



Fourth Quarter 2023 Earnings Conference Call

Tom Deitrich – President and Chief Executive Officer

Joan Hooper – Senior Vice President and Chief Financial Officer

Paul Vincent – Vice President, Investor Relations

Conference Call Agenda

- CEO – Business and Operations Update
- CFO – Financial Results and 2024 Guidance
- Q&A

Forward Looking Statements

Certain matters in this presentation and being discussed today, that are not statements of historical fact, constitute forward-looking statements relating to current or future financial performance, management's plans and objectives for future operations, product plans and performance, management's assessment of market factors, expectations of market growth and statements regarding the strategy and plans of the Company. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of Itron's future performance. The Company undertakes no obligation to update or revise any forward-looking statements in this presentation after the date they are made. We caution that all forward-looking statements are subject to a number of risks and uncertainties that could cause the Company's actual results in the future to differ materially from these forward-looking statements. These risks and uncertainties are detailed in the Company's filings with the Securities and Exchange Commission, including its most recently filed 10-K, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.

Current data and other statistical information used throughout this presentation are based on independent industry publications, government publications, and reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal surveys as well as the independent sources listed above. We believe that these sources are reliable.

In an effort to provide additional information regarding the Company's financial results as determined by generally accepted accounting principles (GAAP), this presentation contains certain non-GAAP financial measures such as constant currency, non-GAAP operating income and margin, adjusted EBITDA and margin and free cash flow. The rationale for management's use of non-GAAP information and a reconciliation of the non-GAAP measures and the most directly comparable GAAP measures are included in the Appendix of this presentation. Non-GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP.

Q4 2023 and FY 2023 Performance Summary

- » Q4 revenue of \$577 million and FY revenue of \$2.17 billion
- » Q4 adjusted EBITDA of \$68 million and FY adjusted EBITDA of \$226 million
- » Q4 non-GAAP diluted EPS of \$1.23 and FY non-GAAP diluted EPS of \$3.36
- » Q4 free cash flow of \$39 million and FY free cash flow of \$98 million

Bookings and Backlog

- » Q4 2023 bookings of \$839M
 - » *Book to bill of 1.45*
- » FY 2023 bookings of \$2.16B
- » Ending backlog of \$4.5B



- Chart in US\$ billions, the revenue from Q4'23 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.
- The ending Total Backlog balances for Dec. 31, 2022, through Sept. 30, 2023, have been adjusted from previously reported amounts. A total of \$96 million related to a portion of one customer contract had been improperly included within our backlog balance during these periods.

Operational Insights

- » Customer demand and market trends support strong and stable market outlook
- » Component supply stable, more predictable
- » Inventory levels appropriate for a volatile world and to improve resiliency
- » ~70% of YE 2023 backlog repriced/indexed to address inflationary cost volatility

Consolidated GAAP Results: Q4 2023

\$ in millions (except per share amounts)	Q4 2023	Q4 2022	Change
Revenue	\$577.2	\$467.5	23%
<i>Change in constant currency</i>			<i>22%</i>
Gross margin	34.0%	30.1%	390 bps
Operating income	\$49.3	\$12.4	298%
Net income attributable to Itron, Inc.	\$44.4	\$22.2	100%
Earnings per share – diluted	\$0.96	\$0.49	96%

- » Revenue increased due to strong operational execution and improved supply chain conditions
- » Gross margin of 34.0% up 390 bps due to cost efficiencies and a higher margin product mix
- » GAAP operating income increased due primarily to higher gross profit
- » GAAP net income increased due to higher GAAP operating income, partially offset by increased taxes

Consolidated Non-GAAP & Cash Results: Q4 2023

\$ in millions (except per share amounts)	Q4 2023	Q4 2022	Change
Non-GAAP operating income	\$60.9	\$25.3	141%
Non-GAAP operating margin	10.6%	5.4%	520 bps
Non-GAAP net income attributable to Itron, Inc.	\$56.7	\$32.2	76%
Adjusted EBITDA	\$68.4	\$34.4	99%
Adjusted EBITDA margin	11.8%	7.4%	440 bps
Non-GAAP earnings per share - diluted	\$1.23	\$0.71	73%
Net cash provided by (used in) operating activities	\$47.9	(\$13.0)	468%
Free cash flow	\$39.3	(\$17.9)	320%

- » Increase in non-GAAP operating income due primarily to higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income, partially offset by increased taxes
- » Free cash flow increased due to higher earnings, partially offset by higher cash taxes paid

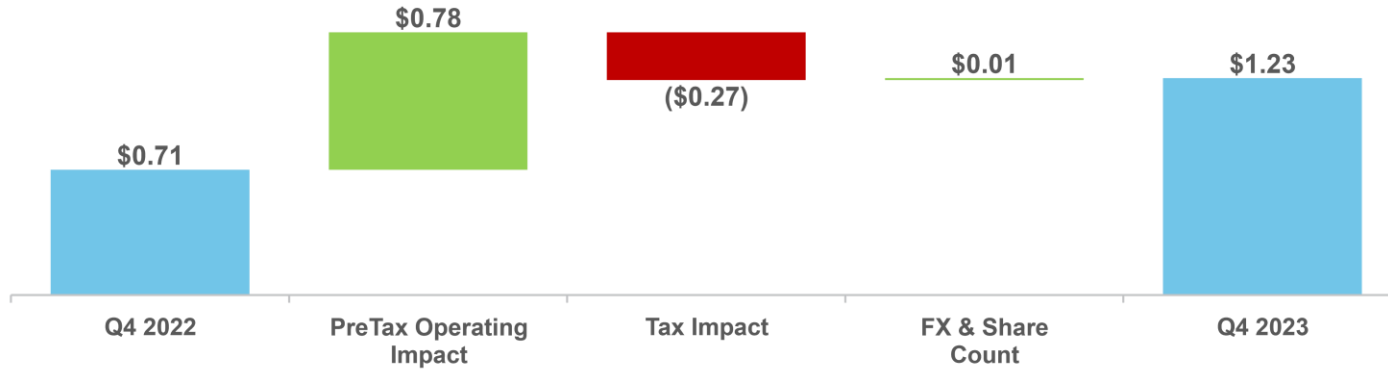
Revenue Year-Over-Year Bridge: Q4 2023



Chart in millions and includes rounding. Segment changes in constant currency.

Non-GAAP EPS Year-Over-Year Bridge: Q4 2023

US\$ per share

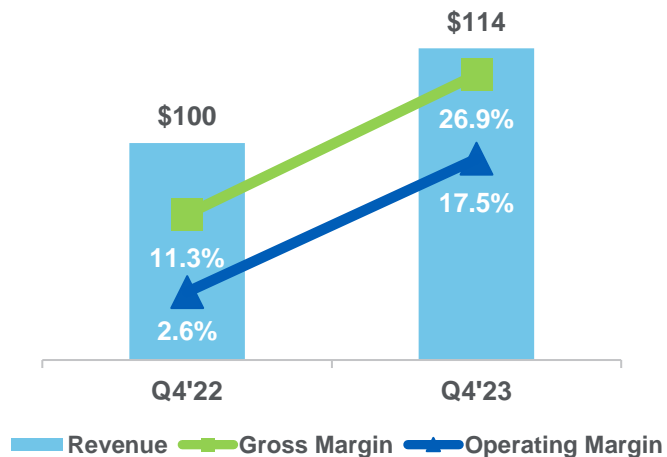


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

Device Solutions Segment: Q4 2023

Revenue, gross margin and operating margin

\$ in millions, actual currency



Revenue increased 13% (9% in constant currency)

- » Growth in EMEA smart water meter and communication module sales

Gross margin increased 1,560 bps

- » Favorable product mix
- » Improved cost efficiencies

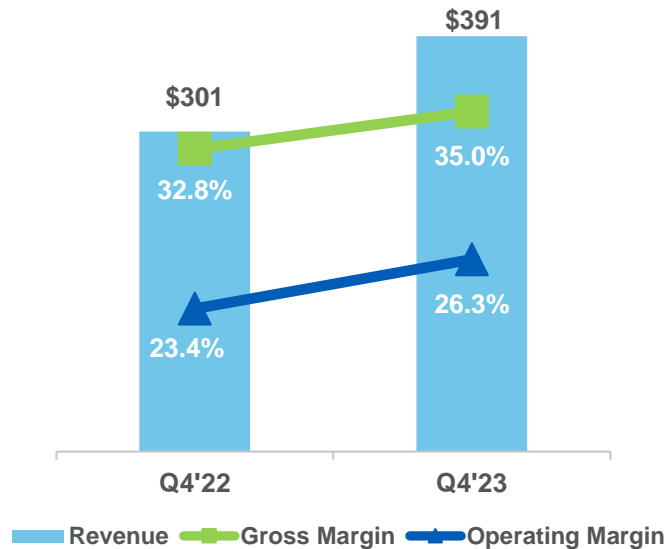
Operating margin increased 1,490 bps

- » Fall through of higher gross profit
- » Partially offset by higher opex

Networked Solutions Segment: Q4 2023

Revenue, gross margin and operating margin

\$ in millions, actual currency



Revenue increased 30% (30% in constant currency)

- » Strong factory output enabled by improved component supply
- » Increase in new deployments

Gross margin increased 220 bps

- » Improved cost efficiencies
- » Higher margin product mix

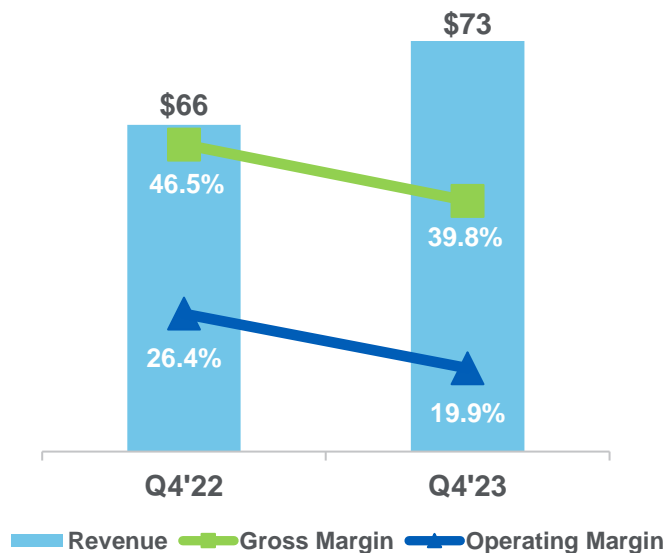
Operating margin increased 290 bps

- » Fall through of higher gross profit
- » Increased operating leverage

Outcomes Segment: Q4 2023

Revenue, gross margin and operating margin

\$ in millions, actual currency



Revenue increased 10% (9% in constant currency)

- » Increase in recurring and one-time services

Gross margin decreased 670 bps

- » Decrease of software licensing activity

Operating margin decreased 650 bps

- » Fall through of lower gross margin

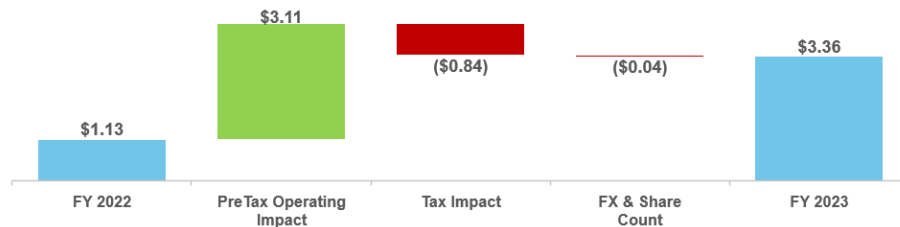
Full Year 2023 Summary

- » Revenue of \$2.17B up 21% from 2022
- » Bookings of \$2.16B
- » Gross margin of 32.8%
- » Adj EBITDA of \$226M
- » Non-GAAP EPS of \$3.36
- » Free cash flow of \$98M

Revenue Year-Over-Year Bridge¹



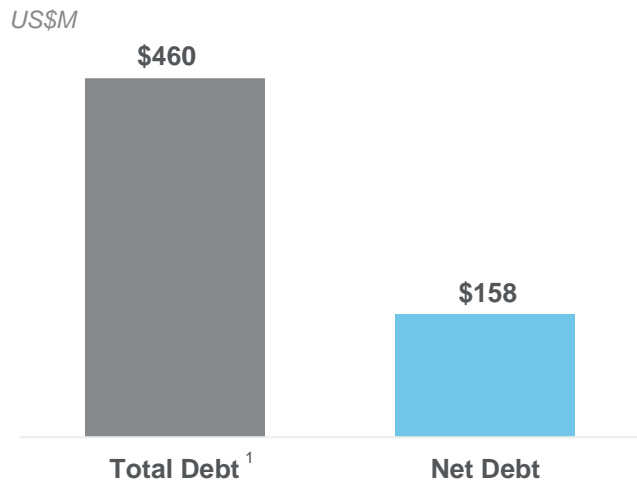
Non-GAAP EPS Year-Over-Year Bridge²



1. Chart in millions and includes rounding. Segment changes in constant currency.

2. Totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

Debt and Liquidity Overview: December 31, 2023



Debt

- » Net leverage 0.7x at end of Q4 2023
- » Zero interest convertible notes

Free Cash Flow and Liquidity

- » Free cash flow of \$39M in Q4 2023
- » Cash and equivalents of \$302M
- » \$500M revolver; 2026 maturity

1. Excludes amortization of debt fees.

2024 Guidance

Revenue of \$2.275 - \$2.375 billion

- » *~7% absolute growth at the midpoint*
- » *~16% growth implied when normalized for supply constrained revenue conversion*

Non-GAAP diluted EPS of \$3.40 - \$3.80

- » *~14% growth at the midpoint (normalized @ 25% tax rate for both years)*

Assumptions:

- » Euro/USD of \$1.07
- » Effective Non-GAAP tax rate of 25%
- » Average diluted shares outstanding of ~46.3 million

Q1 2024 Outlook

Revenue of \$575 - \$585 million

» *~17% growth at the midpoint*

Non-GAAP diluted EPS of \$0.80 - \$0.90

» *~68% growth at the midpoint (normalized @ 25% tax rate for both years)*

Appendix

Consolidated GAAP Results: FY 2023

<i>\$ in millions (except per share amounts)</i>	FY 2023	FY 2022	Change
Revenue	\$2,173.6	\$1,795.6	21%
<i>Growth in constant currency</i>			21%
Gross margin	32.8%	29.1%	370 bps
Operating income (loss)	\$128.9	(\$7.4)	NM
Net income (loss) attributable to Itron, Inc.	\$96.9	(\$9.7)	NM
Earnings (loss) per share - diluted	\$2.11	(\$0.22)	NM

- » Revenue increased due to strong operational execution and improved supply chain conditions
- » Gross margin of 32.8% up 370 bps due to favorable product mix and cost efficiencies
- » GAAP operating income (loss) increased due to higher gross profit, partially offset by higher operating expense. Higher opex was driven by higher labor costs, higher variable compensation, and a restructuring charge for the plan announced in February '23, partially offset by a goodwill impairment in prior year related to our Devices Solutions segment.
- » GAAP net income (loss) increased due to higher GAAP operating income, partially offset by increased taxes

Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website.

Consolidated Non-GAAP & Cash Results: FY 2023

<i>\$ in millions (except per share amounts)</i>	FY 2023	FY 2022	Change
Non-GAAP operating income	\$192.6	\$58.4	230%
Non-GAAP operating margin	8.9%	3.3%	560 bps
Non-GAAP net income attributable to Itron, Inc.	\$153.8	\$51.0	202%
Adjusted EBITDA	\$225.6	\$95.1	137%
Adjusted EBITDA margin	10.4%	5.3%	510 bps
Non-GAAP earnings per share - diluted	\$3.36	\$1.13	197%
Net cash provided by operating activities	\$125.0	\$24.5	410%
Free cash flow	\$98.1	\$4.8	1964%

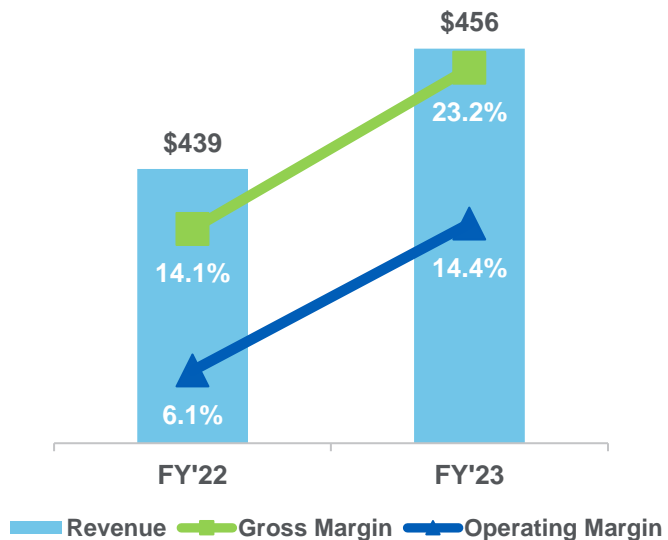
- » Increase in non-GAAP operating income due to fall through of higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income, partially offset by increased taxes
- » Free cash flow increased due to higher earnings, partially offset by higher working capital and increased cash taxes paid

Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website.

Device Solutions Segment: FY 2023

Revenue, gross margin and operating margin

\$ in Millions, actual currency



Revenue up 4% (3% in constant currency)

- » Growth in EMEA smart water meter and communication module sales
- » Partially offset by sale of C&I gas business

Gross margin up 910 bps

- » Favorable product mix
- » Improved cost efficiencies

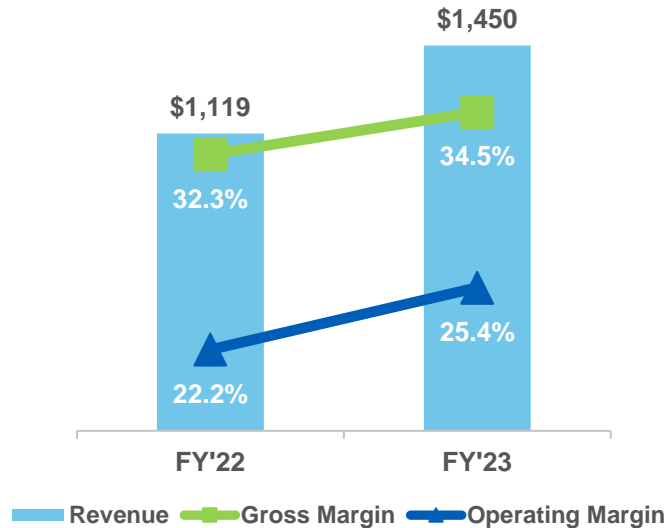
Operating margin up 830 bps

- » Fall through of higher gross profit
- » Partially offset by higher opex

Networked Solutions Segment: FY 2023

Revenue, gross margin and operating margin

\$ in Millions, actual currency



Revenue up 30% (30% in constant currency)

- » Strong factory output enabled by improved component supply

Gross margin up 220 bps

- » Improved cost efficiencies
- » Higher margin product mix

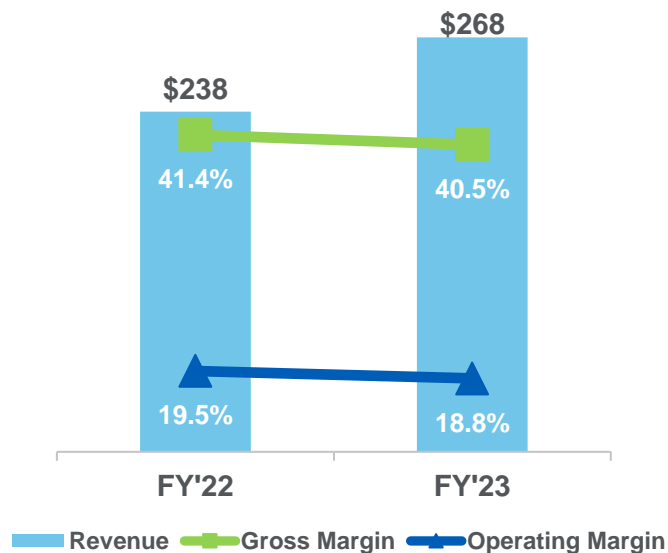
Operating margin up 320 bps

- » Fall through of higher gross profit
- » Increased operating leverage

Outcomes Segment: FY 2023

Revenue, gross margin and operating margin

\$ in Millions, actual currency



Revenue up 13% (13% in constant currency)

- » Increased recurring and one-time services

Gross margin down 90 bps

- » Increased costs

Operating margin down 70 bps

- » Fall through of lower gross margin

FX Impact Summary

\$ in Millions

Average USD/Euro:
\$1.08 Q4'23 vs \$1.02 Q4'22

Revenue	Q4'23	YoY Change	YoY Change Excluding FX
Device Solutions	\$113.5	13.2%	9.4%
Networked Solutions	\$390.9	29.8%	29.7%
Outcomes	\$72.7	10.1%	9.4%
Total	\$577.2	23.5%	22.5%

Average USD/Euro:
\$1.08 FY'23 vs \$1.05 FY'22

Revenue	FY'23	YoY Change	YoY Change Excluding FX
Device Solutions	\$455.7	3.9%	3.0%
Networked Solutions	\$1,450.3	29.6%	29.7%
Outcomes	\$267.6	12.6%	12.7%
Total	\$2,173.6	21.1%	21.0%

Non-GAAP EPS - diluted **\$1.23** **\$0.52** **\$0.50**

Non-GAAP EPS - diluted **\$3.36** **\$2.23** **\$2.24**

Chart includes rounding.



Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared in accordance with generally accepted accounting principles 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.

GAAP to Non-GAAP Reconciliations

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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	\$ 147,120	\$ 128,417	\$ 585,041	\$ 529,628
Amortization of intangible assets	(4,485)	(6,266)	(18,918)	(25,717)
Restructuring	(7,121)	2,528	(43,989)	13,625
Loss on sale of businesses	8	(323)	(667)	(3,505)
Strategic initiative	—	—	5	(675)
Software project impairment	—	(8,719)	—	(8,719)
Russian currency translation write-off	—	—	—	(1,885)
Goodwill impairment	—	—	—	(38,480)
Acquisition and integration	(27)	(136)	(144)	(506)
Non-GAAP operating expenses	<u>\$ 135,495</u>	<u>\$ 115,501</u>	<u>\$ 521,328</u>	<u>\$ 463,766</u>
NON-GAAP OPERATING INCOME				
GAAP operating income (loss)	\$ 49,270	\$ 12,381	\$ 128,867	\$ (7,439)
Amortization of intangible assets	4,485	6,266	18,918	25,717
Restructuring	7,121	(2,528)	43,989	(13,625)
Loss on sale of businesses	(8)	323	667	3,505
Strategic initiative	—	—	(5)	675
Software project impairment	—	8,719	—	8,719
Russian currency translation write-off	—	—	—	1,885
Goodwill impairment	—	—	—	38,480
Acquisition and integration	27	136	144	506
Non-GAAP operating income	<u>\$ 60,895</u>	<u>\$ 25,297</u>	<u>\$ 192,580</u>	<u>\$ 58,423</u>

GAAP to Non-GAAP Reconciliations

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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
NON-GAAP NET INCOME & DILUTED EPS				
GAAP net income (loss) attributable to Itron, Inc.	\$ 44,386	\$ 22,212	\$ 96,923	\$ (9,732)
Amortization of intangible assets	4,485	6,266	18,918	25,717
Amortization of debt placement fees	860	845	3,489	3,323
Restructuring	7,121	(2,528)	43,989	(13,625)
Loss on sale of businesses	(8)	323	667	3,505
Strategic initiative	—	—	(5)	675
Software project impairment	—	8,719	—	8,719
Russian currency translation write-off	—	—	—	1,885
Goodwill impairment	—	—	—	38,480
Acquisition and integration	27	136	144	506
Income tax effect of non-GAAP adjustments	(183)	(3,803)	(10,339)	(8,466)
Non-GAAP net income attributable to Itron, Inc.	\$ 56,688	\$ 32,170	\$ 153,786	\$ 50,987
Non-GAAP diluted EPS	\$ 1.23	\$ 0.71	\$ 3.36	\$ 1.13
Non-GAAP weighted average common shares outstanding - Diluted	46,039	45,419	45,836	45,305

GAAP to Non-GAAP Reconciliations

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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
ADJUSTED EBITDA				
GAAP net income (loss) attributable to Itron, Inc.	\$ 44,386	\$ 22,212	\$ 96,923	\$ (9,732)
Interest income	(3,346)	(1,266)	(9,314)	(2,633)
Interest expense	1,870	1,793	8,349	6,724
Income tax (benefit) provision	4,555	(11,169)	29,068	(6,196)
Depreciation and amortization	13,750	16,151	55,763	66,763
Restructuring	7,121	(2,528)	43,989	(13,625)
Loss on sale of businesses	(8)	323	667	3,505
Strategic initiative	—	—	(5)	675
Software project impairment	—	8,719	—	8,719
Russian currency translation write-off	—	—	—	1,885
Goodwill impairment	—	—	—	38,480
Acquisition and integration	27	136	144	506
Adjusted EBITDA	<u>\$ 68,355</u>	<u>\$ 34,371</u>	<u>\$ 225,584</u>	<u>\$ 95,071</u>
FREE CASH FLOW				
Net cash (used in) provided by operating activities	\$ 47,895	\$ (13,030)	\$ 124,971	\$ 24,500
Acquisitions of property, plant, and equipment	(8,580)	(4,861)	(26,884)	(19,747)
Free Cash Flow	<u>\$ 39,315</u>	<u>\$ (17,891)</u>	<u>\$ 98,087</u>	<u>\$ 4,753</u>



Thank You

INVESTOR RELATIONS CONTACTS

Paul Vincent

Vice President, Investor Relations

512-560-1172

paul.vincent@itron.com

David Means

Director, Investor Relations

737-242-8448

david.means@itron.com