

**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, 2025

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
(State of Incorporation)**

**91-1011792
(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 25, 2025, there were outstanding 45,717,933 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)

<i>In thousands, except per share data</i>	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

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

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

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 68,752	\$ 51,860	\$ 134,102	\$ 103,647
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	36,570	(5,418)	50,168	(16,269)
Pension benefit obligation adjustment	(56)	(516)	(106)	(573)
Total other comprehensive income (loss), net of tax	36,514	(5,934)	50,062	(16,842)
Total comprehensive income (loss), net of tax	105,266	45,926	184,164	86,805
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	412	542	288	608
Comprehensive income (loss) attributable to Itron, Inc.	\$ 104,854	\$ 45,384	\$ 183,876	\$ 86,197

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

ITRON, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>In thousands</i>	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	<u>\$ 3,623,768</u>	<u>\$ 3,407,623</u>
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		
Preferred stock, no par value, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock, no par value, 75,000 shares authorized, 45,710 and 45,131 shares issued and outstanding	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	<u>\$ 3,623,768</u>	<u>\$ 3,407,623</u>

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

ITRON, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

<i>In thousands</i>	Common Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balances at January 1, 2025	45,131	\$ 1,689,835	\$ (109,931)	\$ (189,304)	\$ 1,390,600	\$ 20,828	\$ 1,411,428
Net income (loss)				65,474	65,474	(124)	65,350
Other comprehensive income (loss), net of tax			13,548		13,548		13,548
Net stock issued and repurchased	441	2,195			2,195		2,195
Stock-based compensation expense		16,558			16,558		16,558
Balances at March 31, 2025	45,572	1,708,588	(96,383)	(123,830)	1,488,375	20,704	1,509,079
Net income				68,340	68,340	412	68,752
Other comprehensive income (loss), net of tax			36,514		36,514		36,514
Net stock issued and repurchased	138	3,241			3,241		3,241
Stock-based compensation expense		16,838			16,838		16,838
Balances at June 30, 2025	45,710	\$ 1,728,667	\$ (59,869)	\$ (55,490)	\$ 1,613,308	\$ 21,116	\$ 1,634,424

<i>In thousands</i>	Common Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount					
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

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

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

<i>In thousands</i>	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
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes, net	\$ 45,869	\$ 40,006
Interest	6,944	958

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

ITRON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025
(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, 2025 and 2024, Consolidated Statements of Equity for the three months ended June 30, 2025 and 2024 and March 31, 2025 and 2024, the Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024, and the Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024, 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, 2025 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, 2024 filed with the SEC in our Annual Report on Form 10-K on February 25, 2025 (2024 Annual Report). There have been no significant changes in financial statement preparation or significant accounting policies since December 31, 2024.

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, 2025 and December 31, 2024.

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 increased costs and lack of availability. Efforts continue with suppliers to improve supply resiliency, including the approval of alternative sources. Additionally, inflation in our raw materials and component costs, freight charges, sanctions, tariffs, 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, Israel, or Iran, military actions globally and any resulting sanctions or tariffs 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 military action, sanctions, tariffs, 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 December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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; however, retrospective application is permitted. We plan to adopt the standard when it becomes effective for us beginning in our fiscal year 2025 annual financial statements, and we expect the adoption of the standard will impact certain areas of our income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses*. The new guidance is intended to enhance transparency and disclosures by requiring public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The FASB further clarified the effective date in January 2025 with the issuance of ASU 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. The ASU is effective for our annual report as of December 31, 2027, and for interim reporting periods beginning in the first quarter of 2028, with early adoption permitted. We are in the process of evaluating the impact that the adoption of this ASU will have on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) Induced Conversions of Convertible Debt Instruments*. The new guidance clarifies the assessment of whether a transaction should be accounted for as an induced conversion or extinguishment of convertible debt when changes are made to conversion features as part of an offer to settle the instrument. The ASU is effective beginning in 2026, with early adoption permitted. We will utilize this guidance for any future induced conversions or extinguishments of our convertible notes.

Note 2: Earnings Per Share

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

In thousands, except per share data	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income available to common shareholders	\$ 68,340	\$ 51,318	\$ 133,814	\$ 103,039
Weighted average common shares outstanding - Basic	45,633	45,745	45,486	45,698
Dilutive effect of stock-based awards	747	781	790	743
Dilutive effect of convertible notes	—	—	—	—
Weighted average common shares outstanding - Diluted	46,380	46,526	46,276	46,441
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

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 33,000 and 24,000 stock-based awards were excluded from the calculation of diluted EPS for the three and six months ended June 30, 2025 because they were anti-dilutive. 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. 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, 2025 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, 2025, 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, 2025 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

<i>In thousands</i>	June 30, 2025		December 31, 2024	
Trade receivables (net of allowance of \$1,814 and \$417)	\$	311,740	\$	295,341
Unbilled receivables		28,581		55,132
Total accounts receivable, net	\$	340,321	\$	350,473

Allowance for credit losses account activity

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	\$ 1,637	\$ 722	\$ 417	\$ 738
Provision for (release of) doubtful accounts, net	144	(100)	1,344	(78)
Accounts written-off, net	(37)	(17)	(24)	(43)
Effect of change in exchange rates	70	(2)	77	(14)
Ending balance	\$ 1,814	\$ 603	\$ 1,814	\$ 603

Inventories

<i>In thousands</i>	June 30, 2025		December 31, 2024	
Raw materials	\$	222,618	\$	198,995
Work in process		15,470		16,679
Finished goods		45,209		55,051
Total inventories	\$	283,297	\$	270,725

Property, plant, and equipment, net

<i>In thousands</i>	June 30, 2025		December 31, 2024	
Machinery and equipment	\$	308,520	\$	294,237
Computers and software		124,170		119,818
Buildings, furniture, and improvements		105,723		115,372
Land		9,675		8,513
Construction in progress, including purchased equipment		20,397		22,247
Total cost		568,485		560,187
Accumulated depreciation		(452,890)		(444,759)
Property, plant, and equipment, net	\$	115,595	\$	115,428

Depreciation expense

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Depreciation expense	\$ 7,571	\$ 9,008	\$ 15,160	\$ 17,766

Note 4: Intangible Assets

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

<i>In thousands</i>	June 30, 2025			December 31, 2024		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible Assets						
Core-developed technology	\$ 48,304	\$ (38,513)	\$ 9,791	\$ 48,048	\$ (36,661)	\$ 11,387
Customer contracts and relationships	332,930	(309,581)	23,349	315,744	(285,441)	30,303
Trademarks and trade names	30,799	(29,513)	1,286	30,793	(29,374)	1,419
Other	11,023	(11,023)	—	11,023	(11,023)	—
Total intangible assets	<u>\$ 423,056</u>	<u>\$ (388,630)</u>	<u>\$ 34,426</u>	<u>\$ 405,608</u>	<u>\$ (362,499)</u>	<u>\$ 43,109</u>

Estimated future annual amortization is as follows:

Year Ending December 31,	Estimated Annual Amortization
<i>In thousands</i>	
2025 (amount remaining at June 30, 2025)	\$ 8,814
2026	13,710
2027	8,273
2028	2,681
2029	576
Thereafter	372
Total intangible assets subject to amortization	<u>\$ 34,426</u>

We recognize all amortization expense within Amortization of intangible assets in the Consolidated Statements of Operations. These expenses relate to intangible assets acquired as part of business combinations.

Note 5: Goodwill

The following table reflects changes in the carrying amount of goodwill for the six months ended June 30, 2025:

<i>In thousands</i>	Device Solutions	Networked Solutions	Outcomes	Total Company
Goodwill balance at January 1, 2025	\$ —	\$ 894,819	\$ 157,311	\$ 1,052,130
Effect of change in exchange rates	—	31,479	4,799	36,278
Goodwill balance at June 30, 2025	<u>\$ —</u>	<u>\$ 926,298</u>	<u>\$ 162,110</u>	<u>\$ 1,088,408</u>

Note 6: Debt

The components of our borrowings were as follows:

<i>In thousands</i>	June 30, 2025	December 31, 2024
Credit facility		
Multicurrency revolving line of credit	\$ —	\$ —
2021 Convertible notes	460,000	460,000
2024 Convertible notes	805,000	805,000
Total debt	<u>\$ 1,265,000</u>	<u>\$ 1,265,000</u>
Current portion of debt, gross	\$ 460,000	\$ —
Less: unamortized prepaid debt fees - current portion of debt	1,666	—
Current portion of debt, net	<u>\$ 458,334</u>	<u>\$ —</u>
Long-term debt, gross	\$ 805,000	\$ 1,265,000
Less: unamortized prepaid debt fees - long-term debt	17,977	22,576
Long-term debt, net	<u>\$ 787,023</u>	<u>\$ 1,242,424</u>

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, 2025.

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 as 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.

As of June 30, 2025, there were no outstanding loan balances under the 2018 credit facility, and \$45.3 million was utilized by outstanding standby letters of credit, resulting in \$454.7 million available for additional borrowings. As of June 30, 2025, \$254.7 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 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 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 debt in aggregate over the next five years is as follows:

Year Ending December 31,	Minimum Payments
<i>In thousands</i>	
2025 (amount remaining at June 30, 2025)	\$ —
2026	460,000
2027	—
2028	—
2029	—
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, 2025, a total of 34 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 \$110,738 to \$22.8 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, 2024.

Amounts recognized on the Consolidated Balance Sheets consist of:

<i>In thousands</i>	June 30, 2025	December 31, 2024
Assets		
Plan assets in other long-term assets	\$ 139	\$ 133
Liabilities		
Current portion of pension benefit obligation in wages and benefits payable	\$ 4,974	\$ 4,123
Long-term portion of pension benefit obligation	65,864	59,537
Pension benefit obligation, net	\$ 70,699	\$ 63,527

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:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service cost	\$ 730	\$ 659	\$ 1,388	\$ 1,294
Interest cost	736	676	1,434	1,357
Expected return on plan assets	(78)	(73)	(151)	(146)
Amortization of prior service costs	34	33	67	67
Amortization of actuarial net loss	(106)	(85)	(194)	(170)
Curtailment	—	(585)	—	(585)
Net periodic benefit cost	\$ 1,316	\$ 625	\$ 2,544	\$ 1,817

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, 2025, 3,836,067 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 under the Plan is reduced by (i) one share for every one share subject to a stock option or share appreciation right granted 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 455,735 shares of common stock were available for future issuance at June 30, 2025.

ESPP activity and stock-based grants other than restricted stock units were not significant for the three and six months ended June 30, 2025 and 2024.

Stock-Based Compensation Expense

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

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Restricted stock units	\$ 16,618	\$ 10,080	\$ 32,956	\$ 21,173
Unrestricted stock awards	220	336	440	672
Phantom stock units	1,867	1,312	2,566	2,761
Total stock-based compensation	\$ 18,705	\$ 11,728	\$ 35,962	\$ 24,606
Related tax benefit	\$ 4,140	\$ 2,551	\$ 8,212	\$ 5,350

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
	<i>In thousands</i>		<i>Years</i>	<i>In thousands</i>	
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	
Outstanding, January 1, 2025	274	\$ 64.55	3.2	\$ 12,087	
Granted	—	—			\$ —
Exercised	(83)	39.28		6,259	
Forfeited	—	—			
Canceled	—	—			
Outstanding, June 30, 2025	191	\$ 75.51	3.6	\$ 10,745	
Exercisable, June 30, 2025	191	\$ 75.51	3.6	\$ 10,745	

At June 30, 2025, all stock-based compensation expense related to nonvested stock options has been recognized.

Restricted Stock Units

The following table summarizes restricted stock unit activity:

<i>In thousands, except fair value</i>	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding, January 1, 2024	751		
Granted	410	\$ 75.89	
Released ⁽¹⁾	(360)		\$ 28,739
Forfeited	(10)		
Outstanding, June 30, 2024	791		
Outstanding, January 1, 2025	831	\$ 67.71	
Granted	314	98.14	
Released ⁽¹⁾	(471)	66.40	\$ 46,091
Forfeited	(16)	80.02	
Outstanding, June 30, 2025	658	83.05	
Vested but not released, June 30, 2025	18		\$ 2,338

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

At June 30, 2025, total unrecognized compensation expense on restricted stock units was \$65.9 million, which is expected to be recognized over a weighted average period of approximately 1.7 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,	
	2025	2024
Expected volatility	40.7 %	45.7 %
Risk-free interest rate	4.2 %	4.4 %
Expected term (years)	2.9	2.9
Weighted average fair value	\$ 105.89	\$ 83.26

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, 2025 of 18% and 19% 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, the effect of cross-border tax laws, nondeductible executive compensation, 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, 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) 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.

A sweeping legislative package formally titled "An act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (the "Act") was signed into law on July 4, 2025. Since ASC 740 requires the income tax effects of a change in tax law to be recognized in the period of enactment, this Act does not have any impact on our annual effective tax rate as of June 30, 2025. The legislation includes numerous changes to existing tax law that are retroactive to 2025, including provisions for the current deductibility of certain property additions and domestic research and development costs. Additionally, multiple changes are effective beginning in 2026. We anticipate the 2025 provisions to reduce and defer income tax payments to future tax years. We are in the process of evaluating the impact the Act will have on our subsequent consolidated financial statements and related disclosures.

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. The resulting legislation in most countries where Itron has significant operations took 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. Consistent with calculations for calendar year 2024, the Company anticipates it will meet the safe harbors in most jurisdictions in 2025, and any remaining top-up tax should 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 recognized were as follows:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net interest and penalties expense	\$ 907	\$ 1,015	\$ 2,050	\$ 1,489

Accrued interest and penalties recognized were as follows:

<i>In thousands</i>	June 30, 2025	December 31, 2024
Accrued interest	\$ 8,673	\$ 6,418
Accrued penalties	188	293

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:

<i>In thousands</i>	June 30, 2025	December 31, 2024
Unrecognized tax benefits related to uncertain tax positions	\$ 98,327	\$ 106,132
The amount of unrecognized tax benefits that, if recognized, would affect our effective tax rate	98,314	106,122

At June 30, 2025, 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.

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:

<i>In thousands</i>	June 30, 2025	December 31, 2024
Credit facility		
Multicurrency revolving line of credit	\$ 500,000	\$ 500,000
Standby LOCs issued and outstanding	(45,253)	(46,013)
Net available for additional borrowings under the multicurrency revolving line of credit	\$ 454,747	\$ 453,987
Net available for additional standby LOCs under sub-facility	\$ 254,747	\$ 253,987
Unsecured multicurrency revolving lines of credit with various financial institutions		
Multicurrency revolving lines of credit	\$ 96,259	\$ 87,230
Standby LOCs issued and outstanding	(25,675)	(19,541)
Short-term borrowings		
Net available for additional borrowings and LOCs	\$ 70,584	\$ 67,689
Unsecured surety bonds in force	\$ 350,490	\$ 363,097

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 July 31, 2025, 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:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	\$ 22,517	\$ 23,575	\$ 22,141	\$ 22,164
New product warranties	1,167	1,529	2,483	3,227
Other adjustments and expirations, net	645	(552)	1,409	928
Claims activity	(3,934)	(1,653)	(5,773)	(3,343)
Effect of change in exchange rates	372	(60)	507	(137)
Ending balance	20,767	22,839	20,767	22,839
Less: current portion of warranty	13,312	14,612	13,312	14,612
Long-term warranty	\$ 7,455	\$ 8,227	\$ 7,455	\$ 8,227

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:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total warranty expense	\$ 1,812	\$ 977	\$ 3,892	\$ 4,155

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 were substantially complete as of March 31, 2025.

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

<i>In thousands</i>	Total Expected Costs at June 30, 2025	Costs Recognized in Prior Periods	Adjustments Recognized During the Six Months Ended June 30, 2025	Expected Remaining Costs to be Recognized at June 30, 2025
Employee severance costs	\$ 40,538	\$ 42,078	\$ (1,540)	\$ —
Asset impairments & net loss (gain) on sale or disposal	1,124	1,149	(25)	—
Other restructuring costs	10,406	6,947	2,249	1,210
Total	\$ 52,068	\$ 50,174	\$ 684	\$ 1,210

The following table summarizes the activity within the restructuring related balance sheet accounts for the 2023 Projects during the six months ended June 30, 2025:

<i>In thousands</i>	Accrued Employee Severance	Asset Impairments & Net Loss (Gain) on Sale or Disposal	Other Accrued Costs	Total
Beginning balance, January 1, 2025	\$ 38,115	\$ —	\$ 3,216	\$ 41,331
Costs charged to expense	(1,540)	(25)	2,249	684
Cash payments	(13,011)	—	(1,531)	(14,542)
Cash receipts	—	30	—	30
Net assets disposed and impaired	—	(5)	—	(5)
Effect of change in exchange rates	3,544	—	86	3,630
Ending balance, June 30, 2025	<u>\$ 27,108</u>	<u>\$ —</u>	<u>\$ 4,020</u>	<u>\$ 31,128</u>

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 \$21.3 million and \$24.3 million as of June 30, 2025 and December 31, 2024 and are classified within other current liabilities on the Consolidated Balance Sheets. The long-term portions of restructuring liabilities were \$9.8 million and \$17.0 million as of June 30, 2025 and December 31, 2024. 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 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, 2025 or December 31, 2024.

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a repurchase up to \$100 million of our common stock over an 18-month period (the 2024 Stock Repurchase Program). The repurchase program is intended to comply with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. We have repurchased no shares under the 2024 Stock Repurchase Program.

Effective May 11, 2023, Itron's Board of Directors authorized a repurchase up to \$100 million of our common stock over an 18-month period (the 2023 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 2024 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)

The changes in the components of accumulated other comprehensive income (loss) (AOCI), net of tax, were as follows:

<i>In thousands</i>	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, 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)
Balances at January 1, 2025	\$ (97,556)	\$ (210)	\$ (14,380)	\$ 2,215	\$ (109,931)
OCI before reclassifications	50,168	—	—	10	50,178
Amounts reclassified from AOCI	—	—	—	(116)	(116)
Total other comprehensive income (loss)	50,168	—	—	(106)	50,062
Balances at June 30, 2025	\$ (47,388)	\$ (210)	\$ (14,380)	\$ 2,109	\$ (59,869)

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

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Before-tax amount				
Foreign currency translation adjustment	\$ 36,795	\$ (5,453)	\$ 50,415	\$ (16,361)
Net unrealized gain (loss) on defined benefit plans	11	—	11	—
Net defined benefit plan (gain) loss reclassified to net income	(72)	(637)	(127)	(688)
Total other comprehensive income (loss), before tax	<u>\$ 36,734</u>	<u>\$ (6,090)</u>	<u>\$ 50,299</u>	<u>\$ (17,049)</u>
Tax (provision) benefit				
Foreign currency translation adjustment	\$ (225)	\$ 35	\$ (247)	\$ 92
Net unrealized gain (loss) on defined benefit plans	(1)	—	(1)	—
Net defined benefit plan (gain) loss reclassified to net income	6	121	11	115
Total other comprehensive income (loss) tax (provision) benefit	<u>\$ (220)</u>	<u>\$ 156</u>	<u>\$ (237)</u>	<u>\$ 207</u>
Net-of-tax amount				
Foreign currency translation adjustment	\$ 36,570	\$ (5,418)	\$ 50,168	\$ (16,269)
Net unrealized gain (loss) on defined benefit plans	10	—	10	—
Net defined benefit plan (gain) loss reclassified to net income	(66)	(516)	(116)	(573)
Total other comprehensive income (loss), net of tax	<u>\$ 36,514</u>	<u>\$ (5,934)</u>	<u>\$ 50,062</u>	<u>\$ (16,842)</u>

Note 14: Fair Value of Financial Instruments

The fair values at June 30, 2025 and December 31, 2024 do not reflect subsequent changes in the economy, interest rates, tax rates, and other variables that may affect the determination of fair value.

In thousands	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Credit facility				
Multicurrency revolving line of credit	\$ —	\$ —	\$ —	\$ —
Convertible notes	1,245,357	1,480,890	1,242,424	1,330,670

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 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 define these segments based on the structure in which internally reported financial information is regularly provided to the chief operating decision maker (CODM) to analyze financial performance, make strategic decisions, and allocate resources. The Company's CODM is the chief executive officer.

Segment Products

Device Solutions – This segment primarily includes hardware products used for measurement, control, or sensing that can have communications capability embedded for use with our broader Itron systems, i.e., hardware-based products that may be part of a complete end-to-end solution. Examples from the Device Solutions portfolio include: standard endpoints that are shipped without Itron communications, such as our standard electricity, gas, 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 may be sold as part of an Itron end-to-end solution and designed to meet market requirements; and the implementation and installation of communicating and non-communicating devices.

Networked Solutions – This segment primarily includes a combination of communicating devices (e.g., smart meters, modules, endpoints, and sensors), network infrastructure, network design services, 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); grid edge devices; distribution automation communications; smart street lighting; smart city sensors and applications; 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 in which we enable grid edge intelligence and manage, organize, analyze, and interpret raw, anonymized data using artificial intelligence, machine learning, statistical modeling, and other analytics. This delivers new value for utilities and smart cities through improving decision making, maximizing operational profitability, engaging consumers, enhancing resource efficiency, and improving grid resiliency and reliability. 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.

The CODM assesses the segments' performance primarily by using each segment's revenues and gross profit (gross 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. No asset information for reportable segments is provided to the CODM. We do not manage the performance of the segments on a balance sheet basis.

The CODM assesses revenues and gross profit for each segment predominantly in the annual budget and periodic forecasting process. The CODM considers budget-to-actual and forecast-to-actual variances for these measures when making decisions about the allocation of operating and capital resources to each segment. The CODM primarily uses segment gross profit for evaluating pricing strategy and the performance of each segment.

Information about our reporting segments and Corporate unallocated and the reconciliation to income before income taxes was as follows:

Three Months Ended June 30, 2025

<i>In thousands</i>	Device Solutions	Networked Solutions	Outcomes	Segments Subtotal	Corporate Unallocated	Consolidated
Product revenues	\$ 111,939	\$ 379,481	\$ 25,764	\$ 517,184		
Service revenues	821	29,453	59,303	89,577		
Total revenues	112,760	408,934	85,067	606,761		
Cost of revenues	79,169	251,691	52,283	383,143		
Gross profit	33,591	157,243	32,784	223,618		
Sales, general and administrative	3,628	7,477	4,636	15,741		
Research and development	4,509	28,767	12,461	45,737		
Corporate unallocated expenses	—	—	—	—	85,727	
Total other income (expense)	—	—	—	—	7,069	
Income before income taxes	\$ 25,454	\$ 120,999	\$ 15,687	\$ 162,140	\$ (78,658)	\$ 83,482

Six Months Ended June 30, 2025

<i>In thousands</i>	Device Solutions	Networked Solutions	Outcomes	Segments Subtotal	Corporate Unallocated	Consolidated
Product revenues	\$ 237,326	\$ 754,003	\$ 48,996	\$ 1,040,325		
Service revenues	1,305	57,663	114,619	173,587		
Total revenues	238,631	811,666	163,615	1,213,912		
Cost of revenues	167,287	505,709	100,079	773,075		
Gross profit	71,344	305,957	63,536	440,837		
Sales, general and administrative	6,956	14,157	8,713	29,826		
Research and development	8,463	54,692	24,806	87,961		
Corporate unallocated expenses	—	—	—	—	170,424	
Total other income (expense)	—	—	—	—	13,135	
Income before income taxes	\$ 55,925	\$ 237,108	\$ 30,017	\$ 323,050	\$ (157,289)	\$ 165,761

Three Months Ended June 30, 2024

<i>In thousands</i>	Device Solutions	Networked Solutions	Outcomes	Segments Subtotal	Corporate Unallocated	Consolidated
Product revenues	\$ 117,929	\$ 387,351	\$ 27,627	\$ 532,907		
Service revenues	621	25,353	50,188	76,162		
Total revenues	118,550	412,704	77,815	609,069		
Cost of revenues	87,319	260,547	50,743	398,609		
Gross profit	31,231	152,157	27,072	210,460		
Sales, general and administrative	3,328	7,031	3,819	14,178		
Research and development	4,178	27,682	12,602	44,462		
Corporate unallocated expenses	—	—	—	—	87,173	
Total other income (expense)	—	—	—	—	2,393	
Income before income taxes	<u>\$ 23,725</u>	<u>\$ 117,444</u>	<u>\$ 10,651</u>	<u>\$ 151,820</u>	<u>\$ (84,780)</u>	<u>\$ 67,040</u>

Six Months Ended June 30, 2024

<i>In thousands</i>	Device Solutions	Networked Solutions	Outcomes	Segments Subtotal	Corporate Unallocated	Consolidated
Product revenues	\$ 243,837	\$ 768,656	\$ 48,236	\$ 1,060,729		
Service revenues	1,465	51,564	98,753	151,782		
Total revenues	245,302	820,220	146,989	1,212,511		
Cost of revenues	184,007	517,038	95,627	796,672		
Gross profit	61,295	303,182	51,362	415,839		
Sales, general and administrative	7,109	13,530	7,846	28,485		
Research and development	8,758	55,530	23,774	88,062		
Corporate unallocated expenses	—	—	—	—	171,845	
Total other income (expense)	—	—	—	—	4,809	
Income before income taxes	<u>\$ 45,428</u>	<u>\$ 234,122</u>	<u>\$ 19,742</u>	<u>\$ 299,292</u>	<u>\$ (167,036)</u>	<u>\$ 132,256</u>

For the three and six months ended June 30, 2025 and 2024, no single customer represented more than 10% of total company revenue.

Revenues by region were as follows:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States and Canada	\$ 500,535	\$ 498,388	\$ 986,747	\$ 980,484
Europe, Middle East, and Africa	78,579	86,781	174,905	185,437
Asia Pacific	27,647	23,900	52,260	46,590
Total Company	<u>\$ 606,761</u>	<u>\$ 609,069</u>	<u>\$ 1,213,912</u>	<u>\$ 1,212,511</u>

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:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Device Solutions	\$ 2,209	\$ 2,832	\$ 4,314	\$ 5,430
Networked Solutions	3,513	3,997	7,076	8,015
Outcomes	1,278	1,504	2,616	2,960
Corporate unallocated	5,114	5,186	10,176	9,858
Total Company	<u>\$ 12,114</u>	<u>\$ 13,519</u>	<u>\$ 24,182</u>	<u>\$ 26,263</u>

Note 16: Revenues

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

<i>In thousands</i>		Contract Liabilities, Less Contract Assets
Beginning balance, January 1, 2025	\$	127,557
Revenues recognized from beginning contract liability		(68,159)
Cumulative catch-up adjustments		(2,853)
Increases due to amounts collected or due		207,401
Revenues recognized from current period increases		(81,383)
Other		1,404
Ending balance, June 30, 2025	\$	183,967

On January 1, 2025, total contract assets were \$65.4 million and total contract liabilities were \$193.0 million. On June 30, 2025, total contract assets were \$56.6 million and total contract liabilities were \$240.6 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 \$1.1 billion for the next 12 months and approximately \$1.1 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.

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, 2024 filed with the Securities and Exchange Commission (SEC) in our Annual Report on Form 10-K on February 25, 2025 (2024 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 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 (<http://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, 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 2024 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 that can have communications capability embedded for use with our broader Itron systems, i.e., hardware-based products that may be part of a complete end-to-end solution. Examples from the Device Solutions portfolio include: standard endpoints that are shipped without Itron communications, such as our standard electricity, gas, 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 may be sold as part of an Itron end-to-end solution and designed to meet market requirements; and the implementation and installation of communicating and non-communicating devices.

Networked Solutions – This segment primarily includes a combination of communicating devices (e.g., smart meters, modules, endpoints, and sensors), network infrastructure, network design services, 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); grid edge devices; distribution automation communications; smart street lighting; smart city sensors and applications; 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 in which we enable grid edge intelligence and manage, organize, analyze, and interpret raw, anonymized data using artificial intelligence, machine learning, statistical modeling, and other analytics. This delivers new value for utilities and smart cities through improving decision making, maximizing operational profitability, engaging consumers, enhancing resource efficiency, and improving grid resiliency and reliability. 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 42-45 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, 2025 compared with the three months ended June 30, 2024

- Revenues were \$606.8 million compared with \$609.1 million in 2024
- Gross margin was 36.9%, compared with 34.6% in 2024
- Operating expenses increased \$1.4 million, or 1%, compared with 2024
- Net income attributable to Itron, Inc. was \$68.3 million compared with net income of \$51.3 million in 2024
- GAAP diluted EPS increased by \$0.37 to \$1.47 in 2025
- Non-GAAP net income attributable to Itron, Inc. was \$75.1 million compared with \$56.1 million in 2024
- Non-GAAP diluted EPS was \$1.62, an increase of \$0.41 compared with 2024
- Adjusted EBITDA was \$89.8 million compared with \$77.1 million in 2024
- Total backlog was \$4.5 billion, and twelve-month backlog was \$1.5 billion at June 30, 2025, compared with \$4.1 billion and \$1.8 billion at June 30, 2024

Highlights and significant developments for the six months ended June 30, 2025 compared with the six months ended June 30, 2024

- Revenues were \$1.2 billion in both periods
- Gross margin was 36.3% compared with 34.3% in 2024
- Operating expenses decreased \$0.2 million compared with 2024
- Net income attributable to Itron, Inc. was \$133.8 million compared with net income of \$103.0 million in 2024
- GAAP diluted EPS increased by \$0.67 to \$2.89 in 2025
- Non-GAAP net income attributable to Itron, Inc. was \$145.2 million compared with \$113.4 million in 2024
- Non-GAAP diluted EPS was \$3.14, an increase of \$0.70 compared with 2024
- Adjusted EBITDA was \$177.7 million compared with \$153.6 million in 2024

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a repurchase up to \$100 million of our common stock over an 18-month period (the 2024 Stock Repurchase Program). The repurchase program is intended to comply with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. We have repurchased no shares under the 2024 Stock Repurchase Program.

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

<i>In thousands, except margin and per share data</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
GAAP						
Revenues						
Product revenues	\$ 517,184	\$ 532,907	(3)%	\$ 1,040,325	\$ 1,060,729	(2)%
Service revenues	89,577	76,162	18%	173,587	151,782	14%
Total revenues	606,761	609,069	—%	1,213,912	1,212,511	—%
Gross profit	223,618	210,460	6%	440,837	415,839	6%
Operating expenses	147,205	145,813	1%	288,211	288,392	—%
Operating income	76,413	64,647	18%	152,626	127,447	20%
Other income (expense)	7,069	2,393	195%	13,135	4,809	173%
Income tax provision	(14,730)	(15,180)	(3)%	(31,659)	(28,609)	11%
Net income attributable to Itron, Inc.	68,340	51,318	33%	133,814	103,039	30%
Non-GAAP⁽¹⁾						
Non-GAAP operating expenses	\$ 141,392	\$ 141,376	—%	\$ 278,342	\$ 279,430	—%
Non-GAAP operating income	82,226	69,084	19%	162,495	136,409	19%
Non-GAAP net income attributable to Itron, Inc.	75,114	56,102	34%	145,224	113,393	28%
Adjusted EBITDA	89,799	77,105	16%	177,730	153,585	16%
GAAP Margins and EPS						
Gross margin						
Product gross margin	34.8 %	33.1 %		34.3 %	32.7 %	
Service gross margin	48.9 %	45.0 %		48.6 %	45.2 %	
Total gross margin	36.9 %	34.6 %		36.3 %	34.3 %	
Operating margin						
	12.6 %	10.6 %		12.6 %	10.5 %	
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	
Non-GAAP EPS⁽¹⁾						
Non-GAAP diluted EPS	\$ 1.62	\$ 1.21		\$ 3.14	\$ 2.44	

⁽¹⁾ These measures exclude certain expenses that we do not believe are indicative of our core operating results. See pages 42-45 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:

<i>Units in thousands</i>	As of June 30,	
	2025	2024
Endpoints under management	112,771	100,946

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:

<i>In thousands</i>	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Total Company					
Revenues	\$ 606,761	\$ 609,069	\$ 4,420	\$ (6,728)	\$ (2,308)
Gross profit	223,618	210,460	1,158	12,000	13,158

<i>In thousands</i>	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Total Company					
Revenues	\$ 1,213,912	\$ 1,212,511	\$ (815)	\$ 2,216	\$ 1,401
Gross profit	440,837	415,839	49	24,949	24,998

Revenues - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Total revenues decreased \$2.3 million in the current 2025 quarter, compared with the same period in 2024. Product revenues decreased by \$15.7 million, and service revenues increased \$13.4 million. Device Solutions decreased by \$5.8 million; Networked Solutions decreased by \$3.8 million; and Outcomes increased by \$7.3 million when compared with the same period last year. Changes in exchange rates favorably impacted total revenues by \$4.4 million, of which \$3.8 million favorably impacted Device Solutions.

Revenues - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Total revenues increased \$1.4 million compared with the same period in 2024. Product revenues decreased by \$20.4 million, and service revenues increased by \$21.8 million. Device Solutions decreased by \$6.7 million; Networked Solutions decreased

by \$8.6 million; and Outcomes increased by \$16.6 million when compared with the same period last year. Changes in exchange rates unfavorably impacted total revenues by \$0.8 million.

Gross Margin - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Gross margin in the 2025 period was 36.9%, compared with 34.6% in 2024. Product sales gross margin increased to 34.8% for the quarter in 2025, compared with 33.1% in 2024. Gross margin on service revenues increased to 48.9% in 2025, compared with 45.0% in 2024.

Gross Margin - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Gross margin was 36.3%, compared with 34.3% in 2024. Product sales gross margin increased to 34.3%, compared with 32.7% in 2024, and gross margin on service revenues increased to 48.6%, compared with 45.2% in 2024.

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
<i>In thousands</i>	2025	2024			
<i>Total Company</i>					
Sales, general and administrative	\$ 87,615	\$ 88,413	\$ 966	\$ (1,764)	\$ (798)
Research and development	53,810	53,053	(117)	874	757
Amortization of intangible assets	4,543	4,511	39	(7)	32
Restructuring	1,237	(99)	(3)	1,339	1,336
(Gain) loss on sale of business	—	(65)	(32)	97	65
Total operating expenses	\$ 147,205	\$ 145,813	\$ 853	\$ 539	\$ 1,392

<i>In thousands</i>	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
<i>Total Company</i>					
Sales, general and administrative	\$ 174,526	\$ 174,384	\$ 524	\$ (382)	\$ 142
Research and development	103,900	105,454	(160)	(1,394)	(1,554)
Amortization of intangible assets	9,022	8,497	21	504	525
Restructuring	684	99	(6)	591	585
(Gain) loss on sale of business	79	(42)	(34)	155	121
Total operating expenses	\$ 288,211	\$ 288,392	\$ 345	\$ (526)	\$ (181)

Operating expenses increased \$1.4 million for the second quarter of 2025 as compared with the same period in 2024. This was primarily the result of a \$1.3 million increase in restructuring expenses.

Operating expenses decreased \$0.2 million for the six months ended June 30, 2025 as compared with the same period in 2024. This was primarily the result of a \$1.6 million decrease in research and development expenses driven by reduced professional service expenses, partially offset by a \$0.6 million increase in restructuring expenses and a \$0.5 million increase in amortization of intangible assets. Refer to Item 1: Financial Statements (Unaudited), Note 4: Intangible Assets and Note 12: Restructuring for additional information.

Other Income (Expense)

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

In thousands	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Interest income	\$ 12,303	\$ 5,128	140%	\$ 24,013	\$ 8,974	168%
Amortization of prepaid debt fees	(1,800)	(979)	84%	(3,581)	(1,867)	92%
Other interest expense	(3,848)	(1,311)	194%	(7,660)	(2,316)	231%
Interest expense	(5,648)	(2,290)	147%	(11,241)	(4,183)	169%
Other income (expense), net	414	(445)	NM	363	18	NM
Total other income (expense)	\$ 7,069	\$ 2,393	195%	\$ 13,135	\$ 4,809	173%

Total other income (expense) for the three and six months ended June 30, 2025 was income of \$7.1 million and \$13.1 million, compared with income of \$2.4 million and \$4.8 million in the same period in 2024. The increase in net other income for the three months ended June 30, 2025, as compared with the same period in 2024, was driven by the \$7.2 million increase in interest income primarily due to interest earned on the invested proceeds from the 2024 Notes, partially offset by the interest cost of those same notes, totaling \$2.8 million in 2025, compared with \$0.3 million in 2024.

The increase in net other income for the six months ended June 30, 2025, as compared with the same period in 2024, was driven by the \$15.0 million increase in interest income primarily due to interest earned on the invested proceeds from the 2024 Notes. This increase was offset by an increase in other interest expense driven by a \$5.5 million interest accrual for the 2024 Notes recognized during the period as well as a \$1.7 million increase in amortization of prepaid debt fees compared with the same period in 2024. Refer to Item 1: Financial Statements (Unaudited), Note 6: Debt included in this Quarterly Report on Form 10-Q for additional information.

Income Tax Provision

For the three and six months ended June 30, 2025, our income tax expense was \$14.7 million and \$31.7 million, compared with income tax expense of \$15.2 million and \$28.6 million for the same period in 2024. Our tax rate for the three and six months ended June 30, 2025 of 18% and 19% 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, the effect of cross-border tax laws, nondeductible executive compensation, 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, 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.

A sweeping legislative package formally titled "An act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (the "Act") was signed into law on July 4, 2025. Since ASC 740 requires the income tax effects of a change in tax law to be recognized in the period of enactment, this Act does not have any impact on our annual effective tax rate as of June 30, 2025. The legislation includes numerous changes to existing tax law that are retroactive to 2025, including provisions for the current deductibility of certain property additions and domestic research and development costs. Additionally, multiple changes are effective beginning in 2026. We anticipate the 2025 provisions to reduce and defer income tax payments to future tax years. We are in the process of evaluating the impact the Act will have on our subsequent consolidated financial statements and related disclosures.

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. The resulting legislation in most countries where Itron has significant operations took 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. Consistent with calculations for calendar year 2024, the Company anticipates it will meet the safe harbors in most jurisdictions in 2025, and any remaining top-up tax should 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:

<i>In thousands</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Segment revenues						
Device Solutions	\$ 112,760	\$ 118,550	(5)%	\$ 238,631	\$ 245,302	(3)%
Networked Solutions	408,934	412,704	(1)%	811,666	820,220	(1)%
Outcomes	85,067	77,815	9%	163,615	146,989	11%
Total revenues	<u>\$ 606,761</u>	<u>\$ 609,069</u>	—%	<u>\$ 1,213,912</u>	<u>\$ 1,212,511</u>	—%

<i>In thousands</i>	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	<i>Gross Profit</i>	<i>Gross Margin</i>	<i>Gross Profit</i>	<i>Gross Margin</i>	<i>Gross Profit</i>	<i>Gross Margin</i>	<i>Gross Profit</i>	<i>Gross Margin</i>
Segment gross profit and margin								
Device Solutions	\$ 33,591	29.8%	\$ 31,231	26.3%	\$ 71,344	29.9%	\$ 61,295	25.0%
Networked Solutions	157,243	38.5%	152,157	36.9%	305,957	37.7%	303,182	37.0%
Outcomes	32,784	38.5%	27,072	34.8%	63,536	38.8%	51,362	34.9%
Total gross profit and margin	<u>\$ 223,618</u>	36.9%	<u>\$ 210,460</u>	34.6%	<u>\$ 440,837</u>	36.3%	<u>\$ 415,839</u>	34.3%

<i>In thousands</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Segment operating expenses						
Device Solutions	\$ 8,137	\$ 7,506	8%	\$ 15,419	\$ 15,867	(3)%
Networked Solutions	36,244	34,713	4%	68,849	69,060	—%
Outcomes	17,097	16,421	4%	33,519	31,620	6%
Corporate unallocated	85,727	87,173	(2)%	170,424	171,845	(1)%
Total operating expenses	<u>\$ 147,205</u>	<u>\$ 145,813</u>	1%	<u>\$ 288,211</u>	<u>\$ 288,392</u>	—%

<i>In thousands</i>	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	<i>Operating Income</i>	<i>Operating Margin</i>	<i>Operating Income</i>	<i>Operating Margin</i>	<i>Operating Income</i>	<i>Operating Margin</i>	<i>Operating Income</i>	<i>Operating Margin</i>
Segment operating income and operating margin								
Device Solutions	\$ 25,454	22.6%	\$ 23,725	20.0%	\$ 55,925	23.4%	\$ 45,428	18.5%
Networked Solutions	120,999	29.6%	117,444	28.5%	237,108	29.2%	234,122	28.5%
Outcomes	15,687	18.4%	10,651	13.7%	30,017	18.3%	19,742	13.4%
Corporate unallocated	(85,727)	NM	(87,173)	NM	(170,424)	NM	(171,845)	NM
Total operating income and operating margin	<u>\$ 76,413</u>	12.6%	<u>\$ 64,647</u>	10.6%	<u>\$ 152,626</u>	12.6%	<u>\$ 127,447</u>	10.5%

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:

<i>In thousands</i>	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
<i>Device Solutions Segment</i>					
Revenues	\$ 112,760	\$ 118,550	\$ 3,766	\$ (9,556)	\$ (5,790)
Gross profit	33,591	31,231	796	1,564	2,360
Operating expenses	8,137	7,506	59	572	631

<i>In thousands</i>	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
<i>Device Solutions Segment</i>					
Revenues	\$ 238,631	\$ 245,302	\$ 522	\$ (7,193)	\$ (6,671)
Gross profit	71,344	61,295	123	9,926	10,049
Operating expenses	15,419	15,867	14	(462)	(448)

Revenues - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Revenues decreased \$5.8 million, or 5%. Changes in foreign currency exchange rates favorably impacted revenues by \$3.8 million. Revenues were lower due to the planned decrease in electric meter sales, partially offset by higher smart water product sales.

Revenues - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Revenues decreased \$6.7 million, or 3%. Changes in foreign currency exchange rates favorably impacted revenues by \$0.5 million. Revenues were lower due to the planned decrease in electric meter sales, partially offset by higher smart water product sales.

Gross Margin - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

For the three months ended June 30, 2025, gross margin was 29.8%, compared with 26.3% for the same period in 2024. The 350 basis point increase over the prior year was primarily due to an improved product mix.

Gross Margin - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

For the six months ended June 30, 2025, gross margin was 29.9%, compared with 25.0% for the same period in 2024. The 490 basis point increase over the prior year was primarily due to an improved product mix.

Operating Expenses - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Operating expenses increased \$0.6 million, or 8%, compared with 2024. The increase was primarily due to higher product development and marketing costs.

Operating Expenses - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Operating expenses decreased \$0.4 million, or 3%, for the first six months of 2025, compared with the same period in 2024. The decrease was primarily due to lower product development and marketing 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:

<i>In thousands</i>	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Networked Solutions Segment					
Revenues	\$ 408,934	\$ 412,704	\$ 147	\$ (3,917)	\$ (3,770)
Gross profit	157,243	152,157	35	5,051	5,086
Operating expenses	36,244	34,713	—	1,531	1,531

<i>In thousands</i>	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Networked Solutions Segment					
Revenues	\$ 811,666	\$ 820,220	\$ (1,464)	\$ (7,090)	\$ (8,554)
Gross profit	305,957	303,182	(247)	3,022	2,775
Operating expenses	68,849	69,060	(14)	(197)	(211)

Revenues - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Revenues decreased \$3.8 million, or 1%, in 2025 compared with 2024. The decline was primarily due to an unusually large second quarter 2024 sales volume, which included a substantial amount of catch-up of previously supply chain constrained revenue.

Revenues - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Revenues decreased \$8.6 million, or 1%, for the first six months of 2025, compared with the same period in 2024. The decline was primarily due to an unusually large first half 2024 level, which included a significant amount of catch-up of previously supply chain constrained revenue. Changes in foreign currency exchange rates unfavorably impacted revenues by \$1.5 million.

Gross Margin - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Gross margin was 38.5% for the period ending June 30, 2025, compared with 36.9% in 2024. The 160 basis point increase was primarily related to a favorable product and customer mix.

Gross Margin - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Gross margin was 37.7% for the 2025 period, compared with 37.0% in 2024. The 70 basis point increase was primarily related to a favorable product and customer mix.

Operating Expenses - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Operating expenses increased \$1.5 million, or 4%, for the quarter in 2025, compared with the same period in 2024. The increase was primarily related to higher employee costs.

Operating Expenses - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Operating expenses decreased \$0.2 million for the first six months of 2025, compared with the same period in 2024. The decrease was primarily related to lower 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:

<i>In thousands</i>	Three Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Outcomes Segment					
Revenues	\$ 85,067	\$ 77,815	\$ 505	\$ 6,747	\$ 7,252
Gross profit	32,784	27,072	326	5,386	5,712
Operating expenses	17,097	16,421	3	673	676

<i>In thousands</i>	Six Months Ended June 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
	2025	2024			
Outcomes Segment					
Revenues	\$ 163,615	\$ 146,989	\$ 126	\$ 16,500	\$ 16,626
Gross profit	63,536	51,362	172	12,002	12,174
Operating expenses	33,519	31,620	(11)	1,910	1,899

Revenues - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

For the 2025 period, revenues increased \$7.3 million, or 9%, compared with the 2024 period. This increase was driven by recurring revenue, as well as software licenses. Changes in foreign currency exchange rates favorably impacted revenues by \$0.5 million.

Revenues - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Revenues increased \$16.6 million, or 11%, for the first six months of 2025, compared with 2024. This increase was driven by recurring revenue, as well as software licenses.

Gross Margin - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Gross margin increased to 38.5% for the second quarter of 2025, compared with 34.8% for the same period last year. The 370 basis point increase was driven by software license and services mix.

Gross Margin - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Gross margin increased to 38.8% for the period ending in 2025, compared with 34.9% for last year. The 390 basis point increase was driven by software license and services mix.

Operating Expenses - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Operating expenses for the 2025 period increased \$0.7 million, or 4%, compared with the same period last year. This was primarily related to increased employee costs.

Operating Expenses - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

Operating expenses for the first six months of 2025 increased \$1.9 million, or 6%, compared with the same period last year. This was primarily related to increased employee costs.

Corporate Unallocated

Corporate Unallocated Expenses - Three months ended June 30, 2025 vs. Three months ended June 30, 2024

Operating expenses not directly associated with an operating segment are classified as Corporate unallocated. These expenses decreased \$1.4 million, or 2%, for the three months ended June 30, 2025 compared with the same period in 2024. This decrease was primarily the result of a \$2.4 million decrease in sales, general and administrative expenses partially offset by a \$1.3 million increase in restructuring expenses.

Corporate Unallocated Expenses - Six months ended June 30, 2025 vs. Six months ended June 30, 2024

For the first six months of 2025, Corporate unallocated expenses decreased \$1.4 million, or 1%, compared with the 2024 period. This decrease was primarily the result of a \$1.2 million decrease in sales, general and administrative expenses and a \$1.5 million decrease in product development expenses partially offset by a \$0.6 million increase in restructuring expenses and a \$0.5 million increase in amortization of intangible assets.

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 will 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
<i>In millions</i>			
June 30, 2025	\$ 454	\$ 4,514	\$ 1,544
March 31, 2025	530	4,659	1,593
December 31, 2024	1,403	4,734	1,767
September 30, 2024	487	3,970	1,716
June 30, 2024	447	4,093	1,809

Financial Condition

Cash Flow Information

<i>In thousands</i>	Six Months Ended June 30,	
	2025	2024
Net cash provided by operating activities	\$ 168,802	\$ 93,025
Net cash used in investing activities	(10,651)	(47,820)
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 were \$1.22 billion at June 30, 2025, compared with \$1.05 billion at December 31, 2024. The \$173.0 million increase in cash and cash equivalents during the 2025 period was primarily net cash provided by operations as a result of higher earnings.

Operating activities

Cash provided by operating activities during the six months in 2025 was \$168.8 million compared with \$93.0 million during the same period in 2024. The increase was primarily due to increased earnings in 2025 and a net increase in working capital (current assets less current liabilities) conversion compared with the same period in 2024, partially offset by increased income tax payments in 2025.

Investing activities

During the six months ended June 30, 2025, net cash used in investing activities was \$10.7 million compared with \$47.8 million in 2024, resulting in a change of \$37.2 million. The movement was primarily related to net cash used for the acquisition of Elpis Squared for \$34.1 million in 2024, along with \$3.6 million in reduced purchases of property, plant, and equipment in 2025 compared with the same period in 2024.

Financing activities

Net cash provided by financing activities during the six months in 2025 was \$4.8 million, compared with net cash provided of \$576.8 million for the same period in 2024. The change is due primarily to the issuance in 2024 of the 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 repurchased totaling \$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, 2025 was an increase of \$10.1 million, compared with a decrease of \$3.5 million for the same period in 2024. 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:

<i>In thousands</i>	Six Months Ended June 30,	
	2025	2024
Net cash provided by operating activities	\$ 168,802	\$ 93,025
Acquisitions of property, plant, and equipment	(10,656)	(14,255)
Free cash flow	<u>\$ 158,146</u>	<u>\$ 78,770</u>

Free cash flow increased due to higher operating cash flow and reduced spending on property, plant, and equipment. See the cash flow discussion of operating and investing 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, 2025 and December 31, 2024 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. As of June 30, 2025, no amount was outstanding under the 2018 credit facility, and \$45.3 million was utilized by outstanding standby letters of credit, resulting in \$454.7 million available for borrowing. As of June 30, 2025, \$254.7 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, the maturity 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 (the 2021 Notes) in a private placement to qualified institutional buyers. These 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 (the 2024 Notes) in a private placement to qualified institutional buyers. These 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, with the first payment made 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 2018 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 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 were substantially complete as of March 31, 2025. For the six months ended June 30, 2025, we paid out \$14.5 million related to all our restructuring projects. As of June 30, 2025, \$31.1 million was accrued for all restructuring projects, of which \$21.3 million is expected to be paid within the next 12 months and the remainder through 2027.

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.

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a repurchase up to \$100 million of our common stock over an 18-month period (the 2024 Stock Repurchase Program). The repurchase program is intended to comply with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. We have repurchased no shares under the 2024 Stock Repurchase Program.

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, including anticipated impacts of the Act, we expect to pay, net of refunds, approximately \$29 million in U.S. federal taxes, \$7 million in state taxes, and \$17 million in local and foreign taxes during 2025. 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, 2025, 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, 2025, there was \$52.8 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, 2025, \$3.3 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 2024 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

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 2024 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 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.

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 <i>In thousands, except per share data</i>	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	<u>\$ 141,392</u>	<u>\$ 141,376</u>	<u>\$ 278,342</u>	<u>\$ 279,430</u>
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	<u>\$ 82,226</u>	<u>\$ 69,084</u>	<u>\$ 162,495</u>	<u>\$ 136,409</u>
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.	<u>\$ 75,114</u>	<u>\$ 56,102</u>	<u>\$ 145,224</u>	<u>\$ 113,393</u>
Non-GAAP diluted EPS				
Non-GAAP diluted EPS	<u>\$ 1.62</u>	<u>\$ 1.21</u>	<u>\$ 3.14</u>	<u>\$ 2.44</u>
Non-GAAP weighted average common shares outstanding - Diluted				
Non-GAAP weighted average common shares outstanding - Diluted	<u>46,380</u>	<u>46,526</u>	<u>46,276</u>	<u>46,441</u>

TOTAL COMPANY RECONCILIATIONS <i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
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	<u>\$ 89,799</u>	<u>\$ 77,105</u>	<u>\$ 177,730</u>	<u>\$ 153,585</u>
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	<u>\$ 90,668</u>	<u>\$ 44,607</u>	<u>\$ 158,146</u>	<u>\$ 78,770</u>

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 variable rate debt instruments, namely the multicurrency revolving line of credit. At June 30, 2025, 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 25% and 24% of total revenues for the three and six months ended June 30, 2025 compared with 24% for the same respective periods in 2024. 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 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, 2025, a total of 34 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 \$110,738 to \$22.8 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, 2025, 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, 2025 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, 2024, which was filed with the Securities and Exchange Commission on February 25, 2025.

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
				<i>In thousands</i>
April 1, 2025 through April 30, 2025	—	\$ —	—	\$ 100,000
May 1, 2025 through May 31, 2025	58	112.63	—	100,000
June 1, 2025 through June 30, 2025	—	—	—	100,000
Total	<u>58</u>		<u>—</u>	

⁽¹⁾ Effective September 19, 2024, Itron's Board of Directors authorized a 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 2025 that was not reported.
- (b) Not applicable.
- (c) Insider Trading Arrangements - None.

Item 6: Exhibits

Exhibit Number	Description of Exhibits
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, 2025 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.

July 31, 2025
Date

By: _____
/s/ JOAN S. HOOPER
Joan S. Hooper
Senior Vice President and Chief Financial Officer

**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: July 31, 2025

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

**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, 2025 (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

Thomas L. Deitrich
President and Chief Executive Officer

July 31, 2025

Date

/s/ JOAN S. HOOPER

Joan S. Hooper
Senior Vice President and Chief Financial Officer

July 31, 2025

Date