the Change in Control Transaction, the consideration (whether stock, cash, or other securities or property) received in the Change in Control Transaction by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control Transaction is not solely common stock of the Successor Corporation, the Plan Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the settlement or exercise of the Award, for each share of Common Stock subject thereto, to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control Transaction. The Plan Administrator may provide that Awards shall terminate and cease to remain outstanding immediately prior to the consummation of the Change in Control Transaction, except to the extent assumed by the Successor Corporation. The portion of any Incentive Stock Option accelerated in connection with a Change in Control Transaction shall remain exercisable as an Incentive Stock Option only to the extent the applicable One Hundred Thousand Dollar ($100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such Option shall be exercisable as a Nonqualified Stock Option.

16.2.3 Performance Awards

In the event of a Change in Control Transaction, the vesting and payout of Performance Awards shall be as provided in the instrument evidencing the Award or in a written employment or services agreement between a Participant and the Company or a Related Corporation.

16.3 Further Adjustment of Awards

Subject to Section 16.2, the Plan Administrator shall have the discretion, exercisable at any time before a Change in Control Transaction, as defined by the Plan Administrator, to take such further action as it determines to be necessary or advisable with respect to Awards. The Plan Administrator may take such action before or after granting Awards to which the action relates and before or after any public announcement with respect to such Change in Control Transaction that is the reason for such action. Such authorized action may include (but shall not be limited to) the following, and the Plan Administrator may take such actions with respect to all Participants, to certain categories of Participants or only to individual Participants; provided, however, that any vesting acceleration of outstanding Awards shall in all cases be subject to the consummation of the sale, merger, other similar transaction or change in control:

(a) establishing, amending or waiving the type, terms, conditions or duration of, or restrictions on, Awards so as to provide for earlier, later, extended or additional time for exercise, lifting restrictions and other modifications;

(b) providing for either (i) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 16.3 the Plan Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (ii) the replacement of such Award with other rights or property selected by the Plan Administrator in its sole discretion;

(c) making adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(d) to provide that such Award shall be exercisable or payable or fully vested with respect to all shares of Common Stock covered thereby, notwithstanding anything to the contrary in the Plan or the applicable agreement evidencing the Award; and

(e) to provide that the Award cannot vest, be exercised or become payable after such event.

16.4 Limitations

The grant of Awards shall in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

16.5 Fractional Shares

In the event of any adjustment in the number of shares covered by any Award, each such Award shall cover only the number of full shares resulting from such adjustment.

SECTION 17. AMENDMENT AND TERMINATION OF PLAN

17.1 Amendment of Plan

The Plan may be amended only by the Board in such respects as it shall deem advisable; provided, however, that to the extent required for compliance with Section 422 of the Code or any applicable law or regulation, shareholder approval shall be required for any amendment that would (a) increase the total number of shares available for issuance under the Plan, (b) modify the class of persons eligible to receive Awards, or (c) otherwise require shareholder approval under any applicable law, regulation or stock exchange rules.

17.2 Suspension or Termination of Plan

The Board may suspend or terminate the Plan at any time. The Plan shall have no fixed expiration date; provided, however, that no Incentive Stock Options may be granted more than ten years after the later of (a) the Second Amended 2010 Plan's adoption by the Board and (b) the adoption by the Board of any amendment to the Plan that constitutes the adoption of a new plan for purposes of Section 422 of the Code.

17.3 Consent of Participant

The suspension, amendment or termination of the Plan or a portion thereof or the amendment of an outstanding Award shall not, without the Participant's consent, impair or diminish any rights or obligations under any Award theretofore granted to the Participant under the Plan. Any change or adjustment to an outstanding Incentive Stock Option shall not, without the consent of the Participant, be made in a manner so as to constitute a "modification" that would cause such Incentive Stock Option to fail to continue to qualify as an Incentive Stock Option. Notwithstanding the foregoing, any adjustments made pursuant to Section 16 and any amendment or other action contemplated under Section 18.9 or as may necessary or advisable to facilitate compliance with applicable law, as determined in the sole discretion of the Plan Administrator, shall not be subject to these restrictions.

SECTION 18. GENERAL

18.1 Evidence of Awards

Awards granted under the Plan shall be evidenced by a written instrument (which may also be in electronic form) that shall contain such terms, conditions, limitations and restrictions as the Plan Administrator shall deem advisable and that are not inconsistent with the Plan.

18.2 No Individual Rights

Nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment contract or confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Related Corporation or limit in any way the right of the Company or any Related Corporation to terminate a Participant's employment or other relationship at any time, with or without Cause.

18.3 Transfer of Employment or Service Relationship; Leaves of Absence

A Participant's transfer of employment or service relationship between or among the Company and its Related Corporations, or a change in status from an employee to a consultant, agent, advisor or independent contractor or vice versa, shall not be considered a termination of employment or service relationship for purposes of the Plan.

The effect of a Company-approved leave of absence on the terms and conditions of an Award shall be determined by the Plan Administrator, in its sole discretion.

18.4 Compliance with Law

Notwithstanding any other provision of the Plan, the Company shall have no obligation to issue or deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such issuance, delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act, exchange control law), and the applicable requirements of any securities exchange, similar entity or other governmental regulatory body, or prior to obtaining any approval or other clearance from any governmental authority, which compliance or approval the Company shall, in its absolute discretion, deem necessary or advisable; provided, however, that the Company shall have no any obligation to register or qualify the Common Stock with, or to seek approval or clearance from any, governmental authority for the issuance, sale or delivery of Common Stock.

The Company shall be under no obligation to any Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under state securities laws or any non-U.S. securities laws, any shares of Common Stock, security or interest in a security paid or issued under, or created by, the Plan, to continue in effect any such registrations or qualifications if made, or to seek approval or clearance from any governmental authority for the issuance, sale or delivery of Common Stock. The Company may issue certificates for shares with such legends and subject to such restrictions on transfer and stop-transfer instructions as counsel for the Company deems necessary or desirable for compliance by the Company with federal and state securities laws.

To the extent that the Plan or any instrument evidencing an Award provides for issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

18.5 No Rights as a Shareholder

No Option, SAR, Stock Unit or Performance Unit shall entitle the Participant to any cash dividend, voting or other right of a shareholder unless and until the date of issuance under the Plan of the shares that are the subject of such Award.

18.6 Interpretive Authority

Notwithstanding anything in the Plan to the contrary, the Plan Administrator, in its sole discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to Participants who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Participants. Additionally, in interpreting and applying the provisions of the Plan, any Option granted as an Incentive Stock Option pursuant to the Plan shall, to the extent permitted by law, be construed as an “incentive stock option” within the meaning of Section 422 of the Code.

18.7 Participants in Non–U.S. Countries

To facilitate compliance with the laws in non-U.S. countries in which the Company and its Related Corporations operate or have Participants and/or to take advantage of specific tax treatment for Awards granted to Participants in such countries, the Plan Administrator shall have the power and authority to: (i) modify the terms and conditions of any Award; (ii) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or desirable, including adoption of rules, procedures or sub-plans applicable to particular Related Corporations or Participants residing in particular locations; provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Sections 4 of the Plan; and (iii) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Plan Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other law applicable to the Common Stock or the issuance of Common Stock under the Plan.

18.8 No Trust or Fund

The Plan is intended to constitute an “unfunded” plan. Nothing contained herein shall require the Company to segregate any monies or other property, or shares of Common Stock, or to create any trusts, or to make any special deposits for any immediate or deferred amounts payable to any Participant, and no Participant shall have any rights that are greater than those of a general unsecured creditor of the Company.

18.9 Section 409A

To the extent that the Plan Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the written instrument evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and any written instrument evidencing any Award shall be interpreted in accordance with Section 409A of the Code and U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Restatement Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Restatement Effective Date the Plan Administrator determines that any Award may be subject to Section 409A of the Code and related U.S. Department of Treasury guidance (including such U.S. Department of Treasury guidance as may be issued after the Restatement Effective Date), the Plan Administrator may, without consent of the Participant, adopt such amendments to the Plan and the applicable written instrument evidencing the Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, including amendments or actions that would result in a reduction to the benefits payable under an Award, in each case, without the consent of the Participant, that the Plan Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section or mitigate any additional tax, interest, and/or penalties or other adverse tax consequences that may apply under Section 409A of the Code if compliance is not practical. Notwithstanding the foregoing, the Company makes no representation or covenant to ensure that the Awards and the payment are exempt from or compliant with Section 409A of the Code and will have no liability to the Participants or any other party if the Awards or payment of the Awards that are intended to be exempt from, or compliant with, Section 409A of the Code, are not so exempt or compliant or for any action taken by the Plan Administrator with respect thereto.

18.10 Severability

If any provision of the Plan or any Award is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Award under any law deemed applicable by the Plan Administrator, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Plan Administrator's determination, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

18.11 Choice of Law

The Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Washington without giving effect to conflict of laws principles.

18.12 No Representation or Warranty Regarding Tax Treatment.

Notwithstanding any language contained in the Plan or any Award, the Company does not represent or warrant that any particular tax treatment will be achieved.

18.13 Fractional Shares.

Unless the Plan Administrator provides otherwise, no fractional shares shall be issuable by the Company pursuant to the exercise or settlement of Awards under the Plan. The Plan Administrator shall also have the authority to determine whether fractional shares subject to an Award shall be rounded down to the nearest whole share of Common Stock or a cash payment shall be made in lieu of fractional shares.

SECTION 19. CLAWBACK/RECOVERY

All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company adopts pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any implementing rules adopted under the Exchange Act and by the Nasdaq or other applicable law. In addition, the Plan Administrator may impose such other clawback, recovery or recoupment provisions on an Award as the Plan Administrator determines necessary or appropriate, including, but not limited to, a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of cause (as determined by the Plan Administrator).

Exhibit 10.5

THIRD AMENDMENT TO THE

ITRON, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

As Amended and Restated Effective January 1, 2012

WHEREAS, Itron, Inc. (the "Company") has adopted, and currently maintains, the Itron, Inc. Executive Deferred Compensation Plan (the "Plan"), pursuant to which a select group of management and highly compensated employees may defer compensation and equity compensation awards; and

WHEREAS, effective as of January 1, 2012, the Plan permits non-employee members of the Company's Board of Directors (the "Board") to defer directors fees and equity compensation awards; and

WHEREAS, as the terms of the Plan are designed to satisfy the tax requirements of the U.S. but not other jurisdictions, only U.S.-based non-employee members of the Board presently participate in the Plan.

WHEREAS, the Compensation Committee of the Board (the "Compensation Committee"), pursuant to its authority under the Plan, has amended the Plan to authorize the adoption of addenda setting forth terms and conditions that shall apply to participants located outside of the United States to facilitate compliance with local applicable legal requirements and/or to accommodate local tax considerations for the participants,

WHEREAS, the Compensation Committee, pursuant to its authority under the Plan and the amendment contemplated pursuant to the foregoing recital, has adopted an addendum to the Plan to permit non-employee members of the Board residing in Canada to participate in the Plan in accordance with the terms set forth therein (the "Canada Addendum").

WHEREAS, the Compensation Committee has authorized the Company to document the amendments to the Plan contemplated in the foregoing recital; and

WHEREAS, the Company desires to document the amendments to the Plan contemplated in the foregoing recitals.

NOW, THEREFORE, the Plan is amended as follows, as of May 8, 2024:

<u>Non-U.S. Participants</u>

1. Section 12.12 is added to read as follows:

"The Plan shall be subject to any special terms and conditions set forth in any addendum to the Plan. Moreover, if a Participant relocates to one of the countries included in an addendum, the terms and conditions for such country shall apply to the Participant, to the extent the Administrator determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal, tax or administrative reasons. Any addendum shall constitute part of the Plan."

<u>Canada Addendum</u>

1. Pursuant to Section 12.12 of the Plan, the Canada Addendum that is attached hereto as **<u>Attachment A</u>** shall be made an addendum to the Plan.

Except as amended above, the provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has caused this Amendment to be executed as of the 8th day of May 2024.

ITRON, INC.

By: /s/ Christopher E. Ware

Name: Christopher E. Ware

Title: Senior Vice President, General Counsel & Corporate Secretary

Attachment A

ADDENDUM to the
Itron, Inc.
Executive Deferred Compensation Plan
As Amended and Restated Effective January 1, 2012
(Addendum Dated as of May 8, 2024)

For Eligible Directors in Canada

In addition to the terms and conditions of the Plan, as may be amended from time to time, to the extent the Eligible Director resides and is employed or provides service primarily in Canada, or to the extent the Administrator determines, or as otherwise set out herein, any deferral of compensation shall be subject to the following additional terms and conditions as set forth in this addendum, as may be amended from time to time, unless otherwise determined by the Administrator, (the "**Canada Addendum**"). Capitalized terms used in this Canada Addendum but not defined herein shall have the same meaning as assigned to such terms in the Plan. If there is an inconsistency between this Canada Addendum and the Plan, the applicable terms of this Canada Addendum shall prevail.

4.1 Salary Deferrals. Section 4.1 of the Plan shall be deleted in its entirety and of no further force or effect.

4.2 Bonus Deferrals. Section 4.2 of the Plan shall be deleted in its entirety and of no further force or effect.

4.3 Director Fees Deferrals. The following provision replaces Section 4.3 of the Plan:
Effective for Directors Fees payable in the form of shares of common stock of the Company that are earned on or after January 1, 2024 (the "Equity Director Fees"), an Eligible Director may elect to defer receipt of up to one hundred percent (100%) of any Equity Director Fees that he or she anticipates receiving. Such election shall be made by filing a Deferral Agreement with the Company in the manner and by the time specified by the Administrator; provided, however, that such Deferral Agreement must be filed with the Company prior to the first day of the first calendar year for which it is to be effective and shall become irrevocable with respect to a calendar year on the last day of the calendar year immediately preceding such calendar year (or such earlier date as the Administrator may prescribe). Notwithstanding the foregoing, (i) an Eligible Director who was eligible to participate in the Plan as of the date this Canada Addendum became effective may elect to defer Equity Director Fees that have not yet been earned in calendar year 2024 and for which the service period has not yet commenced (as of the date his or her Deferral Agreement is filed with the Company) prior to the date the service period corresponding to the Director Fees commences, and (ii) an Eligible Director who first becomes eligible to participate in the Plan during a calendar year may elect to defer Equity Director Fees that have not yet been earned in that calendar year and for which the service period has not yet commenced (as of the date his or her Deferral Agreement is filed with the Company) within thirty (30) days after becoming eligible to participate in the Plan. For the avoidance of doubt, an Eligible Director may not elect to defer any Director Fees that are payable in cash.

8.1 Timing of Distribution. The following provision replaces Section 8.1 of the Plan:

With respect to deferrals made by Director-Participants, and except as provided otherwise in this Article VIII, a Participant's Account shall commence to be distributed to the Participant within ninety (90) days after the Participant's Termination and shall be distributed to the Participant no later than the end of the first calendar year commencing after the Participant's Termination.

8.2 Form of Distribution. Section 8.2 of the Plan shall be deleted in its entirety and of no further force or effect.

8.3 Unforeseeable Emergency. Section 8.3 of the Plan shall be deleted in its entirety and of no further force or effect.

8.6 Distribution of Small Account Balances. Section 8.6 of the Plan shall be deleted in its entirety and of no further force or effect.

8.8 Delay Due to Non-Deductibility under Section 162(m). Section 8.8 of the Plan shall be deleted in its entirety and of no further force or effect.

8.9 Distribution in Event of Taxation. Section 8.9 of the Plan shall be deleted in its entirety and of no further force or effect.

Exhibit 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Thomas L. Deitrich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Itron, Inc.;

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.

ITRON, INC.

By: /s/ THOMAS L. DEITRICH
Thomas L. Deitrich
President and Chief Executive Officer

Date: August 1, 2024

Exhibit 31.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Joan S. Hooper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Itron, Inc.;

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.

ITRON, INC.

By: /s/ JOAN S. HOOPER

Joan S. Hooper
Senior Vice President and Chief Financial Officer

Date: August 1, 2024

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Quarterly Report of Itron, Inc. (the Company) on Form 10-Q for the quarterly period ended June 30, 2024 (the Report) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Thomas L. Deitrich, the Chief Executive Officer, and Joan S. Hooper, the Chief Financial Officer, of the Company each certifies that to the best of his or her 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/ THOMAS L. DEITRICH	August 1, 2024
Thomas L. Deitrich **President and Chief Executive Officer**	**Date**
/s/ JOAN S. HOOPER	August 1, 2024
Joan S. Hooper **Senior Vice President and Chief Financial Officer**	**Date**