BADGER METER
SECOND QUARTER 2023 EARNINGS

July 20, 2023

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



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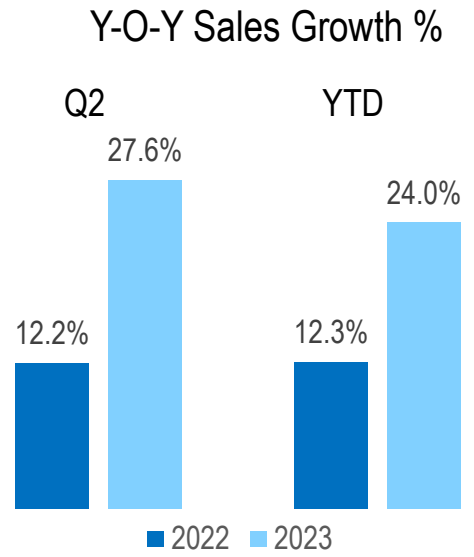
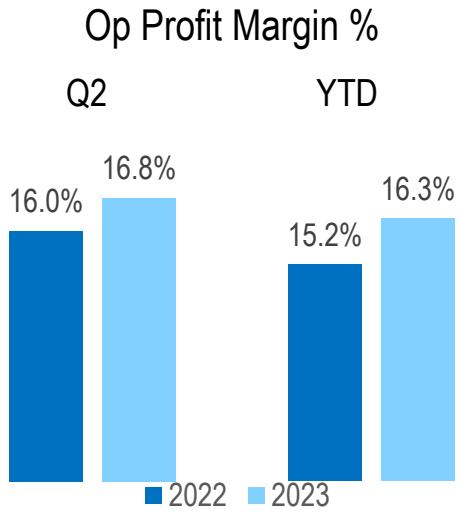
HIGHLIGHTS

- Record financial results for the second quarter 2023
- Robust order pace for smart water solutions continued with book to bill > 1
- All-time sales record of $175.9 million in Q2, up 28% year-over-year
  - Utility water sales increased 32% with robust AMI adoption, improving supply chain dynamics and pricing
  - Flow instrumentation sales up 6%; strong water-related demand with modest industrial market activity
- Operating margin improvement reflective of higher volumes, favorable mix and SEA leverage
- Published 2022 Sustainability Report with strong progress on continuous improvement activities across ESG-related matters





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SECOND QUARTER FINANCIAL SNAPSHOT

(US$ in millions, except per share data)	Q2 2023	Q2 2022	Change
Sales	$175.9	$137.8	27.6%
Gross Margin	69.4	54.8	26.7%
	39.5%	*39.7%*	*(20) bps*
SEA	39.9	32.7	22.0%
	22.7%	*23.7%*	*(100) bps*
Op Income	29.5	22.1	33.5%
	16.8%	*16.0%*	*80 bps*
Income Tax Rate	*25.8%*	*24.4%*	
EBITDA	36.4	28.7	26.8%
	20.7%	*20.8%*	*(10) bps*
EPS	0.76	0.57	33.3%
Free Cash Flow	$20.1	$18.1	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased robust 32% with strong AMI demand inclusive of cellular endpoints, BEACON SaaS and ultrasonic meters; supply chain improvement and pricing also contributed
- Flow instrumentation sales up 6% on water-related application demand
- Gross margin at higher end of normalized range with strong volumes, favorable mix, pricing and moderating inflation
- Continued favorable SEA spend leverage despite higher personnel-related costs
- Exceptional 33% year-over-year increase in EPS
- Cash flow improved on higher earnings

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2022 SUSTAINABILITY REPORT HIGHLIGHTS
PROGRESS ON ESG JOURNEY

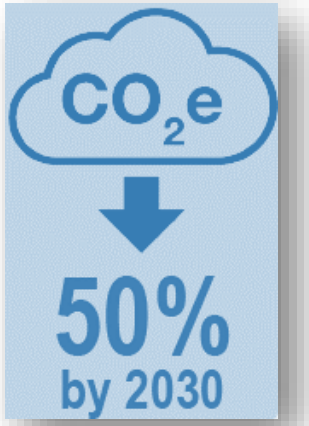
- Demonstrated outperformance from both a financial and sustainability perspective
- ESG integral to our business - both value preserving and value creating
  - Profitable growth solving customer water challenges; ~95% of revenues generated from water-related applications
  - Attracting and retaining talent to drive innovation, customer loyalty
  - Ethics, values and risk management cornerstone of culture
- Recognized outcomes
  - Barron's Top 100 Sustainable Companies
  - AAA rating- MSCI
  - USA Top Companies / Global Top Manufacturing

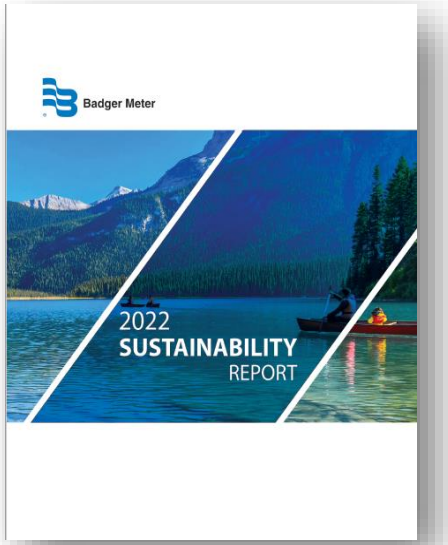
↓ **32%**
GHG emissions intensity 2020-2022

↓ **55%**
TCIR improvement 2018-2022

↑ **93%**
Employee Engagement Survey Participation

17%
Positions filled via employee referrals





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SUSTAINABLE LONG-TERM OUTLOOK



Consistently Resilient Results

- Innovation leader with expanding technology-enabled software offerings
- Record backlog, strong order rates
- Growing SaaS revenue base



Constructive Industry Backdrop

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



Investing for Growth

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



Differentiated Execution

- Differentiated performance on evolving macro-challenges related to inflation, component availability, etc.
- Positive structural mix and SEA leverage drive margins



Exceptional Team

- Strong engagement
- Values-driven
- Customer-focused execution

Creating Long-Term Shareholder Value by Enabling Sustainability-Driven Outcomes for Customers

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Q & A

Note: For your planning purposes, our Q3 2023 earnings release/call is tentatively scheduled for October 19, 2023



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GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Net Earnings (GAAP)	$22.5	$16.7	$41.9	$31.0
Interest income	(0.8)	0.0	(1.4)	0.0
Income tax provision	7.8	5.4	14.0	9.8
Depreciation	2.8	2.8	5.4	5.6
Amortization	4.1	3.8	8.4	7.9
EBITDA	$36.4	$28.7	$68.3	$54.3
Sales	$175.9	$137.8	$335.0	$270.2
EBITDA %	*20.7%*	*20.8%*	*20.4%*	*20.1%*

Free Cash Flow

(US$ in millions)

	Q2 2023	Q2 2022
Cash from Ops (GAAP)	$22.8	$19.7
Capital Expenditures	(2.7)	(1.6)
Free Cash Flow	$20.1	$18.1

	YTD 2023	YTD 2022
Cash from Ops (GAAP)	$40.7	$29.0
Capital Expenditures	(6.9)	(2.8)
Free Cash Flow	$33.8	$26.2

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