



# Badger Meter

## Second Quarter 2025 Financial Results

July 22, 2025





## Forward Looking Statements

Certain statements contained in this presentation as well as other information provided from time to time by Badger Meter, Inc. (the "Company") or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those statements. The words "anticipate," "believe," "estimate," "expect," "think," "should," "could" and "objective" or similar expressions are intended to identify forward looking statements. All such forward looking statements are based on the Company's then current views and assumptions and involve risks and uncertainties. The Company's results are subject to its ability to develop and manufacture technologically advanced products that are accepted by the market, supply chain risk, legal and regulatory risks, political and general economic risks, risks related to doing business in foreign countries, including foreign currency risk, competition for skilled employees, material and labor cost increases, competitive pricing and operating efficiencies, the effects of climate change, cybersecurity attacks and disruptions to our information technology and the successful integration of acquisitions. See the Company's Form 10-K filed with the SEC for further information regarding risk factors, which are incorporated herein by reference. The Company disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.



## Second Quarter 2025 Results Deliver Strong Sales Growth, Profitability and Free Cash Flow Against Peak Prior Year Comparable

- Sales of \$238M reflect 10% growth (5% ex SmartCover) against quarterly sales high-water mark in prior-year period
- Operating margin down 40 bps to 18.8% from 19.2%
- EPS growth of 4% year-over-year to \$1.17 per share
- Free cash flow increased 19% year-over-year to \$41M, reflecting higher earnings and working capital management activities

Consolidated Y-O-Y Sales Growth Trend

23%

12%

13%

13%

10%

Q2 2024

Q3 2024

Q4 2024

Q1 2025

Q2 2025

Operating Profit Margin

Q2

YTD

20.5%

19.2%

18.8%

*-40 bps*

18.9%

20.5%

*+160 bps*

2024

2025



## Second Quarter Financial Snapshot Highlights Strong Cash Generation

(US\$ in millions, except per share data)

	<u>Q2 2025</u>	<u>Q2 2024</u>	<u>Change</u>
Sales	\$238.1	\$216.7	9.9%
Gross Margin	97.8 <i>41.1%</i>	85.4 <i>39.4%</i>	14.6% <i>170 bps</i>
SEA	52.9 <i>22.2%</i>	43.9 <i>20.2%</i>	20.5% <i>200 bps</i>
Op Income	44.9 <i>18.8%</i>	41.5 <i>19.2%</i>	8.2% <i>-40 bps</i>
Income Tax Rate	<i>24.5%</i>	<i>23.8%</i>	
EBITDA	53.7 <i>22.5%</i>	49.6 <i>22.9%</i>	8.3% <i>-40 bps</i>
EPS	1.17	1.12	4.5%
Free Cash Flow	\$40.6	\$34.1	19.1%

- Utility water sales increased 11% (6% ex SmartCover), driven by ongoing adoption of digital smart water solutions including meters, BEACON® SaaS, water quality and remote monitoring.
- Flow instrumentation sales essentially flat as lower demand in de-emphasized end markets offset by modest growth in water-related markets.
- Gross margins improved 170 bps due to structural mix and ongoing operational excellence initiatives; strategic price increases mitigated certain tariff impacts in the quarter
- SEA as a percent of sales increased 200 bps, inclusive of \$1.6M of SmartCover intangible asset amortization and \$1.0M of variable deferred compensation expense unique to the quarter
- Robust free cash flow on higher earnings and working capital management

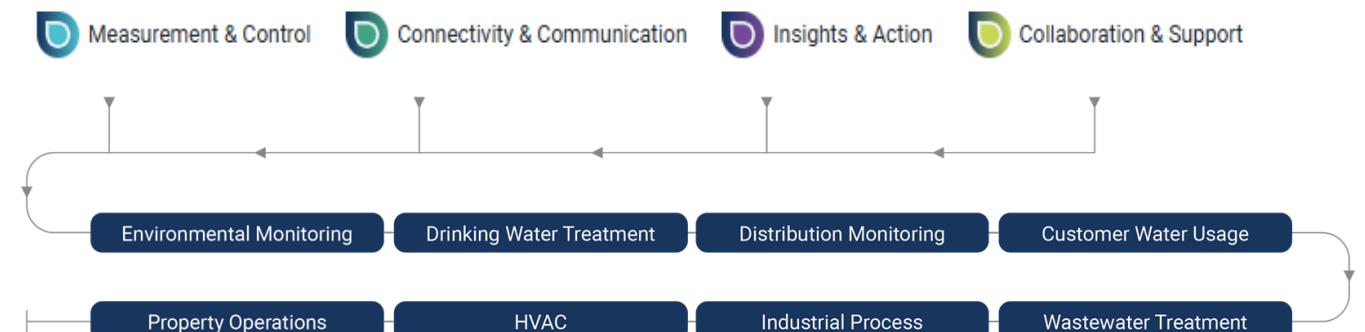
See appendix for reconciliation of GAAP to Non-GAAP measures



# Meaningful Momentum in BlueEdge Concept One Year Post-Launch; Recent ACE25 Tradeshow Displayed Breadth & Depth of Offering



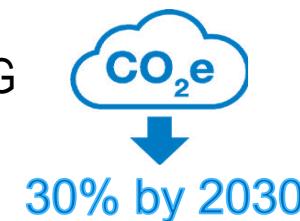
- Booth at ACE25 highlighted various use cases for BlueEdge, featuring SmartCover for the first time
- Showcased new Field App that allows utility field personnel to access BEACON via mobile device
- Introduced Cobalt, which leverages machine-learning for advanced insights within BEACON
- Customer feedback – both existing and potential – was extremely positive
- Clear momentum in customer excitement and understanding of use cases





# 2024 Sustainability Report Highlights Power of Continuous Improvement Mindset Across the Organization

- Exceeded and raised our own targets for greenhouse gas intensity reduction while also delivering record 2024 financial results
  - Set a new goal to reduce future GHG intensity by 30% using 2024 as the next baseline
- Reduced our internal water usage intensity by 30%
- Improved employee engagement year-over-year as measured by our fourth annual survey with 95% participation
- Recognized outcomes
  - Barron's Top 100 Sustainable Companies
  - AAA rating- MSCI



↓ 55%  
GHG Emissions  
Intensity since 2020

↓ 30%  
YOY Water  
Intensity

↓ 170 bps  
YOY Regrettable  
Turnover





# Outlook Continues to Support Long-Term Shareholder Value Creation with Favorable Demand and Industry Dynamics

- Innovation leader with expanding technology-enabled software offerings
- Attractive bid funnel and strong order rates
- Growing SaaS revenue base

Consistently Resilient Results



- Durable macro trends support long-term smart water solution adoption
- 85% replacement-driven base demand
- Demonstrated benefits of efficiency, resiliency and sustainability

Constructive Industry Backdrop



- Strong cash flow and borrowing capacity
- Organic and inorganic strategic growth investments
- Dividend aristocrat

Investing for Growth



- Differentiated performance despite evolving macro-challenges
- Positive structural sales mix and SEA leverage drive margins

Differentiated Execution



- Strong engagement
- Values-driven
- Customer-focused execution
- Continuous improvement focus across enterprise

Exceptional Team





# Questions

**For your planning purposes, Badger Meter Q3 2025 earnings are tentatively scheduled for October 21, 2025**





## GAAP To Non-GAAP Reconciliations

(US\$ in millions)

### EBITDA

	<u>Q2 2025</u>	<u>Q2 2024</u>	<u>YTD 2025</u>	<u>YTD 2024</u>
Net Earnings (GAAP)	\$34.6	\$33.1	\$73.0	\$62.2
Interest income	(0.9)	(1.9)	(2.2)	(3.4)
Income tax provision	11.2	10.3	23.6	19.3
Depreciation	2.9	2.9	5.7	5.7
Amortization	<u>5.9</u>	<u>5.2</u>	<u>11.3</u>	<u>10.4</u>
EBITDA	\$53.7	\$49.6	\$111.4	\$94.2

(US\$ in millions)

### Free Cash Flow

	<u>Q2 2025</u>	<u>Q2 2024</u>	<u>YTD 2025</u>	<u>YTD 2024</u>
Cash from Ops (GAAP)	\$44.6	\$36.4	\$77.6	\$57.9
Capital Expenditures	(3.9)	(2.3)	(6.9)	(5.0)
Free Cash Flow	\$40.6	\$34.1	\$70.7	\$52.9