

Badger Meter Investor Day 2026
May 22, 2026

Corporate Speakers

- Bill Blank; Badger Meter; Director of Global Marketing Communications
- Barbara Noverini; Badger Meter; Sr. Director of Investor Relations
- Kenneth Bockhorst; Badger Meter; Chairman, President, Chief Executive Officer
- Bob Wrocklage; Badger Meter; Executive Vice President of North America Municipal Utility
- Kimberly Stoll; Badger Meter; Vice President Customer Support, General Manager of SmartCover
- Matt Stuyvenberg; Badger Meter; Executive Vice President of Software, Water Quality
- Morrice Blackwell; Badger Meter; Senior Manager Utility Solutions Group
- Eric Larson; Badger Meter; Utility Solutions Manager
- Trino Pedraza; Badger Meter; West Regional Sales Manager
- Joe DeVito; Badger Meter; Senior Manager of Utility Solutions
- Daniel Weltzien; Badger Meter; Chief Financial Officer, Treasurer

Participants

- Nathan Jones; Stifel; Analyst
- James Ko; Jefferies; Analyst
- Andrew Krill; Deutsche Bank; Analyst
- Ryan Connors; Northcoast Research; Analyst
- Scott Graham; Seaport; Analyst
- Quinn Fredrickson; Baird; Analyst
- Bobby Zolper; Raymond James; Analyst
- Jeff Reive; RBC Capital
- Will Grippin, Barclays; Analyst
- Steven Lacke; Tributary Capital Management

PRESENTATION

Bill Blank^ Ladies and gentlemen, good morning. My name is Bill Blank. I'm the director of global marketing communications for BadgerMeter. And on behalf of our entire team, I'm pleased to welcome our audience here in New York City and our audience watching online around the world to BadgerMeter Investor Day. To get us started today, it's my pleasure to introduce Barb Noverini, our senior director of investor relations. Barb?

Barbara Noverini^ Thank you, Bill. And once again, welcome to BadgerMeter's 2026 Investor Day. It's really great to see a lot of familiar faces out there in the audience. And of course, hello to everybody on the webcast today. We have a really great agenda planned for you today. You'll be hearing from several members of our executive management team, who will take you through the evolution of our company from 120-year-old meter manufacturer to a hardware-enabled software platform that's powering the digital transformation of our industry.

We'll begin by talking about the durable, replacement-driven growth drivers of our municipal water utility business, and we will talk about the ongoing adoption of cellular AMI. And then we'll talk about the expansion of our platform into what we call Beyond The Meter, where we are addressing a broad array of challenges across the water cycle. And we'll discuss our software strategy, where we'll take data and analytics and emerging capabilities of AI and show you how they are powering customer outcomes.

You will hear from a panel of former utility directors who all went through cellular AMI deployments and had such meaningful experiences that they now work for us to empower change across the industry. And finally, we'll put it all together with our financial framework and show you how all of these elements come together to drive revenue growth, margin expansion, and long-term shareholder value.

And of course, we'll leave time for Q&A at the end. So before we begin, let me call your attention, of course, to our safe harbor. And as you familiarize yourself with that for a moment, thank you. And then please allow me to introduce you to Blue Edge.

(Video Playing)

Kenneth Bockhorst^ All right, well, good morning. I'm Ken Bockhorst, Chairman, President, and CEO of Badger Meter. Welcome to our Investor Day. First off, at Badger, we have a proud history of 120 years of innovation as a pure play water company with global reach. In 2025, for the first time in our company's history, we achieved more than \$900 million in revenue, a 17% five-year compound annual growth rate, while maintaining a premium financial profile of 24% EBITDA, 120% free cash flow conversion, and a three-year average ROIC of 33%.

Some of you have asked, why now for your first Investor Day in 121 years? And I think if you look at the bottom of the slide, you'll see that five to six years ago, there was one logo. There was the Badger Meter on the left. Now there's six additional logos to the right, which are the acquisitions we've done over the past five years. And those acquisitions, in tandem with the internal investments we've made, have fueled this evolution to the Blue Edge video that you just saw. So we thought this was the right time to bring everyone together to try to reinforce certain messages.

So what we'd like you to take away from today is the following. A, the metering business that we've been a leader in for many, many years, 100 years or more, is very strong. Continues to be driven by replacement demand, ongoing AMI conversion, and our 100% attachment rate to our software-as-a-service beacon platform. Two, we now span the entire water cycle with our beyond-the-meter technologies, expanding value for both customers and shareholders alike.

Third, now leveraging innovation with our strategic portfolio evolution, we've strengthened our competitive offerings within the market in the very attractive end markets that we serve in SmartWater. And fourth, our disciplined execution, which has already driven strong growth and margin expansion, positions us to win in the early stages of the multi-decade transformation of the digital SmartWater network. And within that framework, we're positioned to win and continue to grow in high single digits over the next five years strategic plan horizon.

With me today is part of our leadership team. One of the things that I'm really proud of is the team that was already at Badger before I got there and what we've been able to continue to build since I've arrived. Experienced, proven leadership. If you look at this group of 10 leaders, we have roughly around 10 years of average tenure. And it's a nice mix. We've got three of our leaders who've been with us roughly 20 years.

You'll hear from two of them today. Four of us that have been there six to 10 years. And in Badger Meter terms, that means kind of new employees. We have a longstanding history of long tenure. And then we have three leaders that are newer to the business within the last few years that continue to bring new ideas and experiences.

This is a battle-proven leadership team. We've been through COVID together, supply chain disruptions that followed, hyperinflationary periods after that, geopolitical issues. And throughout that, we've always come out the other side stronger than we were when we entered into those difficult challenges. So I feel great about the team that we have in place and our ability to continue to drive value long into the future. At Badger, we are a values and metrics based culture.

We have really high expectations to get great results, but we also have really high expectations about how we get them. So our values are really rooted and deep throughout the business around responsibility, collaboration, excellence, customer focus, and trust. All the things that you would think are really important, especially important to us when we have customer—[inaudible]

Kenneth Bockhorst^ So anyway, so our core values are deep in our business, and they matter to us because we have customer relationships that span decades, supplier partnerships that span decades. We have to do things right all the time. And then simply focused around safety, quality, delivery, cost, environment, we expect every day to be better than we were before. And I'm really proud of how our company does live its values and create great results at the same time.

Our competitive moat is strong. So our leadership position in this market has been one that we have always been confident that we could defend, and we've also proven that we can grow. Switching costs are real. Utilities spend a lot of money to have assets in the ground for a very long time. Utility leaders can be risk averse, slow moving, so they're very loyal. So it's hard to get people to switch. With our long leadership in the market, that benefits us in many cases. It also helps us open other doors because of the strong brand that we built.

In tangible assets, we have many proprietary technologies that provide great quality, great reliability, and resilience no matter what happens throughout the utility. Network and data effects. Over the last several years, we've built out a really, really strong software platform that you're going to get to see today in a much deeper and meaningful way than you ever have before. It really is a powerhouse model. It really has secure ability to grow long into the future. Given all the concern around AI, you'll hear why we feel great about that.

And efficient scale. With 50,000 utilities in the United States, we've got a great model that I think is differentiated in how we go to market directly for 75% of our revenue, great distribution partners to cover the rest. But we can reach all utilities, large, medium, and small. We continue, even with those benefits already inherent in our business, to differentiate our solutions. And our loyal customers trust us to buy new solutions from us.

The next slide here, I first would call your attention to the left. Our secular drivers individually are all compelling. Collectively, they are a force multiplier. And it's pretty simple if you just-- we'll go down these really quickly. Demand growth and scarcity. More people on the planet, in the country, living in areas where water is scarce. Challenge for utilities every single day.

Workforce churn in retirements. We've talked over and over about baby boomers retiring. That's happening. They are not often replaced, even if workforce is available. But they're not replaced with people that come for 30 or 40 years anymore. Workforce churn has become an issue. Aging infrastructure. Everybody knows this story. Infrastructure never gets younger. Utilities have to become more effective in how they plan for the future and more efficient for how they react to today's problems. Elevated customer experience.

Now customers want to know what's in their water. They want to know what's happening within their homes. Much different than things used to be several years ago. Regulation is our friend in this industry. Utilities have to deliver available, affordable, safe drinking water. And every utility is striving to be more efficient because, frankly, they just have to be.

The Blue Edge video that you just saw will explain it much more effectively than I just did. But what we've built are these four pillars that we're really proud of, where we already have this history of great meters, but now through acquisitions and development, we've added sensors all throughout the system. So we have high quality, high reliability throughout the distribution network.

Then as you go to the right, connectivity and communication. We are the undisputed leader in cellular communications within the water industry. We've added satellite. We've added RTUs through acquisitions. We can get information from all those devices in very rugged, difficult environments, no matter what's happening within the city or the utility.

Insights and action. We have collected billions and billions and billions, in fact, trillions of data points throughout the system. What we have done that's unique, and you'll hear about this from Matt, is that now we don't just send gobs and gobs of information. We turn it into real, actionable insights that customers can use when and where they need it. And collaboration and support. You can imagine 120 years in the industry, we don't just sell products and go away. We help utilities plan. We help them implement. We help them make sure they get the value out of the investments that they make. And we're here for them throughout their entire relationship with us, which oftentimes spans decades.

The outcomes are simple and easy. We can enable utilities to increase revenue, increase capacity, be able to capture labor and other efficiencies just by being able to operate better. Reductions in water and greenhouse gas emissions, where conservation is more stressed. And of course, compliance is something every utility has to be concerned about every single day. And we play in here in a very meaningful way.

Next, the key takeaway here, kind of a busy slide. If you start on the left, that's depicting that in the US, roughly 20% of all water that's created is lost. Non-revenue water. That equates to roughly \$6 billion a year of lost revenue for utilities. Our trusted, tried, proven metering solutions enable utilities to identify where that non-revenue water is happening and be able to fix that and increase revenues, increase conservation efforts.

If you transition to the right, you'll see that roughly \$150 billion is spent every year in OpEx costs. Our solutions around software and Beyond The Meter are designed to enable utilities to reduce their costs there, where 60% of those costs are around labor, energy, and chemicals. And that's where we've designed our platform to help. So it's very simple. Lower costs, improved efficiency. If you just think about it on the plain, simple sense, we enable utilities to increase revenue. We enable them to reduce their costs. It's a pretty simple model.

So innovation and portfolio evolution. When I talked about the added logos, the new acquisitions we did on the front page, if you rewind the clock to just 2020, just back to when we were all talking about COVID, we had a great TAM, \$5 billion, growing market, strong place in it, felt great about our future, even if we didn't expand. With the acquisitions that we've done in concert with the internal investments, we've now opened up from just dealing in water consumption to the entire water cycle, from sourcing through production, through treatment, collection systems, and opened that TAM up from \$5 billion to \$15 billion.

Now the reason that's important, again, is that we have built a trust with water utilities for decades, decades, a century. And we are a brand that people will trust to bring them new solutions to solve real and immediate problems that they deal with every single day. So again, from \$5 billion to \$15 billion, that's a global number, but it comes with added sensors throughout the system, added communications, and more software monitoring. So our strategic evolution, if you rewind the clock back to 2009-10, we were the first to introduce an ultrasonic meter into the US market, to the North American market.

We've also kept a very strong best in class mechanical meter, one of our differentiators, even against long entrenched peers, is that we offer both types of technologies. And it's also a differentiator against new entrants who don't have the tried and true mechanical meter, so that's been a growth laneway for us. Second under that, AMI, that journey began roughly 20-ish years ago. It was a fixed network process.

Through an acquisition and ongoing development in 2014, we launched our innovative Orion cellular AMI radio. It takes much evangelizing in this market, but we built this market over five years and really started gaining traction around 2019-20 with our first large reference accounts that we built. And over time, we have been cementing cellular AMI as the gold standard for AMI for the water industry. And we have tremendous runway on that. Bob will go deeper into that later.

Over time, we've expanded our cellular endpoint and installed base, which has grown that software business now that, again, is 100% attachment rate, essentially uncancellable, unreducible. And that then builds many more great solutions around software that we've taken advantage of. And then strategic M&A. We started on our M&A journey around 2021, extremely proud of what we added. And we'll touch on that.

So what's that meant for us so far? Results that I'm really proud of. So over the last five years, as I mentioned earlier, 17% compound annual growth rate on revenue, a 28% compound annual growth rate on software, a 470 basis point improvement in margins, which, of course, makes me proud that I think only great companies can grow and increase margins at the same time. Some companies make an individual choice and focus on reduced primary working capital intensity. We were a great cash flow company, even at 26%. Now that we've gotten it down to 21%, we continue to be able to fund any capital allocation priorities that we want to.

And importantly, this is just beginning. This is a multi-decade transformation, and we're still at the early stages.

So the value creation process is simple. So we've got durable macro trends that provide a constructive industry backdrop. Our leadership position, longstanding in the metering and AMI space, coupled now with our Beyond The Meter solutions, provides us a very long runway for growth. Our great balance sheet allows us to continue to invest both internally and through M&A to make any growth-focused investments that we need. Our differentiated execution through all the things we've been challenged with. Time and again, we've proven to be the best in the world. We've proven to be the best operator in our space. And we have an exceptional team, which I'm excited you'll get to see more of today.

So with that, I'm not going to rehash the key messages. I'm going to turn it over now to Bob. First, we're going to show a customer video to walk me off the stage here. But I will be back later, and we'll go through some Q&A at the end. But thanks again for coming. Looking forward to spending the rest of the morning with you.

(Video Playing)

Bob Wrocklage^ I think that video is an exceptional peek into the decision-making process of our customers and really serves as a great jumping off point to discussing a number of our capabilities in what we call customer water usage. Good morning, everybody. My name is Bob Rockledge, Executive Vice President of North America Municipal Utility. I'm excited to address you today. And in large part, my portion of the discussion is really going to focus on four key messages tied exclusively to customer water usage.

The first message will be that municipal water digitization is in fact a multi-decade transformation driven by enduring industry trends. These are trends that have existed already, four decades plus and will continue to exist moving forward. By no means are they flashing the pan.

Secondly, that our approach to our metering portfolio and our broader Blue Edge suite of solutions, choice matters, positions us best to take participation in the largest portion of the replacement driven demand that enables mix and margin upside over time.

Thirdly, that the market that we created, cellular advanced metering infrastructure, otherwise known as AMI, that our creation of that market, our expertise positions us with a strategic gateway to share gains. Some of those share gains we've talked about actively. And in other cases, there's, I would say, secondary share gain effects that I'll talk a little bit about this morning. But really provides an opportunity for competitive displacement as well as enhanced returns.

And then fourth, a consultative sales approach. I think you'll hear that very much our approach to selling is a much more direct approach than our competitors. And it's that direct approach that puts us at the nexus of customer decision making and influence that allows us to curate a portfolio that perfectly meets customer needs, drives meaningful customer outcomes, and not only that, informs our own innovation priorities, whether it's innovation in the products themselves or how we innovate through organic and inorganic means.

The combination of all those factors drives mid-single digit growth within the customer water usage portion of our business, which of course is just one element that aggregates to the high single digit growth outlook that Ken mentioned.

So let's get into the details. This is now the second time you're seeing this water cycle slide. And if I had to hazard a guess, most likely the portion of the water cycle that I'm going to talk about is probably the one that's most familiar to you, customer water usage. This is our principal business. It's where we've played for over 100 years. And it's likely what you know Badger Meter for. Our ability to provide a critical solution, metering, whether that's the meter itself or other reading technologies like AMR and AMI, to utilities largely around what we call the meter to cash cycle, generating a billing read that facilitates billing at the utility to complete the revenue cycle.

That's the historic focus of customer water usage. But as data and information and device capability expands, that meter now serves at the critical nexus of the opportunity to expand that value chain beyond just core billing reading into other utility workflows, utility personas, utility functions, to solve challenges both up and downstream from the meter that, as Ken said, enhance non-revenue water capture as well as cost and efficiency at the utility.

And there's two primary growth drivers that influence customer water usage. The first of which is an ongoing trend of converting mechanical metering to a static metering technology that's been playing out already for 15 plus years, as Ken mentioned. And the second driver of which is advanced metering infrastructure adoption, which I'll talk about here in greater depth. That transition has been ongoing for over 20 plus years. I'm confident what you'll hear from me is that the tale of those two drivers continues for a long enduring future.

Focusing on that first driver, the transition from mechanical metering to static metering, as is the case in many aspects of our business to us, to understand a driver today, you have to start 15 or 20 years ago. And 15 years ago plus, Badger Meter was the first company in the US market to launch a static meter. Static metering is all about non-revenue water reduction. In fact, the underlying replacement demand in the marketplace, very predictable and ongoing, is equally part of non-revenue water.

And 15 years ago, we launched the first ultrasonic meter in the market, largely targeting our existing install base for converting from mechanical to static. And after 15 years, still today in 2026, 25% to 30% of our meter volume is static. And the balance, the 70% to 75% inverse, remains mechanical meters. When we're able to make that transition with customers, it offers an opportunity for average sell price increase, an ASP lift, if you will, and is margin additional or margin accretive.

What I'm about to say I want to make sure I frame properly. Because while certainly the market itself, from a unit perspective, grows at about a low single digit growth rate every year, and that's units, the opportunity to participate in this average sell price increase allows us to drive revenue dollars in excess of that unit growth projection. And that's been the dynamic for many years. And so what I want to now illustrate to you, and it's back to that share gain comment that I made earlier.

And I want to be careful as I say this, because as Ken alluded to, the incumbency advantage is real. And that still is very much a key part of how we go to market and our competitors go to market. So I'm not telling you that the incumbency advantage isn't real.

What I am telling you is when you do something exceptionally well, for example, our leadership in cellular AMI, or our go to market approach with a consultative selling approach, or our extension Beyond The Meter, those core competencies open a door to modest share conversion. And the best way to illustrate that over the last five years is to look at the graph at the bottom of the slide. As I just mentioned, unit volumes in metering by themselves have only grown at 2% to 3% per year. And over this five year period, you can see our meter unit growth, both static and mechanical, has grown at a compound annual growth rate of 7%. So in some cases, two to three times the industry.

And our belief is the driver of that compound annual growth rate in excess of market is a core byproduct of our strength in cellular AMI, and of course, those other layers that I had just mentioned. So again, this driver is revenue extension and margin enhancement and uplift that drives part of our core growth.

Equally, when you look to the second driver, now instead of going back 15 years, you have to go back 25 years. And this driver is all about the adoption of advanced metering infrastructure. And so what this graph on the left hand side of the page illustrates is a 25 year time horizon from 2000 to 2025, and charts reading technologies on the installed base in North America. And what you can see is that 25 years ago, 85% of the market was manually read. The balance was largely AMR, or drive-by technology, for automated meter reading.

And over those 25 years, what you can see is that fast forwarding to 2025, the manual read portion of the market has declined from 85% to 20%. The portion of the North America installed base that has some form of radio technology on it is 80%. Split roughly 50/50 between AMR and AMI. Now I'm going to focus this discussion largely on advanced metering infrastructure, or AMI. And what you can see is that the earliest adoption of AMI started nearly 20 years ago.

Took a while to get ramping, but that was largely a fixed network solution, a fixed network installed base. And while we had a fixed network solution, it was not our core competency. The beginning in 2015, as Ken alluded to, is when we doubled down on cellular as an alternate form of technology for AMI. And in fact, created the market of cellular AMI with a 10 year head start on our nearest competitor. With the expertise of commingling electronics and water in harsh environments to sustain and deliver flexible, non-infrastructure reliant AMI outcomes. And while it took a number of years for that to take root in the market, you can see the robust growth that it delivered over 2020 to '25.

The best part of that robust growth that drove the major portion of the 17% compound annual growth rate that Ken mentioned is just how small it is on that chart. If we can drive that CAGR on that small amount of the dark blue layered as cellular, imagine what happens when we reach into the remaining portion of the installed base.

And so the important takeaway from this slide is the opportunity to reach into the remainder of the installed base is not just the green portion of the graph in 2025 that's manual read, nor is it just the AMR portion of the light blue portion of this graph. It's really all of those layers, particularly as the earliest adopters of AMI transitioned to AMI 2.0, which I'll talk about here in a moment. But just note the expertise, the creation of a market, and the clear market leadership in this area is a key driver.

Diving in a little bit deeper, the opportunity for conversion is all three of those layers. And as we look at our opportunity funnel, whether that's utilities first engaging with a consultant in 2026, whether that's RFPs that we've participated and been awarded or RFPs that are pending, all layers of our opportunity funnel, we see cities, towns, municipalities in all three of these buckets.

Large, medium, and small. Some starting from manual read and going direct to AMI. Some who are going end of life on their AMR technology and are migrating to AMI. And then thirdly, which I think maybe is probably the most surprising aspect for some of you in the room, is that when a utility has already had a fixed network in place, and when they go to their AMI 2.0 solution, they will choose, in many cases, cellular because of the challenges they've lived with for the last 20 plus years.

And two great examples, one of which you'll hear about today, are two projects that we talked about in connection with our first quarter earnings, Orlando Utility Commission and Jacksonville Energy Authority. And you'll hear from Orlando later on about their conversion on AMI 2.0 to an alternate solution and a different provider.

The key takeaway to this is also at the bottom of the chart in the graph. And you can see that same five year period that I just talked to you about our meter adoption and our meter share gain. You can now overlay that with our radio growth over that same time frame. 2020 to 2025, our units of cellular endpoints shipped went from what was, call it, hundreds of thousands in 2020 to considerably more. And that grew at a 21% compound annual growth rate.

And our thesis and belief is that a success creating cellular AMI as the industry standard has had a pull-through effect into our meter volumes, which again, doesn't displace the incumbency advantage totally, but certainly allows for share gain in a portion of the market that was largely viewed to be blocked historically. Put those two layers together, and that's a key part of our growth rate.

The third piece I wanna talk about here is growth drivers and long-enduring macro trends and all the outcomes that Ken mentioned are all great, but you have to be positioned to participate in them. I think I've already illustrated to you the hardware, the design, the engineering aspects of our products and why those are viewed favorably by the market. But a very even more critical part of that is our go-to-market strategy. And Ken talked about Blue Edge, one of the four pillars of Blue Edge is collaboration and support. And when we say that, yes, we mean training, and yes, we mean post-sales support.

But our support and collaboration element begins on day one. And without question, I can tell you that our direct sales approach and our direct sales team, who you'll hear from later today, are very much a core competency of our existence. We have the best sales team in the industry, comprised of industry experts, comprised of former utility operators, comprised of teams and members who are able to sell what a network longevity commitment looks like and how cellular works and how software works.

And when you put those things together with the proximity that we have to our customers in largely a direct model, it pays dividends in many ways. It pays in the form of win rates. It pays in the form of competitive conversions.

It pays in informing our innovation and M&A strategies. And most importantly, it pays in the sense that we've been able to walk up a continuum of supply relationship where maybe historically we were on the preferred supplier or solutions provider level and we've now walked comprehensively to the strategic partner level, which not only aids us in capturing share within customer water usage, but positions us to influence and accelerate growth in the Beyond The Meter technologies.

I'm now going to change gears completely and move away from growth drivers and talk really about two topics that I think are just important to address as we meet here today. Those two topics are funding, and you'll hear more from the customer panel here shortly, and then project pacing and unevenness in our business. And so remember this is a discussion of sort of demystifying maybe things that aren't widely understood.

The first slide I'll talk about is funding. And while the graphic on the left is not intended to be market-sized or complete market opportunity, this is a subset of 700 to 800 of the largest water and wastewater municipality capital expenditure plans or capital improvement plans on record. And what it does is it tries to look across those 800 utilities and define where have they said and indicated they're going to spend CapEx in the next 10 years.

And what you can see is that CapEx spend is largely dominated by categories of spend, including pipes, pumps, plants, the three Ps as we would call them. And that spend dwarfs many other categories, including metering. Now the intent of this slide is not to tell you that metering isn't important, of course it is. But what it is to illustrate to you where utilities spend their CapEx monies, and where in turn federal funding programs and stimulus has been allocated from a priority standpoint.

And so when I say government funding and stimulus, I'm largely addressing state revolving funds, which are the conduits for IJIA and/or ARPA monies. And if you analyze, as many market research firms have, where those dollars have largely gone, not surprisingly, they overlay almost perfectly with the priority of investment of utilities largely being allocated to pipes, plants, and pumps. And very little, if any, has gone to the lower, smaller categories like metering. That's not to tell you that metering is not an attractive market. What it is intended to illustrate to you is that our success from 2020 to 2025 is more about market leadership and share gain than it is about any sort of funding windfall.

And in reality, our projects and the types of projects that we work on, AMI projects and metering projects, are largely driven by asset life, length of service, the desire to capture and attack non-revenue water, the desire to improve the customer experience and achieve labor efficiency and OpEx. And as a result of that, the funding mechanisms used to drive those projects, which are revenue generating, less capital intensive, is a much wider variety of funding categories than just infrastructure money or stimulus. In fact, it runs the gamut of rate base, municipal bonds, revenue bonds, WIFIA loans, enterprise funds, a myriad of funding sources that are available in any type of operating dynamic or economy.

The second ad hoc topic I want to address is project pacing and order rate unevenness. And what you see on the slide here is our best attempt at trying to illustrate what the average utility procurement process looks like. And there's 50,000 utilities of varying scopes and sizes, so it's absolutely difficult to try to capture the average experience in one. But what I will tell you is probably one of the most under, I should say misunderstood, dynamics in our industry is what an advanced metering infrastructure project is comprised of.

In many cases, an AMI project for a water utility director or utility decision maker is potentially a once in a lifetime, once in a career opportunity. An opportunity for business transformation, not only in revenue generation, but in the form of business transformation that spans multiple areas beyond metering and beyond billing, including the full suite of operations, personas, and workflows that encompass the utility.

And for that reason, it operates very much like an ERP project for a manufacturing business. A project that would never be planned for, executed, multivariable considerations would never be rushed. Something that takes purposeful planning from the engagement of a consultant on the front end, definition of specs, solicitation of a procurement process under government bidding exercise, short list presentations, contract negotiations, including service level agreements, SLA commitments that span a 15 year life cycle.

The point of raising all these points is not to bore you to death. It's instead to give you an idea that this is a complex beast. And project timing inevitably, while we can do our best as an OEM to sort of control those dynamics, we're not always in the position to be able to do that. And these projects, depending upon their scope and complexity, can span one year in the making to five years on the far end.

Another dynamic that I wanna mention that we've somewhat talked about in the aggregate is this concept of turnkey project versus supply only. And so if you look at the slide, the graphic on the left, which is nine representative projects, this is a representative project cohort that we included in our first quarter disclosures, forward looking, that captures not the only projects but a subset of projects that we've been awarded and not yet started. And what you can see is the scope of work on those projects are split between both turnkey and supply only projects.

And rather than getting into why would a utility choose to do a turnkey project versus a supply only project, the most important takeaway for you today is that first and foremost, as an OEM in the space today that largely goes to market direct, we have to be equipped to meet our customer wherever their needs drive them. And so if they choose to just solely engage us on a supply only basis where we provide meters, endpoints, and software, we're willing to do that.

But should that utility choose to engage our expertise in project management, in construction project deployment, in coordination with outside installers and third parties, we need to be able to do that as well. 'Cause in the absence of doing that, we'd be limiting our opportunity to participate in those two drivers that I talked about. And so the key takeaway here should be, I can have or we can have a project of 100,000 connections that when it's supply only, produces a certain amount of revenue.

And when it's turnkey, produces that certain amount of revenue and up to 50% extra. In both cases, we're providing 100,000 meters, endpoints, and software, but the revenue outcome can be dramatically different depending upon the scope of work on that project. And to help illustrate that for you, I'm going to show you a revenue curve. And imagine again that this is that same 100,000 connection opportunity. It's a project that is supply only. Even within that project itself, there's unevenness and lumpiness or unevenness, let's just call it.

As that project goes from all of those earlier RFP process steps to then being able to deploy in a ramping phase, in a full deployment phase, in a ramping down phase, and then being

supported for the next 15 years in a Software as a Service model. That in and of itself at the project level curates lumpiness and unevenness. Now if you were to overlay that same supply only project in the dark blue and put it next to an equivalently sized turnkey project, you can see that same unevenness not only created in the project, but the potential valley that exists if there's not a perfect coordination of start and stop between two different projects at two different utilities that are probably in two different states on two different timelines.

And it's that discongruity that ultimately creates in some cases a project pacing air pocket. And certainly if those projects happen to be timed close together, that also provides a certain amount of air cover if you will from otherwise unevenness or short cycle order rate variation. So this is again an attempt to try to give you some context to our current situation as it relates to project unevenness and pacing. None of this has to do with funding, none of this has to do with projects being slowed or started or stopped. This is just the nature of the beast that has existed for a long period of time, creates unevenness quarter to quarter, but is trumped in the end of the day in the long term by the enduring macro drivers and trends that I talked about earlier.

So now to put a bow on it and a wrapper. Hopefully you understand now that our municipal water digitization is a multi-decade transformation. It's been playing out for decades to date and it will continue as we move forward. Both because the amount of conversion from mechanical metering to static metering runway is long and our opportunity to drive cellular AMI across the install base has three multiple layers of dimension to it.

Our choice matters approach positions us best to participate in the largest portion of that underlying replacement demand, enabling mix and margin enhancement. Clearly our cellular AMI leadership positions us to take share in AMI as I described, to drive meter unit volumes above market level growth of low single digits. And finally that consultative sales approach which I know you will see in spades in a short while here with our customer panel is a differentiator that provides an underpinning level of mid single digit growth within customer water usage. I'm now going to turn the presentation to Kim Stahl and we're going to expand into the water cycle beyond customer water usage into Beyond The Meter. But first let's listen to a customer set that up for us. Thank you very much.

(Video Playing)

Kimberly Stoll^ Well, good morning. Just wanna introduce myself. I am Kim Stoll. I am the vice president of customer support and the general manager of SmartCover. Before we begin today and get into the details, there's five key messages that I'd like to make sure that you leave with today. Beyond The Meter unlocks a large early stage opportunity with multi-decade upside.

All utilities have critical measurement needs and desired outcomes. It's those critical needs that drive the opportunity for expanded wallet share within our existing customers, giving us the opportunity to convert those episodic hardware sales into recurring high quality growth. And it opens the door to new customer acquisitions, both domestically and from an international expansion perspective.

With Smart Cover and UD Live, we are the global leader in an early stage sewer and stormwater market with a long runway. And curating this portfolio through our own

innovation and our acquisition strategy gives us the opportunity to accelerate growth and drive double digit Beyond The Meter growth.

So now I think this is the third time that you've seen this water cycle picture. Beyond The Meter is all of those aspects of the water cycle besides the customer water usage that Bob just talked about. Starts with the environmental monitoring, moves into drinking water production and treatment monitoring, distribution network monitoring, the collection system monitoring and the wastewater treatment monitoring. The growth opportunity for us is great. We are globally ready. We have differentiated solutions. We have a strong relationship. We are a trusted advisor with the utility. When you combine all of these things, it unlocks the potential for us to capitalize on that incremental \$10 billion market.

So how do we do that? Beyond The Meter applications typically connect back to the pain points of the utility, things such as aging infrastructure, aging workforce, source water protection. Those pain points, we can drive the customer to need to adopt additional technology Beyond The Meter. How do we do that? We will enable adoption and grow faster than the market using cellular AMI as the gateway. Expand through sales and channel optimization and expanded services.

And software and analytics is critical because it holds all of the sensors, the meters, the devices that are in the field contain data. That data then through the software and analytics gets turned into actionable insights, enabling the customer to make more effective and faster decisions. The result for us is a more strategic relationship and partnership with the customer.

We're able to know and understand what the customer needs. We identify their pain points. We help them prioritize those pain points. We deliver targeted solutions that we've built through our own R&D, through acquisitions, based on voice of customer. We know, we've seen, we've heard what the customers need and want. And our solutions target those challenges and provide us the ability to provide them with the outcomes that they need.

All of those targeted solutions then help support the utility to make faster and more efficient decisions. That then in turn enables faster adoption across additional use cases throughout the utility, enabling us to grow faster than the market.

So within the BlueEdge portfolio, that customer journey always begins with a critical measurement need and outcome. Typically that starts within customer water usage, what Bob just talked about. Why? Because the utility needs to produce a bill. But once we have the meters and the AMI embedded in the system, we now have built a trusted relationship and partnership with the utility. We are able then to help them identify additional pain points in their utility and leverage that platform that they already have to be able to expand and easily add on additional use cases with very little effort, increasing the software and services revenue over the lifetime of that customer relationship.

And while that journey typically will start with customer water usage, it doesn't have to. The flexibility of BlueEdge and the versatility of BlueEdge gives us the ability to meet the customer regardless and wherever their pain points are that they have prioritized, whether that be at the source, whether that be in the distribution network or within the wastewater treatment plant. What I'd like to do now is turn this session over to Matt Stuyvenberg. He is going to walk you through some critical use cases to help you understand what Beyond The Meter applications address and the value that they deliver to our customers.

Matt Stuyvenberg^ Great, thank you, Kim. I'm Matt Steibenberg. I'm Executive Vice President of Software as a Service, Global Commercial and International Utility. And as Kim alluded to, I want to give a little bit more color to what is Beyond The Meter? What are these applications that we're now serving? And what's the value to the customer and to our business as we grow? And where we like to start with this is in source water. That water cycle starts at the point of where the water enters the system, potentially into the treatment plant. And that source water could be groundwater extraction, could be a surface, river, lake, reservoir, or it could even be wholesale water purchased from another water producer.

All of our equipment is set up to monitor at that point of collection to inform how that water is going to be treated, how and the quality of what you're procuring from the supply company, and potentially even married up with quantity in groundwater extraction. We continue to see significant regulatory pressure on depleting our aquifers and reservoirs and monitoring for how much is pulled out. So both a quantity and quality proposition.

This is a global solution. So we've got hundreds of units deployed in South Korea across reservoir monitoring for intake protection. We've got units deployed all through Vienna Water Works on their spring-fed mountain water from the Alps that requires no treatment. But using the information collected from the sensors that have been deployed for years to determine is the water of a sufficient quality to go into the distribution network or should they switch sources? Or in Ohio, monitoring river water quality for nitrate runoff from agricultural usage to be able to protect what goes through the treatment works or down into Texas on wholesale water production or purchases from other utilities into the distribution network.

Ultimately, for source water quality monitoring, improving the water safety and security, optimizing the chemical usage, and improving on energy savings across water production. As we move downstream from where the water is sourced into the distribution network, this is really where the acquisition strategy started. Expanding around the meter, pulling together the best-in-class solutions for remote monitoring, high-quality sensors that live in rugged environments, connected to cellular data backhaul to fill in those blank spots from the time that water is produced to the time that water is consumed at that customer water usage portion.

And not only is that a amalgamation of all the different acquired brands, but they're fully integrated into one sales team to represent all of these solutions so that we can seamlessly transition from that AMI program into moving upstream and leveraging that meter data, that 15-minute information isn't just useful for a bill. That is now operational information that can be paired up with meters in the network, district metering applications, with high-frequency pressure monitors to be able to identify other issues in the network, with acoustic leak detection systems, and even with water-quality sensors paired up to provide additional insights across the network.

Now, what does that mean for a utility? You heard Ken talk about it, non-revenue water often in excess of 20% across the network. That's water of which the utility is not getting paid for that they still had to put money into producing. By leveraging a full view of this distribution network, utilities can reduce their non-revenue water, increase their operational efficiency, and apply dollars and resources into more smart technologies to improve their operations.

And I'll highlight briefly here distributed water-quality monitoring as well. This was really the calling card of our acquisitions of ATI and Iscan that had a dedicated portfolio of low-OpEx, reagent-free, inline-online, real-time water-quality monitoring, of which five, six years ago was still in early stages of adoption. We're starting to see now that value proposition come to life with thousands of units have deployed across Spain, with now US utilities who aren't regulated to have to deploy real-time monitoring, choosing based on an ROI to deploy the equipment.

The pain points of going out and collecting water-quality samples at possibly the furthest points of your distribution network, having to bring those back to a lab and then wait multiple days to get your results creates a significant lag in responding to issues, a significant cost and risk, and all of your people having to go out in the field to collect these samples. So real-time monitoring throughout the distribution network is gaining steam, it's increasing safety for the utilities, it's reducing non-revenue water, and it's driving labor savings.

As we move downstream from customer water usage now, so into water treatment, the water's been used, it's gone through the collection network. Badger also provides a number of online instrumentation for the water treatment facility, not that we do treatment ourselves, but if we take, for example, the aeration basin in a wastewater treatment plant, Ken referred to the 60% of OpEx for utilities being tied to labor, chemicals, and electricity. Significant electricity is consumed in that aeration process. By deploying online real-time monitoring to optimize that aeration process, that labor comes down, the chemical usage comes down, and the quality goes up, ultimately increasing safety, extending the asset lives, and reducing chemical and energy costs.

So if we take one step back from the wastewater treatment plant into the collection system, this is now where the water's been used, customer water usage, a customer could be an industrial property or a homeowner, but really an under-monitored and under-measured portion of the water cycle, and one in which significant problems can arise if there are problems in the collection system. We heard a little bit about it in the video. Heavy rain events, inflow and infiltration, can cause now not just clean water leaking out onto a street, but now you have potentially sewage in a combined sewer overflow leaking out.

This is now a health and safety hazard. This is now something where internationally, let's take the UK for example, there are millions and millions of dollar fines being levied on overflows occurring and damage to the environment. And if you look at the U.S, consent decrees being applied in order to then drive investment in technologies to mitigate those overflows. We've built a portfolio of products, integrated it and continue to develop it to optimize cleaning, optimize the labor resourcing that goes into it, identify problems before they happen so that compliance can be maintained, asset lives can be extended, and inform that capital planning.

It might be something we're deploying, some of these sensors can mitigate and delay the significant amount of concrete that might have to be put into a new treatment plant by minimizing that inflow, by optimizing the cleaning processes.

And so that leads us to something we're very excited about. You heard Ken talk about it already too, but now the combination of SmartCover and UD Live. So 16 months ago, the acquisition of SmartCover, the leader in the US for sewer line monitoring, and now UD Live, the leader in sewer line monitoring in the UK. Both the leading markets for sewer line monitoring and both the technology leaders of which together we can pull a significant

portfolio and really be the global leader in sewer line monitoring, something that is in the early stages of growth that we believe there's a very long runway and significant investment interest in.

Now, when we look at the UK, AMP 8 spending being record spending across the board with more than hundreds of millions of dollars being allocated into sewer line monitoring and long tenured, long term framework contracts of which UD Live is in the driver's seat for. We've already had a significant relationship in the UK across our ATI and Iscan brands and Syrinix brands. This now provides us a bigger foothold internationally and a launching point for more international expansion.

From a technology perspective, SmartCover being satellite in nature and ultrasonic for the level sensing, UD Live being radar based and cellular in data backhaul, we have an opportunity to provide a best in class choice matters portfolio for how the customer wants to deploy in what unit volumes at what critical infrastructure for continuous data backhaul and management and expands our lane ways for growth and the problems of which we can solve for our customers. So from this point, I'm going to turn it back over to Kim to provide a little bit more insight on how this materializes into our financial profile.

Kimberly Stoll^ Okay, great. So thank you, Matt. So what does this mean? So Beyond The Meter applications, they transform episodic hardware sales into ongoing sales opportunities at more frequent intervals. So let's think about this from a North American perspective. When we do a project with a utility and we've got the meter and AMI project, that is not the end of the relationship with the customer. It's really just the beginning.

Once we've got our meters, Badger Meter, Orion Cellular and Beacon embedded in the utility, we have privileged access to the data, to the customer's challenges, their workflows and their decision makers. This intimate knowledge then is a natural pathway to expand Beyond The Meter to identify additional opportunities into water quality, distribution monitoring, source monitoring, those examples that Matt just walked through.

We've got a long runway to expand the relationship with these customers. We've built the relationship, we have the trust and the credibility. We have the knowledge of what's going on within their system. That increased system visibility gives us the ability to work with the customer to identify those additional pain points and expand beyond their AMI project. As I mentioned before, because of the fact that the platform is already embedded, it's little effort for the utility to add on additional solutions.

And as Matt talked, these Beyond The Meter applications are low OpEx and they're generally sole sourced. So again, making it very easy for the customer to add on to their system. It also opens the door for us to capture competitive customers that might be competitive meter and AMI customers. But because we're now in there with our Beyond The Meter, we can easily then transition and help them move towards their next meter AMI solution. And on the international side, because oftentimes that's where the Beyond The Meter applications start, that's where we start our relationship with the customer, it opens up the door internationally for customer water usage.

So to conclude, we started this by indicating that Beyond The Meter unlocks a large early stage opportunity with multi-decade upside. Badger Meter is well positioned to capitalize on that \$10 billion incremental market. We have the trusted relationships with our customers.

We're a trusted advisor in the market with our customers. We have curated a portfolio of the best technologies available globally.

We've integrated those technologies into solutions that drive outcomes for our customers. And we have provided the opportunity for the customer to easily work with us by delivering the best customer experience. We operate as one company, making it easy for the customers to do business with us. That is how we accelerate adoption. That is how we drive double digit Beyond The Meter growth.

Now, what I would like to do is bring Matt back up to the stage. He's going to highlight for you our software solutions that pull this all together.

Matt Stuyvenberg^ Great, thank you again, Kim. So as Kim alluded to, we'll now walk through a little bit of the Software as a Service platforms that Badger Meter's developed and the offering that we've got for our customers. So I want a few key messages left with you all as we go through these slides that first and foremost, our software platform is a hardware enabled software platform. This is not pure play software, this is something that is attached to every device that we sell.

And by doing so, we convert that installed base into a compounding annuity model. So all of those meter sales that Bob talked about, each one coming with a connection rate of data backhaul and Software as a Service to each meter and radio that gets put in the ground. And that one network, a product that we'll talk about in more detail, unifies the data and accelerates adoption of the Beyond The Meter solutions that we just walked through in the previous section, bringing together all the data from all the distributed sensors into a unified pane of glass.

And that Badger Meter owns critical utility workflows. These are not things that utilities necessarily just want to do, they're things utilities have to do. And our products, services and software are embedded into each one of those workflows. The hardware enabled software nature of our business deepens the competitive moats, especially in an era of which we're now hearing AI as in having the potential to disrupt all the different Software as a Service models. And by embedding and developing our own analytics layer and AI within our platforms, we defend against pure play AI software competitors as well. By leveraging all of these points, we're able to drive double digit growth across a very long term horizon yet for our software platform.

So how this materializes financially, if we were to go back and we reviewed already the stack bar of when we launched Cellular AMI, and that Cellular AMI came with again, the component of data backhaul and software layer presentation into a service unit fee, of which if we went back 10 years, that number would be roughly zero from a revenue perspective.

So this has been a very fast growing portion of our business that today we're collecting roughly \$75 million worth of Software as a Service revenue and have confidence over what Bob just talked about on customer water usage, that a significant driver getting us to 150 million in five years will be on the growth of continued smart metering and AMI sales with then a stack bar of the Beyond The Meter solutions that come with a higher dollar per unit attachment rate.

But again, looking at the length of time, slow moving risk averse industry took many years to get to the build around AMI stacking up to 75 million, we're in the early stages on the Beyond The Meter stack bar as well. But by continuing to bring those forward looking solutions to our customers, we build an enduring Software as a Service model with better customer outcomes and increased customer stickiness.

When we think about what the customer is operating with day over day, it's the software layer, right? Ideally, we put that meter in the ground, we put that sensor in the ground and you aren't touching it for five, 10, 15 years, but what you are interfacing with is that software layer, what you are interfacing with are the outcomes that that software generates for you on a daily basis based on a platform and a system level, not on an individual piece of software or hardware.

So touching on the idea of mission critical applications here, we've already hit on it that metering is the cash register for the utility. Collecting metering information is a requirement, it's how the utility gets paid for the water of which they're producing, distributing and the customers are using. And that's really where our solution grew out of, but we've developed a integrated set of software solutions, custom tailored to the workflows that utilities need to do. And that expands to customer engagement and conservation into field services and into network operations.

And these all come from Badger, self-developed, these are not things of which we partner with or bring in separately. These are our own software development teams and these are insights and product features that get informed from that close direct to the customer sales model so that we can hear the pain points that the customers are dealing with daily and inform our software development process to make sure that those features, functions and products get developed.

Being the field application that we'll dive into being one of our newest products to really put that power into the field workers hands and take the insights that are being generated out of meter collection and enabling them to be more effective. So again, on the backbone of all this as well, ensuring cybersecurity and the highest level of protections, ISO 27001, SOC 2 compliant software solutions to ensure full data protection as we deliver enterprise level solutions to utility customers. Data security is something that Badger Meter takes of the utmost criticality.

And I want you to think just a little bit about these different modules as-- think about Microsoft 365. You've got a whole suite of solutions but they all work natively together. Similarly here. If you want to go in and do a PowerPoint, you can put a spreadsheet into a PowerPoint presentation. But if you want to do some high powered financial modeling, you're going to do it in Excel. Similarly here, we've got custom tailored user interfaces for the actual job that you're looking to accomplish. Whether that be the customer service representative, customer care support, field service application person, or the homeowner.

Ultimately, by creating this platform that doesn't require interfaces, doesn't require other services, we decrease the reliance on system integrators. We have full native device management. This understands all of the way our devices function. Something of which a separate software layer sitting on top of wouldn't be able to do. So if you think about firmware updates and all the different pieces of information of device health that are getting passed up from our sensors, our system understands that better than anyone else's. And we

provide full visibility and proactivity, enabling the utility to move from reactive to proactive management with a sticky, scalable, and simple product.

So we'll start first with Beacon. Beacon being our meter data management platform, MDM. And this is the economic engine for the utility. This is where we collect all of that meter data. This product interfaces to CIS, customer information systems, that the utility maintains all of their account information, and to the billing platforms to generate the bill. But it's also housing operational information as well, and all of that native device management. And I want to call your attention to the chart that Bob walked through in great detail. And just giving us the confidence again here that we are not tapped out on the growth runway for Beacon and the revenues collected from Software as a Service connected to AMI.

Still very early growth stages for that, and a lot of capture left as we continue to deliver the value that customers are asking for from AMI through our Software as a Service platform. And then just on the back of this, Kim touched on it, but success in this mission critical application opens the door for Beyond The Meter applications.

And as we start to look at leveraging the data within Beacon for those upstream or downstream applications, it becomes an easy journey for the customer to choose to do those Beyond The Meter solutions. Ultimately, Beacon increasing the labor efficiencies, increasing billing accuracy, and enhancing the visibility for the health of the network for our utility customers.

Now what I'd like to do is show a few vignettes of our software, and we'll start with Beacon and tracing really through, in this case, a leak or a continuous flow that's highlighted in Beacon and how that migrates through any number of our other software platforms. But just recall that this is one of the applications. There's any number of stories and abilities for the platform to provide insights, but we'll walk you through and show you a little glimpse into how the software functions.

(Video Playing)

Unidentified Speaker^ Every day, utilities are turning the challenge of managing thousands of meters into an opportunity to understand and connect with their customers. Here, in Beacon, Badger Meter's advanced metering and customer management platform, a utility manager opens their morning dashboard. Most meters are quietly working away, but some are telling a story. At a glance, across their city, the system has done the work flagging accounts that need attention.

One property stands out. Days of continuous usage. No interruption. No explanation. The system senses this is a customer leak, and if it's left unchecked, their bill could be sky high. Or worse, damage to their property could be significant. Before the customer rings in, Beacon equips the utility with all the information it needs to have an informed conversation. This is what it means to move from reactive to proactive. Beacon doesn't just record what happened. It tells you what matters. And in this case, time really matters.

(End of the Video)

Matt Stuyvenberg^ So now when you think about all of the data that Beacon is collecting across millions of metering points, 15 minute data, pressure, temperature, empty pipelines,

freeze alerts, consumption, use, everything, while it's great to have to go in and be able to see that information and manually sort through it, that can also create a bit of death by data. And so how we help the utility get to the outcomes they're looking for has been a big focus for us over the last number of years in developing different event management systems, but then also Cobalt, which is Badger Meter's solution for AI, self-developed and incorporated into all of our platforms.

So not needing to rely on a third party source, but having natural language interrogation, Gen AI capabilities built into the platform to be able to extract insights and information. Perhaps you're not an expert in the utility yet, and you need help on understanding what this data is even presenting to you. Or in the case of the image on the lower right, having it presented natively while you're in one of the cards that we have in Beacon, being presented with a button to help you analyze service performance or leak sources, and then using all of the data that we can collect across our thousands of customers and many millions of devices to give you insights that only Badger Meter can supply.

So when you look at the chart on the lower right of possible leak sources, that's informed by data that we collect across all of our customers, anonymize it, and use it to help improve the analytics as we go forward. So ultimately, AI resides within our platform to extract that information, deliver those outcomes that only we can, and we'll show you a little bit about how that expresses itself in this next video.

(Video Playing)

Unidentified Speaker^ Billions of data points being generated every day, an explosion of information. Are you going to drown in data, or are you using it to reveal the secrets of what's really happening out there? Cobalt is Badger Meter AI. It brings data to life, harnessing massive data sets using the power of AI techniques and crowdsourced feedback loops that build trained data without effort.

How does it help? Cobalt can predict where your leak is occurring, even support you with advice on how to fix it. Cobalt can tell if a pump might be malfunctioning, or if a sewer line might be blocking. The opportunity to deliver useful information just went exponential. Cobalt is the intelligence that ties everything together, grows with your data, and unlocks the real benefits of connected measurements, bringing a predictive future into the hands of utilities and their consumers.

(End of the Video)

Matt Stuyvenberg^ So while the last two slides have really highlighted more applications for the utility themselves, IonWater is our application for the homeowner. So this is our consumer engagement app, which puts the power of all that 15-minute data into the hands of the homeowner. You now have the opportunity, as a consumer of water, to be able to set your own leak alerts, to be able to be notified of continuous flow events. If there's a dispute on billing, you have the same information in your hand that the utility has.

And as we think about, as well, conservation, a bigger topic, especially across the US right now, in the South and in the West, these are now not nice to have products and services, these are need to have. And that driving that conservation of putting the power of how much water I'm using into the hand of where I don't see it just every month or every three months, I'm

seeing it down to 15-minute resolution on what my usage is, what might be causing those usage characteristics. And it drives a tighter relationship between the utility and the homeowners, as well.

So now, instead of potentially having a customer call up the utility, the customer service rep, after three months of usage with a \$1,000 bill, irate about why the bill was so high, and the utility potentially having to forgive that high bill as part of their policy, that homeowner now sees when that leak started. They see when that high usage began. They see when that hose was left on or their pool started leaking.

And now, we've actually heard directly from utilities that when they call those customers to notify them of the usage because they're seeing it, as well, that customer oftentimes will say, yep, I actually know what that was. I saw it in my app. I left the hose on. My bad. Instead of having an angry customer, you flipped that relationship with your constituents, with your homeowners. And you now have higher engagement with them. And you've turned an angry discussion into a happy homeowner.

So with that, we'll go through a brief video here. But really, driving improved customer service and satisfaction, eliminating those write-offs, and driving conservation. So let's see how this expresses itself in the video.

(Video Playing)

Unidentified Speaker^ So let's look at this same leak from another perspective. Not only does the utility know there is a service leak, but the customer is notified immediately, too. IonWater, Badger Meter's consumer engagement application, sends an alert straight to the consumer's phone. There's a spike in usage or continuous flow event. In their IonWater app, they can see the same leak as the utility. They can also see their usage, trends, comparisons, estimated savings, service interruptions, all in one place, the same picture their utility already has. So if they call, both sides are working from the same truth. IonWater doesn't just notify customers. It transforms the relationship between a utility and its community, bringing visibility to previously unseen issues. And most importantly, it empowers consumers with information so they can conserve our planet's most precious resource.

(End of the Video)

Matt Stuyvenberg^ So we've now addressed the back office and the consumer of water, and the gap in the middle is the field application, the field services. So part of what we identified was that there was a demand for this same information to be in the hands of the field crew. And so at the end of last year, we launched a field app to be iOS and Android native to put that same power of beacon into the hands of anyone out in the field so that they can be more effective with their time. One of the bigger costs for a utility is sending out trucks, sending out people to go visit a service residence, whether that's for a start/stop service, investigate a leak, do some sort of maintenance. And being more effective and efficient while you're out in the field is key to those resources and labor efficiency.

We've also additionally put the power of Cobalt into this application, so if you've got a less tenured person out face-to-face with a customer, instead of not being able to answer that question, you can have a native GenAI interface into the platform to give you insights about what that residence and what that data might be showing you.

This application's been widely adopted already by our utility customers, with multiple users at each utility already downloading it and positive feedback, and a laneway for additional development around the product as well into premium features for upsell and ASP Lift as well. So ultimately, the app drives increased labor efficiency, fewer truck roles, and improves that customer satisfaction. And we'll see in this next video how this comes to life.

(Video Playing)

Unidentified Speaker^ Some customer issues can't be resolved from the office. In those cases, the next step is simple. Send someone out. But let's make sure they have access to the same powerful data from Beacon when they're in the field. Why? Because being effective in the field can be the difference between great customer service and, well, frankly, just making matters worse. When the utility operator opens the Beacon Field app and uses the Cobalt AI search, it's not just one issue waiting.

Ten nearby properties need some investigation too. Perhaps this isn't an isolated problem. On the ground, they check meters, log replacements, and add notes and photos in real time. The culprit? A fire hydrant found open, affecting pressures. Records are updated, and customers are satisfied. The problem is resolved for now. Today's minor crisis was averted. It is all in a day's work for the modern utility operator, armed with the best information out in the field.

(End of the Video)

Matt Stuyvenberg^ So I hope you can start to see that when you choose AMI from Badger Meter, this isn't just about a billing meter platform. This isn't just about getting your reads back. This is how the utility operates. This is how that data can be useful to any number of people within the utility. And this is why our customers have chosen us resoundingly, and why we're gaining that market share that Bob alluded to.

Now, shifting a little bit from purely that customer water usage portion into one network. This is a new product being offered by Badger Meter. But really, it's something that unifies all of those acquisitions that we've made over the years, all the sensor layers that we now have. So it's something of which combines all of those robust sensors that are deployed in the field from Badger through the data communications backhaul into one network view, making use of that 15-minute data that comes from those billing meters, but also tying it together with the high-frequency pressure monitors, with the acoustic leak detections, the district metering products, the water quality solutions.

Everything sold from Badger Meter being pulled into one platform, but not being limited just to a Badger Meter product. One network integrates with any of the third-party sensors that are already deployed, can pull in utility SCADA information to help inform those insights, and is GIS-centric, leveraging the GIS layer from the utilities as it is.

Again, hardware-enabled, pulling together those insights into a unified platform, but delivers on the promise of cross-analytics and leveraging not just a purely acoustic leak detection product and service, or purely a billing meter service, leveraging those four combined and enhanced insights. The information from your billing meter, plus that district meter, plus a pressure event, plus a turbidity signal, gives you ground truth to what's actually happening in your network.

Similarly, on the collection side, looking at water quality coming from an industrial effluent user, plus level monitors, plus overflow on cameras in the system, provide you a significantly enhanced level of actionability. And that really is what One Network is about, driving those actionable outcomes for the utility so that they can be more specific in where they deploy their resources, how they maintain their system, reduce service disruptions, increase their compliance, and be more proactive about the way their systems are managed in general.

So with that, I'd like to turn it over to the video again. And you can see a brief insight into where the One Network development is going.

(Video Playing)

Unidentified Speaker^ Now let's look at everything we've just seen, not as four separate moments, but as one-- a billing alert and beacon, a field investigation, a customer side leak, all of it flowing into a single unified platform built for the people responsible for keeping the network running. This is One Network, the center of network operations, the single space where every stream of intelligence converges, and where the decisions that matter most get made. And what the technician found on the ground?

One Network already saw it coming, pressure running low, services under strain, conditions for failure building quietly, until they weren't. Individual signals becoming network-wide, giving a clear picture of who is impacted and the next steps required to act. One Network goes further, continuously monitoring performance across water distribution, water quality, and collection systems, simulating future scenarios so operators are always one step ahead. A utility that sees further, acts faster, and runs smarter, every single day.

(End of the Video)

Matt Stuyvenberg^ So I hope it's starting to come together here that this is a whole platform, developed, delivered, custom-tailored by BadgerMeter for our utility customers with their outcomes in mind. And by developing software in that manner, we've created a competitive moat around our solutions. And the first pillar of that moat is really around switching costs. That hardware-enabled, physical bound layer of what we deliver provides a competitive moat to switching and the inability to just simply throw another software layer on top. There's a service unit fee that includes data backhaul.

There's the reliability and robustness of the sensor generating the information. And then the analytics layer that we include as part of that whole ecosystem. The network and data effects and the intelligence that compounds from within the system. The information that we collect that can help improve those analytics year over year to provide better outcomes for the customer.

That's information that resides from our own hardware. That's information that we collect from millions of end users, giving us labeled data around what's happened within the network or at their homes. And that helps enhance and continue to drive our competitive advantages long term. Intangible assets and the way we're embedded into the workflows. These are, again, mission critical workflows.

These aren't nice to dos. These are have to dos for the utility. And our products and services are tightly integrated into all of those workflows. And we develop all of our software ourselves. We leverage that close relationship. We leverage the quality of our direct sales team to have that tight relationship with what's the next problem that your utility needs to solve. How can we help you do that? How can we help expand into that next laneway and leverage that trusted relationship? And that 100% attachment rate of our software to each product that we sell helps continue to drive that confidence forward.

So in summary, our hardware enabled software model converts our install base into a compounding annuity. One network unifies the data across all the Beyond The Meter solutions and enables us to continue to expand and grow double digit and those Beyond The Meter solutions.

We own the mission critical utility workflows. We're embedded with the utility. We understand the problems and we'll continue to develop solutions to solve them. Our hardware enabled nature deepens our competitive moat, even in the age of which AI is supposed to be threatening Software as a Service. And by enhancing and building in our own internally developed AI solutions into our software platforms, we deliver the outcomes that the customer is looking for.

By leveraging all of these things, we have very high confidence in double digit Software as a Service growth over the next horizon, building to \$150 million of a Software as a Service business by 2030. And with that, I'm going to turn it over to Bill Blank. Thank you.

Bill Blank^ Thank you, Matt. All right, everyone. We're going to take a short break right now before we start our second half of the day. So to our audience online, it's 10 o'clock in New York City right now. We'll be back at 10.15, 15 minutes from now. And to our audience here in the room, please do stretch your legs. Our beverages are still available. The restrooms are by the elevators where you came to the fifth floor today. And we'll see you back in 15 minutes.

Bill Blank^ All right, ladies and gentlemen, welcome back from break. We're going to move into our second half right now. And we're going to continue to dive a bit deeper into that reality of what our customers go through on a daily basis. First, with a video from Galveston, Texas, one of our most advanced Blue Edge customers who has deployed so much of the technology you've seen across their system. Roll it.

(Video Playing)

Unidentified Speaker^ We have a really good water system here in Galveston. We don't treat water on the island. We buy our water treated. But we're at the end of the straw. We're the last customer on the Gulf Coast Water Authority chain. We constantly monitor water quality here. We now have multiple pressure monitors throughout our distribution system. We have water quality bollards, water quality nanostations, and strategically located throughout our system. Before, we only relied on our SCADA operation system where we had eyes solely at our pump stations and our elevated storage tanks.

And now we have 15 plus pressure monitor systems scattered throughout our island. We use the pipe minders, which give us pressure data, which we can also see through beacon and also through radar. We also use the Metronet bollards to see water quality data. The Metronet

bollards can be customized to show whatever water quality parameters that you wanted to see for your system.

The Metronet bollards takes 96 samples every single day, which has empowered us to have a plethora of data to make the decisions that we need to make at the pump stations in order to provide a higher quality of water service to these historical low water quality areas. And the goal with these is to have a proactive approach.

With the BlueEdge technology, when we get calls from residents that are concerning the quality of water, for example, in their area, my water tastes a little funny, my water might be cloudy, we can actually use the device and immediately see if we have an issue with turbidity or if there's an issue with the chemicals. And it used to be we would have to hop in a truck, go out there, take a sample, dip your stick, and wait a couple of minutes.

But now it's instant. It's right there in front of you. You're able to make those adjustments as needed and resolve the problem much more efficiently. I have loved all of the data that we have been able to receive from all of the water quality devices and the pressure monitoring devices.

Looking at the system as a whole, I'm able to have a much better understanding on what our customers are seeing versus only with our SCADA. Next for Galveston, we are going to continue installing water quality devices throughout our system. We are also expanding to the wastewater side, installing devices at some of our wastewater treatment plants, as well as our sanitary lift stations.

And the goal with all of this is to have a proactive approach to our system. And it encompasses the entire Blue Edge portfolio that Badger Meter is offering. And it allows us to be more proactive on maintaining system pressure, water quality, equipment, operators, utilizing our team to improve customer service and provide a better quality of service to all of our residents.

(End of the Video)

Morrice Blackwell ^ Well, good morning, everyone. I'd like to start this session off with a very simple question. When water utilities decide to invest millions of dollars in new technology, what are they actually buying? Are they buying hardware? Are they buying software? Are they buying some level of efficiency?

I think what you'll learn from today's session is what they're really buying is confidence, confidence that their revenue is going to be protected, confidence that they're going to have visibility across their entire water system, confidence their teams can respond, and confidence to understand that when something goes wrong, they'll know before their customers will.

Today's panel is made up of individuals that have sat on that side of the decision-making process at utilities across the country. They've managed the budgets. They've carried the operational responsibility. They've lived with the outcomes of those decisions. That's what we think will make this session very useful. The interesting thing about these panelists is I think their experience with BadgerMeter was so good that they actually crossed the aisle, and now they are employees of BadgerMeter.

So you're going to hear from a perspective directly from utility professionals. I want to start off today-- I'm happy to be your moderator. I'm Morrice Blackwell. I'm a senior manager in the Utility Solutions Group at BadgerMeter. In about a couple of months, six weeks, I'll have been with the company for 32 years. I've worked across manufacturing engineering, our production operation, marketing, and sales.

Let me introduce our panelists for today. To my right, I have Eric Larson. Eric Larson is a senior manager in the Utility Solutions Group at BadgerMeter. He's the former utility director at Illinois American Water. Some of Eric's responsibilities as director include firsthand experience with field operations, meter reliability, read performance, and infrastructure decision making.

Next, I have Trino Pedraza. Trino is a regional sales leader here at BadgerMeter and the former executive utility director at the city of Galveston, Texas. Some of his responsibilities include compliance, capital decisions, and modernization across a very unique coastal water system. Last but not least, I have Joe DeVito. Joe is a senior manager of Enterprise Solutions at BadgerMeter and brings over 30 years of direct utility experience, where he retired as director of operations at Beaufort Jasper Sewer and Water Authority.

The other part about Joe that I think he'll bring a unique perspective to today's discussion is that he also served as the mayor of Port Royal, South Carolina. So he'll bring both his utility side and as well as his public accountability side of things. So let me start the discussion off just by talking about why utilities make technology changes. These changes aren't taken lightly. These are things that have to have a real operational driver towards making that decision. So I'm going to ask each of the guys to respond to this here. When you were on the utility side of things, what were the key drivers behind change? Eric, let's start with you.

Eric Larson^ Key driver for change really was people first. So we looked at everything through that lens of safety. Is this going to improve the safety situation? Is it going to force our hand because of a safety situation where we need to make that change for the people? But then secondly, it's around value. So are end customers value? Are we delivering something new to them that they're wanting? Or operational value? It's going to lower our operational costs, increase operational efficiency, or some kind of compliance mechanism supporting the system in that way. So two kind of factors there-- the people through safety, and then through that lens of value.

Morrice Blackwell^ Okay, fantastic. Trino, what about you?

Trino Pedraza^ Yes, Morrice. So for me, it was pretty cut and dry. I focused on compliance and resilience. The reason I did that was because early on in my career, I learned that there's never a dull moment in public works and utilities, right? Everything that kept me up at night fell under those two categories, whether it was the city manager calling me on a Saturday about customer complaints. People posted pictures on Facebook about water quality issues, main breaks, aging infrastructure showing its age. It all fell under those two categories. So I challenged my staff to bring solutions and when they did, I didn't give them this rundown of is this a need or a want, right?

Instead I was I was asking what problem was this going to solve, where are we exposed, and what happens if I tell you no.

Morrice Blackwell^ Okay, interesting.

Joe DeVito^ Joe, what about you? Yes, whether it was a hard asset or a soft asset, both of them for me started with a people-first thought. And when I talk about people, I'm really talking about I had to think about both sides of the house. So that was the employees that were working for me and with me, along with the end-user customer.

Whatever that project was going to be, whatever that technology change that we were going to make, does it cover both those windows? Does it make the employees day better so that they can ultimately serve the customer? And does it make the customers experience better? So whether I was the mayor of the town of Port Royal or the director of operations at Buford Jasper, I always started with let's do the right thing for the right reason.

And you really end up spending time and figuring out what's the reason I'm doing this. And then you build that project, you build that change around there. I never forget, and I always reminded myself, that I am just a steward of somebody else's money. I am spending either revenue from an enterprise fund, from a water sale, or I'm spending tax dollars. And I have to think carefully about are they going to receive a benefit from what we're doing? Are there going to be confidence built around that?

And then the last thing, putting just the director's hat on, there is an awful lot of critical infrastructure that we have to deal with in the public works world, in the mayor's world, streets, road, bridges, gas, electric. Water is one of those critical infrastructure. The main difference, you consume it every day. And you can never forget that when you're thinking about what you're doing each and every day.

Morrice Blackwell^ Okay. So Eric, you've got an interesting perspective because you came from an investor-owned utility. So when you think about your metering system, when you step back and looked at that system, what tipped you off that it's time to make a change?

Eric Larson^ Yes. I think it's important first to set the table about the meter. There's two kind of big drivers with the meter. The first, it's the linchpin between the utility and the end customer. It's the source of truth. It's kind of what sets the basis for the money exchange. You use this much water, you require this much money for that service. And then secondly, from operations management, there's a lot of operations that come downstream of the meter. It might be a bill complaint or an investigation.

It could be high flows. You know, is the service line broken or is there something going on there? Is there a complaint about pressure and maybe it could be a stuck meter or anything like that. So from the meter on, there's a lot operationally that you need to investigate. So two important factors when we talk about a meter and meter change. So what tipped me off that it was maybe time for a change?

There was a lot of pressure really coming from all different angles. So imagine you have a high bill and you call the utility. They bill you on a 30-day cycle and it's day 40 by the time you open up that bill and look at it. It's very high. I would get calls, "Eric, why didn't you tell me that I was using this much water? Shouldn't you have told me? Why is this 40 days kind of after the fact?" And getting complaints like that.

So my customers wanted more proactive data. I could see how much reactivity we had as far as downstream of the meter and I wanted to maybe stop those truck rolls. I wanted to respond to things on a more proactive basis. But I'm also from a regulated utility company and my regulated bodies, the Illinois Commerce Commission, the Citizen Utility Board, CUB, they were wanting to see more customer value. They wanted me to give that value to the customers.

And my parent company reviewed kind of what was in the industry and brought down kind of a list of options. Those lists of options needed to be scalable across 16 regulated states. We had a length of service requirement. So regulated companies, the regulating body, the PUC, we call them the Public Utility Commission, would put a schedule on how long the meters were allowed to be out there. And then once they hit that age, you were required to change them out.

So every year I was changing meters and it allowed for this natural transition. So as soon as I started ingesting this pressure from my customer base, the regulatory body, I had approved technologies and I selected Badger Meter, I had a natural transition the next year to go ahead and make that change.

Morrice Blackwell^ Okay, interesting. Well, let's kind of move the topic along. We're going to talk now about metering, AMI, and software. How they relate to the operational capability or efficiency of a utility. Once utilities decide to make those decisions to modernize, to make a technology change, sometimes that focus now changes from hardware to operations. How is it going to help me on my day to day? That's probably when utilities start to see that real value. So Joe, I'm going to ask you to sort of help the audience understand the basics. How closely is the meter tied to the actual revenue generation of the utility itself?

Joe DeVito^ Yes, well I'm going to build a little bit on what Eric had. He called it the linchpin, the end of the system. I thought about the meter as the last asset in the distribution system and ultimately it's the cash register. It is giving us the ability to send an accurate bill to that customer and that is absolutely mission critical. If I can't get bills out on top of everything else, I can't do all the other stuff that we want to think about.

But then you start realizing as technology change, and I had the advantage of being in the industry for 30 years and starting with manual read to AMR to AMI through my career, and you start to see the trends that are available in this data. As you're getting that more frequent read, I'm getting away from the latency of a 30 and a 40 day information and that then really starts to bring the impact forward.

Wow, how else can we use this data? How else can we bring that forward? But again, you can never forget the mission critical. I can't tolerate not being able to get a bill out. So I still always had to focus around that because without the bill, there was no revenue confidence, there was no decision-making and the ability to go forward. The data and all the other stuff that came along with it that you saw this morning just allowed me to operate the system more efficiently with that scarce revenue that I could get through billing.

Morrice Blackwell^ Okay, so take it a step further. So what's the difference between having a system, a metering or an AMI system that supports billing only versus something that can help you on your day-to-day operations, giving you that more granularity of data?

Joe DeVito^ Yes, so that you know I mentioned already the data. So it's giving you that information, it's teaching you the patterns of what your customers are doing. There's only so much you can do to drive customers in the way they use their water. You can put things into place like odd and even watering days and asking them and doing this, but you really never really know for sure how much they're going to do that type of stuff.

By having this data available each and every day, each and every morning, four times a day when I went to the cellular system that Badger Meter showed me in 2014, really allowed me to say, "Wow, I didn't realize that this was happening at 4 a.m. every day," and really start to put that kind of stuff in place.

Then you bring it back in-house and you treat you think about the crew. I mentioned the people. So I've got repeatable workflows. I've got data every morning that they can say look at and say, "This is what I need to do today." So having that 15-minute reads, 96 reads a day, really start bringing patterns in and then sharing it with the rest of the authority to say, "Hey, engineering, look at this. Customer service, look at this. Public relations department, we need help with this aspect." It brought that hardware and that software together and made me realize how valuable it is.

Morrice Blackwell^ Okay. So, Trino, you went through it at Galveston. You went through a full AMI diploma. You got to see the benefits of AMI. What are some of the things that maybe someone outside of the industry would underestimate about the levels of operational efficiency? What are some of those things that they may not understand about what you're able to gain from AMI?

Trino Pedraza^ Yes, that's a good question. I think people underestimate the value of the water that you actually save and then the additional revenues that you capture when you place a new meter down. Okay. Let me give you an example.

Somewhere between 2010 and 2012, the state of Texas went through a pretty massive drought. Okay. I don't know about other states, but in Texas, when you go through a level of drought, they start to curtail your water rights. Okay. And so, during that time, New Braunfels, for multiple years in a row, was the number one fastest growing city in the nation. Right? So, that prompted us to do a study and from that study, we created a water resource plan. Right?

And so, we tried to use the amount of population that we thought was common, right, with the water that we had and we had two realizations. The first was, if we had perfect weather the rest of the way, with that growth, we wouldn't have enough water by 2023. Okay. If we experienced another drought, we might not have enough water by 2019. Right? So, then we had to go shopping for water.

So, I ended up purchasing 8,000 acre feet of water from the Guadalupe Blanco River Authority and 8,000 acre feet is about 8 million gallons a day. Right? The cost for that was \$1,440 per acre foot. Okay. We already owned 21,000 acre feet and the cost of the water rights that we had was anywhere from \$1 to \$139 per acre foot. Right? That's a big gap. Right. And that's why in the utility world, they say that the cheapest water is the water that you already own. Right? And so, cellular AMI attacks that head-on. Right? It helps reduce water loss. It helps improve the revenue capture at the meter, which is a necessity, right, for the utility.

Then, if you go a step further, if you start to bring in different monitoring devices for sanitary sewer, water quality, pressure, and you actually use that as part of your operational strategy, right, now you're going to start seeing some real savings. Now you have real efficiency. So, when you roll a truck now, it's proactive. It's not reactive. You're not just sending trucks out to react. Right?

That's real efficiency. And I think people outside the industry, I don't think they put all that together.

Morrice Blackwell^ Okay. Yes. Eric, again, sort of from that investor-owned side, understanding that you put a meter and an endpoint in the ground, right, they sort of sit there, but I've heard you many times talk about software, and you talk about how, within your utility, that's something you all used every day. Right? It's something that kind of changed the way you lived as a utility. How does that change the way that you think about selecting a software platform?

Eric Larson^ Right. Right. I was a director for Illinois American Water, and I had eight systems, and I started with piloting AMI in two small systems. I was piloting a fixed AMI system, and I was piloting Badger's cellular AMI system. I spent a lot of time on the hardware decision, and as time went on, and just kind of talking with my team, looking at how they were using the data, the team was really gravitating towards Badger Meter and their software, and started to ask questions. Why I was using both myself, and it was kind of becoming apparent for two reasons. You need to have an accessible software that's easy to use.

You can get in there, maybe do things yourself, curate the experience yourself with customizable things, but then also there's got to be data there for you, and I think that's some of the beauty of Blue Edge. Okay. There is data for water quality, there is data for distribution with pressure management, there is data and reporting that you could make customer reports for engineering when they're doing water flow studies, there's data for the meter shop, there's data for me as far as leadership to kind of see where assets were and how things were performing, and it dawned on me then that software is the first day of the rest of your life.

You get to get that signal for what is happening or what may happen, and if we can pause right now, you look across the room here, we've got a lot of future water system managers. They're in software right now looking for signal for what is happening and what will happen. That's what we were doing with the water system, but Badger Blue Edge, I got signal for water quality. I got signal for pressure.

I got it for kind of everything along the way, and then I rolled out Ion Water to my customer base, and they got signal. They could see when a leak was taking place and get a text alert or email alert and know when they were ramping up with usage and go and find that. They loved that experience and having that software in their hand. But then I guess layered on top of that, Morrice, you were part of the team that was engaging with me and giving me the support going from a drive-by system to AMI. I had a long list of questions, if you recall.

Morrice Blackwell^ Yes, I do recall.

Eric Larson^ Yes, yes, and just having that collaboration and support made adopting it really easy.

Morrice Blackwell^ Okay, so answer this for me. You're sort of ingrained in that software. What would it take for you to have to say, "Hey, I'm going to change. I'm going to go a different direction. I'm using this software every day. My people are using it for their operations." What would it take to make a change?

Eric Larson^ I'm assuming the room, this is a circle of trust, and what's said in this room stays in this room. My first system was a fixed AMI system. Okay, right. And then the second pilot was the Badger AMI cellular system. So to make a change, I think there's two things that really need to take place. You need the absence of something exceptionally well or good, and then you need something to go wrong. So the something lacking or you could say not exceptionally good, the software was okay.

It was kind of a single solution stack. It was giving me that meter read, but it wasn't servicing everybody. There wasn't data for everybody. It wasn't giving me a signal for what might happen. And then the second, something going wrong. When I put up that fixed AMI system, I realized after the fact that I just put a lot of responsibility on my shoulders. I am now managing something I didn't manage before. I now have to put another asset into the asset lifecycle, five-year capital plan as far as collectors, and I had to respond when they were down, and it just made life more difficult.

Okay. So pilot two, Badger cellular. I put those devices out and they worked, and I didn't have to manage it. I didn't have to worry about the cellular network. It was working, and then the software was really good too. My team liked it. It had more data than the first system. Yep. And then of course I mentioned you and the Badger team giving me that collaboration support to understand the software, how to use it, you know, get the most out of the system. It made a brand divorce really easy for me going from that fixed system to this Badger cellular AMI.

Morrice Blackwell^ Okay. Interesting.

Joe DeVito^ I'd like to add a little bit to that. Okay. You know, it's interesting that the way you talk about that, you know, I'm known as an early adopter of technology, but a brand divorce, changing something that's in place and working, that really changes things in the way that you have to look at it. Again, I had a 30-year career. I started in the mid-80s. Badger was already in my system. I was introduced to this meter and this style by coming to that system, and it worked well for me.

Back then it was walking the streets and getting media readings, and then Badger evolved and introduced AMR to us, and that was a technology that made sense to me. I didn't have a brand divorce. I just changed technology, and we move forward in that way. But there came a point, I report to a board of directors, different than you with the Public Service Commission, but there came a point in my career where the board of directors looked at me and said, "Hey, we have a number of what we called sole source products within this, in the utility, and we want you to step back, take a look at these." And they gave me a list of them and said, "And are these the right products? Can we open the door? Can we make it more competitive in that way?"

So I had to step back and go back to that thought. Let's do the right thing for the right reason. So I had to think about each of those products and say, "What are the reasons we're using

them? What do we need out of this? What gains are we getting from these products?" And as I came back and looked at Badger Meter and looked at what they were offering me, what they brought to the table when I started, what they brought to the table now, and what I knew was coming in the future, it checked all the boxes.

It made that decision and they gave me the confidence to stand in front of the board and say, "This is the right product. This is the right technology. This is the right company so that we can work with and keep moving to the future." I didn't think about it as a brand divorce, but I know I was, I love technology and rolling it, but I was tentative to change what worked.

Morrice Blackwell^ So let's move into that topic of sort of standing in front of the board. Another key factor to these types of technology changes are how do they get paid for, right? Utilities have, you know, a bucket of money they have to pull from and there's a lot of things vying for those dollars. Joe, I'm going to ask you this question because you kind of hit on it here. What makes these types of projects, the AMI projects, what rises those to the top as compared to some of the other projects that the utility, again, vying for those same dollars?

Joe DeVito^ So, you know, there's lots of project capital improvement plans, CIPs we might refer to them as, that go into this plan. We work those plans kind of at five-year chunks, being updated every single year and trying to look out about five years. And some of the plant side, we may go out further to ten years.

This type of a project, when you're looking at metering, first of all, back in the early part, metering has a life cycle. We know what that life cycle is. It's different in different utilities due to quality of water and this type of stuff. In my system, it was about 15 to 20-year life cycle on a meter. So that project already had that. The cycle, the asset was going to come to an end of life. But are you just going to change the asset out? Are you going to do a full upgrade? Are you going to bring in the new technology? So that's when you have to start bringing together the project and bringing that project up to the rest of the team that's going to look at that.

So with metering and AMI, specifically cellular AMI in this case, safety benefit always is one of those things. I've already talked about the fact that people are so important to me. Eric mentioned it as well. So I'm looking at a project now that may reduce truck rolls. One of the things that I learned after the career, 30 full-year career, is that putting our employees on the road each and every day in trucks is the most dangerous thing we can do. We can put all kinds of safety precautions in place in plant, all over the system. What we couldn't do is protect them from the other drivers around them and the accidents that are going to occur.

So that is immediately brings it up, rises it up. And then you start looking at that operational data and engineering is going to get 15-minute reads, which means the water model is going to be upgraded. Customer service is going to be able to respond like Eric talked about. All of these build into that project and ultimately at my authority we ended up with bringing all the divisions together, a group of people, we sat in a room, we called it Survivor Island and basically what it was a large project list and a revenue list. And did you make it? Where did you end up? And because this is a cross-sectional project it would rise up and it would remain on Survivor Island and be funded when the time came available. Best way I can describe it.

Morrice Blackwell^ Okay, okay, interesting. All right, so Eric, from a standpoint of ROI, now most manufacturers are going to talk about a return on investment for these types of

projects. You stand on that other side a decision-making process and if someone were to come in and sort of pitch you a premium solution, maybe not the lowest cost solution, how did you think about that?

Eric Larson^ Yes, I mean I entered these decision-making process with, you know, there's problems I want to solve. Okay. And I'm looking for a solution to a specific problem and the return on investment is, you know, how quickly is that problem solved? Is it robust? But is it also solving maybe some other problems?

And AMI specifically, if it's a glorified meter reading system, your ROI is on one solution stack. Right. And I mentioned when the, like with Blue Edge and what was available in the beacon software and setting up alerts alarms, the pressure reading, etc. It wasn't a single solution stack. I was solving problems for water quality. I was solving problems for distribution management. Right. For customer service, for billing, for leadership, engineering, and it goes on.

So the return on investment may or may not just be that initial problem set. You have to look at all the different problems you're solving. And in Badger, then, I'm solving all these different problems immediately. I'm addressing my non-revenue water, my customer value. So the ROI was high just for that nature. Multiple solution stacks. So it's not maybe just that initial problem. Right. It's much broader than that and Badger brought that in the long-term value.

Morrice Blackwell^ Okay. So I think that kind of jumps right into my next question here. You heard Matt and Kim talk about the Beyond The Meter solutions. Right. Utilities sort of go on a journey. They may start with the metering side of things, but they start to look at other areas, water quality, distribution system management, those types of areas.

So Trino, I remember again, I was one of the salespeople that was involved with your project. When you were at the City of Galveston going out for your AMI RFP, I remember like, man, this guy's got a lot of questions, a lot of, he's got this broad vision. Like he wanted to do not just AMI, but he wanted to do, again, pressure management, water quality. He wanted to do all those things. What gave you that sort of broad vision, if you will, of like all the things you wanted to attack? And then how did that play into the fact that you were a coastal community? Did that play into the factor as well?

Trino Pedraza^ Yes. So, well, first off, I think you give me too much credit. Right? Because I served at multiple utilities, this was actually my third run. Okay. Right? And I wanted to get one right. Right? Third time's supposed to be a charm. So, you know, when you consider like utilities, it's not uncommon at all for utilities to deal with water quality or pressure issues or sanitary sewer issues or tons of main breaks and sewer collapses and whatnot. That's just normal. Right.

Even in brand new utilities, like municipal utility districts, they have their fair share problems. Right? Galveston's no different. We had our problems and we were embarking on this journey to go with this new smart system. And I knew the capabilities that were out there that I always missed. And I wanted to make sure that I had this one. Okay. I had this one right. You were there, Joe was there. Right. Both of you were in my ear telling me what we could do. And so that played into it. Right?

And so, you know, Eric talks about ROI. And at the time that we're planning this, right, we're also going through winter storm Yuri in Texas. And then I was on an island, right, in South Texas. So snow on the beaches is no good. And then so we're going through that. And so Eric's talking about ROI. But what also came to mind after that event was political ROI. Right?

Morrice Blackwell^ What do you mean by that?

Trino Pedraza^ Well, so, you know, not being prepared, not being resilient, not being able to come back up and be elastic, that's political suicide. Right? And so you got to be prepared for that. And so we went for it. Right? When we did our project, we did 100% of our meters with a remote connect disconnect. Yes. We put pressure at our meters. We purchased a Syrinix pressure monitoring system, put it throughout our island. And then we purchased IScan and ATI water quality devices and placed that throughout our island. And then there was a learning gap, but we learned how to use it. Right. And then we started to solve so many different problems along the way. I mean, I could tell you a whole bunch of stories, to be honest with you.

But for here, I'm going to share two of them. Right. So like two of my favorite ones happened near the end of my tenure with Galveston. And so the first one was the Texas Department of Transportation was doing a highway was doing a highway whitening project. And as part of that project, they were requiring the Gulf Coast Water Authority to relocate their water line. Now, if you paid attention to the video at the beginning, the city manager was saying that we're at the end of the straw. Right. We import 100% of our water. And so Gulf Coast was going to have to sever that line to tie into the new line. Right. And it's summertime.

And so in order to do this, like we had to truly prepare. We had to get all we had to get it all organized. We filled up all of our storage tanks. We projected we'd have about five days worth of storage. The project was supposed to take one day for the tie in, one day for flushing. We threw in one day for emergency. They cut the pipe. Everything goes wrong. Murphy's Law, full effect. Right.

And so they keep coming back to us saying that we need extra time. We need extra time on our side. We're looking at our customers and they're not conserving. They're not participating. They are irrigating like nobody's business. Right. So we're just watching that storage go down and go down and go down. And one of my managers starts doing some calculations and he says, I think we're going to run out of water, you know, Friday before 6 a.m. and Gulf Coast is needing all of that time.

And so now we're panicking. City manager's panicking. And I call the city manager. This is Wednesday before lunchtime. And I'm like, hey, I would like I would like to meet with you. And then we get together and I'm like saying to him that I want to cut off all the irrigation meters. And he gives me this look of disappointment, like that was the worst idea one of my executives could have given to me. And he goes on and he says, Trino, if I if I took all your crews, the fire department, the police department, send them out closing meters. We're not going to shut off enough meters in time.

And I said, sir, we bought this fancy Badger Meter system. We can shut it right off from the computer. He paused for a second and then it hit him. And then he was proud of me. I was his favorite employee. Right. And so he gave me the thumbs up. He made a phone call. He gave

me the thumbs up and we were able to execute that command. Meter shut off. Water reduced by about 70 percent. Two things came out of that. One was we realized we had some data integrity issues where meters were crossed and we corrected that. And then the bigger piece was our citizens never, you know, saw that saw the water outage occur.

And then my real favorite story was in 2024 when Hurricane Beryl came in. I mean, that was the real test of this system. Okay, everything that we had learned and all those little problems I was talking about all came together for this for this scenario. Right. And so we put together a video for you and I want to play that video.

(Video Playing)

Unidentified Speaker^ From a utility point of view, resiliency is our ability to anticipate, absorb, adapt and recover. We design and build our systems with catastrophic events in mind. In Galveston, that's hurricanes. When we chose Badger Meter, it was based on the promise that they could deliver a system that could tackle those exact challenges.

Hurricane Beryl was the first true test of that promise. Beryl came in over the Fourth of July weekend. The early trajectory suggested it wasn't going to hit us. Very little preparation was done in advance. Then on July 7th at the 4 p.m. National Hurricane Center briefing, everything changed. Beryl was heading straight for the island and Galveston was going to be on the dirty side of the storm. With a hurricane reaching wind speeds up to 90 miles per hour in Galveston and producing a storm surge of five to seven feet, our water system was going to be challenged.

It was too late and too dangerous to issue an evacuation. I had a hurricane bearing down on us, an island full of residents and tourists and very little prep in the tank. When Beryl came through, followed by a storm surge, our fiber lines and tower mounted skating communications were ripped out. The greater majority of the island lost power for five days. However, the cellular network stayed operational throughout the hurricane. No visibility on my tanks, no visibility on my external pump stations, no power across most of the island.

Because of the cellular network resilience, what we did have was an operational Orion cellular A.MI System, ATI Water Quality System and a functioning Syrinix system for monitoring the distribution system. Using the Syrinix devices and the E-Series ultrasonic meters closest to each tank, we took pressure readings and converted them to feet, giving us a working estimate of water levels across the entire island.

We weren't exact, but we were close enough. Where we saw pressure dips, we used E-Series ultrasonic plus meters with flow restriction capabilities to isolate problem areas and preserve our water supply. Our ATI bollards gave us real time water quality data across the distribution system. Even without power, even without SCADA, we were maintaining pressure, holding system integrity and delivering clean, safe water.

Because the water system was holding itself together, I was able to redeploy my distribution staff, helping pump out lift stations so residents could bathe, use a restroom and begin to recover. We never lost our water system. We never lost our sewer system. And the fact that we held that system together in those conditions with no SCADA and no power speaks to the level of resiliency that the Badger Meter System was able to provide.

(End of the Video)

Joe DeVito^ I'm jealous because I had nine hurricanes hit me in a 30 year career and I retired just a little too early because this stuff came out in around 2020 and I retired in 2018. But I'm glad I got to work with you and watch you deploy this and get to see you use it.

Morrice Blackwell^ Yes, well, Joe, let me ask you that question. So if you had this, all these different types of system, right? Pressure management, distribution, cemented water quality. You heard Matt earlier talk about the one network platform. What does that mean for utility to sort of bring all these systems under a single pane of glass?

Joe DeVito^ It gives the utility another reason to tear down silos to stop working individually and working in their area and bring everybody together and sharing that data, because the reality is what's happening in one part of your system is affecting another part of your system. And the way we've had to do it in the past is it's more about the local knowledge or breaking out a set of plans and doing it. But now everything is right there in front of you, and when you're seeing a leak occur over here but you got a pressure drop here. Well, they're related and you're bringing that together.

So the coordination that becomes available and the efficiency that becomes available for your crews. Sending them in the right direction like Trino talked about. He knew the water system was fine and he sent them over to deal with the sewer system. So it's so important to have all that data available, visible and have the analytics behind it like Matt said. The ability to ask Cobalt a question and give you an answer rather than having to dive into the data yourself

Morrice Blackwell^ Yes, right.

Joe DeVito^ It makes me want to go back to work sometimes, then I realize all the headaches and the midnight calls and I say I'm okay here.

Morrice Blackwell^ Can't do that. So gentlemen, thank you. We've covered a lot of ground and I want to end this session with sort of two rapid-fire questions, right? So here's my question number one. If the utility director was sitting in the audience right now, what's the one mistake you'd say to them that they can't afford to get wrong? Eric, let's start with you.

Eric Larson^ I can't say it better than Joe and Trino did. Trino got the good old boy pat on the back for operating the software and shutting off the meters from software, saved his system and then Joe was just saying breaking down silos enabled by software. It is the first day of the rest of your life. It's what you're using now to get signal. It's what water professionals use to get signal. You've got to get the software, right?

Morrice Blackwell^ Okay, Trino, what about you? What can they can't not get wrong?

Trino Pedraza^ You can't you can't get compliance wrong, right? It handles public safety environmental safety and to stay on top of compliance You need you need the proper tools. You need the proper analytical tools.

Morrice Blackwell^ Okay, Joe, round us out here.

Joe DeVito^ Yes, you know, I keep focusing on people. That's just who I am. You you've got to make sure whatever you do the decision you make for what keeps the confidence of the people around you whether that's your staff or the end customer. And for me making a decision to stick with a company that's been around for 120 years focus solely on what it was I wake up middle of the night and think about all the time was operating a water system and operating utility just made sense You can't get that wrong. You got to do it.

Morrice Blackwell^ Okay, so here's my last question if you could correct one misconception about how water utilities make technology decisions, what would that be? Trino, let's start with you.

Trino Pedraza^ You know, I think I think one misconception Is that is that we're forced to buy at the lowest bid and that's not the case. That's not the rule. The rule who is best value, right? And so because of that rule when every time I bought, I planned, I bought for the worst day and Hurricane Beryl was an example of that.

Morrice Blackwell^ Right. Joe, what about you?

Joe DeVito^ Yes, so Trino just said it. Price is important because again I talked about it, I'm spending public dollars. So take the time, ask that question, do the right thing for the right reason, get your specification right. Figure out what the solution is that meets that and then move forward with your decision buying.

Morrice Blackwell^ Okay, Eric?

Eric Larson^ I would repeat my comment about single solution stack versus multiple. So you're buying long-term value and breadth of value.

Morrice Blackwell^ Okay. Thank you gentlemen. This has been a great discussion. We started this today off asking the question about what water utilities when they decide to invest millions of dollars, what are they actually buying? I think the answer is what you've heard here today, right? The confidence that water utilities are looking for it isn't sold in a brochure, it's really built on decades of engineering and supporting solutions that water utilities can really rely on, right? This is the type of standard that Badger Meter is held to every day And I think from what you've heard today, you can see why we're quite proud of that. Thank you.

(Video Playing)

Daniel Weltzien^ When you combine the blue edge suite of solutions that the team has walked you through today from metering to AMI To blue edge and the and Beyond The Meter technologies tied together by software combined with a sales force that you just saw over the last 45 minutes, we have instant credibility when we walk into any of our customers and present in a shortlist presentation or in an RFP.

I'm Dan Weltzien. I'm the chief financial officer of Badger Meter and I want to talk a little bit this morning about the financial framework of Badger Meter and the things that we find important and are really our guiding financial principles by which we operate the company.

So I'm really going to break that down into two pieces. Number one, I'm going to talk about capital allocation. We have a long-standing capital allocation priority list and I'll dig a little

bit deeper into those this morning and then secondarily, I want to talk a little bit about the durable financial model that we have built on driving profitable growth, robust free cash flow and a rock-solid balance sheet that allows us to continue to invest in and build out this great company that I'm proud to work for.

As we talk about capital allocation priorities, there's really three priorities that we talked about and these are long-standing priorities, there's nothing new that I'm unveiling today for those of you that have followed the story for a long time. These will sound familiar.

First and foremost, we invest in the company in the way of R&D and spend and I'll talk a little bit more about those in the coming slides. Number two, returning capital to shareholders and that's in either in the form of dividends or through share buybacks and then thirdly, is through M&A and we've built out this Blue Edge suite of port of technologies and offerings by internally investing but also by doing a creative acquisitions to the business.

So again, let's dig a little bit deeper into each one of those priorities. First and foremost as I mentioned is internal investment. So we look at R&D investment as key and critical to what we do every single day on the left-hand side of the page is just some highlights of some of the investment that we focus on continuing to build out our ultrasonic meter capabilities, continuing to build out the SaaS platform that we have and the advanced metering infrastructure offering that we created in the market just over 10 years ago with our cellular AMI offering and then certainly continuing to innovate and be at the leading edge of the Orion cellular offering that we do.

I think sometimes it gets lost how difficult it is to do what we do taking a cellular device, putting it in a very rugged environment combining water and electronics and having those devices last for over a decade, 10 to 15 years in most cases is really hard work and we're proud to be the market leader in that space.

When you combine all of these allocation priorities, really the measure by which we look at first and foremost is in the lower right-hand corner free cash flow conversion. This is one of the two metrics which we measure which our leadership team is measured by from a long-term incentive plan perspective. Our stated objective is to have free cash flow conversion in excess of 100% of net income every year, we've demonstrated our ability to do that and are confident we'll be able to do that here moving forward.

Next, I want to turn about turn our attention to capital return to shareholders. Number one, I think we look at this in really two buckets, number one, annually. We've increased our dividend 33 years consecutively to earn us the dividend aristocrat status which we're proud of and we fully anticipate continuing to do that.

Secondarily, we look at share buybacks as a second avenue and we look at this more opportunistically. If you think about our stock price performance relative to our peers, we certainly feel like given the leadership position that we hold within the water space, we feel like our stock should trade at a premium to our peers and when it's not, we view that as a buying opportunity of our own stock.

Over the last six months up to and including the second quarter of this year, we've bought back about \$70 million in stock and that includes about 20 million so far in the second

quarter of 2026. And so as we continue to see dislocation in the stock We will certainly use that as an opportunity to continue to do buybacks.

And then the last priority is on M&A on the left-hand side of the page is our ROIC performance relative to our water industry peers over the last five years and I think the results speak for themselves And over that five-year period I think it's important to point out. We've doubled the business organically, we've deployed 400 million or close to \$400 million in accretive acquisitions that really round out the majority of that Beyond The Meter technology space that we talked about in water quality and sewer line monitoring and pressure monitoring, and we've also operated through a very difficult operating environment.

We dealt with COVID, we dealt with supply chain challenges, we've dealt with a highly inflationary environment and throughout that period, we've been able to grow the business and really perform very well from a ROIC perspective. This is the second measure of which our leadership team is measured from a long-term incentive plan and so we again are focused on this performance.

On the right-hand side of the page, we're not done. We view that there are plenty of You know great acquisition targets still out there in the market. We have a funnel full of opportunities that we continue to focus on and as the right opportunities come to the forefront, we're certainly taking a good hard look at those. we still feel like we have a lot of dry powder if you will, to continue to add to our portfolio via acquisition when the right opportunities present themselves.

Turning the page now just to talking about the robust performance of Badger Meter and before you look forward, I think it's important that we look back at the performance of the company and I want to point out a number of things on this slide. If you go back to what Bob said earlier this morning, we were the first to go to market and create the cellular AMI space.

And we did that all the way back in 2014 and 2015. And as you can see over that first three four five year period, we really had to prove to the market that this was the leading technology and the technology of choice across the market and really with the first significant wins that we had in the cellular AMI space with Aurora, Colorado and Columbia, South Carolina both in early 2019, that's really what's propelled this change in our business in terms of how we operate and how we've been able to drive through not only cellular AMI, but follow along with the meter technologies that go along with it and that's really what's propelled this growth over the last five years.

And as Bob illustrated earlier, we feel like there's a long tail to that opportunity that we're going to continue to capitalize on and then add to that the Beyond The Meter technologies that we've added to to that. We often talk about, we have greater visibility within our opportunities within our customer base to the next three to five year period than we do to the next month or the next quarter. Bob illustrated that but I wanted to just highlight that a little bit further as we talk about our strategic outlook over the next five years. As we look at each of the positions within the opportunity funnel, we feel really good about the customers that we know have systems that are coming end of life and they may be on a manually read system.

They may be on an AMR system. They may be on an AMI 1.0 system and we feel great and that we're in a great position to convert those customers wherever they stand in that

technology adoption curve and we have great visibility and are working with the customers, those solution architects that you just heard from are engaging with customers all the way back at the consultants, stage working with them to set up the RFI to really highlight the benefits of the technology that we have so that they understand what they want in their systems as they go out and eventually get to an RFP, get to a project pilot, analyze the opportunities that they have in front of them and to ultimately getting to the awarded projects. And I'm going to talk about that here in a minute.

Once those awarded projects are visible to us, there's still a bit of a delay between when those projects are awarded and when we actually get to deploying revenue. We still have to negotiate a contract, set up whether it's a supply only or a turnkey process to make sure that we can deploy that system or that the customer can deploy that system efficiently and get that system installed.

If you paid attention to the first quarter earnings release, this slide should look familiar, this is the same subset of projects that we highlighted on that first quarter call and the purpose of highlighting that was to show the confidence that we have in the subset of projects that we have in front of them, that we have in front of us, they've been awarded to us and they're in the process of getting closer to starting deployment in the second half of 2026 and beyond.

I think if you look beyond just the opportunity in terms of you know, the size of the number of connections that are on the page, there's a few other things that we were trying to communicate as part of this subset of projects that I just want to highlight this morning. I think it ties back to a number of points we've made throughout the morning.

Number one if you look at seven of the nine of these projects are competitive conversions, so go back to what Bob talked about in terms of the sticky nature of the customers within this space and us leading with the AMI technology is pulling through meter share gains and that's existed historically, but it's also illustrated in these awarded projects that are going to be deploying over the next three to five years. So that trend was not a flash in the pan, was not a one-time event, that's consistently how we're seeing opportunities in the market continue to transition.

Number two, about half these projects are supply only, half of these projects are turnkey. We're happy to do either one. We meet the customer where they are in their conversion cycle and if they need help with that deployment, we're happy to do that with them. Just understand that comes with a bit of a different revenue profile and that comes with a bit of a different margin profile, and so it's important to point out that 100,000 connection opportunity might look from a revenue perspective very similar to a 200,000 connection opportunity.

And so again, all opportunities are not created equal We'll meet the customer where they are and help them to deploy AMI. This slide then really just takes the individual pieces that we've talked about throughout the morning.

Ken started off by talking about our high single-digit organic 6% to 8% CAGR over the next five years. If you look back over the last five years. Yes that includes acquisitions We've grown at about a 17% CAGR. We feel confident in the 6% to 8% CAGR on the back of the individual components we already talked through.

Bob talked to you about moving from mechanical meters to static metering and the adoption of AMI and the pull through of software that comes with the adoption of AMI. Kim and Matt highlighted the benefits of the Beyond The Meter technologies and how we feel those can grow at double digits and the software when you combine both the metering portions of our software, but also the Beyond The Meter portions of the hardware that also have software attachment rates to them feeling like we can continue to grow software at a double digit CAGR over the next five years.

Next I want to turn your attention to margins. We have a long-standing practice of talking about our margin in a normalized range. The chart on the right hand side shows our margin performance over the last five years and I'm specifically talking about gross margins now. We talk about our normalized margins being in that 39% to 42% range.

And the reason we talk about a range is as we think about each of the projects that we're stacking in any given year or quarter, it's a mix game of did those particular customers choose to go with a mechanical meter or with an ultrasonic meter, are they doing a supply only deployment or are they doing a turnkey deployment, and all of those things impact the structural mix in any particular quarter, which is the reason that we look at this in a range.

There's a number of other things called out on the left hand side of the page in terms of Additional margin drivers and other pressures that we may experience. Just know that we manage all of those pressures proactively. We have a value based pricing model in order to make sure that we're capturing and recovering those things to maintain our margins. And we feel very confident that as we continue to grow the business that structural mixed benefit will continue to persist.

So if I pull all of these things together and really talk about what is the financial framework of Badger Meter, we talked about the high single-digit growth algorithm organically, I want to make sure that's clear that we're talking about organic growth there. Continuing to drive strong gross margins in that 39% to 42% range and strong incremental margins.

We used to in this business talk about incremental margins in that 20% to 25% range, we now think about it in the 25% to 30% range really on the back of those Beyond The Meter technologies and the gross margins and the SEA leverage that we get there along with the software.

Finally, free cash flow conversion. Again, we feel great that this has been a really good cash flow producing business and at the end of the day, we have plenty of dry powder available to us to continue to grow out the business both organically and through attractive acquisitions. So with that, I want to turn the slides back over to Ken for some closing remarks, and then we'll open it up for some Q&A after that.

Kenneth Bockhorst^ I think I heard one clap for the finance guy. Where was that? Let's have it. It's a pretty good results. Yes nice.

Okay, so you saw this slide from me before. So before we move on to the to the next section here, you know, I hope that for you know the answer to the question at the top here is obvious and why we feel so good about not just what we've done, but where we're going. So the why invest in Badger Meter? Back to the point that the macro drivers in the attractive markets that we play give us a constructive industry backdrop.

Second the leadership position that we have shown displayed and continued to defend and grow around metering and AMI and software is firmly in place, Beyond The Meter gives us this long runway for growth that we're really excited about, the ability to continue to meet all of our capital allocation priorities and invest back in this business for organic and M&A growth, differentiated execution, and I'll just skip right past that right to exceptional teams.

So if you heard me say before or Bob or Dan When we talk about our exceptional team and what sets us apart in the short list of presentations, if you didn't feel that today from our panel of solution architects, that's a real shame because those guys are the real deal. So I'd like to give those guys a round of applause. They're the ones that make it happen every day. So our team really is differentiated, we do drive value compared to our peers so overall, feeling great about the future of the business. Thank you for coming here.

I'm going to ask the team to come back up. We're going to convert over back to Q&A so a little bit of setup here take us a minute or two, so no break We'll roll right into Q&A here in a minute

QUESTIONS AND ANSWERS

Barbara Noverini^ Like Ken said we're going to get set up for Q&A in just a moment and just to go over Q&A. We'll have about 45 minutes for Q&A. We'll take questions from the room. If you'd like to ask a question Please raise your hand and someone will come over to you with a mic. Please use the mic, state your name, state your question, and then please limit yourself to one follow-up today. Thank you.

Nathan Jones^ All right, Nathan Jones, Stifel, thanks for all the information today. I guess, I'll just start with the growth rate in the metering business mid single digit over the five-year planning horizon. Can you break down a little bit more on the building blocks to get to mid single digit out of that? There is a slide early on in the piece that had you know I think over the last five years, 2% to 3% industry unit growth on meters, Badger done seven. There should be some tailwind ,I think, from conversion of mechanical to solid-state meters on that as well in terms of ASP.

We are now to a point where the ASP lift from radios on meters is kind of reached an equilibrium where you're shipping at that level, just how you get to mid single digit should be some you know inflationary price increases each year? I'll stop there.

Kenneth Bockhorst^ Yes perfect so instead of three or four of us giving you a portion of that answer I'm going to turn it to Bob first Since you're running that piece. Why don't you kick that up for us, and we'll jump in if we want to.

Bob Wrocklage^ Yes, so I think Nathan, you've hit some of the key elements there. Certainly the converge conversion from mechanical to static remains ongoing. In the past five-year period, we grew unit volumes at 7% and ASP would be on top of that. I think ultimately you have to remind yourself that on an ongoing basis that market level of growth is low single digit, so banking in at something higher than that from a unit growth perspective is certainly what we believe in light of the comments on market conversion and competitive conversions and certainly price is a dynamic to that as well.

On the AMI side again, continued belief in market leadership and the ability to convert customers. I think the challenge becomes at least on that At least in the historic period, 21% unit growth is we've already done a significant step change in units from what was hundreds of thousands per year to now considerably more.

That doesn't mean we don't believe that it can continue to grow, but in certain cases, it's just a case of the math on the base. Realize that when we say mid single digit growth relative to customer water usage, that is excluding it from it the software piece that Matt talked about and so really if you really thought about the meter to cash cycle and the customer water usage growth kind of holistically, it would notch that high single or mid single digit growth up a little bit when combined with the double digit growth on the software side, which is maybe more in line with the algorithm expectation that your question seems to suggest.

Kenneth Bockhorst^ We got two hands up To get one back to Ryan.

James Ko^ Oh, thank you James Ko from Jefferies. I guess I wanted to touch on some nine awarded projects that you guys showed on there. So I think took the nine pilots underway before fully going to be deployed, so I wanted to understand what is kind of history of conversion rate from pilot to full award and what are the kind of key variables that you guys watch like what could cause pilot to not convert the full project? And like what are the risks that it gets delayed further?

Kenneth Bockhorst^ Yes, so first just to dispel because I'm not sure that I got the question. But in pilot phase, these are all awarded just not started projects. So sometimes utilities will still do a pilot phase even though they know that's the technology that they're going with because they want to put the radios and maybe their hardest to read areas or they're doing just certain tests along the way.

Sometimes that can lead to a delay if they if they have just some challenges along the way, but being in pilot phase is really good because they've awarded the business. They're going to be moving forward. Other things that might delay a project from starting could be aligning labor and resources and getting some of those pieces moving. Where it's turnkey, we have much more control over that where it's supply only, sometimes that can that can be not in our control, but that doesn't mean it won't go on time.

So a myriad of factors on how when a utility gets in play, but I think that question probably has some recency bias and every day we get closer to the second half of the year and we feel better about those projects in the phases that they're in, in terms of moving forward.

Andrew Krill^ Hi, good morning. Andrew Krill, Deutsche Bank. I wanted to dig in on the incrementals target, one, you know switch from EBIT to EBITDA. Can you just give us more color on that? Does it have to do with the M&A new amortization? Are you going to focus more on EBITDA going forward? And secondly, you know, could this be higher you your gross margins? Consistently 40% or better, you know, that's kind of a proxy for where they can go, so just are you suggesting you need to reinvest a lot or is there some conservatism and more color there would be great. Thanks.

Daniel Weltzien^ Yes, I can start and then you guys can jump in so in terms of the EBITDA target, you know, that's how we've thought about it more recently in terms of what those incremental margins could look like. And again, I'd like to point out, it's on the back of really

two levers, it's gross margin, which I did talk about. The other piece is we feel like we can continue to leverage the SEA in particular when you look at the Beyond The Meter technologies and some of those businesses as we acquired them had invested in SEA to sort of grow the businesses on their own, and as those sales levels are growing, we feel like we can continue to drive additional incremental margins through those businesses.

So that's why we've switched from call it low 20s to high 20s Incremental margins, you know on that base. I guess I'll let you decide whether you think those are conservative or not, but I think it's important to just understand the other mixed drivers that can exist within gross margin. Yes, we've been operating toward the higher end of the margin range, but keep in mind commodity cost pressures, keep in mind sales mix when we don't have a lot of those large turnkey type projects with potentially some of that pass-through revenue, those are margin pressures that may exist as some of those larger nine-- you know that subset of those nine projects as some of those start to deploy, some of those pressures will exist.

Kenneth Bockhorst^ Yes, I think I would add the structural mix nature of this is really strong, enduring, so when you start to think about software being twice the size what it is today, software is software like margins and the Beyond The Meter solutions that we've added are creative to gross margin. So, of course, we're going to have cost pressures, of course, there are going to be things that come along the way, but that structural mix benefit that we built in is very positive. So I'm not going to say that it's conservative, but we feel really solid about what's happening within our gross margin and SEA profiles.

Andrew Krill^ And then secondly, as we look forward with the high single-digit growth, are there any guideposts you could give us and maybe a standard deviation type of framework of what you think you know, could be a high point versus low and would you say this year being flattish is an anomaly as we kind of reset from you know, the post COVID world? Thanks.

Kenneth Bockhorst^ Yes, so that's a good question. I think most of you have heard me say at some points that when we say high single digits, we don't mean you know, we're not pegging six to eight every single year. We've talked about some years could be 13, some years could be four, this year is an outlier.

And I think I think it's simple math when you look at the cohort of projects that are coming up, the way that you see the double-digit growth stacking on tops of software and the Beyond The Meter solutions that we still expect some variance. You could still have a year that's in the teens and I think-- I can stick with the -- I still would expect we could have a year that's 12 or 13, a year that's four, because that is the nature of how this works.

But there is a variance, it won't always be between six to eight.

Bob Wrocklage^ But those reference points you just gave are just examples not the high and low. It's not a range. Yes, the whole reason we unpacked kind of the supply only turnkey concept, the whole reason we unpacked the duration of the lead-up schedule till first assets put in the ground is to express the on inherent unevenness that while muted over the long term can provide variation year to year, quarter to quarter. I wish it were easier than that, but it's not it's not as simple as what it might seem.

Kenneth Bockhorst^ Well, I think frankly, if you take the top two on the cohort of nine, PRASA with the 1.6 million supply only and the number two on that list of a 330,000

connection turnkey, we've known about those for five years. So when we've been talking about our growth through the cycle, it was reasonable for us to assume that maybe one of those two would have started. And if it did, this would be a completely different discussion.

Ryan Connors^ Good morning. Ryan Connors here with Northcoast Research. Ken on the competitive landscape you alluded to that, but I wanted to kind of drill down there a little bit. Obviously, I think there's any there's no question Badger Meters had a tremendous run competitively and it's been great. However, the company doesn't win every job. Competitors are out there, long-term incumbents, new entrants, as you alluded to. You've got major national distributors who have invested a lot of money in this business, largely with your competition. They're determined to grow this business.

So, obviously every job is different, but you've got this high class problem now of having to defend yourself on the pedestal. And how do you strategically look at competition relative to everything there I just mentioned? When a job comes up when you're a little bit above, is there a framework where you have a range you're willing to go on price and things like that? Just curious how you look at that strategically, and I'll do a follow-up as well.

Kenneth Bockhorst^ Yes, so first of all, if there is such a thing, we run the business with a healthy paranoia. We know that we're in a fantastic market with great growth, macro drivers. We know that everybody would like to be in our space. You and I talked about this nine years ago when I started. It's always been this way.

And I told you then that what we were going to do was build out a best-in-class strategy, build on the brand recognition that we have, differentiate ourselves with technologies, tie in the software. That was the plan. So I can't feel better about what's happened over all these years.

I think you heard the team talk, and they have a tremendous amount of credibility that not every decision is based on price. And some of the competitors think that that is their way in. But proven technologies, real references that matter, real outcomes that are tangible, I think, I hope most of you learned today something new about how the software actually works and the problems it really solves for utilities versus people who say, "I can sell a meter and I can sell some other thing, but trust me, it'll work, and I'll be here for 20 years for your deployment."

So there are so many tangible and intangible benefits that we have, and we take none of them for granted. So we know who every competitor is, whether they're here already, entrenched, whether they're European entrants, regardless of who they are, what they do, we take them all very serious. And we know that they're out there, but we feel great about how we've differentiated and drive forward.

Ryan Connors^ And then as a follow-up, just specifically on cellular, I'm looking at slide 21 on the PDF. It's not numbered, but I don't know if you can flip to it or not, but it's the chart where you show cellular kind of emerging as the latest mountain on the various technologies that have come out over time. And if I logically run that chart forward, there's going to be some other mountain that starts to emerge once cellular has gotten to critical mass.

So the company talks a lot about cellular. You think it's in the early innings, but there are people talking about satellites. There's people talking about Amazon Sidewalk and things like

that. What's your vision of how you make sure that you're as successful in the next round as you've been in cellular?

Kenneth Bockhorst^ Yes. So when we talk about that internal investment and the M&A funnel, you can imagine our excitement around sewer line monitoring, and particularly SmartCover, was even more exciting because they already have an installed base of satellite radios and communications, which we, of course, fully know and understand in research.

But we are going to stay on the front end of innovation like we have. We were the first with the ultrasonic meter, first with cellular, and we will continue to advance and have the best cellular offering. But as technologies evolve, we will continue to be in the best position to take advantage of that.

Bob Wrocklage^ I would say even if you look at that 10-year line on the blue line on the chart that you're referring to, yes, that's cellular as a general category. But the amount of innovation that's gone into our sixth generation of radio, the ability to migrate battery architecture and cellular communication and getting more out of that battery architecture, now going from a single carrier SIM to a multi-carrier SIM that's intelligent enough to switch from one network to the next, all of those augmentations and iterations were born out of that natural curiosity of innovation that's made us the market leader.

We're not just saying cellular, cellular, cellular. We're really saying most efficient means of communication. And that will evolve just like it did in that 10-year chart that we've generalized to cellular but really represents six to seven to even eight innovations that gives you a clue of how precise and tight our innovation curves are. This is not a technology that's 10 years old. It's a series of iterations that's 10 years old.

Scott Graham^ Good morning. Scott Graham from Seaport. I would -- sorry for asking the 2026 question of, but has anything changed? Your outlook statements off of the first quarter suggested flattest year for sales, second half up, momentum into 2027. Has anything changed in the last month? Sorry to ask, but --

Kenneth Bockhorst^ No, I knew it would be you. Just kidding. So, you know, it's been six weeks since then, and we don't feel different today than we did six weeks ago. We do expect Q2 to be sequentially better. We do expect to see the projects start to begin as we talked about in the second half. We have confidence around that. I'm not sitting here today saying that we're expecting upside, right, but we still feel that that flattish range is about where we're going to be for the year. But we fully expect to be exiting '26 with tremendous momentum compared to how we entered the year.

Scott Graham^ Thank you for that. I wanted to ask about non-revenue water, and there was a chart showing about a 20% non-revenue water quotient. Unfortunately, that chart looks conspicuously like the same one I saw ten years ago, that non-revenue water. The percentage really hasn't changed. How does Blue Water attack that? What is your value proposition to your customers to make that a true revenue driver because it just doesn't look like it has been for the market?

Kenneth Bockhorst^ Yes, so the first thing, and then I'll turn it to someone else, but that's why AMI is not going to stop at 40%, right? So this whole idea of, well, geez, how much more room is there to grow because 80% already has a radio. The benefits, the step change

from AMI to address non-revenue water and conservation issues like Trino and the guys talked about, AMR is fine. It's efficient for getting a read better than manually doing it, but it doesn't get even close to the AMI benefit. So if you really want to tackle that, the 40 has to get up into the 75, 80, and that won't happen for a long time. That's why we're excited about the continued AMI adoption. In terms of other Beyond The Meter -- oh, sorry, go ahead.

Bob Wrocklage^ I think, Scott, your question is framed from the perspective that if AMI were driving these benefits, that 20% would decline, and I think maybe what that perhaps misses is the state of the aged infrastructure, right? I would look at the question as what would that percentage be if we hadn't seen the amount of AMI adoption that we have in the last 5 to 10 years, and I would argue that it would be larger than the 20% that that chart said five or six years ago.

So to Ken's point and to that point, the only way to make headway into that is to be tackling not only the aging infrastructure, but in this case the tools by which you're able to finitely define and identify and pinpoint the aging infrastructure requirement, whether that's which main line do I need to replace instead of just holistically chunking through my 100 miles? How do I targetedly do that? How do I then also look at a variety of other aspects of network monitoring, distribution monitoring that I'm sure Matt's ready to happy to jump in on?

Matt Stuyvenberg^ Yes, and I think some of it comes down to the efficacy and different modes to do this. So if you look at the UK or some of the European areas where there's been high-density regulated, you know, leak detection and network monitoring schemes in order to remove that leakage portion, whereas the US started with AMI, and so now as we get into something that one network can enable of that marriage of that information from the meter, plus those network monitoring capabilities to be smarter about it instead of just deploying hundreds of thousands of sensors for the sake of deploying them, we can get to real insights and actions, and that's where, you know, you start targeting things like transmission main monitoring, where if you have a leak occurring on a transmission main, you have scarce resources to invest in.

You have to choose where you're going to dig and replace pipe. Are you going to dig up hundreds of different pipes at the service level connection that have a small leak, or are you going to dig up that pipe of which is leaking thousands of gallons a day? So being targeted about where and how you go about your non-revenue water reduction is the toolkit that we deliver through BlueEdge.

Quinn Fredrickson^ Quinn Fredrickson from Baird. Just a question on OneNetwork. I think a couple of the panelists and speakers spoke about, you know, utilities being a little bit more risk-averse and maybe hesitant to embrace change. So how do you overcome that as you seek to roll out one network, and, you know, how should we think about the monetization model and just timeline of deployment?

Matt Stuyvenberg^ Yes. So the beautiful thing is that, as you heard Trino talk about the way he used the solutions already, he was essentially using one network before it was there. So there was already radar, which was the software platform that came through with his high-frequency pressure monitoring equipment through the Syrinix brand. He was already using Beacon for his metering and district metering applications. He was already using Beacon for the water quality information.

It was just living within platforms, software platforms that we had that weren't necessarily the ideal place for that information to reside and weren't commingling at all into the outcomes of which were more natively delivered. So one network delivers on that promise. So it's the same equipment that he already had in the ground. It's the same information that's being presented back. It's now just presented in a much more meaningful way in an opportunity for us to provide those cross-product analytics.

So I don't view it as a big hurdle for them to adopt. We're still solving problems at the level of which the customer wants to solve. They're buying for a purpose. We aren't promising a massive digital twin that's going to solve every problem for a utility. We're working through individual problems at a time. It could be non-revenue water that they're starting with. It could be water quality data collection and discoloration problems in the network. One Network gives them the opportunity to step through that in a manner of which they can solve a problem at the time, not have to jump to a full digital twin day one.

Kenneth Bockhorst^ Yes, I think it also goes to the BlueEdge portfolio when you get the collaboration and support and the point that we don't just sell a piece of hardware and maybe some piece of software and then walk away for 15 years. We're there with them making sure that they actually get all the benefits that are possible to them from our collection of hardware and software together.

Then what happens in this industry is one utility director tells another one a town away. Or when we do shortlist RFPs, someone says, "Can you tell me three utilities you've done this for that have these specific pain points and problems that I have that I can talk to?" So this business and the reason it takes a while to get going is you just need to get more and more of those success stories out there. Then it starts to build on itself as more people say, "Okay, I'm not the first one to find out the hard way that this may or may not solve my problem. I know several other people that will vouch for it."

Bob Wrocklage^ To Ken's point on that, walking the customer along a journey post-deployment for many years, we've embedded that in a customer success function that literally ensures that the ROI investments that were defined as part of the justification of an AMI project get realized throughout. It's part of the cornerstone of collaboration and support for Blue Edge, and it's a big part of that differentiating that our service offering relative to the competitors.

Quinn Fredrickson^ The second one would just be on supply only versus turnkey. Five of the nine projects that you highlighted in the second half that are going to be kicking off are turnkey projects. Is there more of a trend for utilities wanting turnkey, and are you competitively advantaged in turnkey at all?

Kenneth Bockhorst^ Yes, so that literally is the point. I would say if you went back seven or eight years ago, previous in my career, I used to run a service business, and I didn't particularly like that very much. But it was very clear strategically that utilities, when they do these once-in-a-career, once-in-a-lifetime projects that Bob talked about, they need help and support. So we evolved our model to the point that now we can and will willingly take on turnkey.

If you didn't, you wouldn't be participating in those bids as well. So for us, it's been a strategic shift, if you will, several years ago, not recently, to be able to participate in that and make those things, make that part of our portfolio.

Bob Wrocklage^ I would argue in the cases where we do provide the turnkey solution, we've built out a team that is very professional, trained in construction management, and understands exactly how to deploy those systems. And it's an expectation of the customer that we deliver that level of service. And so we're proud when we're chosen to go that route that we can do it very, very well.

Bobby Zolper^ Bobby Zolper from Raymond James. I think I've heard you all talk about that your success over time relative to the two other incumbents has largely been due to your focus on meters specifically. When you think about the Blue Edge strategy and now that you are, I guess, becoming a more complex organization, you have multiple different products under the Badger name, how do you think that impacts you competitively over time?

Kenneth Bockhorst^ Yes, so I don't view us as becoming more complex. I view us as more dialed in to the pain points of utilities and be able to cross sell and get share of wallet in solving the biggest pain points. Again, I'll point back to the guys in the back room. They can go talk about any of those solutions. And, in fact, if you stay at lunch, you'll see that as we go through the boards that you saw in the breakfast and lunch room there.

So we have, and this is where we differentiate on the sales front, we're not represented by distributors coming in talking about all of their distribution products and all those different things that they have. We have industry experts who have chosen to work for us that can talk about all those aspects. So it's an in tandem strategy that I think because we integrate into the business as well, we're operating as one company. We're not having three or four different sales forces running around trying to get attention. So I wouldn't say it's complex. I would say we're evolving sideways.

Bob Wrocklage^ And I think more importantly, as customers do an RFI or an RFP for, let's say, an AMI project, they may not be ready to implement the full complement of Blue Edge, but they certainly will be inquiring about the capabilities that that solution provider has in those areas, even if that trigger pull for those features and benefits is year two, year five, or year ten.

So because we're able to respond affirmatively to that immediate now AMI RFP that says, "Yes, we do network monitoring," and, "Yes, we have assets and solutions that can be deployed into the collection network," it may just be a quote/unquote -- this is not intended to be in any way to diminish -- a check the box in 2026. That's what becomes a decision for awarding AMI. That's the door that opens the challenge to the incumbency advantage, and that's the lever that sets us up for -- to your initial question, "How does this benefit us going forward, different from our competitors?" Our competitors don't have those arrows in their quiver.

Bobby Zolper^ Understood. Thank you. And then in the deck, you provide a lot of good detail on the business, growth in meter volumes, growth in cellular, growth in your non-meter business. How do you think about reporting those on a more regular basis to help investors more accurately assess and value your business?

Kenneth Bockhorst^ Well, I would say we've taken quite an evolution already, if you just look at what we've done over the last six to nine months. We don't have any plans to start doing segmentation or other things, but we have embraced the idea that providing more information, I think, is helpful, particularly in how things have been the last few quarters. So I think we will continue to measure that based on what we think needs to be communicated at the time to make sure the investor base is up to speed on what we're doing. But we're not looking to go toward a segmentation approach.

Jeff Reive^ Jeff Reive, RBC Capital Markets. So you've shown a fairly comprehensive software stack today, beacon through the field service app. How differentiated is that offering versus peers or kind of third-party providers? And when you do win your AMI deployments, how much of the decision is driven by the cellular network architecture versus the software stack that you can provide on top?

Matt Stuyvenberg^ So I'll start with the software-specific question and then hand over to Bob. But I would say that the software solution is differentiated from our competitors. We see any number of our competition having a portion of what we offer. Other competitors are choosing, for example, to go completely away from their own consumer engagement portal and partner with others to deliver that solution. We view owning that whole development cycle to be an important part of our offer to our customers and enhanced value in not having to have those additional integrations.

We've seen portions of it being offered, let's say, through holistic digital twin solutions. But, again, our approach being different in the way we operate this and really leveraging the value that the customers already purchase with some of our hardware-enabled software and providing them clean bridges to grow. So it's not to say that other competitors don't have portions of what we offer, but we are differentiated in how well it naturally interoperates with each other and the values that they can extract as they look to grow throughout their platform.

Bob Wrocklage^ And it's water-centric, aimed around solutions and outcomes that are informed by close proximity to customers. So there's all those competitive differences. There's all those layers of how good is the engagement tool, how good is the MDM. Putting it all together, it's driving toward water-centric incomes, outcomes that our customers value.

To your second part of your question, look, to be honest, it is extremely hard to disentangle the buying decision for cellular AMI from what is the cellular backhaul network resiliency side of things versus the outcome and insights and analytics.

You have to look at them together. And that's what Eric said during the panel, is yes, software is the first day of the rest of your life, so that might seem like the most intimate everyday dealing. But he also said the alternative was taking a whole lot of weight on his shoulders and getting into the business of managing a network and a telecommunications set of infrastructure that with cellular you don't need to.

They really go hand in glove, and so it's very difficult to say which won the day. And even if there were a differentiation, I can all but guarantee it was different for JEA as it was for OUC as it will be for Puerto Rico.

Jeff Reive^ And most of your software is internally developed. I'm just curious how you think about software through the M&A lens.

Matt Stuyvenberg^ Yes, so even as Dan laid out the M&A laneways, certainly we're always looking for additional now bolt-ins. I would say not for full transformative software platforms, but with the scale and scope that we've developed now around our software platforms, there are certainly aspects of which differentiated novel technologies we'll look to pull in as we continue that funnel that Dan referenced.

And part of what we've developed in our software platform have come from those initiating sparks of M&A, so whether that's going all the way back to the acquisition of AquaCUE in 2013 and that connectivity of cellular radios to a cloud-based software, and then us investing in developing and growing that into what Beacon is today. We look for those sparks externally as well as internally and then building those into our enterprise-grade solutions.

Will Grippin^ Will Grippin, Barclays. Appreciate the time and all the detail. Ken, early in the presentation you mentioned on the software piece, there was uncancellable, unreducible. And I think a couple slides showing software revenue for an existing customer stepping up over the course of time post-deployment. So could you provide a little bit more color on how you think about that growth with an existing customer being either price or incremental services being sold or just growth in water usage or consumption?

Kenneth Bockhorst^ Yes, so the reason I say that is, of course, we have a model where it is a 100% attachment rate for you to get the data to begin with. So every utility we sell AMI to, that's the case. The reason I say it's uncancellable and unreducible is because once you've made the investment to put the radio on the meter, there has never been a case, at least that I know of, and I can't imagine a case that there ever would be, where someone would say, "Oh, screw it. I'm just going to put guys in trucks and drive around and read them again." So it's every meter every month. No one would cancel it, and it's unreducible because of that every meter every month.

The way that that grows is in many cases, and obviously several utilities can be different, but we have pricing escalators built into several of the models. There's another way that it grows in that now we sell them more MDM solutions that has additional software revenue layered into it. Every city tends to grow, and it's really easy when a city grows. You know, that 2% to 3% meter growth that is inherent in the market every year, those come on and just get radios that have more software attachments. So there's multiple layers that keep driving the software revenue for us, whether that be price, unit growth, or just -- yes, expansion, winning more share.

Bobby Zolper^ I think in one of the early slides there was a comment about when we think about your framework, it said something like 30 percent market share in a rational market. I thought the word "rational" is an interesting inclusion in there. What are you seeing in the market right now?

Kenneth Bockhorst^ What we mean about the market being rational is that people still want best technologies at reasonable prices. So meaning we're not seeing any structural shifts or pricing changes. Obviously we've sold more unit volume than we ever have at the best gross margins we've ever had. So we're not seeing irrational activity if that's what you were taking from that.

Bobby Zolper^ Okay. Understood. Thank you. This is more of a modeling question, so apologies. But when we think about the detail you provided on basically the ramp up of large projects, it looks like it basically ramps up sequentially every single quarter going into year two, you get to like, I don't know, peak revenues or whatever you want to call it. Is that how we should think about the project contributions that you have as starting in the second half of 2026, meaning the initial contribution is small in the second half of 2026 and should get bigger every quarter for the next two years effectively?

Kenneth Bockhorst^ Which of you two would like to take that?

Bob Wrocklage^ So, again, this is the danger in trying to represent behaviors of 50,000 utilities into a single graph. I think what you can take away from that is that the average deployment has a period where you're getting ready to deploy. Then there's an early stage of being able to prove that deployment and that at some point, the meter installations go through a period of ramping as labor gets in tune with optimal routes and the ability to hit certain install rates per day, and then that runs for a period of time at a peak, and then over time it winds down. It's like building a house, right?

That doesn't mean every project's four years. That doesn't mean the ramp happens in the first six months. The intention of the graph is to show you a representative sample that can't be, just like every acquisition is different for a business, every AMI project is different. So you can't draw a singular conclusion from that other than knowing there is a ramp, there is a decline, there is an opportunity for gaps in projects, there is an opportunity for perfect alignment of projects. That, in times, can often expose -- can mask exposure to short cycle order rates, but none of that can be drawn a straight line to reach the conclusion to your question.

Kenneth Bockhorst^ Directionally correct.

Andrew Krill^ I had one more on capital allocation. On M&A, could you give us some flavor on if there's any new verticals you're interested in? Like Smart Cover effectively was brand new. You say you're participating in 60% of the smart meter -- or the smart water market, excuse me. And then conversely, are there any portfolio pruning opportunities at Badger Meter? Flow instrumentation I think is the obvious. I know it's a kind of -- it's several products within it, only growing low single digits. A color on both of those would be great. Thanks.

Kenneth Bockhorst^ Yes, so a couple things. Just first of all, on the TAM sizing that we opened up from \$5 billion to \$15 billion, it's a huge market. So we could just grow by rolling up companies that are already in the spaces that we're in. There are slight adjacencies that we could continue to go into on, you know, wastewater collection systems and those types of things.

So we have plenty of opportunities that are still out there just within that space. And, sure, we could expand adjacent outside of that as well. We do review all those things within our funnel. We do our five-year refresh on our strategic plan every single year. So we have a lot of exciting opportunities inside the funnel already. So I would say more of the same types of companies for add-on. As far as portfolio prune, I'll turn that to Matt.

Matt Stuyvenberg^ Maybe even just briefly on sewer monitoring being different than what we've done. I would argue that it's similar to what we've done. Our strategy was instrumentation, remote data collection around the meter. And so we'd already gone upstream into the distribution network. Moving downstream into the collection, we actually already had positions in already with Telog with the s::can product line in water quality monitoring. So this was additive to that remote network monitoring, just on the collection system side instead of.

So I would just reinforce what Ken said, that looking additive to, in alignment with that strategy on collection, remote resources, and providing visibility to those networks adjacent to where we are in metering.

On the pruning perspective, the thing I want to reinforce, and maybe something I missed in the presentation before, is some of those flow instrumentation technologies, the core ones that are water-related, actually end up showing up in some of the municipal spaces also. So if we think about our electromagnetic meter product line, or our clamp-on ultrasonic meters, those reside within flow instrumentation. Those are ones that are in focus for us, that we continue to develop, that we continue to invest in, that are used for municipal business, but also could be used inside of CNI applications, in building inside the fence applications.

Now, within that portfolio of flow instrumentation, yes, there are product lines that are de-emphasized, that are potentially ripe for pruning, and we are going through any number of assessments on, you know, which ones are valuable to keep in the portfolio, and are there strategic opportunities to move on from some of them.

Bob Wrocklage^ But the scope and scale of those potential pruning are extremely small, dated, under-invested product lines that aren't a distraction in the short term, but aren't wholesale scale either.

Andrew Krill^ Is that assessment new more recently, or has this been going on for years?

Kenneth Bockhorst^ So I'll take that first. So one of the things that you can imagine is we have an intense focus on the great opportunities in front of us and the growth. If and when those things become distractions, that's when we look more seriously at doing something about it. But if it's not distracting, which it hasn't been, keeping our focus on the exciting growth that we've been driving has been why we haven't done anything previously.

Andrew Krill^ Thank you.

Kenneth Bockhorst^ Bobby, you've already had about four. We'll go to the back first.

Steven Lacke^ Thank you for taking my questions, Steven Lacke with Tributary Capital Management. I was hoping we could take a step back and talk about your value-based pricing strategy and what that necessarily entails, specifically looking for more color as these larger projects are sitting in your backlog waiting for deployment, how dynamic you can be with pricing, and as commodity prices change, if you have to concede price or gain price as these prices move.

Daniel Weltzien^ Yes. So coming out of COVID, we got a lot smarter in the way that we contract some of these large projects. And so we have price escalators built into the majority

of our projects now to cover things like commodity pressures and other changes that happen across the environment.

Really, we sell about 25 percent of our activity through -- or 25 percent of our sales goes through distribution. That's based on a list price, and we have the opportunity to adjust for those things on an annual basis. On the direct basis, it's really more of an RFP and specific pricing to a specific customer. And so we look at the whole of the opportunity, what meter opportunity is there, what radio opportunity is there, sales and Beyond The Meter opportunity, and really take a holistic view toward what is the value we're providing to the customer and what do we think is a fair price for that value.

So we have a specific team dedicated to looking at comparable opportunities and other things in the market, competitive pressures, et cetera, and coming up with the price that we feel is appropriate for every opportunity.

Bob Wrocklage^ So maybe just a quick add there when Dan says we got smarter. He really means the industry as a whole, got smarter, and certainly we were part of that. So pre-COVID, you know, the days of three-year price holds, four-year price holds was commonplace. I think the reminder of the inflationary environment collectively across the industry got to a much finer pen of more frequent kicks at the can, if you will.

But at the same time, there are exposures that we will always have price-cost dynamics that have leading and lagging effects. There's never a perfect watch to being able to say, "Resin prices went up today, therefore we're going to 100% convert that through the channel immediately." But we have more frequent kicks at the can, and certainly the lift is easier through distribution, but there's always leading and lagging effects.

Kenneth Bockhorst^ Yes, and just more holistically around value-based pricing, you know, our sales model had been evolving at a pretty significant rate as you go from selling mechanical meters to now electronic meters, and you go from selling drive-by radios to cellular technologies, and you start adding software to it. So we really just leaned into that pretty heavy at the same time and started developing a model of how can we get a pricing schedule in place that drives maximum value for utilities that they want to adopt this, but extract every dollar that we deserve for the value we provide.

That has, of course, a competitive angle, and every city has a different competitive dynamic, but we're really dialed in on how we understand what those competitive dynamics are, what the value is customers get, and what we deserve.

Bill Blank^ And that brings us to the end of our question-and-answer session. I'd like to thank our executives for fielding all of those questions, providing their answers. That brings us to the end of the day. For you online, we thank you very much for joining us and listening in today, and thank you to everybody in the room as well.