

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2025

Itron, Inc.

(Exact name of registrant as specified in its charter)

Washington

(State or Other Jurisdiction of Incorporation)

000-22418

(Commission File Number)

91-1011792

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

2111 N. Molter Road
Liberty Lake, Washington 99019
(Address of Principal Executive Offices) (Zip Code)

(509) 924-9900
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2025, Itron, Inc. issued a press release announcing its financial results for the three and six months ended June 30, 2025. A copy of this press release and accompanying financial statements are attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release Dated July 31, 2025.*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

*This exhibit is intended to be furnished and shall not be deemed "filed" for purposes of the Exchange Act.

Forward Looking Statements

This release 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 release. 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, regulations, tariffs, sanctions, trade policies and retaliatory responses, 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 Annual Report on Form 10-K for the year ended December 31, 2024 and other reports on file with the Securities and Exchange Commission. Itron undertakes no obligation to update or revise any information in this press release.

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 hereunto duly authorized.

Itron, Inc.

Date: July 31, 2025

By: /s/ JOAN S. HOOPER

Joan S. Hooper

Senior Vice President and Chief Financial Officer



Itron Announces Second Quarter 2025 Financial Results

LIBERTY LAKE, Wash., July 31, 2025 (GLOBE NEWSWIRE) -- Itron, Inc. (NASDAQ: ITRI), which is innovating the way utilities and cities manage energy and water, announced today financial results for its second quarter ended June 30, 2025. Key results for the quarter include (compared with the second quarter of 2024):

- Revenue of \$607 million;
- Gross profit of \$224 million, increased 6%;
- GAAP net income attributable to Itron, Inc. of \$68 million, increased \$17 million;
- GAAP diluted earnings per share of \$1.47, increased \$0.37 per share;
- Non-GAAP diluted EPS of \$1.62, increased \$0.41 per share;
- Adjusted EBITDA of \$90 million, increased 16%; and
- Free cash flow of \$91 million, increased \$46 million.

"Itron delivered solid second quarter results driving quarterly record levels of margin, profitability, and cash flow," said Tom Deitrich, Itron's president and CEO. "The market environment remains dynamic with long-term growth, against a backdrop of near-term macroeconomic uncertainty and trade policy volatility. We remain focused on supporting our customers as they adapt to balance many competing priorities and weigh complex decisions."

Summary of Second Quarter Consolidated Financial Results

(All comparisons made are against the prior year period unless otherwise noted)

Revenue

Total second quarter revenue of \$607 million compared to \$609 million in the prior year. This comparison reflects catch-up of previously constrained revenue that occurred during Q2'24.

Device Solutions revenue decreased 5%, or 8% in constant currency, due to lower legacy electricity product sales related to portfolio optimization, partially offset by increased water sales.

Networked Solutions revenue decreased 1% when compared to the second quarter of 2024 due to no constrained revenue catch-up as well as the timing of shipments and project deployments.

Outcomes revenue increased 9%, due to increased recurring revenue and software licenses.

Gross Margin

Itron's second quarter gross margin of 36.9% increased 230 basis points from the prior year due to product and customer mix.

Operating Expenses and Operating Income

GAAP operating expenses of \$147 million increased \$1 million from the prior year. Non-GAAP operating expenses of \$141 million were unchanged compared to the prior year.

GAAP operating income of \$76 million was \$12 million higher than the prior year and non-GAAP operating income of \$82 million was \$13 million higher than the prior year. Both increases were due to higher gross profit.

Net Income and Earnings per Share

Net income attributable to Itron, Inc. for the quarter was \$68 million, or \$1.47 per diluted share, compared with net income attributable to Itron, Inc. of \$51 million, or \$1.10 per diluted share in 2024. The increase was driven by higher GAAP operating income and higher interest income.

Non-GAAP net income attributable to Itron, Inc., which excludes 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, was \$75 million, or \$1.62 per diluted share, compared with \$56 million, or \$1.21 per diluted share, in 2024. The increase was due to higher non-GAAP operating income and higher interest income.

Cash Flow

Net cash provided by operating activities was \$97 million in the second quarter compared with \$52 million in the prior year. Free cash flow was \$91 million in the second quarter compared with \$45 million in the prior year. The increase in free cash flow was primarily due to higher earnings, higher interest income, and decreased tax payments.

Other Measures

Total backlog at quarter end was \$4.5 billion compared with \$4.1 billion in the prior year. Bookings in the quarter totaled \$454 million.

Q3 2025 Outlook and Full Year 2025 Outlook Update

Outlook for the third quarter of 2025 is as follows:

- Revenue between \$570 and \$585 million
- Non-GAAP diluted EPS between \$1.45 and \$1.55

Itron's outlook for the full year 2025 has been updated as follows:

- Revenue between \$2.35 to \$2.4 billion
- Non-GAAP diluted EPS between \$6.00 to \$6.20

Earnings Conference Call

Itron will host a conference call to discuss the financial results contained in this release at 10 a.m. EDT on July 31, 2025. Interested parties may listen to the conference call on a live webcast. The webcast, along with a supplemental presentation, may be accessed from the company's website at <https://investors.itron.com/events-presentations>. Participants should access the webcast 10 minutes prior to the start of the call. A webcast replay of the conference call will be available through Aug. 7, 2025 and may be accessed on the company's website at <https://investors.itron.com/events-presentations>.

About Itron

Itron is transforming how the world manages energy, water and city services. Our trusted intelligent infrastructure solutions help utilities and cities improve efficiency, build resilience and deliver safe, reliable and affordable service. With edge intelligence, we connect people, data insights and devices so communities can better manage the essential resources they rely on to live and thrive. Join us as we create a more resourceful world: www.itron.com

Itron[®] is a registered trademark of Itron, Inc. All third-party trademarks are property of their respective owners and any usage herein does not suggest or imply any relationship between Itron and the third party unless expressly stated.

Cautionary Note Regarding Forward Looking Statements

This release 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 release. 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, regulations, tariffs, sanctions, trade policies and retaliatory responses, 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 Annual Report on Form 10-K for the year ended Dec 31, 2024 and other reports on file with the Securities and Exchange Commission. Itron undertakes no obligation to update or revise any information in this press release.

Non-GAAP Financial Information

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. When providing future outlooks and/or earnings guidance, a reconciliation of forward-looking non-GAAP diluted EPS to the GAAP diluted EPS has not been provided because we are unable to predict with reasonable certainty the potential amount or timing of restructuring related expenses and their related tax effects without unreasonable effort. These costs are uncertain, depend on various factors and could have a material impact on GAAP results for the guidance period. A more detailed discussion of why we use non-GAAP financial measures, the limitations of using such measures, and reconciliations between non-GAAP and the nearest GAAP financial measures are included in this press release.

For additional information, contact:

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Itron, Inc.

- LinkedIn: <https://www.linkedin.com/company/itroninc>
- X: <https://twitter.com/ItronInc>
- Newsroom: <https://itron.com/newsroom>
- Blog: <https://itron.com/blog>

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Product revenues	\$ 517,184	\$ 532,907	\$ 1,040,325	\$ 1,060,729
Service revenues	89,577	76,162	173,587	151,782
Total revenues	606,761	609,069	1,213,912	1,212,511
Cost of revenues				
Product cost of revenues	337,394	356,747	683,836	713,454
Service cost of revenues	45,749	41,862	89,239	83,218
Total cost of revenues	383,143	398,609	773,075	796,672
Gross profit	223,618	210,460	440,837	415,839
Operating expenses				
Sales, general and administrative	87,615	88,413	174,526	174,384
Research and development	53,810	53,053	103,900	105,454
Amortization of intangible assets	4,543	4,511	9,022	8,497
Restructuring	1,237	(99)	684	99
(Gain) loss on sale of business	—	(65)	79	(42)
Total operating expenses	147,205	145,813	288,211	288,392
Operating income	76,413	64,647	152,626	127,447
Other income (expense)				
Interest income	12,303	5,128	24,013	8,974
Interest expense	(5,648)	(2,290)	(11,241)	(4,183)
Other income (expense), net	414	(445)	363	18
Total other income (expense)	7,069	2,393	13,135	4,809
Income before income taxes	83,482	67,040	165,761	132,256
Income tax provision	(14,730)	(15,180)	(31,659)	(28,609)
Net income	68,752	51,860	134,102	103,647

Net income attributable to noncontrolling interests	412	542	288	608
Net income attributable to Itron, Inc.	\$ 68,340	\$ 51,318	\$ 133,814	\$ 103,039
Net income per common share - Basic	\$ 1.50	\$ 1.12	\$ 2.94	\$ 2.25
Net income per common share - Diluted	\$ 1.47	\$ 1.10	\$ 2.89	\$ 2.22
Weighted average common shares outstanding - Basic	45,633	45,745	45,486	45,698
Weighted average common shares outstanding - Diluted	46,380	46,526	46,276	46,441

ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Product revenues				
Device Solutions	\$ 111,939	\$ 117,929	\$ 237,326	\$ 243,837
Networked Solutions	379,481	387,351	754,003	768,656
Outcomes	25,764	27,627	48,996	48,236
Total Company	\$ 517,184	\$ 532,907	\$ 1,040,325	\$ 1,060,729
Service revenues				
Device Solutions	\$ 821	\$ 621	\$ 1,305	\$ 1,465
Networked Solutions	29,453	25,353	57,663	51,564
Outcomes	59,303	50,188	114,619	98,753
Total Company	\$ 89,577	\$ 76,162	\$ 173,587	\$ 151,782
Total revenues				
Device Solutions	\$ 112,760	\$ 118,550	\$ 238,631	\$ 245,302
Networked Solutions	408,934	412,704	811,666	820,220
Outcomes	85,067	77,815	163,615	146,989
Total Company	\$ 606,761	\$ 609,069	\$ 1,213,912	\$ 1,212,511
Gross profit				
Device Solutions	\$ 33,591	\$ 31,231	\$ 71,344	\$ 61,295
Networked Solutions	157,243	152,157	305,957	303,182
Outcomes	32,784	27,072	63,536	51,362
Total Company	\$ 223,618	\$ 210,460	\$ 440,837	\$ 415,839
Operating income				
Device Solutions	\$ 25,454	\$ 23,725	\$ 55,925	\$ 45,428
Networked Solutions	120,999	117,444	237,108	234,122
Outcomes	15,687	10,651	30,017	19,742
Corporate unallocated	(85,727)	(87,173)	(170,424)	(171,845)
Total Company	\$ 76,413	\$ 64,647	\$ 152,626	\$ 127,447
Total Gross Margin	36.9%	34.6%	36.3%	34.3%

ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,224,257	\$ 1,051,237

Accounts receivable, net	340,321	350,473
Inventories	283,297	270,725
Other current assets	140,998	143,457
Total current assets	1,988,873	1,815,892
Property, plant, and equipment, net	115,595	115,428
Deferred tax assets, net	318,595	310,280
Other long-term assets	42,460	41,827
Operating lease right-of-use assets, net	35,411	28,957
Intangible assets, net	34,426	43,109
Goodwill	1,088,408	1,052,130
Total assets	\$ 3,623,768	\$ 3,407,623

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable	\$ 123,127	\$ 144,929
Other current liabilities	62,283	61,241
Wages and benefits payable	106,837	137,384
Taxes payable	13,636	19,689
Current portion of debt, net	458,334	—
Current portion of warranty	13,312	14,302
Unearned revenue	195,530	150,720
Total current liabilities	973,059	528,265
Long-term debt, net	787,023	1,242,424
Long-term warranty	7,455	7,839
Pension benefit obligation	65,864	59,537
Deferred tax liabilities, net	661	565
Operating lease liabilities	27,061	25,350
Other long-term obligations	128,221	132,215
Total liabilities	1,989,344	1,996,195
Equity		
Common stock	1,728,667	1,689,835
Accumulated other comprehensive loss, net	(59,869)	(109,931)
Accumulated deficit	(55,490)	(189,304)
Total Itron, Inc. shareholders' equity	1,613,308	1,390,600
Noncontrolling interests	21,116	20,828
Total equity	1,634,424	1,411,428
Total liabilities and equity	\$ 3,623,768	\$ 3,407,623

ITRON, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)	Six Months Ended June 30,	
	2025	2024
Operating activities		
Net income	\$ 134,102	\$ 103,647
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	24,182	26,263
Non-cash operating lease expense	5,843	7,634
Stock-based compensation	33,396	21,845
Amortization of prepaid debt fees	3,581	1,867
Deferred taxes, net	(9,664)	(8,725)
(Gain) loss on sale of business	79	(42)
Restructuring, non-cash	(25)	(171)
Other adjustments, net	(354)	(591)
Changes in operating assets and liabilities, net of acquisition and sale of business:		
Accounts receivable	18,789	(13,557)

Inventories	(7,413)	(13,216)
Other current assets	6,409	(510)
Other long-term assets	3,479	(1,885)
Accounts payable, other current liabilities, and taxes payable	(31,868)	(7,128)
Wages and benefits payable	(34,884)	(28,700)
Unearned revenue	46,431	39,039
Warranty	(1,876)	810
Restructuring	(10,252)	(14,628)
Other operating, net	(11,153)	(18,927)
Net cash provided by operating activities	168,802	93,025
Investing activities		
Net proceeds related to the sale of business	—	405
Acquisitions of property, plant, and equipment	(10,656)	(14,255)
Business acquisitions, net of cash and cash equivalents acquired	—	(34,126)
Other investing, net	5	156
Net cash used in investing activities	(10,651)	(47,820)
Financing activities		
Proceeds from borrowings	—	805,000
Issuance of common stock	5,436	2,972
Payments on call spread for convertible offering	—	(108,997)
Repurchase of common stock	—	(100,000)
Prepaid debt fees	(178)	(21,495)
Other financing, net	(507)	(641)
Net cash provided by financing activities	4,751	576,839
Effect of foreign exchange rate changes on cash and cash equivalents	10,118	(3,454)
Increase in cash and cash equivalents	173,020	618,590
Cash and cash equivalents at beginning of period	1,051,237	302,049
Cash and cash equivalents at end of period	\$ 1,224,257	\$ 920,639

About Non-GAAP Financial Measures

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

We use these non-GAAP financial measures for financial and operational decision making and/or as a means for determining executive compensation. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and ability to service debt by excluding certain expenses that may not be indicative of our recurring core operating results. These non-GAAP financial measures facilitate management's internal comparisons to our historical performance, as well as comparisons to our competitors' operating results. Our executive compensation plans exclude non-cash charges related to amortization of intangibles and certain discrete cash and non-cash charges, such as restructuring, (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 any anti-dilutive impact of the convertible notes hedge transactions. 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.

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

ITRON, INC.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	\$ 147,205	\$ 145,813	\$ 288,211	\$ 288,392
Amortization of intangible assets	(4,543)	(4,511)	(9,022)	(8,497)
Restructuring	(1,237)	99	(684)	(99)
Gain (loss) on sale of business	—	65	(79)	42
Acquisition and integration	(33)	(90)	(84)	(408)
Non-GAAP operating expenses	\$ 141,392	\$ 141,376	\$ 278,342	\$ 279,430

NON-GAAP OPERATING INCOME

GAAP operating income	\$	76,413	\$	64,647	\$	152,626	\$	127,447
Amortization of intangible assets		4,543		4,511		9,022		8,497
Restructuring		1,237		(99)		684		99
(Gain) loss on sale of business		—		(65)		79		(42)
Acquisition and integration		33		90		84		408
Non-GAAP operating income	\$	82,226	\$	69,084	\$	162,495	\$	136,409

NON-GAAP NET INCOME & DILUTED EPS

GAAP net income attributable to Itron, Inc.	\$	68,340	\$	51,318	\$	133,814	\$	103,039
Amortization of intangible assets		4,543		4,511		9,022		8,497
Amortization of debt placement fees		1,757		935		3,494		1,779
Restructuring		1,237		(99)		684		99
(Gain) loss on sale of business		—		(65)		79		(42)
Acquisition and integration		33		90		84		408
Income tax effect of non-GAAP adjustments		(796)		(588)		(1,953)		(387)
Non-GAAP net income attributable to Itron, Inc.	\$	75,114	\$	56,102	\$	145,224	\$	113,393

Non-GAAP diluted EPS	\$	1.62	\$	1.21	\$	3.14	\$	2.44
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Non-GAAP weighted average common shares outstanding - Diluted		46,380		46,526		46,276		46,441
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ADJUSTED EBITDA

GAAP net income attributable to Itron, Inc.	\$	68,340	\$	51,318	\$	133,814	\$	103,039
Interest income		(12,303)		(5,128)		(24,013)		(8,974)
Interest expense		5,648		2,290		11,241		4,183
Income tax provision		14,730		15,180		31,659		28,609
Depreciation and amortization		12,114		13,519		24,182		26,263
Restructuring		1,237		(99)		684		99
(Gain) loss on sale of business		—		(65)		79		(42)
Acquisition and integration		33		90		84		408
Adjusted EBITDA	\$	89,799	\$	77,105	\$	177,730	\$	153,585

FREE CASH FLOW

Net cash provided by operating activities	\$	96,685	\$	51,717	\$	168,802	\$	93,025
Acquisitions of property, plant, and equipment		(6,017)		(7,110)		(10,656)		(14,255)
Free Cash Flow	\$	90,668	\$	44,607	\$	158,146	\$	78,770