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 September 30, 2024

OR

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

For the transition period from to

Commission file number 000-22418

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	ITRI	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 28, 2024, there were outstanding 45,089,570 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands, except per share data	2024	2023	2024	2023
Revenues				
Product revenues	$ 538,249	$ 480,355	$ 1,598,978	$ 1,361,482
Service revenues	77,213	80,417	228,995	234,978
Total revenues	615,462	560,772	1,827,973	1,596,460
Cost of revenues				
Product cost of revenues	362,579	332,035	1,076,033	951,666
Service cost of revenues	43,285	41,534	126,503	127,276
Total cost of revenues	405,864	373,569	1,202,536	1,078,942
Gross profit	209,598	187,203	625,437	517,518
Operating expenses				
Sales, general and administrative	79,639	76,576	254,023	231,176
Research and development	51,237	51,644	156,691	154,769
Amortization of intangible assets	4,814	4,663	13,311	14,433
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Total operating expenses	135,665	132,313	424,057	437,921
Operating income	73,933	54,890	201,380	79,597
Other income (expense)				
Interest income	13,420	2,642	22,394	5,968
Interest expense	(5,605)	(2,445)	(9,788)	(6,479)
Other income (expense), net	677	646	695	(1,162)
Total other income (expense)	8,492	843	13,301	(1,673)
Income before income taxes	82,425	55,733	214,681	77,924
Income tax provision	(3,515)	(15,388)	(32,124)	(24,513)
Net income	78,910	40,345	182,557	53,411
Net income attributable to noncontrolling interests	951	173	1,559	874
Net income attributable to Itron, Inc.	$ 77,959	$ 40,172	$ 180,998	$ 52,537
Net income per common share - Basic	$ 1.73	$ 0.88	$ 3.98	$ 1.16
Net income per common share - Diluted	$ 1.70	$ 0.87	$ 3.91	$ 1.15
Weighted average common shares outstanding - Basic	44,982	45,462	45,458	45,393
Weighted average common shares outstanding - Diluted	45,839	45,950	46,239	45,768

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	**2024**	**2023**	**2024**	**2023**
Net income	$ 78,910	$ 40,345	$ 182,557	$ 53,411
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	19,880	(15,009)	3,611	(5,844)
Pension benefit obligation adjustment	(34)	(109)	(607)	(322)
Total other comprehensive income (loss), net of tax	19,846	(15,118)	3,004	(6,166)
Total comprehensive income (loss), net of tax	98,756	25,227	185,561	47,245
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	951	173	1,559	874
Comprehensive income (loss) attributable to Itron, Inc.	$ 97,805	$ 25,054	$ 184,002	$ 46,371

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

ITRON, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

In thousands	September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 982,507	$ 302,049
Accounts receivable, net	338,769	303,821
Inventories	276,616	283,686
Other current assets	156,642	159,882
Total current assets	1,754,534	1,049,438
Property, plant, and equipment, net	120,449	128,806
Deferred tax assets, net	290,259	247,211
Other long-term assets	40,804	38,836
Operating lease right-of-use assets, net	37,641	41,186
Intangible assets, net	47,969	46,282
Goodwill	1,073,757	1,052,504
Total assets	$ 3,365,413	$ 2,604,263
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 152,510	$ 199,520
Other current liabilities	61,151	54,407
Wages and benefits payable	118,634	135,803
Taxes payable	14,273	8,636
Current portion of warranty	13,807	14,663
Unearned revenue	161,096	124,207
Total current liabilities	521,471	537,236
Long-term debt, net	1,240,950	454,827
Long-term warranty	7,925	7,501
Pension benefit obligation	64,886	63,887
Deferred tax liabilities, net	622	697
Operating lease liabilities	28,820	32,656
Other long-term obligations	132,052	176,028
Total liabilities	1,996,726	1,272,832
Equity		
Preferred stock, no par value, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock, no par value, 75,000 shares authorized, 45,016 and 45,512 shares issued and outstanding	1,673,916	1,820,510
Accumulated other comprehensive loss, net	(78,186)	(81,190)
Accumulated deficit	(247,411)	(428,409)
Total Itron, Inc. shareholders' equity	1,348,319	1,310,911
Noncontrolling interests	20,368	20,520
Total equity	1,368,687	1,331,431
Total liabilities and equity	$ 3,365,413	$ 2,604,263

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

ITRON, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

In thousands	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at January 1, 2024	45,512	$ 1,820,510	$ (81,190)	$ (428,409)	$ 1,310,911	$ 20,520	$ 1,331,431
Net income				51,721	51,721	66	51,787
Other comprehensive income (loss), net of tax			(10,908)		(10,908)		(10,908)
Net stock issued and repurchased	338	1,560			1,560		1,560
Stock-based compensation expense		11,429			11,429		11,429
Registration fee		11			11		11
Balances at March 31, 2024	45,850	1,833,510	(92,098)	(376,688)	1,364,724	20,586	1,385,310
Net income				51,318	51,318	542	51,860
Other comprehensive income (loss), net of tax			(5,934)		(5,934)		(5,934)
Net stock issued and repurchased	74	1,408			1,408		1,408
Stock-based compensation expense		10,416			10,416		10,416
Payments on call spread for convertible offering, net of tax		(82,304)			(82,304)		(82,304)
Stock repurchased	(972)	(100,000)			(100,000)		(100,000)
Registration fee		(65)			(65)		(65)
Balances at June 30, 2024	44,952	1,662,965	(98,032)	(325,370)	1,239,563	21,128	1,260,691
Net income				77,959	77,959	951	78,910
Other comprehensive income (loss), net of tax			19,846		19,846		19,846
Distributions to noncontrolling interests						(1,711)	(1,711)
Net stock issued and repurchased	64	1,345			1,345		1,345
Stock-based compensation expense		10,222			10,222		10,222
Excise tax related to shares repurchased		(616)			(616)		(616)
Balances at September 30, 2024	45,016	$ 1,673,916	$ (78,186)	$ (247,411)	$ 1,348,319	$ 20,368	$ 1,368,687

In thousands	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Itron, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at January 1, 2023	45,186	$ 1,788,479	$ (94,674)	$ (525,332)	$ 1,168,473	$ 23,083	$ 1,191,556
Net loss				(11,836)	(11,836)	(201)	(12,037)
Other comprehensive income (loss), net of tax			7,119		7,119		7,119
Distributions to noncontrolling interests						(21)	(21)
Net stock issued and repurchased	219	607			607		607
Stock-based compensation expense		6,919			6,919		6,919
Balances at March 31, 2023	45,405	1,796,005	(87,555)	(537,168)	1,171,282	22,861	1,194,143
Net income				24,201	24,201	902	25,103
Other comprehensive income (loss), net of tax			1,833		1,833		1,833
Net stock issued and repurchased	43	1,033			1,033		1,033
Stock-based compensation expense		6,775			6,775		6,775
Balances at June 30, 2023	45,448	1,803,813	(85,722)	(512,967)	1,205,124	23,763	1,228,887
Net income				40,172	40,172	173	40,345
Other comprehensive income (loss), net of tax			(15,118)		(15,118)		(15,118)
Distributions to noncontrolling interests						(3,936)	(3,936)
Net stock issued and repurchased	26	715			715		715
Stock-based compensation expense		6,837			6,837		6,837
Balances at September 30, 2023	45,474	$ 1,811,365	$ (100,840)	$ (472,795)	$ 1,237,730	$ 20,000	$ 1,257,730

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

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

In thousands	Nine Months Ended September 30, 2024	2023
Operating activities		
Net income	$ 182,557	$ 53,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	40,979	42,013
Non-cash operating lease expense	11,481	12,197
Stock-based compensation	32,067	20,531
Amortization of prepaid debt fees	3,669	2,761
Deferred taxes, net	(17,509)	1,938
Loss on sale of business	656	675
Restructuring, non-cash	(171)	910
Other adjustments, net	(838)	(318)
Changes in operating assets and liabilities, net of acquisition and sale of business:		
Accounts receivable	(31,169)	(37,832)
Inventories	5,532	(48,280)
Other current assets	4,102	(43,240)
Other long-term assets	(1,391)	3,392
Accounts payable, other current liabilities, and taxes payable	(39,054)	220
Wages and benefits payable	(18,010)	17,361
Unearned revenue	33,453	38,619
Warranty	(476)	(2,177)
Restructuring	(19,816)	23,966
Other operating, net	(27,736)	(9,071)
Net cash provided by operating activities	158,326	77,076
Investing activities		
Net proceeds (payments) related to the sale of business	405	(772)
Acquisitions of property, plant, and equipment	(20,878)	(18,304)
Business acquisitions, net of cash and cash equivalents acquired	(34,126)	—
Other investing, net	212	73
Net cash used in investing activities	(54,387)	(19,003)
Financing activities		
Proceeds from borrowings	805,000	—
Issuance of common stock	4,317	2,366
Payments on call spread for convertible offering	(108,997)	—
Repurchase of common stock	(100,000)	—
Prepaid debt fees	(21,617)	(517)
Other financing, net	(2,618)	(4,488)
Net cash provided by (used in) financing activities	576,085	(2,639)
Effect of foreign exchange rate changes on cash and cash equivalents	434	(2,670)
Increase in cash and cash equivalents	680,458	52,764
Cash and cash equivalents at beginning of period	302,049	202,007
Cash and cash equivalents at end of period	$ 982,507	$ 254,771
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes, net	$ 59,212	$ 29,031
Interest	4,062	1,578

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

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

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

Note 1: Summary of Significant Accounting Policies

Financial Statement Preparation

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

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

Restricted Cash and Cash Equivalents

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

Risks and Uncertainties

Global economic impacts, such as pandemics and various ongoing conflicts around the world, may create disruption in customer demand and global supply chains, resulting in market volatility, which our management continues to monitor. In the aftermath of these types of events, global supply chains, including labor, may struggle to keep pace with rapidly changing demand. Temporary imbalance in supply and demand may create business uncertainties that include costs and availability. Efforts continue with suppliers to improve supply resiliency, including the approval of alternate sources. Additionally, inflation in our raw materials and component costs, freight charges, 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 and Israel, 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 the 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 November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures, which amends the reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for our annual financial reporting in 2024 and interim financial reports for the first quarter of 2025, with early adoption permitted. These amendments are to be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures for our reportable segment information.

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

Note 2: Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands, except per share data	2024	2023	2024	2023
Net income available to common shareholders	$ 77,959	$ 40,172	$ 180,998	$ 52,537
Weighted average common shares outstanding - Basic	44,982	45,462	45,458	45,393
Dilutive effect of stock-based awards	857	488	781	375
Dilutive effect of convertible notes	—	—	—	—
Weighted average common shares outstanding - Diluted	45,839	45,950	46,239	45,768
Net income per common share - Basic	$ 1.73	$ 0.88	$ 3.98	$ 1.16
Net income per common share - Diluted	$ 1.70	$ 0.87	$ 3.91	$ 1.15

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 1,000 and 23,000 stock-based awards were excluded from the calculation of diluted EPS for the three and nine months ended September 30, 2024 because they were anti-dilutive. Approximately 0.2 million and 0.3 million stock-based awards were excluded from the calculation of diluted EPS for the three and nine months ended September 30, 2023 because they were anti-dilutive. These stock-based awards could be dilutive in future periods.

Convertible Notes and Share Hedges

2021 Notes, Warrants and Call Option Transactions

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

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

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

2024 Notes and Capped Call Transactions

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

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

Note 3: Certain Balance Sheet Components

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

Accounts receivable, net *In thousands*	September 30, 2024	December 31, 2023
Trade receivables (net of allowance of $591 and $738)	$ 307,696	$ 272,890
Unbilled receivables	31,073	30,931
Total accounts receivable, net	$ 338,769	$ 303,821

Allowance for credit losses account activity	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Beginning balance	$ 603	$ 4,694	$ 738	$ 4,863
Provision for (release of) doubtful accounts, net	(11)	76	(89)	37
Accounts written-off, net	(28)	(60)	(71)	(304)
Effect of change in exchange rates	27	(67)	13	47
Ending balance	$ 591	$ 4,643	$ 591	$ 4,643

Inventories *In thousands*	September 30, 2024	December 31, 2023
Raw materials	$ 195,045	$ 213,303
Work in process	15,182	17,849
Finished goods	66,389	52,534
Total inventories	$ 276,616	$ 283,686

Property, plant, and equipment, net *In thousands*	September 30, 2024	December 31, 2023
Machinery and equipment	$ 325,716	$ 318,546
Computers and software	126,043	126,149
Buildings, furniture, and improvements	124,494	126,041
Land	8,452	7,846
Construction in progress, including purchased equipment	19,592	24,316
Total cost	604,297	602,898
Accumulated depreciation	(483,848)	(474,092)
Property, plant, and equipment, net	$ 120,449	$ 128,806

Depreciation expense	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Depreciation expense	$ 9,902	$ 8,982	$ 27,668	$ 27,580

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Note 4: Intangible Assets and Liabilities

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

	September 30, 2024			December 31, 2023		
In thousands	Gross	Accumulated (Amortization) Accretion	Net	Gross	Accumulated (Amortization) Accretion	Net
Intangible Assets						
Core-developed technology	$ 516,107	$ (503,763)	$ 12,344	$ 502,010	$ (499,571)	$ 2,439
Customer contracts and relationships	335,283	(301,195)	34,088	329,688	(287,653)	42,035
Trademarks and trade names	73,930	(72,435)	1,495	73,461	(71,740)	1,721
Other	12,020	(11,978)	42	12,019	(11,932)	87
Total intangible assets	$ 937,340	$ (889,371)	$ 47,969	$ 917,178	$ (870,896)	$ 46,282
Intangible Liabilities						
Customer contracts and relationships	$ (23,900)	$ 23,900	$ —	$ (23,900)	$ 23,900	$ —

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

	Nine Months Ended September 30,	
In thousands	2024	2023
Intangible assets, gross beginning balance	$ 917,178	$ 905,134
Intangible assets acquired [1]	15,000	—
Effect of change in exchange rates	5,162	(2,231)
Intangible assets, gross ending balance	$ 937,340	$ 902,903
Intangible liabilities, gross beginning balance	$ (23,900)	$ (23,900)
Effect of change in exchange rates	—	—
Intangible liabilities, gross ending balance	$ (23,900)	$ (23,900)

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

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

Estimated future annual amortization is as follows:

Year Ending December 31,	**Estimated Annual Amortization**
In thousands	
2024 (amount remaining at September 30, 2024)	$ 4,566
2025	17,775
2026	13,726
2027	8,273
2028	2,681
Thereafter	948
Total intangible assets subject to amortization	$ 47,969

Note 5: Goodwill

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

In thousands	Device Solutions	Networked Solutions	Outcomes	Total Company
Goodwill balance at January 1, 2024	$ —	$ 911,847	$ 140,657	$ 1,052,504
Goodwill acquired [1]	—	—	19,661	19,661
Effect of change in exchange rates	—	1,382	210	1,592
Goodwill balance at September 30, 2024	$ —	$ 913,229	$ 160,528	$ 1,073,757

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

Note 6: Debt

The components of our borrowings were as follows:

In thousands	September 30, 2024	December 31, 2023
Credit facility		
Multicurrency revolving line of credit	$ —	$ —
Convertible notes	1,265,000	460,000
Total debt	1,265,000	460,000
Less: unamortized prepaid debt fees - convertible notes	24,050	5,173
Long-term debt, net	$ 1,240,950	$ 454,827

Credit Facility

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

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

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

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

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

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

Convertible Notes

2021 Notes

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

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

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

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

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

2024 Notes

On June 21, 2024, we closed the sale of $805 million of convertible notes in a private placement to qualified institutional buyers, resulting in net proceeds to us of $784 million after deducting initial purchasers' discounts of the offering. The 2024 Notes 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 long-term debt in aggregate over the next five years is as follows:

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

Note 7: Derivative Financial Instruments

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

Derivatives Not Designated as Hedging Relationships

We are exposed to foreign exchange risk when we enter into non-functional currency transactions, both intercompany and third party. At each period-end, non-functional currency monetary assets and liabilities are revalued with the change recognized within other income (expense) in our Consolidated Statements of Operations. We enter into monthly foreign exchange forward contracts, which are not designated for hedge accounting, with the intent to reduce earnings volatility associated with currency exposures. As of September 30, 2024, a total of 35 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 $112,600 to $40.6 million.

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

Note 8: Defined Benefit Pension Plans

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

Amounts recognized on the Consolidated Balance Sheets consist of:

In thousands		September 30, 2024		December 31, 2023
Assets				
Plan assets in other long-term assets	$	63	$	80
Liabilities				
Current portion of pension benefit obligation in wages and benefits payable	$	4,378	$	3,623
Long-term portion of pension benefit obligation		64,886		63,887
Pension benefit obligation, net	$	69,201	$	67,430

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

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Service cost	$ 621	$ 605	$ 1,915	$ 1,845
Interest cost	687	720	2,044	2,153
Expected return on plan assets	(74)	(88)	(220)	(264)
Amortization of prior service costs	34	15	101	45
Amortization of actuarial net loss	(85)	(122)	(255)	(365)
Curtailment	—	—	(585)	—
Net periodic benefit cost	$ 1,183	$ 1,130	$ 3,000	$ 3,414

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 September 30, 2024, 4,590,911 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 486,098 shares of common stock were available for future issuance at September 30, 2024.

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

Stock-Based Compensation Expense

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Stock options	$ —	$ 18	$ —	$ 98
Restricted stock units	9,886	6,581	31,059	19,680
Unrestricted stock awards	336	238	1,008	753
Phantom stock units	1,616	1,190	4,378	3,114
Total stock-based compensation	$ 11,838	$ 8,027	$ 36,445	$ 23,645
Related tax benefit	$ 2,503	$ 1,686	$ 7,853	$ 5,059

Stock Options

A summary of our stock option activity is as follows:

	Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value
	In thousands		*Years*	*In thousands*	
Outstanding, January 1, 2023	381	$ 60.63	4.8	$ 1,892	
Granted	—	—			$ —
Exercised	(6)	56.83		88	
Forfeited	—	—			
Canceled	—	—			
Outstanding, September 30, 2023	375	$ 60.69	4.1	$ 3,316	
Outstanding, January 1, 2024	363	$ 61.36	4.0	$ 5,886	
Granted	—	—			$ —
Exercised	(26)	54.19		935	
Forfeited	—	—			
Canceled	—	—			
Outstanding, September 30, 2024	337	$ 61.92	3.2	$ 15,111	
Exercisable, September 30, 2024	337	$ 61.92	3.2	$ 15,111	

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

Restricted Stock Units

The following table summarizes restricted stock unit activity:

In thousands, except fair value	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding, January 1, 2023	528		
Granted	459	$ 56.62	
Released [(1)]	(235)		$ 739
Forfeited	(25)		
Outstanding, September 30, 2023	727		
Outstanding, January 1, 2024	751	$ 58.89	
Granted	415	76.24	
Released [(1)]	(405)	62.51	$ 33,372
Forfeited	(21)	64.45	
Outstanding, September 30, 2024	740	67.13	
Vested but not released, September 30, 2024	17		$ 1,841

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

At September 30, 2024, total unrecognized compensation expense on restricted stock units was $51.9 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:

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

Note 10: Income Taxes

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

Our tax rate for the three and nine months ended September 30, 2024 of 4% and 15%, respectively, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low-Taxed Income) tax, net of Section 250 deduction (largely driven by research and development capitalization), Subpart F income, a benefit related to stock-based compensation, tax credits, state taxes, and uncertain tax positions. During the quarter, approximately $14 million in discrete tax benefits were recorded related to the favorable resolution of a foreign tax audit.

Our tax rate for the three and nine months ended September 30, 2023 of 28% and 31%, respectively, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low-Taxed Income) tax, net of Section 250 deduction (largely driven by research and development capitalization), Subpart F income, an expense related to stock-based compensation, tax credits, and uncertain tax positions.

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Net interest and penalties expense	$ (5,508)	$ 592	$ (4,020)	$ 1,398

Accrued interest and penalties recognized were as follows:

In thousands	September 30, 2024	December 31, 2023
Accrued interest	$ 5,884	$ 9,794
Accrued penalties	369	466

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

In thousands	September 30, 2024	December 31, 2023
Unrecognized tax benefits related to uncertain tax positions	$ 115,220	$ 130,067
The amount of unrecognized tax benefits that, if recognized, would affect our effective tax rate	115,210	129,591

At September 30, 2024, we are under examination by certain tax authorities. As a result of the favorable resolution of a foreign tax audit, a reduction in uncertain tax positions of approximately $14 million was recorded this quarter. We believe we have appropriately accrued for the expected outcome of all tax matters and do not currently anticipate that the ultimate resolution of these examinations will have a material adverse effect on our financial condition, future results of operations, or cash flows.

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

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

Note 11: Commitments and Contingencies

Guarantees and Indemnifications

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

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

In thousands	September 30, 2024	December 31, 2023
Credit facility		
Multicurrency revolving line of credit	$ 500,000	$ 500,000
Standby LOCs issued and outstanding	(46,756)	(59,059)
Net available for additional borrowings under the multicurrency revolving line of credit	$ 453,244	$ 440,941
Net available for additional standby LOCs under sub-facility	$ 253,244	$ 240,941
Unsecured multicurrency revolving lines of credit with various financial institutions		
Multicurrency revolving lines of credit	$ 93,562	$ 84,318
Standby LOCs issued and outstanding	(20,377)	(21,853)
Short-term borrowings	—	—
Net available for additional borrowings and LOCs	$ 73,185	$ 62,465
Unsecured surety bonds in force	$ 247,358	$ 271,164

In the event any such standby LOC or bond were called, we would be obligated to reimburse the issuer of the standby LOC or bond. As of October 31, 2024, we are not aware of any valid claims against our outstanding standby LOCs or bonds.

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

Legal Matters

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

Warranty

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Beginning balance	$ 22,839	$ 25,486	$ 22,164	$ 25,698
New product warranties	1,468	1,647	4,695	5,094
Other adjustments and expirations, net	(432)	(1,343)	496	(1,309)
Claims activity	(2,334)	(2,005)	(5,677)	(5,935)
Effect of change in exchange rates	191	(302)	54	(65)
Ending balance	21,732	23,483	21,732	23,483
Less: current portion of warranty	13,807	16,221	13,807	16,221
Long-term warranty	$ 7,925	$ 7,262	$ 7,925	$ 7,262

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Total warranty expense	$ 1,036	$ 304	$ 5,191	$ 3,785

Note 12: Restructuring

2023 Projects

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

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

In thousands	Total Expected Costs at September 30, 2024	Costs Recognized in Prior Periods	Adjustments Recognized During the Nine Months Ended September 30, 2024	Expected Remaining Costs to be Recognized at September 30, 2024
Employee severance costs	$ 41,539	$ 43,347	$ (1,808)	$ —
Asset impairments & net loss (gain) on sale or disposal	1,169	1,130	39	—
Other restructuring costs	7,546	4,051	2,020	1,475
Total	$ 50,254	$ 48,528	$ 251	$ 1,475

2021 Projects

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

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

In thousands	Total Expected Costs at September 30, 2024	Costs Recognized in Prior Periods	Adjustments Recognized During the Nine Months Ended September 30, 2024	Expected Remaining Costs to be Recognized at September 30, 2024
Employee severance costs	$ 34,367	$ 34,821	$ (454)	$ —
Asset impairments & net loss (gain) on sale or disposal	8,169	8,379	(210)	—
Other restructuring costs	4,868	3,729	(211)	1,350
Total	$ 47,404	$ 46,929	$ (875)	$ 1,350

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

In thousands	Accrued Employee Severance	Asset Impairments & Net Loss (Gain) on Sale or Disposal	Other Accrued Costs	Total
Beginning balance, January 1, 2024	$ 68,698	$ —	$ 3,678	$ 72,376
Costs charged to expense	(2,262)	(171)	1,809	(624)
Cash payments	(17,135)	(13)	(2,993)	(20,141)
Net assets disposed and impaired	—	184	—	184
Effect of change in exchange rates	267	—	486	753
Ending balance, September 30, 2024	$ 49,568	$ —	$ 2,980	$ 52,548

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

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

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

The current portions of restructuring liabilities were $25.2 million and $21.0 million as of September 30, 2024 and December 31, 2023 and are classified within other current liabilities on the Consolidated Balance Sheets. The long-term portions of restructuring liabilities were $27.3 million and $51.4 million as of September 30, 2024 and December 31, 2023. The long-term portions of restructuring liabilities are classified within other long-term obligations on the Consolidated Balance Sheets and include severance accruals and facility exit costs.

Note 13: Shareholders' Equity

Preferred Stock

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

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a share 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 repurchased no shares under the 2024 Stock Repurchase Program.

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

2021 Call Option Transactions

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

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

Warrant Transactions

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

2024 Capped Call Transactions

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

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

Accumulated Other Comprehensive Income (Loss) (AOCI)

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

In thousands	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) on Derivative Instruments	Net Unrealized Gain (Loss) on Nonderivative Instruments	Pension Benefit Obligation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balances at January 1, 2023	$ (83,193)	$ (210)	$ (14,380)	$ 3,109	$ (94,674)
OCI before reclassifications	(5,844)	—	—	—	(5,844)
Amounts reclassified from AOCI	—	—	—	(322)	(322)
Total other comprehensive income (loss)	(5,844)	—	—	(322)	(6,166)
Balances at September 30, 2023	$ (89,037)	$ (210)	$ (14,380)	$ 2,787	$ (100,840)
Balances at January 1, 2024	$ (67,643)	$ (210)	$ (14,380)	$ 1,043	$ (81,190)
OCI before reclassifications	3,611	—	—	—	3,611
Amounts reclassified from AOCI	—	—	—	(607)	(607)
Total other comprehensive income (loss)	3,611	—	—	(607)	3,004
Balances at September 30, 2024	$ (64,032)	$ (210)	$ (14,380)	$ 436	$ (78,186)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Before-tax amount				
Foreign currency translation adjustment	$ 19,959	$ (15,094)	$ 3,598	$ (5,834)
Net defined benefit plan (gain) loss reclassified to net income	(51)	(107)	(739)	(320)
Total other comprehensive income (loss), before tax	$ 19,908	$ (15,201)	$ 2,859	$ (6,154)
Tax (provision) benefit				
Foreign currency translation adjustment	$ (79)	$ 85	$ 13	$ (10)
Net defined benefit plan (gain) loss reclassified to net income	17	(2)	132	(2)
Total other comprehensive income (loss) tax (provision) benefit	$ (62)	$ 83	$ 145	$ (12)
Net-of-tax amount				
Foreign currency translation adjustment	$ 19,880	$ (15,009)	$ 3,611	$ (5,844)
Net defined benefit plan (gain) loss reclassified to net income	(34)	(109)	(607)	(322)
Total other comprehensive income (loss), net of tax	$ 19,846	$ (15,118)	$ 3,004	$ (6,166)

Note 14: Fair Value of Financial Instruments

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

	September 30, 2024		December 31, 2023	
In thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Credit facility				
Multicurrency revolving line of credit	$ —	$ —	$ —	$ —
Convertible notes	1,240,950	1,333,393	454,827	423,476

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

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

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

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

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

Note 15: Segment Information

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

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

Segment Products

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Product revenues				
Device Solutions	$ 122,119	$ 110,138	$ 365,956	$ 340,098
Networked Solutions	390,201	352,771	1,158,857	964,909
Outcomes	25,929	17,446	74,165	56,475
Total Company	$ 538,249	$ 480,355	$ 1,598,978	$ 1,361,482
Service revenues				
Device Solutions	$ 619	$ 631	$ 2,084	$ 2,085
Networked Solutions	26,512	32,200	78,076	94,460
Outcomes	50,082	47,586	148,835	138,433
Total Company	$ 77,213	$ 80,417	$ 228,995	$ 234,978
Total revenues				
Device Solutions	$ 122,738	$ 110,769	$ 368,040	$ 342,183
Networked Solutions	416,713	384,971	1,236,933	1,059,369
Outcomes	76,011	65,032	223,000	194,908
Total Company	$ 615,462	$ 560,772	$ 1,827,973	$ 1,596,460
Gross profit				
Device Solutions	$ 33,342	$ 26,919	$ 94,637	$ 75,351
Networked Solutions	149,648	135,203	452,830	362,852
Outcomes	26,608	25,081	77,970	79,315
Total Company	$ 209,598	$ 187,203	$ 625,437	$ 517,518
Operating income				
Device Solutions	$ 26,485	$ 17,675	$ 71,913	$ 45,837
Networked Solutions	115,231	102,503	349,353	266,052
Outcomes	11,186	10,280	30,928	35,867
Corporate unallocated	(78,969)	(75,568)	(250,814)	(268,159)
Total Company	73,933	54,890	201,380	79,597
Total other income (expense)	8,492	843	13,301	(1,673)
Income before income taxes	$ 82,425	$ 55,733	$ 214,681	$ 77,924

For the three months ended September 30, 2024, one customer represented 10.7% of total company revenue. This revenue is included in both the Networked Solutions and Outcomes reporting segments. For the three months ended September 30, 2023, and the nine months ended September 30, 2024 and 2023, no single customer represented more than 10% of total company revenue.

Revenues by region were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
United States and Canada	$ 505,606	$ 452,583	$ 1,486,090	$ 1,256,042
Europe, Middle East, and Africa	86,670	81,394	272,107	265,814
Asia Pacific	23,186	26,795	69,776	74,604
Total Company	$ 615,462	$ 560,772	$ 1,827,973	$ 1,596,460

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2024	2023	2024	2023
Device Solutions	$ 3,423	$ 2,976	$ 8,853	$ 9,467
Networked Solutions	4,219	4,074	12,234	12,273
Outcomes	1,510	1,270	4,470	3,748
Corporate unallocated	5,564	5,325	15,422	16,525
Total Company	$ 14,716	$ 13,645	$ 40,979	$ 42,013

Note 16: Revenues

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

In thousands	Contract Liabilities, Less Contract Assets
Beginning balance, January 1, 2024	$ 82,885
Revenues recognized from beginning contract liability	(63,720)
Cumulative catch-up adjustments	3,319
Increases due to amounts collected or due	265,285
Revenues recognized from current period increases	(163,207)
Other	(150)
Ending balance, September 30, 2024	$ 124,412

On January 1, 2024, total contract assets were $80.1 million and total contract liabilities were $163.0 million. On September 30, 2024, total contract assets were $74.1 million and total contract liabilities were $198.5 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 $1.5 billion for the next 12 months and approximately $1.6 billion for periods longer than 12 months. The total remaining performance obligations consist of product and service components. The service component relates primarily to maintenance agreements for which customers pay a full year's maintenance in advance, and service revenues are generally recognized over the service period. Total transaction price allocated to remaining performance obligations also includes our extended warranty contracts, for which revenue is recognized over the extended warranty period, and hardware, which is recognized as units are delivered. The estimate of when remaining performance obligations will be recognized requires significant judgment.

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

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

Note 17: Business Combination

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

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

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

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

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

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

Certain Forward-Looking Statements

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

Overview

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

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

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

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

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

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

Non-GAAP Measures

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

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

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

Total Company Highlights

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

- Revenues were $615.5 million compared with $560.8 million in 2023, an increase of 10%
- Gross margin was 34.1%, compared with 33.4% in 2023
- Operating expenses increased $3.4 million, or 3%, compared with 2023
- Net income attributable to Itron, Inc. was $78.0 million compared with net income of $40.2 million in 2023
- GAAP diluted EPS increased by $0.83 to $1.70 in 2024
- Non-GAAP net income attributable to Itron, Inc. was $84.3 million compared with $44.9 million in 2023
- Non-GAAP diluted EPS was $1.84, an increase of $0.86 compared with 2023
- Adjusted EBITDA was $88.6 million compared with $68.5 million in 2023
- Total backlog was $4.0 billion and twelve-month backlog was $1.7 billion at September 30, 2024, compared with $4.2 billion and $2.0 billion at September 30, 2023

Highlights and significant developments for the nine months ended September 30, 2024 compared with the nine months ended September 30, 2023

- Revenues were $1.8 billion compared with $1.6 billion in 2023, an increase of $231.5 million, or 15%
- Gross margin was 34.2% compared with 32.4% in 2023
- Operating expenses decreased $13.9 million, or 3%, compared with 2023
- Net income attributable to Itron, Inc. was $181.0 million compared with net income of $52.5 million in 2023
- GAAP diluted EPS increased by $2.76 to $3.91 in 2024
- Non-GAAP net income attributable to Itron, Inc. was $197.6 million compared with $97.1 million in 2023
- Non-GAAP diluted EPS was $4.27, an increase of $2.15 compared with 2023
- Adjusted EBITDA was $242.2 million compared with $157.2 million in 2023

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a share 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 repurchased no shares under the 2024 Stock Repurchase Program.

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

Amendment to 2018 credit facility

We entered into our credit facility on January 5, 2018 (the 2018 credit facility). On June 14, 2024, we entered into an eighth amendment of the 2018 credit facility. In contemplation of the issuance of the 2024 convertible notes, this amendment to the Credit Agreement removed the $500 million maximum amount of convertible notes we could offer.

Convertible Notes

On June 21, 2024, we closed the sale of $805 million of convertible notes (the 2024 Notes) in a private placement to qualified institutional buyers, resulting in net proceeds to us of $784 million. The 2024 Notes 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. Refer to Item 1: Financial Statements (Unaudited), Note 6: Debt, and Note 13: Shareholders' Equity included in this Quarterly Report on Form 10-Q for additional information.

Business Acquisition

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

Global Geopolitical and Economic Supply Chain Risk

Global economic impacts, such as pandemics and various ongoing conflicts around the world, may create disruption in customer demand and global supply chains, resulting in market volatility, which our management continues to monitor. In the aftermath of these types of events, global supply chains, including labor, may struggle to keep pace with rapidly changing demand. Temporary imbalance in supply and demand may create business uncertainties that include costs and availability. Efforts continue with suppliers to improve supply resiliency, including the approval of alternate sources. Additionally, inflation in our raw materials and component costs, freight charges, 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. For more information on risks associated with global economic challenges, please see our risk in Part I, Item 1A: Risk Factors in our 2023 Annual Report.

While we have limited direct business exposure in areas with current conflict, such as Ukraine and Israel, military actions globally and any resulting sanctions 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 the 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.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
In thousands, except margin and per share data	2024	2023	% Change	2024	2023	% Change
GAAP						
Revenues						
Product revenues	$ 538,249	$ 480,355	12%	$ 1,598,978	$ 1,361,482	17%
Service revenues	77,213	80,417	(4)%	228,995	234,978	(3)%
Total revenues	615,462	560,772	10%	1,827,973	1,596,460	15%
Gross profit	209,598	187,203	12%	625,437	517,518	21%
Operating expenses	135,665	132,313	3%	424,057	437,921	(3)%
Operating income	73,933	54,890	35%	201,380	79,597	153%
Other income (expense)	8,492	843	907%	13,301	(1,673)	NM
Income tax provision	(3,515)	(15,388)	(77)%	(32,124)	(24,513)	31%
Net income attributable to Itron, Inc.	77,959	40,172	94%	180,998	52,537	245%
Non-GAAP[1]						
Non-GAAP operating expenses	$ 130,628	$ 128,197	2%	$ 410,058	$ 385,833	6%
Non-GAAP operating income	78,970	59,006	34%	215,379	131,685	64%
Non-GAAP net income attributable to Itron, Inc.	84,251	44,892	88%	197,644	97,098	104%
Adjusted EBITDA	88,598	68,461	29%	242,183	157,229	54%
GAAP Margins and Earnings Per Share						
Gross margin						
Product gross margin	32.6 %	30.9 %		32.7 %	30.1 %	
Service gross margin	43.9 %	48.4 %		44.8 %	45.8 %	
Total gross margin	34.1 %	33.4 %		34.2 %	32.4 %	
Operating margin	12.0 %	9.8 %		11.0 %	5.0 %	
Net income per common share - Basic	$ 1.73	$ 0.88		$ 3.98	$ 1.16	
Net income per common share - Diluted	$ 1.70	$ 0.87		$ 3.91	$ 1.15	
Non-GAAP Earnings Per Share[1]						
Non-GAAP diluted EPS	$ 1.84	$ 0.98		$ 4.27	$ 2.12	

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

Definition of an Endpoint Under Management

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

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

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

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

A summary of our endpoints under management is as follows:

	As of September 30,	
Units in thousands	**2024**	**2023**
Endpoints under management	100,999	96,143

Results of Operations

Revenues and Gross Margin

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

	Three Months Ended September 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Revenues	$ 615,462	$ 560,772	$ 998	$ 53,692	$ 54,690
Gross profit	209,598	187,203	169	22,226	22,395

	Nine Months Ended September 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	**2024**	**2023**			
Total Company					
Revenues	$ 1,827,973	$ 1,596,460	$ 540	$ 230,973	$ 231,513
Gross profit	625,437	517,518	(125)	108,044	107,919

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

Total revenues increased $54.7 million, or 10%, in the current 2024 quarter, compared with the same period in 2023. Product revenues increased by $57.9 million, and service revenues decreased $3.2 million. Device Solutions increased by $12.0 million; Networked Solutions increased by $31.7 million; and Outcomes increased by $11.0 million when compared with the same period last year. Changes in exchange rates favorably impacted total revenues by $1.0 million, of which $0.5 million impacted Device Solutions.

Revenues - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Total revenues increased $231.5 million, or 15%, compared with the same period in 2023. Product revenues increased by $237.5 million, and service revenues decreased by $6.0 million. Device Solutions increased by $25.9 million; Networked Solutions increased by $177.6 million; and Outcomes increased by $28.1 million when compared with the same period last year. Changes in exchange rates favorably impacted total revenues by $0.5 million.

Gross Margin - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Gross margin in the 2024 period was 34.1%, compared with 33.4% in 2023. Product sales gross margin increased to 32.6% for the quarter in 2024, compared with 30.9% in 2023. Gross margin on service revenues decreased to 43.9% in 2024, compared with 48.4% in 2023.

Gross Margin - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Gross margin was 34.2%, compared with 32.4% in 2023. Product sales gross margin increased to 32.7%, compared with 30.1% in 2023, and gross margin on service revenues decreased to 44.8%, compared with 45.8% in 2023.

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

Operating Expenses

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

	Three Months Ended September 30,		**Effect of Changes in Foreign Currency Exchange Rates**	**Constant Currency Change**	**Total Change**
In thousands	**2024**	**2023**			
Total Company					
Sales, general and administrative	$ 79,639	$ 76,576	$ 236	$ 2,827	$ 3,063
Research and development	51,237	51,644	(55)	(352)	(407)
Amortization of intangible assets	4,814	4,663	14	137	151
Restructuring	(723)	(615)	—	(108)	(108)
Loss on sale of business	698	45	2	651	653
Total operating expenses	$ 135,665	$ 132,313	$ 197	$ 3,155	$ 3,352

	Nine Months Ended September 30,		**Effect of Changes in Foreign Currency Exchange Rates**	**Constant Currency Change**	**Total Change**
In thousands	**2024**	**2023**			
Total Company					
Sales, general and administrative	$ 254,023	$ 231,176	$ 240	$ 22,607	$ 22,847
Research and development	156,691	154,769	83	1,839	1,922
Amortization of intangible assets	13,311	14,433	22	(1,144)	(1,122)
Restructuring	(624)	36,868	12	(37,504)	(37,492)
Loss on sale of business	656	675	(5)	(14)	(19)
Total operating expenses	$ 424,057	$ 437,921	$ 352	$ (14,216)	$ (13,864)

Operating expenses increased $3.4 million for the third quarter of 2024 as compared with the same period in 2023. This was primarily the result of an increase of $3.1 million in sales, general and administrative expenses, primarily driven by increased labor costs.

Operating expenses decreased $13.9 million for the nine months ended September 30, 2024 as compared with the same period in 2023. This was primarily the result of a $37.5 million decrease in restructuring costs and a $1.1 million decrease in amortization of intangible assets. The decrease was partially offset by an increase of $22.8 million in sales, general and administrative expenses and a $1.9 million increase in research and development expenses, both driven by increased labor costs and professional services. For additional details, refer to Item 1: Financial Statements (Unaudited), Note 12: Restructuring included in this Quarterly Report on Form 10-Q.

Other Income (Expense)

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
In thousands	2024	2023	% Change	2024	2023	% Change
Interest income	$ 13,420	$ 2,642	408%	$ 22,394	$ 5,968	275%
Amortization of prepaid debt fees	(1,802)	(941)	91%	(3,669)	(2,761)	33%
Other interest expense	(3,803)	(1,504)	153%	(6,119)	(3,718)	65%
Interest expense	(5,605)	(2,445)	129%	(9,788)	(6,479)	51%
Other income (expense), net	677	646	5%	695	(1,162)	NM
Total other income (expense)	$ 8,492	$ 843	NM	$ 13,301	$ (1,673)	NM

Total other income (expense) for the three and nine months ended September 30, 2024 was income of $8.5 million and $13.3 million, compared with net income of $0.8 million and net expense of $1.7 million in the same periods in 2023.

The net other income for the three months ended September 30, 2024, as compared with the same period in 2023, was driven by the $10.8 million increase in interest income primarily due to interest earned from the cash proceeds of the 2024 Notes, offset by an increase in other interest expense driven by a $2.8 million interest accrual for the 2024 Notes recognized during the period.

The net other income for the nine months ended September 30, 2024, as compared with the same period in 2023, was driven by the $16.4 million increase in interest income primarily due to interest earned from the cash proceeds of the 2024 Notes, as well as increased other income driven by a $1.9 million foreign currency loss recognized in the nine months ended September 30, 2023. This increase was offset by an increase in other interest expense driven by a $3.1 million interest accrual for the 2024 Notes recognized in the nine months ended September 30, 2024. Refer to Item 1: Financial Statements (Unaudited), Note 6: Debt, and Note 13: Shareholders' Equity included in this Quarterly Report on Form 10-Q for additional information.

Income Tax Provision

For the three and nine months ended September 30, 2024, our income tax expense was $3.5 million and $32.1 million, compared with income tax expense of $15.4 million and $24.5 million for the same periods in 2023. Our tax rate for the three and nine months ended September 30, 2024 of 4% and 15% 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. During the quarter, approximately $14 million in discrete tax benefits were recorded related to the favorable resolution of a foreign tax audit. Our tax rate for the three and nine months ended September 30, 2023 of 28% and 31%, differed from the federal statutory rate of 21% due to the impact of valuation allowances on deferred tax assets, the forecasted mix of earnings in domestic and international jurisdictions, U.S. taxation of foreign earnings including GILTI (Global Intangible Low-Taxed Income), net of Section 250 deduction, Subpart F income, an expense related to stock-based compensation, tax credits, and uncertain tax positions.

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

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

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

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

Operating Segment Results

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	% Change
Segment revenues						
Device Solutions	$ 122,738	$ 110,769	11%	$ 368,040	$ 342,183	8%
Networked Solutions	416,713	384,971	8%	1,236,933	1,059,369	17%
Outcomes	76,011	65,032	17%	223,000	194,908	14%
Total revenues	$ 615,462	$ 560,772	10%	$ 1,827,973	$ 1,596,460	15%

In thousands	Three Months Ended September 30, 2024 *Gross Profit*	2024 *Gross Margin*	2023 *Gross Profit*	2023 *Gross Margin*	Nine Months Ended September 30, 2024 *Gross Profit*	2024 *Gross Margin*	2023 *Gross Profit*	2023 *Gross Margin*
Segment gross profit and margin								
Device Solutions	$ 33,342	27.2%	$ 26,919	24.3%	$ 94,637	25.7%	$ 75,351	22.0%
Networked Solutions	149,648	35.9%	135,203	35.1%	452,830	36.6%	362,852	34.3%
Outcomes	26,608	35.0%	25,081	38.6%	77,970	35.0%	79,315	40.7%
Total gross profit and margin	$ 209,598	34.1%	$ 187,203	33.4%	$ 625,437	34.2%	$ 517,518	32.4%

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	% Change
Segment operating expenses						
Device Solutions	$ 6,857	$ 9,244	(26)%	$ 22,724	$ 29,514	(23)%
Networked Solutions	34,417	32,700	5%	103,477	96,800	7%
Outcomes	15,422	14,801	4%	47,042	43,448	8%
Corporate unallocated	78,969	75,568	5%	250,814	268,159	(6)%
Total operating expenses	$ 135,665	$ 132,313	3%	$ 424,057	$ 437,921	(3)%

In thousands	Three Months Ended September 30, 2024 *Operating Income*	2024 *Operating Margin*	2023 *Operating Income*	2023 *Operating Margin*	Nine Months Ended September 30, 2024 *Operating Income*	2024 *Operating Margin*	2023 *Operating Income*	2023 *Operating Margin*
Segment operating income and operating margin								
Device Solutions	$ 26,485	21.6%	$ 17,675	16.0%	$ 71,913	19.5%	$ 45,837	13.4%
Networked Solutions	115,231	27.7%	102,503	26.6%	349,353	28.2%	266,052	25.1%
Outcomes	11,186	14.7%	10,280	15.8%	30,928	13.9%	35,867	18.4%
Corporate unallocated	(78,969)	NM	(75,568)	NM	(250,814)	NM	(268,159)	NM
Total operating income and operating margin	$ 73,933	12.0%	$ 54,890	9.8%	$ 201,380	11.0%	$ 79,597	5.0%

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:

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Device Solutions Segment					
Revenues	$ 122,738	$ 110,769	$ 544	$ 11,425	$ 11,969
Gross profit	33,342	26,919	(90)	6,513	6,423
Operating expenses	6,857	9,244	19	(2,406)	(2,387)

In thousands	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Device Solutions Segment					
Revenues	$ 368,040	$ 342,183	$ 466	$ 25,391	$ 25,857
Gross profit	94,637	75,351	(394)	19,680	19,286
Operating expenses	22,724	29,514	19	(6,809)	(6,790)

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

Revenues increased $12.0 million, or 11%. Changes in foreign currency exchange rates favorably impacted revenues by $0.5 million. The 2024 increase in revenues was driven primarily by increased smart water and electric product sales.

Revenues - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023

Revenues increased $25.9 million, or 8%. Changes in foreign currency exchange rates favorably impacted revenues by $0.5 million. The 2024 increase in revenues was driven primarily by increased smart water and electric product sales.

Gross Margin - Three months ended September 30, 2024 vs. Three months ended September 30, 2023

For the three months ended September 30, 2024, gross margin was 27.2%, compared with 24.3% for the same period in 2023. The 290 basis point increase over the prior year was primarily due to improved volume and manufacturing efficiencies.

Gross Margin - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023

For the nine months ended September 30, 2024, gross margin was 25.7%, compared with 22.0% for the same period in 2023. The 370 basis point increase over the prior year was primarily due to an improved product mix and manufacturing efficiencies.

Operating Expenses - Three months ended September 30, 2024 vs. Three months ended September 30, 2023

Operating expenses decreased $2.4 million, or 26%, compared with 2023. The decrease was primarily due to lower product development costs.

Operating Expenses - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023

Operating expenses decreased $6.8 million, or 23%, for the first nine months of 2024, compared with the same period in 2023. The decrease was primarily due to lower product development costs.

Networked Solutions

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

	Three Months Ended September 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	2024	2023			
Networked Solutions Segment					
Revenues	$ 416,713	$ 384,971	$ 149	$ 31,593	$ 31,742
Gross profit	149,648	135,203	32	14,413	14,445
Operating expenses	34,417	32,700	5	1,712	1,717

	Nine Months Ended September 30,		Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
In thousands	2024	2023			
Networked Solutions Segment					
Revenues	$ 1,236,933	$ 1,059,369	$ (375)	$ 177,939	$ 177,564
Gross profit	452,830	362,852	(108)	90,086	89,978
Operating expenses	103,477	96,800	—	6,677	6,677

Revenues - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Revenues increased $31.7 million, or 8%, in 2024 compared with 2023. The increase was primarily from product revenues due to the ramp of new projects and ongoing deployments.

Revenues - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Revenues increased $177.6 million, or 17%, for the first nine months of 2024 compared with the same period in 2023. The increase was primarily from product revenues due to the ramp of new projects and ongoing deployments.

Gross Margin - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Gross margin was 35.9% for the period ending September 30, 2024, compared with 35.1% in 2023. The 80 basis point increase was primarily related to favorable product volumes and improved operational efficiencies.

Gross Margin - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Gross margin was 36.6% for the 2024 period, compared with 34.3% in 2023. The 230 basis point increase was primarily related to favorable product and solutions volumes and mix as well as improved operational efficiencies.

Operating Expenses - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Operating expenses increased $1.7 million, or 5%, for the quarter in 2024, compared with the same period in 2023. The increase was primarily related to higher product development costs.

Operating Expenses - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Operating expenses increased $6.7 million, or 7%, for the first nine months of 2024, compared with the same period in 2023. The increase was primarily related to higher product development costs.

Outcomes

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

In thousands	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Outcomes Segment					
Revenues	$ 76,011	$ 65,032	$ 306	$ 10,673	$ 10,979
Gross profit	26,608	25,081	227	1,300	1,527
Operating expenses	15,422	14,801	4	617	621

In thousands	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Effect of Changes in Foreign Currency Exchange Rates	Constant Currency Change	Total Change
Outcomes Segment					
Revenues	$ 223,000	$ 194,908	$ 450	$ 27,642	$ 28,092
Gross profit	77,970	79,315	377	(1,722)	(1,345)
Operating expenses	47,042	43,448	12	3,582	3,594

Revenues - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
For the 2024 period, revenues increased $11.0 million, or 17%, compared with the 2023 period. This increase was driven by professional services and software.

Revenues - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Revenues increased $28.1 million, or 14%, for the first nine months of 2024, compared with 2023. This increase was driven by services and the Elpis squared acquisition. This revenue growth was partially offset by a decrease in software.

Gross Margin - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Gross margin decreased to 35.0% for the third quarter of 2024, compared with 38.6% for the same period last year. The 360 basis point decrease was driven primarily by increased services costs.

Gross Margin - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Gross margin decreased to 35.0% for the period ending in 2024, compared with 40.7% for last year. The 570 basis point decrease was driven by increased services cost and product mix in the current period.

Operating Expenses - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Operating expenses for the 2024 period increased $0.6 million, or 4%, compared with the same period last year. This was primarily related to increased product development investment.

Operating Expenses - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
Operating expenses for the first nine months of 2024 increased $3.6 million, or 8%, compared with the same period last year. This was primarily related to increased product development investment.

Corporate Unallocated

Corporate Unallocated Expenses - Three months ended September 30, 2024 vs. Three months ended September 30, 2023
Operating expenses not directly associated with an operating segment are classified as Corporate unallocated. These expenses increased $3.4 million, or 5%, for the three months ended September 30, 2024 compared with the same period in 2023. This increase was primarily the result of $2.8 million increase in sales, general and administrative expenses, driven by increased labor costs.

Corporate Unallocated Expenses - Nine months ended September 30, 2024 vs. Nine months ended September 30, 2023
For the first nine months of 2024, Corporate unallocated expenses decreased $17.3 million, or 6%, compared with the 2023 period. This was primarily the result of a $37.5 million decrease in restructuring costs, as well as a $1.1 million decrease in amortization of intangible assets. The decreases were offset by a $21.2 million increase in sales, general and administrative expenses, primarily driven by increased labor costs and professional services.

Bookings and Backlog of Orders

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

Quarter Ended	**Quarterly Bookings**	**Ending Total Backlog**	**Ending 12-Month Backlog**
In millions			
September 30, 2024	$ 487	$ 3,970	$ 1,716
June 30, 2024	447	4,093	1,809
March 31, 2024	361	4,272	1,927
December 31, 2023	839	4,511	2,032
September 30, 2023	413	4,241	2,022

Financial Condition

Cash Flow Information

	Nine Months Ended September 30,	
In thousands	**2024**	**2023**
Net cash provided by operating activities	$ 158,326	$ 77,076
Net cash used in investing activities	(54,387)	(19,003)
Net cash provided by (used in) financing activities	576,085	(2,639)
Effect of foreign exchange rate changes on cash and cash equivalents	434	(2,670)
Increase in cash and cash equivalents	$ 680,458	$ 52,764

Cash and cash equivalents were $982.5 million at September 30, 2024, compared with $302.0 million at December 31, 2023. The $680.5 million increase in cash and cash equivalents in the 2024 period was primarily the net proceeds provided by the convertible notes issuance and cash provided by operations as a result of higher earnings, partially offset by cash used in investing activities for the acquisition of Elpis Squared.

Operating activities
Cash provided by operating activities during the nine months in 2024 was $158.3 million compared with $77.1 million during the same period in 2023. The increase was primarily due to increased earnings and working capital conversion, partially offset by higher restructuring payments in 2024.

Investing activities

During the nine months ended September 30, 2024, net cash used in investing activities was $54.4 million compared with $19.0 million in 2023, resulting in a change of $35.4 million. The increase in cash used was primarily the result of the acquisition of Elpis Squared for $34.1 million in 2024 and increase of $2.6 million in property, plant, and equipment purchased in 2024 compared with the same period in 2023.

Financing activities

Net cash provided by financing activities during the nine months in 2024 was $576.1 million, compared with net cash used of $2.6 million for the same period in 2023. The change is due primarily to the issuance of convertible notes, net of total debt issuance cost, totaling $784 million, partially offset by the purchase of the capped call for the convertible offering of $109.0 million and common stock repurchase of $100.0 million.

Effect of exchange rates on cash and cash equivalents

The effect of exchange rates on the cash balances of currencies held in foreign denominations at September 30, 2024 was an increase of $0.4 million, compared with a decrease of $2.7 million for the same period in 2023. Our foreign currency exposure relates to non-U.S. dollar denominated balances in our international subsidiary operations.

Free cash flow (Non-GAAP)

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

	Nine Months Ended September 30,	
In thousands	2024	2023
Net cash provided by operating activities	$ 158,326	$ 77,076
Acquisitions of property, plant, and equipment	(20,878)	(18,304)
Free cash flow	$ 137,448	$ 58,772

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

Off-balance sheet arrangements

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

Liquidity and Capital Resources

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

Borrowings

We originally entered into our credit facility on January 5, 2018 (together with the subsequent eight amendments, the 2018 credit facility). The 2018 credit facility provides a multicurrency revolving line of credit (the revolver) with a principal amount of up to $500 million. The revolver also contains a $300 million standby letter of credit sub-facility and a $50 million swingline sub-facility. At September 30, 2024, no amount was outstanding under the 2018 credit facility, and $46.8 million was utilized by outstanding standby letters of credit, resulting in $453.2 million available for borrowing or standby letters of credit under the revolver. At September 30, 2024, $253.2 million was available for additional standby letters of credit under the letter of credit sub-facility, and no amounts were outstanding under the swingline sub-facility. Amounts borrowed under the revolver may be repaid and reborrowed until the revolver's maturity on October 18, 2026, at which time all outstanding loans together with all accrued and unpaid interest must be repaid. However, that date may be advanced to December 14, 2025 if Itron does not settle or extend a sufficient portion of the outstanding 2021 convertible notes, as detailed in the seventh amendment.

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

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

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

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

Restructuring

On October 29, 2021, our Board of Directors approved a restructuring plan (the 2021 Projects), which in conjunction with the announcement of the sale of certain Gas product lines from our Device Solutions manufacturing and business operations in Europe and North America to Dresser Utility Solutions, includes activities to drive reductions in certain locations and functional support areas. These projects are expected to be substantially complete by the end of 2024, with an estimated $15.9 million in cash payments remaining as of September 30, 2024 with cash outflows expected through 2026.

On February 23, 2023, our Board of Directors approved a restructuring plan (the 2023 Projects). The 2023 Projects include activities that continue Itron's efforts to optimize its global supply chain and manufacturing operations, sales and marketing organizations, and other overhead. These projects are expected to be substantially complete by early 2025, with an estimated $36.6 million in cash payments remaining as of September 30, 2024 with cash outflows expected through 2027.

For the nine months ended September 30, 2024, we paid out $20.1 million related to all our restructuring projects. As of September 30, 2024, $52.5 million was accrued for these restructuring projects, of which $25.2 million is expected to be paid within the next 12 months.

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

Stock Repurchase Programs

Effective September 19, 2024, Itron's Board of Directors authorized a share 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 repurchased no shares under the 2024 Stock Repurchase Program.

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

Other Liquidity Considerations

We have tax credits and net operating loss carryforwards in various jurisdictions that are available to reduce cash taxes. However, utilization of tax credits and net operating losses are limited in certain jurisdictions. Based on current projections, we expect to pay, net of refunds, approximately $43 million in U.S federal taxes, $11 million in state taxes, and $26 million in local and foreign taxes during 2024. For a discussion of our tax provision and unrecognized tax benefits, see Item 1: Financial Statements (Unaudited), Note 10: Income Taxes included in this Quarterly Report on Form 10-Q.

As of September 30, 2024, we are under examination by certain tax authorities. As a result of the favorable resolution of a foreign tax audit, a reduction in uncertain tax positions of approximately $14 million was recorded this quarter. 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 September 30, 2024, there was $50.4 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 September 30, 2024, $4.0 million of our consolidated cash balance was held in our joint venture entities. As a result, the minority shareholders of these entities have rights to their proportional share of this cash balance, and there may be limitations on our ability to repatriate cash to the United States from these entities.

General Liquidity Overview

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

Contingencies

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

Critical Accounting Estimates

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

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

Non-GAAP Measures

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

We use these non-GAAP financial measures for financial and operational decision making and/or as a means for determining executive compensation. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and ability to service debt by excluding certain expenses that may not be indicative of our recurring core operating results. These non-GAAP financial measures facilitate management's internal comparisons to our historical performance, as well as comparisons to our competitors' operating results. Our executive compensation plans exclude non-cash charges related to amortization of intangibles and certain discrete cash and non-cash charges, such as restructuring, loss on sale of business, strategic initiative expenses, or acquisition and integration related expenses. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe these non-GAAP financial measures are useful to investors because they provide greater transparency with respect to key metrics used by management in its financial and operational decision making and because they are used by our institutional investors and the analyst community to analyze the health of our business.

Non-GAAP operating expenses and *non-GAAP operating income* – We define non-GAAP operating expenses as operating expenses excluding certain expenses related to the amortization of intangible assets, restructuring, loss on sale of business, strategic initiative expenses, 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, loss on sale of business, strategic initiative expenses, 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, loss on sale of business, strategic initiative expenses, 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, loss on sale of business, strategic initiative expenses, acquisition and integration related expenses, and (c) excluding income tax provision or benefit. Management uses adjusted EBITDA as a performance measure for executive compensation. A limitation to using adjusted EBITDA is that it does not represent the total increase or decrease in the cash balance for the period and the measure includes some non-cash items and excludes other non-cash items. Additionally, the items that we exclude in our calculation of adjusted EBITDA may differ from the items that our peer companies exclude when they report their results. We compensate for these limitations by providing a reconciliation of this measure to GAAP net income.

Free cash flow – We define free cash flow as net cash provided by operating activities less cash used for acquisitions of property, plant and equipment. We believe free cash flow provides investors with a relevant measure of liquidity and a useful basis for assessing our ability to fund our operations and repay our debt. The same limitations described above regarding our use of adjusted EBITDA apply to our use of free cash flow. We compensate for these limitations by providing specific information regarding the GAAP amounts in the reconciliation.

Constant currency – We refer to the impact of foreign currency exchange rate fluctuations in our discussions of financial results, which references the differences between the foreign currency exchange rates used to translate operating results from the entity's functional currency into U.S. dollars for financial reporting purposes. We also use the term "constant currency", which represents financial results adjusted to exclude changes in foreign currency exchange rates as compared with the rates in the comparable prior year period. We calculate the constant currency change as the difference between the current period results and the comparable prior period's results restated using current period foreign currency exchange rates.

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

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

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands, except per share data	2024	2023	2024	2023
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	$ 135,665	$ 132,313	$ 424,057	$ 437,921
Amortization of intangible assets	(4,814)	(4,663)	(13,311)	(14,433)
Restructuring	723	615	624	(36,868)
Loss on sale of business	(698)	(45)	(656)	(675)
Strategic initiative	—	5	—	5
Acquisition and integration	(248)	(28)	(656)	(117)
Non-GAAP operating expenses	$ 130,628	$ 128,197	$ 410,058	$ 385,833
NON-GAAP OPERATING INCOME				
GAAP operating income	$ 73,933	$ 54,890	$ 201,380	$ 79,597
Amortization of intangible assets	4,814	4,663	13,311	14,433
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Non-GAAP operating income	$ 78,970	$ 59,006	$ 215,379	$ 131,685
NON-GAAP NET INCOME & DILUTED EPS				
GAAP net income attributable to Itron, Inc.	$ 77,959	$ 40,172	$ 180,998	$ 52,537
Amortization of intangible assets	4,814	4,663	13,311	14,433
Amortization of debt placement fees	1,759	897	3,538	2,629
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Income tax effect of non-GAAP adjustments	(504)	(293)	(891)	(10,156)
Non-GAAP net income attributable to Itron, Inc.	$ 84,251	$ 44,892	$ 197,644	$ 97,098
Non-GAAP diluted EPS	$ 1.84	$ 0.98	$ 4.27	$ 2.12
Non-GAAP weighted average common shares outstanding - Diluted	45,839	45,950	46,239	45,768

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands, except per share data	2024	2023	2024	2023
ADJUSTED EBITDA				
GAAP net income attributable to Itron, Inc.	$ 77,959	$ 40,172	$ 180,998	$ 52,537
Interest income	(13,420)	(2,642)	(22,394)	(5,968)
Interest expense	5,605	2,445	9,788	6,479
Income tax provision	3,515	15,388	32,124	24,513
Depreciation and amortization	14,716	13,645	40,979	42,013
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Adjusted EBITDA	$ 88,598	$ 68,461	$ 242,183	$ 157,229
FREE CASH FLOW				
Net cash provided by operating activities	$ 65,301	$ 34,087	$ 158,326	$ 77,076
Acquisitions of property, plant, and equipment	(6,623)	(5,806)	(20,878)	(18,304)
Free Cash Flow	$ 58,678	$ 28,281	$ 137,448	$ 58,772

Item 3: Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

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

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

Foreign Currency Exchange Rate Risk

We conduct business in a number of countries. Revenues denominated in functional currencies other than the U.S. dollar were 22% and 23% of total revenues for the three and nine months ended September 30, 2024 compared with 22% and 24% for the same respective periods in 2023. These transactions expose our account balances to movements in foreign currency exchange rates that could have a material effect on our financial results. Our primary foreign currency exposure relates to non-U.S. dollar denominated transactions in our international subsidiary operations, the most significant of which is the euro.

We are also exposed to foreign exchange risk when we enter into non-functional currency transactions, both intercompany and third party. At each period-end, non-functional currency monetary assets and liabilities are revalued with the change recognized within other income (expense) in our Consolidated Statements of Operations. We enter into monthly foreign exchange forward contracts, which are not designated for hedge accounting, with the intent to reduce earnings volatility associated with currency exposures. As of September 30, 2024, a total of 35 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 $112,600 to $40.6 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 September 30, 2024, the Company's disclosure controls and procedures were effective to ensure the information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in internal controls over financial reporting

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

PART II: OTHER INFORMATION

Item 1: Legal Proceedings

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

Item 1A: Risk Factors

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

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

(a) Not applicable.

(b) Not applicable.

(c) Issuer Repurchase of Equity Securities.

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

(1) Effective September 19, 2024, Itron's Board of Directors authorized a share repurchase program of up to $100 million of Itron's common stock over an 18-month period.

(2) Excludes commissions.

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

Item 5: Other Information

(a) No information was required to be disclosed in a report on Form 8-K during the third quarter of 2024 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 September 30, 2024 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ITRON, INC.

October 31, 2024	By:	/s/ JOAN S. HOOPER
Date		**Joan S. Hooper** **Senior Vice President and Chief Financial Officer**

Exhibit 31.1

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

I, Thomas L. Deitrich, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ITRON, INC.

By: /s/ THOMAS L. DEITRICH

Thomas L. Deitrich
President and Chief Executive Officer

Date: October 31, 2024

Exhibit 31.2

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

I, Joan S. Hooper, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ITRON, INC.

By: /s/ JOAN S. HOOPER

Joan S. Hooper
Senior Vice President and Chief Financial Officer

Date: October 31, 2024

Exhibit 32.1

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

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

Thomas L. Deitrich, the Chief Executive Officer, and Joan S. Hooper, the Chief Financial Officer, of the Company each certifies that to the best of his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS L. DEITRICH	October 31, 2024
Thomas L. Deitrich **President and Chief Executive Officer**	**Date**
/s/ JOAN S. HOOPER	October 31, 2024
Joan S. Hooper **Senior Vice President and Chief Financial Officer**	**Date**