

**ITRON, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited, in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenues				
Product revenues	\$ 451,393	\$ 556,601	\$ 1,889,173	\$ 2,220,395
Service revenues	73,764	71,782	284,177	282,075
Total revenues	<u>525,157</u>	<u>628,383</u>	<u>2,173,350</u>	<u>2,502,470</u>
Cost of revenues				
Product cost of revenues	336,344	410,797	1,408,615	1,587,710
Services cost of revenues	39,980	40,148	162,568	162,441
Total cost of revenues	<u>376,324</u>	<u>450,945</u>	<u>1,571,183</u>	<u>1,750,151</u>
Gross profit	148,833	177,438	602,167	752,319
Operating expenses				
Sales, general and administrative	61,902	82,232	276,920	346,872
Research and development	45,102	51,649	194,101	202,200
Amortization of intangible assets	11,223	16,101	44,711	64,286
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Total operating expenses	<u>116,231</u>	<u>148,575</u>	<u>612,562</u>	<u>619,636</u>
Operating income (loss)	32,602	28,863	(10,395)	132,683
Other income (expense)				
Interest income	833	470	2,998	1,849
Interest expense	(10,230)	(12,554)	(44,001)	(52,453)
Other income (expense), net	(1,827)	(2,584)	(5,241)	(9,047)
Total other income (expense)	<u>(11,224)</u>	<u>(14,668)</u>	<u>(46,244)</u>	<u>(59,651)</u>
Income (loss) before income taxes	21,378	14,195	(56,639)	73,032
Income tax benefit (provision)	128	75	(238)	(20,617)
Net income (loss)	21,506	14,270	(56,877)	52,415
Net income (loss) attributable to noncontrolling interests	(14)	(350)	1,078	3,409
Net income (loss) attributable to Itron, Inc.	<u>\$ 21,520</u>	<u>\$ 14,620</u>	<u>\$ (57,955)</u>	<u>\$ 49,006</u>
Net income (loss) per common share - Basic	<u>\$ 0.53</u>	<u>\$ 0.37</u>	<u>\$ (1.44)</u>	<u>\$ 1.24</u>
Net income (loss) per common share - Diluted	<u>\$ 0.53</u>	<u>\$ 0.36</u>	<u>\$ (1.44)</u>	<u>\$ 1.23</u>
Weighted average common shares outstanding - Basic	40,412	39,699	40,253	39,556
Weighted average common shares outstanding - Diluted	40,762	40,267	40,253	39,980

**ITRON**

2111 North Molter Road  
Liberty Lake, WA 99019

[www.itron.com](http://www.itron.com)

**ITRON, INC.**  
**SEGMENT INFORMATION**

(Unaudited, in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>Product Revenues</b>				
Device Solutions	\$ 183,360	\$ 203,326	\$ 684,517	\$ 847,580
Networked Solutions	250,233	344,123	1,148,698	1,322,382
Outcomes	17,800	9,152	55,958	50,433
Total Company	<u>\$ 451,393</u>	<u>\$ 556,601</u>	<u>\$ 1,889,173</u>	<u>\$ 2,220,395</u>
<b>Service Revenues</b>				
Device Solutions	\$ 3,063	\$ 2,728	\$ 9,478	\$ 11,301
Networked Solutions	27,185	24,567	100,704	94,872
Outcomes	43,516	44,487	173,995	175,902
Total Company	<u>\$ 73,764</u>	<u>\$ 71,782</u>	<u>\$ 284,177</u>	<u>\$ 282,075</u>
<b>Total revenues</b>				
Device Solutions	\$ 186,423	\$ 206,054	\$ 693,995	\$ 858,881
Networked Solutions	277,418	368,690	1,249,402	1,417,254
Outcomes	61,316	53,639	229,953	226,335
Total Company	<u>\$ 525,157</u>	<u>\$ 628,383</u>	<u>\$ 2,173,350</u>	<u>\$ 2,502,470</u>
<b>Gross profit</b>				
Device Solutions	\$ 22,016	\$ 30,111	\$ 86,859	\$ 152,562
Networked Solutions	100,538	130,032	432,906	518,749
Outcomes	26,279	17,295	82,402	81,008
Total Company	<u>\$ 148,833</u>	<u>\$ 177,438</u>	<u>\$ 602,167</u>	<u>\$ 752,319</u>
<b>Operating income (loss)</b>				
Device Solutions	\$ 12,674	\$ 16,036	\$ 40,769	\$ 97,753
Networked Solutions	70,633	98,331	308,099	397,325
Outcomes	18,151	8,183	47,619	43,803
Corporate unallocated	(68,856)	(93,687)	(406,882)	(406,198)
Total Company	<u>\$ 32,602</u>	<u>\$ 28,863</u>	<u>\$ (10,395)</u>	<u>\$ 132,683</u>

**ITRON, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited, in thousands)

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 206,933	\$ 149,904
Accounts receivable, net	369,828	472,925
Inventories	182,377	227,896
Other current assets	171,124	146,526
Total current assets	930,262	997,251
Property, plant, and equipment, net	207,816	233,228
Deferred tax assets, net	76,142	63,899
Other long-term assets	51,656	44,686
Operating lease right-of-use assets, net	76,276	79,773
Intangible assets, net	132,955	185,097
Goodwill	1,131,916	1,103,907
Total assets	\$ 2,607,023	\$ 2,707,841
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 215,639	\$ 328,128
Other current liabilities	72,591	63,785
Wages and benefits payable	86,249	119,220
Taxes payable	15,804	22,193
Current portion of debt	18,359	—
Current portion of warranty	28,329	38,509
Unearned revenue	112,928	99,556
Total current liabilities	549,899	671,391
Long-term debt, net	902,577	932,482
Long-term warranty	13,061	14,732
Pension benefit obligation	119,457	98,712
Deferred tax liabilities, net	1,921	1,809
Operating lease liabilities	66,823	68,919
Other long-term obligations	113,012	118,981
Total liabilities	1,766,750	1,907,026
Equity		
Common stock	1,389,419	1,357,600
Accumulated other comprehensive loss, net	(138,526)	(204,672)
Accumulated deficit	(434,345)	(376,390)
Total Itron, Inc. shareholders' equity	816,548	776,538
Noncontrolling interests	23,725	24,277
Total equity	840,273	800,815
Total liabilities and equity	\$ 2,607,023	\$ 2,707,841

**ITRON**

2111 North Molter Road  
Liberty Lake, WA 99019

[www.itron.com](http://www.itron.com)

**ITRON, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited, in thousands)	Year Ended December 31,	
	2020	2019
Operating activities		
Net income (loss)	\$ (56,877)	\$ 52,415
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	97,290	114,400
Non-cash operating lease expense	18,178	18,958
Stock-based compensation	25,053	26,960
Amortization of prepaid debt fees	4,130	5,631
Deferred taxes, net	(12,939)	(192)
Loss on sale of business	59,817	—
Restructuring, non-cash	5,888	(1,785)
Other adjustments, net	10,392	(4,295)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	108,256	(39,467)
Inventories	35,403	(9,389)
Other current assets	(11,832)	(31,128)
Other long-term assets	(11,391)	7,053
Accounts payable, other current liabilities, and taxes payable	(111,724)	9,177
Wages and benefits payable	(34,664)	30,835
Unearned revenue	8,212	8,905
Warranty	(13,538)	(6,637)
Other operating, net	(10,140)	(8,601)
Net cash provided by operating activities	109,514	172,840
Investing activities		
Net proceeds related to the sale of business	1,133	—
Acquisitions of property, plant, and equipment	(46,208)	(60,749)
Other investing, net	4,039	12,569
Net cash used in investing activities	(41,036)	(48,180)
Financing activities		
Proceeds from borrowings	400,000	50,000
Payments on debt	(414,063)	(137,657)
Issuance of common stock	8,886	24,390
Repurchase of common stock	—	(25,000)
Prepaid debt fees	(1,571)	(1,560)
Other financing, net	(4,828)	(7,692)
Net cash used in financing activities	(11,576)	(97,519)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	127	435
Increase in cash, cash equivalents, and restricted cash	57,029	27,576
Cash, cash equivalents, and restricted cash at beginning of period	149,904	122,328
Cash, cash equivalents, and restricted cash at end of period	\$ 206,933	\$ 149,904

## About Non-GAAP Financial Measures

The accompanying press release contains non-GAAP financial measures. To supplement our consolidated financial statements, which are prepared in accordance with GAAP, we use certain non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, adjusted EBITDA, free cash flow, and constant currency. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and other companies may define such measures differently. For more information on these non-GAAP financial measures, 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 acquisition and integration related expenses, loss on sale of business, or restructuring charges. 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, corporate transition cost, and acquisition and integration. 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, corporate transition cost, and acquisition and integration. 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 related to acquisitions and restructuring projects. 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, corporate transition cost, acquisition and integration, and the tax effect of excluding these expenses. We define non-GAAP diluted

**ITRON**

2111 North Molter Road  
Liberty Lake, WA 99019

[www.itron.com](http://www.itron.com)

EPS as non-GAAP net income divided by the weighted average shares, on a diluted basis, outstanding during each period. 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.

Adjusted EBITDA – We define adjusted EBITDA as net income (a) minus interest income, (b) plus interest expense, depreciation and amortization of intangible assets, restructuring, loss on sale of business, corporate transition cost, acquisition and integration related expense, 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 (loss).

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 and reconciling to free cash flow.

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

The accompanying tables have more detail on the GAAP financial measures that are most directly comparable to the non-GAAP financial measures and the related reconciliations between these financial measures.

**ITRON, INC.**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES**  
**TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES**

(Unaudited, in thousands, except per share data)

<b>TOTAL COMPANY RECONCILIATIONS</b>	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 116,231	\$ 148,575	\$ 612,562	\$ 619,636
Amortization of intangible assets	(11,223)	(16,101)	(44,711)	(64,286)
Restructuring	4,518	1,407	(37,013)	(6,278)
Loss on sale of business	(2,522)	—	(59,817)	—
Corporate transition cost	—	(907)	33	(2,520)
Acquisition and integration related expense	(1,764)	(2,005)	(1,026)	(26,598)
Non-GAAP operating expenses	<u>\$ 105,240</u>	<u>\$ 130,969</u>	<u>\$ 470,028</u>	<u>\$ 519,954</u>
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income (loss)	\$ 32,602	\$ 28,863	\$ (10,395)	\$ 132,683
Amortization of intangible assets	11,223	16,101	44,711	64,286
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Non-GAAP operating income	<u>\$ 43,593</u>	<u>\$ 46,469</u>	<u>\$ 132,139</u>	<u>\$ 232,365</u>
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 21,520	\$ 14,620	\$ (57,955)	\$ 49,006
Amortization of intangible assets	11,223	16,101	44,711	64,286
Amortization of debt placement fees	1,056	1,900	3,954	5,455
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Income tax effect of non-GAAP adjustments	(7,243)	(5,217)	(13,280)	(21,348)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 26,324</u>	<u>\$ 28,909</u>	<u>\$ 75,253</u>	<u>\$ 132,795</u>
Non-GAAP diluted EPS	<u>\$ 0.65</u>	<u>\$ 0.72</u>	<u>\$ 1.85</u>	<u>\$ 3.32</u>
Weighted average common shares outstanding - Diluted	<u>40,762</u>	<u>40,267</u>	<u>40,571</u>	<u>39,980</u>
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 21,520	\$ 14,620	\$ (57,955)	\$ 49,006
Interest income	(833)	(470)	(2,998)	(1,849)
Interest expense	10,230	12,554	44,001	52,453
Income tax (benefit) provision	(128)	(75)	238	20,617
Depreciation and amortization	24,984	28,709	97,290	114,400
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Adjusted EBITDA	<u>\$ 55,541</u>	<u>\$ 56,843</u>	<u>\$ 178,399</u>	<u>\$ 270,023</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 38,943	\$ 44,740	\$ 109,514	\$ 172,840
Acquisitions of property, plant, and equipment	(9,911)	(16,179)	(46,208)	(60,749)
Free Cash Flow	<u>\$ 29,032</u>	<u>\$ 28,561</u>	<u>\$ 63,306</u>	<u>\$ 112,091</u>