

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from _____ to _____

Commission File No. 001-06706

BADGER METER, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

(State or other jurisdiction
of incorporation or organization)

4545 W. Brown Deer Road
Milwaukee, Wisconsin

(Address of principal executive offices)

39-0143280

(I.R.S. Employer
Identification No.)

53233

(Zip code)

(414) 355-0400

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BMI	New York Stock Exchange

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

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

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

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

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

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

As of October 11, 2023 there were 29,346,874 shares of Common stock outstanding with a par value of \$1 per share.

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BADGER METER, INC.

Quarterly Report on Form 10-Q for the Period Ended September 30, 2023

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Special Note Regarding Forward Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q, as well as other information provided from time to time by Badger Meter, Inc. (the “Company” or “Badger Meter”) or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those statements. The words “anticipate,” “believe,” “estimate,” “expect,” “think,” “should,” “could” and “objective” or similar expressions are intended to identify forward looking statements. All such forward looking statements are based on the Company's then current views and assumptions and involve risks and uncertainties. See [Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#) for further information regarding risks and uncertainties that could cause actual results to differ materially from those expressed or implied in forward looking statements. The Company disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

Part I – Financial Information

Item 1 Financial Statements

BADGER METER, INC. Consolidated Condensed Balance Sheets

	September 30, (Unaudited)	December 31,
	(In thousands)	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 162,910	\$ 138,052
Receivables	89,063	76,651
Inventories:		
Finished goods	34,910	31,350
Work in process	35,940	23,577
Raw materials	76,938	64,929
Total inventories	147,788	119,856
Prepaid expenses and other current assets	23,191	13,273
Total current assets	422,952	347,832
Property, plant and equipment, at cost	227,998	220,945
Less accumulated depreciation	(153,559)	(147,403)
Net property, plant and equipment	74,439	73,542
Intangible assets, at cost less accumulated amortization	54,634	53,607
Other assets	12,225	14,048
Deferred income taxes	12,809	12,757
Goodwill	112,698	101,261
Total assets	<u>\$ 689,757</u>	<u>\$ 603,047</u>
Liabilities and shareholders' equity		
Current liabilities:		
Payables	\$ 84,997	\$ 71,440
Accrued compensation and employee benefits	25,502	20,513
Warranty and after-sale costs	10,820	9,606
Other current liabilities	7,463	8,753
Total current liabilities	128,782	110,312
Other long-term liabilities	53,131	37,808
Deferred income taxes	6,441	4,648
Accrued non-pension postretirement benefits	3,647	3,917
Other accrued employee benefits	5,050	3,940
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Common stock: \$1 par; authorized 80,000,000 and 40,000,000 shares in 2023 and 2022, respectively; issued 37,221,098 shares in 2023 and 2022	37,221	37,221
Capital in excess of par value	57,962	53,282
Reinvested earnings	441,922	395,155
Accumulated other comprehensive loss	(7,399)	(5,983)
Less: Treasury stock, at cost, 7,874,224 shares in 2023 and 7,928,071 shares in 2022	(37,000)	(37,253)
Total shareholders' equity	492,706	442,422
Total liabilities and shareholders' equity	<u>\$ 689,757</u>	<u>\$ 603,047</u>

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	(Unaudited)		(Unaudited)	
	(In thousands except share and per share amounts)			
	2023	2022	2023	2022
Net sales	\$ 186,193	\$ 148,009	\$ 521,152	\$ 418,244
Cost of sales	113,470	90,487	316,179	255,239
Gross margin	72,723	57,522	204,973	163,005
Selling, engineering and administration	41,301	33,651	119,003	98,184
Operating earnings	31,422	23,871	85,970	64,821
Interest income, net	(1,200)	(108)	(2,649)	(86)
Other pension and postretirement costs	32	32	97	97
Earnings before income taxes	32,590	23,947	88,522	64,810
Provision for income taxes	6,621	6,014	20,645	15,853
Net earnings	\$ 25,969	\$ 17,933	\$ 67,877	\$ 48,957
Earnings per share:				
Basic	\$ 0.89	\$ 0.61	\$ 2.32	\$ 1.68
Diluted	\$ 0.88	\$ 0.61	\$ 2.30	\$ 1.67
Dividends declared per common share				
	\$ 0.27	\$ 0.23	\$ 0.72	\$ 0.63
Shares used in computation of earnings per share:				
Basic	29,294,886	29,215,982	29,275,445	29,211,488
Impact of dilutive securities	178,488	156,482	173,030	151,609
Diluted	29,473,374	29,372,464	29,448,475	29,363,097

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Comprehensive Income

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	(In thousands)			
	2023	2022	2023	2022
Net earnings	\$ 25,969	\$ 17,933	\$ 67,877	\$ 48,957
Other comprehensive loss:				
Foreign currency translation adjustments	(3,158)	(5,424)	(1,313)	(13,104)
Pension and postretirement benefits, net of tax	(38)	(16)	(103)	(16)
Comprehensive income	\$ 22,773	\$ 12,493	\$ 66,461	\$ 35,837

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Cash Flows

	Nine Months Ended September 30,	
	(Unaudited)	
	(In thousands)	
	2023	2022
Operating activities:		
Net earnings	\$ 67,877	\$ 48,957
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation	8,100	8,413
Amortization	12,820	11,748
Deferred income taxes	(401)	24
Noncurrent employee benefits	(274)	(138)
Stock-based compensation expense	3,963	2,170
Changes in:		
Receivables	(11,855)	(18,860)
Inventories	(27,628)	(16,207)
Payables	12,282	23,870
Prepaid expenses and other assets	(7,279)	(9,405)
Other liabilities	14,567	2,171
Total adjustments	4,295	3,786
Net cash provided by operations	72,172	52,743
Investing activities:		
Property, plant and equipment expenditures	(9,949)	(4,690)
Acquisitions, net of cash acquired	(17,127)	-
Net cash used for investing activities	(27,076)	(4,690)
Financing activities:		
Dividends paid	(21,134)	(18,292)
Proceeds from exercise of stock options	967	61
Repurchase of treasury stock	-	(427)
Net cash used for financing activities	(20,167)	(18,658)
Effect of foreign exchange rates on cash	(71)	(1,782)
Increase in cash and cash equivalents	24,858	27,613
Cash and cash equivalents – beginning of period	138,052	87,174
Cash and cash equivalents – end of period	\$ 162,910	\$ 114,787

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Shareholders' Equity

	Quarter and year-to-date ended September 30,					
	Common Stock at \$1 par value*	Capital in excess of par value	Reinvested earnings	Accumulated other comprehensive income (loss)	Treasury stock (at cost)	Total
	(Unaudited)					
	(In thousands except share and per share amounts)					
Balance, June 30, 2022	\$ 37,221	\$ 51,015	\$ 372,856	\$ (7,544)	\$ (37,365)	\$ 416,183
Net earnings	-	-	17,933	-	-	17,933
Pension and postretirement benefits (net of \$(5) tax effect)	-	-	-	(16)	-	(16)
Foreign currency translation	-	-	-	(5,424)	-	(5,424)
Cash dividends of \$0.23 per share	-	-	(6,582)	-	-	(6,582)
Stock options exercised	-	50	-	-	11	61
Stock-based compensation	-	704	-	-	-	704
Issuance of treasury stock (2 shares)	-	11	-	-	(11)	-
Balance, September 30, 2022	\$ 37,221	\$ 51,780	\$ 384,207	\$ (12,984)	\$ (37,365)	\$ 422,859
Balance, December 31, 2021	\$ 37,221	\$ 49,224	\$ 353,535	\$ 136	\$ (37,046)	\$ 403,070
Net earnings	-	-	48,957	-	-	48,957
Pension and postretirement benefits (net of \$(5) tax effect)	-	-	-	(16)	-	(16)
Foreign currency translation	-	-	-	(13,104)	-	(13,104)
Cash dividends of \$0.63 per share	-	-	(18,285)	-	-	(18,285)
Stock options exercised	-	50	-	-	11	61
Stock-based compensation	-	2,170	-	-	-	2,170
Purchase of common stock for treasury stock	-	-	-	-	(427)	(427)
Issuance of treasury stock (28 shares)	-	336	-	-	97	433
Balance, September 30, 2022	\$ 37,221	\$ 51,780	\$ 384,207	\$ (12,984)	\$ (37,365)	\$ 422,859
Balance, June 30, 2023	\$ 37,221	\$ 55,833	\$ 423,877	\$ (4,203)	\$ (37,136)	\$ 475,592
Net earnings	-	-	25,969	-	-	25,969
Pension and postretirement benefits (net of \$(5) tax effect)	-	-	-	(38)	-	(38)
Foreign currency translation	-	-	-	(3,158)	-	(3,158)
Cash dividends of \$0.27 per share	-	-	(7,924)	-	-	(7,924)
Stock options exercised	-	774	-	-	135	909
Stock-based compensation	-	1,356	-	-	-	1,356
Issuance of treasury stock (<1 shares)	-	(1)	-	-	1	-
Balance, September 30, 2023	\$ 37,221	\$ 57,962	\$ 441,922	\$ (7,399)	\$ (37,000)	\$ 492,706
Balance, December 31, 2022	\$ 37,221	\$ 53,282	\$ 395,155	\$ (5,983)	\$ (37,253)	\$ 442,422
Net earnings	-	-	67,877	-	-	67,877
Pension and postretirement benefits (net of \$(26) tax effect)	-	-	-	(103)	-	(103)
Foreign currency translation	-	-	-	(1,313)	-	(1,313)
Cash dividends of \$0.72 per share	-	-	(21,110)	-	-	(21,110)
Stock options exercised	-	824	-	-	143	967
Stock-based compensation	-	3,963	-	-	-	3,963
Issuance of treasury stock (24 shares)	-	(107)	-	-	110	3
Balance, September 30, 2023	\$ 37,221	\$ 57,962	\$ 441,922	\$ (7,399)	\$ (37,000)	\$ 492,706

* Each common share of stock equals \$1 par value; therefore, the number of common shares is the same as the dollar value.

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Notes to Unaudited Consolidated Condensed Financial Statements

Note 1 Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated condensed financial statements of Badger Meter contain all adjustments (consisting only of normal recurring accruals except as otherwise discussed) necessary to present fairly the Company's consolidated condensed financial position at September 30, 2023 and December 31, 2022, results of operations, comprehensive income, and statements of shareholders' equity for the three and nine-month periods ended September 30, 2023 and 2022, and cash flows for the nine-month period ended September 30, 2023 and 2022. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2 Additional Financial Information Disclosures

The consolidated condensed balance sheet at December 31, 2022 was derived from amounts included in [the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#). Refer to the notes to consolidated financial statements included in that report for a description of the Company's accounting policies and for additional details of the Company's financial condition. The details in those notes have not changed except as discussed below and as a result of normal adjustments in the interim.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of ninety days or less to be cash equivalents.

Warranty and After-Sale Costs

The Company estimates and records provisions for warranties and other after-sale costs in the period in which the sale is recorded, based on a lag factor and historical warranty claim experience. After-sale costs represent a variety of activities outside of the written warranty policy, such as investigation of unanticipated problems after the customer has installed the product, or analysis of water quality issues. Changes in the Company's warranty and after-sale costs reserve are as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Balance at beginning of period	\$ 11,045	\$ 10,859	\$ 9,606	\$ 12,868
Net additions charged to earnings	3,476	1,312	8,355	3,564
Costs incurred	(3,701)	(1,802)	(7,141)	(6,063)
Balance at end of period	<u>\$ 10,820</u>	<u>\$ 10,369</u>	<u>\$ 10,820</u>	<u>\$ 10,369</u>

Note 3 Accumulated Other Comprehensive Loss

Components of and changes in accumulated other comprehensive loss at September 30, 2023 are as follows:

(In thousands)	Unrecognized pension and postretirement benefits	Foreign currency	Total
Balance at beginning of period	\$ 994	\$ (6,977)	\$ (5,983)
Other comprehensive loss before reclassifications	-	(1,313)	(1,313)
Amounts reclassified from accumulated other comprehensive loss, net of tax of (\$26)	(103)	-	(103)
Net current period other comprehensive loss, net of tax	(103)	(1,313)	(1,416)
Accumulated other comprehensive loss	<u>\$ 891</u>	<u>\$ (8,290)</u>	<u>\$ (7,399)</u>

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Components of and changes in accumulated other comprehensive loss at September 30, 2022 are as follows:

(In thousands)	Unrecognized pension and postretirement benefits	Foreign currency	Total
Balance at beginning of period	\$ 394	\$ (258)	\$ 136
Other comprehensive loss before reclassifications	-	(13,104)	(13,104)
Amounts reclassified from accumulated other comprehensive loss, net of tax of (\$5)	(16)	-	(16)
Net current period other comprehensive loss, net of tax	(16)	(13,104)	(13,120)
Accumulated other comprehensive loss	<u>\$ 378</u>	<u>\$ (13,362)</u>	<u>\$ (12,984)</u>

Details of reclassifications out of accumulated other comprehensive income during the nine months ended September 30, 2023 and 2022 are immaterial.

Note 4 Acquisitions

Acquisitions are accounted for under the purchase method, and accordingly, the results of operations were included in the Company's financial statements from the date of acquisition. The acquisitions did not have a material impact on the Company's consolidated financial statements or the notes thereto.

Effective January 1, 2023, the Company acquired 100% of the outstanding stock of Syrinix Ltd. ("Syrinix"), headquartered in the United Kingdom, a provider of high-frequency pressure monitoring and leak detection solutions.

The total purchase consideration for Syrinix, net of cash acquired, was \$17.1 million. The Company's allocation of the purchase price at September 30, 2023 included \$0.6 million of Receivables, \$0.7 million of Inventories, \$0.4 million of Other assets, \$7.7 million of Intangible assets and \$12.0 million of Goodwill. The intangible assets acquired are primarily developed technology, customer relationships and trademarks with estimated average useful lives of 13 to 15 years. The Company also assumed \$1.9 million of Payables, \$2.0 million of Deferred income taxes and \$0.4 million of Other liabilities as part of the acquisition.

The preliminary allocation of purchase price to the assets acquired was based upon the estimated fair values at the date of acquisition. As of September 30, 2023, the Company has not completed its analysis for estimating the fair value of the assets acquired.

Note 5 Contingencies, Litigation and Commitments

In the normal course of business, the Company is named in legal proceedings. There are currently no material legal proceedings pending with respect to the Company.

The Company is subject to contingencies related to environmental laws and regulations. A future change in circumstances with respect to specific matters or with respect to sites formerly or currently owned or operated by the Company, off-site disposal locations used by the Company, and property owned by third parties that is near such sites, could result in future costs to the Company and such amounts could be material. Expenditures for compliance with environmental control provisions and regulations during 2022 and the first nine months of 2023 were not material.

The Company relies on single suppliers for most brass castings and certain resin and electronic subassemblies in several of its product lines. The Company believes these items would be available from other sources, but that the loss of certain suppliers could result in a higher cost of materials, delivery delays, short-term increases in inventory and higher quality control costs in the short term. The Company attempts to mitigate these risks by working closely with key suppliers, purchasing minimal amounts from alternative suppliers and by purchasing business interruption insurance where appropriate.

The Company reevaluates its exposures on a periodic basis and makes adjustments to reserves as appropriate.

Note 6 Income Taxes

The Company is subject to income taxes in the United States and numerous foreign jurisdictions. The Company's income tax positions are based on interpretations of income tax laws and rulings in each of the jurisdictions that the Company operates. Significant judgment is required in determining the worldwide provision for income taxes and recording the related deferred tax assets and liabilities. The Company's deferred tax assets and liabilities are measured using the currently enacted tax

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rates that apply to taxable income for the years in which the assets or liabilities are expected to be realized or settled. Interim provisions are tied to an estimate of the overall annual rate which can vary due to the relationship of foreign and domestic earnings, state taxes and available deductions, credits and discrete items.

The Company's earnings before incomes taxes, provision for income taxes, and effective income tax rate are as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Earnings before income taxes	\$ 32,590	\$ 23,947	\$ 88,522	\$ 64,810
Provision for income taxes	6,621	6,014	20,645	15,853
Effective income tax rate	20.3 %	25.1 %	23.3 %	24.5 %

Note 7 Fair Value Measurements of Financial Instruments

The Company applies the accounting standards for fair value measurements and disclosures for its financial assets and financial liabilities. The carrying amounts of cash and cash equivalents, receivables and payables in the financial statements approximate their fair values due to the short-term nature of these financial instruments. Included in other assets are insurance policies on various individuals who were previously employed by the Company. The carrying amounts of these insurance policies approximate their fair value.

Note 8 Subsequent Events

The Company evaluates subsequent events at the date of the balance sheet as well as conditions that arise after the balance sheet date but before the financial statements are issued. The effects of conditions that existed at the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, if any, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying consolidated financial statements and the notes to these financial statements, the Company evaluated subsequent events through the date that the accompanying financial statements were issued, and has determined that no material subsequent events exist through the date of this filing.

Note 9 Revenue Recognition

Revenue for sales of products and services is derived from contracts with customers. The products and services promised in contracts include the sale of utility water and flow instrumentation products, such as flow meters and radios, quality and pressure sensing equipment, software access and other ancillary services. Contracts generally state the terms of sale, including the description, quantity and price of each product or service. Since the customer typically agrees to a stated rate and price in the contract that does not vary over the life of the contract, the majority of the Company's contracts do not contain variable consideration. The Company establishes a provision for estimated warranty and returns as well as certain after sale costs as discussed in Note 2 "Additional Financial Information Disclosures" in the Notes to Unaudited Consolidated Condensed Financial Statements.

The Company disaggregates revenue from contracts with customers into geographical regions and by the timing of when goods and services are transferred. The Company determined that disaggregating revenue into these categories depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by regional economic factors.

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Information regarding revenues disaggregated by geographic area is as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues:				
United States	\$ 165,897	\$ 128,434	\$ 459,976	\$ 362,012
Foreign:				
Asia	3,598	4,257	10,159	11,384
Canada	3,476	3,761	9,982	9,669
Europe	9,743	7,489	30,257	22,842
Mexico	643	1,034	2,130	2,419
Middle East	2,217	2,475	6,917	6,258
Other	619	559	1,731	3,660
Total	\$ 186,193	\$ 148,009	\$ 521,152	\$ 418,244

Information regarding revenues disaggregated by the timing of when goods and services are transferred is as follows:

(In thousands)	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
Revenue recognized over time	\$ 11,227	6.0%	\$ 9,324	6.3%	\$ 31,896	6.1%	\$ 25,554	6.1%
Revenue recognized at a point in time	174,966	94.0%	138,685	93.7%	489,256	93.9%	392,690	93.9%
Total	\$ 186,193	100.0%	\$ 148,009	100.0%	\$ 521,152	100.0%	\$ 418,244	100.0%

The majority of the Company's revenue that is recognized over time relates to the BEACON® AMA software as a service, but also includes training, certain installation and other revenues. The majority of the Company's revenue recognized at a point in time is for the sale of utility and flow instrumentation products. Revenue from these contracts is recognized when the customer is able to direct the use of and obtain substantially all of the benefits from the product which generally coincides with title transfer during shipping.

The Company performs its obligations under a contract by shipping products or performing services in exchange for consideration. The Company typically invoices its customers as soon as control of an asset is transferred and a receivable to the Company is established. The Company, however, recognizes a contract liability when a customer prepaids for goods or services and the Company has not transferred control of the goods or services.

The closing balances of the Company's receivables and contract liabilities are as follows:

(In thousands)	September 30, 2023	December 31, 2022
Receivables	\$ 89,063	\$ 76,651
Contract liabilities	57,304	40,700

Contract liabilities are included in Payables and Other long-term liabilities on the Company's Consolidated Condensed Balance Sheets. The balance of contract assets was immaterial as the Company did not have a significant amount of uninvoiced receivables in the nine-month period ended September 30, 2023 and twelve-month period ended December 31, 2022.

A performance obligation is a promise to transfer a distinct good or service to the customer. At contract inception, the Company assesses the products and services promised in its contracts with customers. The Company then identifies performance obligations to transfer distinct products or services to the customer. In order to identify performance obligations, the Company considers all of the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

The Company's performance obligations are satisfied at a point in time or over time as work progresses. The majority of the Company's revenue recognized at a point in time is for the sale of utility and flow instrumentation products. Revenue from these contracts is recognized when the customer is able to direct the use of and obtain substantially all of the benefits from the product which generally coincides with title transfer during the shipping process. The majority of the Company's revenue that is recognized over time relates to the BEACON AMA software as a service.

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As of September 30, 2023, the Company had certain contracts with unsatisfied performance obligations. For contracts recorded as contract liabilities, \$57.3 million was the aggregate amount of the transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of the end of the reporting period. The Company estimates that revenue recognized from satisfying those performance obligations will be approximately \$3.5 million in 2023, \$8.2 million in 2024, \$6.1 million in 2025, \$5.2 million in 2026, \$4.6 million in 2027, \$3.9 million in 2028 and \$25.8 million thereafter.

Note 10 Leases

The Company rents facilities, equipment and vehicles under operating leases, some of which contain renewal options. Upon inception of a rent agreement, the Company determines whether the arrangement contains a lease based on the unique conditions present. Leases that have a term over a year are recognized on the balance sheet as right-of-use assets and lease liabilities. Right-of-use assets are included in Other assets on the Company's Consolidated Condensed Balance Sheets. Lease liabilities are included in Other current liabilities and Other long-term liabilities on the Company's Consolidated Condensed Balance Sheets. Information regarding the Company's right-of-use assets and the corresponding lease liabilities are as follows:

	September 30, 2023	December 31, 2022
(In thousands)		
Right-of-use assets	\$ 5,903	\$ 6,533
Lease liabilities	6,146	6,792

The Company's operating lease agreements have lease and non-lease components that require payments for common area maintenance, property taxes and insurance. The Company has elected to account for both lease and non-lease components as one lease component. The fixed and in-substance fixed consideration in the Company's rent agreements constitute operating lease expense that is included in the capitalized right-of-use assets and lease liabilities. The variable and short-term lease expense payments are not included in the present value of the right-of-use-assets and lease liabilities on the Consolidated Condensed Balance Sheets. The Company's rent expense is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
(In thousands)				
Operating lease expense	\$ 852	\$ 819	\$ 2,552	\$ 2,517
Variable and short-term lease expense	41	37	117	140
Rent expense	\$ 893	\$ 856	\$ 2,669	\$ 2,657

The Company records right-of-use assets and lease liabilities based upon the present value of lease payments over the expected lease term. The Company's lease agreements typically do not have implicit interest rates that are readily determinable. As a result, the Company utilizes an incremental borrowing rate that would be incurred to borrow on a collateralized basis over a similar term in a comparable economic environment. As of September 30, 2023 and December 31, 2022, the remaining lease term on the Company's leases was 5.2 years. As of September 30, 2023 and December 31, 2022, the discount rate was 5.0%. The future minimum lease payments to be paid under operating leases are as follows:

	September 30, 2023
(In thousands)	
2023 (remaining three months)	\$ 625
2024	2,501
2025	1,922
2026	807
2027	198
2028	123
Thereafter	881
Total future lease payments	7,057
Present value adjustment	(911)
Present value of future lease payments	\$ 6,146

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

BUSINESS DESCRIPTION AND OVERVIEW

With more than a century of water technology innovation, Badger Meter is a global provider of industry leading water solutions encompassing flow measurement, quality and other system parameters. These offerings provide customers with the data and analytics essential to optimize their operations and contribute to the sustainable use and protection of the world's most precious resource. The Company's flow measurement products measure water and other fluids and are known for accuracy, long-lasting durability and for providing valuable and timely measurement data through various methods. The Company's water quality monitoring solutions include optical sensing and electrochemical instruments that provide real-time, on-demand data parameters. The Company's products fall into two product lines: sales of water meters, radios, water quality and pressure monitoring solutions along with software and related technologies to water utilities (utility water) and sales of meters and other sensing instruments, valves, software and other solutions for industrial applications in water, wastewater, and other industries (flow instrumentation). The Company estimates that over 90% of its products are used in water related applications.

Utility water, the largest sales product line, is comprised of either mechanical or static (ultrasonic) water meters along with the related radio and software technologies and services used by water utilities as the basis for generating their water and wastewater revenues, enabling operating efficiencies and engaging with their end consumers. It further comprises other sensor technology used in the water distribution system to ensure the safe and efficient delivery of clean water. These sensors are used to detect pressure anomalies or leaks in the distribution piping system and to monitor various water quality parameters throughout the distribution system. The data from these various instruments and sensors can be incorporated into the software offerings to create actionable insights for utility operators. The largest geographic market for the Company's utility water products is North America, primarily the United States, because most of the Company's meters are designed and manufactured to conform to standards promulgated by the American Water Works Association. The majority of water meters sold by the Company continue to be mechanical in nature; however, static meters are an increasing percentage of the water meters sold by the Company and in the industry, due to a variety of attributes, including their ability to maintain measurement accuracy over their useful life. Providing ultrasonic water meter technology, advanced radio technology and software, provides the Company with the opportunity to sell into other geographical markets, for example the Middle East, Europe and Southeast Asia.

The flow instrumentation product line primarily serves water applications throughout the broader industrial markets. This product line includes meters, valves and other sensing instruments sold worldwide to measure and control the quantity of fluids going through a pipe or pipeline including water, air, steam, and other liquids and gases. These products are used in a variety of industries and applications, with the Company's primary market focus being water/wastewater, heating, ventilating and air conditioning (HVAC) and corporate sustainability. Flow instrumentation products are generally sold to original equipment manufacturers as the primary flow measurement device within a product or system, as well as through manufacturers' representatives.

Utility water meters (both residential and commercial) are generally classified as either manually read meters or remotely read meters via radio technology. A manually read meter consists of a water meter and a register that provides a visual totalized meter reading. Meters equipped with radio technology (endpoints) receive flow measurement data from battery-powered encoder registers attached to the water meter, which is encrypted and transmitted via radio frequency to a receiver that collects and formats the data appropriately for water utility usage and billing systems. These remotely read systems are classified as either automatic meter reading (AMR) systems, where a vehicle equipped for meter reading purposes, including a radio receiver, computer and reading software, collects the data from the utilities' meters; or advanced metering infrastructure (AMI) systems, where data is gathered utilizing a network (either fixed or cellular) of data collectors or gateway receivers that are able to receive radio data transmission from the utilities' meters. AMI systems eliminate the need for utility personnel to drive through service territories to collect data from the meters. These systems provide utilities with more frequent and diverse data from their meters at specified intervals.

The ORION® branded family of radio endpoints provides water utilities with a range of industry-leading options for meter reading. These include ORION (ME) AMR meter reading, ORION (SE) for traditional fixed network applications, and ORION Cellular for an infrastructure-free AMI solution. ORION ME is the solution best suited for utilities that prefer mobile reading. ORION Cellular eliminates the need for utility-owned fixed network infrastructure, allows for gradual or full deployment, and decreases ongoing maintenance.

Information and analytics are critical to the smart water ecosystem. The Company's BEACON software suite improves utility near real-time visibility to their water including usage, pressure and quality. BEACON is a secure, cloud-hosted software suite that includes a customizable dashboard and has the ability to establish alerts for specific conditions. It also allows for consumer engagement tools that permit end water users (such as homeowners) to view and manage their water usage activity. Benefits to the utility include improved customer service, increased visibility through faster leak detection,

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pressure and quality monitoring, the ability to promote and quantify the effects of its water conservation efforts, and easier compliance reporting.

Water meter replacement and the adoption and deployment of new technology comprise the majority of smart water product sales, including radio products. To a much lesser extent, housing starts also contribute to the new product sales base. The industry continues to undergo a conversion from manually read water meters to meters with radio technology, and for AMR systems to be upgraded to AMI. The Company estimates that approximately 70% of water meters installed in the United States have been converted to some form of radio solution technology.

In addition to our water utility flow measurement solutions, the Company provides various water quality and pressure monitoring solutions. Water quality is monitored utilizing optical sensors and electrochemical instruments that measure a variety of parameters including turbidity, pH, chlorine, nitrates and approximately 40 others. Water pressure is monitored utilizing high frequency acoustic pressure sensors that measure pressure transients, flow bursts and noise to detect and map system leaks. Utilizing these solutions, water quality and pressure can be monitored continually or periodically throughout the network from its original source to the point in which it is recycled and returned. Real-time water quality and pressure parameters enhance the scope of actionable data for water utilities to improve operational security, awareness and efficiency.

The Company's net sales and corresponding net earnings depend on unit volume and product mix, with the Company generally earning higher average selling prices and margins on meters coupled with radio technology, software, and on ultrasonic compared to mechanical meters. The Company also sells registers and endpoints separately to customers who wish to upgrade their existing meters in the field.

Flow instrumentation products are used in flow measurement and control applications across a broad industrial spectrum, occasionally leveraging the same technologies used in utility water. Specialized communication protocols that control the entire flow measurement process and mandatory certifications drive these markets. The Company provides both standard and customized flow instrumentation solutions.

The industries served by the Company's flow instrumentation products face accelerating demands to contain costs, reduce product variability, and meet ever-changing safety, regulatory and sustainability requirements. To address these challenges, customers must reap more value from every component in their systems. This system-wide scrutiny has heightened the focus on flow instrumentation in industrial process, manufacturing, commercial fluid, building automation and precision engineering applications where flow measurement and control are critical.

A leader in both mechanical and static flow metering technologies for industrial markets, the Company offers one of the broadest flow measurement, control and communication portfolios in the market. This portfolio carries respected brand names including Recordall®, Hedland®, Dynasonics®, Blancett®, ModMag®, and Research Control®. Customers rely on the Company for application-specific solutions that deliver accurate, timely and dependable flow data and control essential for product quality, cost control, safer operations, regulatory compliance and more sustainable operations.

In addition, the Company provides various water quality monitoring solutions utilizing optical sensors and electrochemical instruments that measure a variety of parameters providing industrial customers with both process and discharge water quality monitoring capabilities. It also provides pressure monitoring and acoustic leak detection sensors and related software.

The Company's products are sold throughout the world through employees, resellers and representatives.

Long-Term Business Trends

Across the globe, increasing regulations, aging infrastructure, labor challenges, and a focus on climate-change and sustainability are driving companies and utilities to better manage critical resources like water. Some customers measure fluids to identify leaks, control costs or add measurement points to help automate manufacturing. Other customers employ measurement to comply with government mandates and laws including those associated with process and discharge water quality monitoring. The Company provides flow measurement technology to primarily measure water, but also other fluids, gases and steam. This technology is critical to provide baseline usage data and to quantify reductions as customers attempt to reduce consumption. For example, once water usage metrics are better understood, a strategy for water-use reduction can be developed with specific water-reduction initiatives targeted to those areas where it is most viable. With the Company's technology, customers have found costly leaks, pinpointed equipment in need of repair, and identified areas for process improvements.

Increasingly, customers in the utility water market are interested in more frequent and diverse data collection and the use of water metering, pressure and quality analytics to evaluate water distribution system activity. Specifically, AMI

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technology enables water utilities to capture readings from each meter at more frequent and variable intervals. There are more than 50,000 water utilities in the United States and the Company estimates that more than 70% of their respective connections have converted to a radio solution, of which the Company estimates approximately half still utilize AMR technology. The Company believes it is well positioned to meet the continuing conversion trends to AMI with its comprehensive radio and software solutions.

In addition, certain water utilities are converting from mechanical to static meters. Ultrasonic water metering maintains a high level of measurement accuracy over the life of the meter, reducing a utility's non-revenue water. The Company has over a decade of proven reliability in the market with its ultrasonic meters, which the Company believes increases its competitive differentiation.

For over 118 years, the Company has offered innovative flow metering and control solutions for smart water management, smart buildings and smart industrial processes. Recent acquisitions have broadened and enhanced the scope of actionable data for customers to help measure, conserve and protect water. This includes real-time water quality monitoring solutions and high frequency pressure monitoring and acoustic leak detection capabilities. The combined solutions from Badger Meter offer hardware-enabled software solutions that improve efficiency, resiliency and sustainability across the water eco-system.

Finally, the concept of "Smart Cities" is one avenue to affect efficient city operations, conserve resources and improve service and delivery. Smart water solutions ("Smart Water") are those that provide actionable information through data analytics from an interconnected and interoperable network of sensors and devices that help people and organizations efficiently use and conserve water. Badger Meter is well positioned to benefit from the advancement of Smart Water applications. With its strong relationship with major cellular network providers, Badger Meter stays abreast of emerging cellular technology changes which the Company believes is the premier infrastructure-free AMI solution.

Acquisitions

Effective January 1, 2023, the Company acquired 100% of the outstanding stock of Syrinix Ltd. ("Syrinix"), headquartered in the United Kingdom, a provider of high-frequency pressure monitoring and leak detection solutions.

The total purchase consideration for Syrinix, net of cash acquired, was \$17.1 million. The Company's allocation of the purchase price at September 30, 2023 included \$0.6 million of Receivables, \$0.7 million of Inventories, \$0.4 million of Other assets, \$7.7 million of Intangible assets and \$12.0 million of Goodwill. The intangible assets acquired are primarily developed technology, customer relationships and trademarks with estimated average useful lives of 13 to 15 years. The Company also assumed \$1.9 million of Payables, \$2.0 million of Deferred income taxes and \$0.4 million of Other liabilities as part of the acquisition.

The preliminary allocation of purchase price to the assets acquired was based upon the estimated fair values at the date of acquisition. As of September 30, 2023, the Company has not completed its analysis for estimating the fair value of the assets acquired.

Revenue and Product Mix

As the industry continues to evolve, the Company has been at the forefront of innovation across metering, radio and software technologies in order to meet its customers' increasing expectations for accurate and actionable data and analytics. As technologies such as ORION Cellular and BEACON digital solutions have become more readily adopted, the Company's revenue from Software as a Service (SaaS) has increased significantly, albeit from a small base, and is margin accretive.

In addition, the Company has expanded its smart water offering with the addition of online water quality monitoring solutions, adding real-time water quality parameters to augment the scope of actionable data for water utility and industrial customers to optimize their operations, as well as pressure monitoring and leak detection capabilities.

The Company also seeks opportunities for additional revenue enhancement. For instance, the Company has made inroads into the Middle East market with its ultrasonic meter technology and is pursuing other geographic expansion opportunities. Additionally, the Company is periodically asked to oversee and perform field installation of its products for certain customers. In these cases, the Company assumes the role of general contractor and typically hires installation subcontractors and supervises their work.

Results of Operations - Three Months Ended September 30, 2023

Net Sales

The Company's net sales for the three months ended September 30, 2023 were \$186.2 million, an increase of 25.8% compared to \$148.0 million during the same period in 2022. Sales into the utility water market were \$160.8 million, an increase of 30.6% from the prior year's \$123.1 million. The Company's net sales grew as a result of robust adoption of cellular AMI solutions, specifically ORION Cellular endpoint and BEACON SaaS revenues, as well as an increased proportion of ultrasonic meters. Sales of products into the flow instrumentation end markets were \$25.4 million compared to the prior year's \$24.9 million, an increase of 1.8%. Flow instrumentation sales increased as a result of steady order demand within the water-focused end markets, offset by modest decline in other industrial markets.

Earnings

Total operating earnings for the three months ended September 30, 2023 were \$31.4 million, or 16.9% of sales, compared to \$23.9 million, or 16.1% of sales, in the comparable prior year quarter. Gross margin dollars increased \$15.2 million, with gross margin as a percent of sales of 39.1%, an increase from 38.9% of sales in the prior year comparable quarter. Gross margin improvement in the current year was driven by higher volumes and favorable sales mix. Selling, engineering and administration ("SEA") expenses were \$41.3 million or 22.2% of sales compared to \$33.7 million or 22.7% of sales in the comparable prior year quarter. The increase in spending primarily relates to higher personnel-related investments, while the year-over-year improvement in SEA expense leverage was the result of effective spending controls and higher sales.

The provision for income taxes as a percentage of earnings before income taxes for the quarter ended September 30, 2023 was 20.3% compared to 25.1% for the comparable prior year period. The current year quarter effective tax rate included a discrete income tax benefit related to stock option exercises and restricted stock vesting transactions. Interim provisions are based on an estimate of the overall annual rate that can vary due to state taxes, the relationship of foreign and domestic earnings, and other credits and allowances.

As a result of the above-mentioned items, net earnings for the three months ended September 30, 2023 were \$26.0 million, or \$0.88 per diluted share, compared to \$17.9 million, or \$0.61 per diluted share, for the same period in 2022.

Results of Operations - Nine Months Ended September 30, 2023

Net Sales

The Company's net sales for the nine months ended September 30, 2023 were \$521.2 million, an increase of 24.6%, compared to \$418.2 million during the same period in 2022. Sales into the utility water market were \$443.9 million, an increase of 27.7% from the prior year's \$347.6 million. The Company's net sales grew as a result of increased ultrasonic meter, ORION Cellular endpoint and BEACON SaaS revenues, as well as value-based pricing actions. Sales of products into the global flow instrumentation end markets were \$77.3 million compared to the prior year's \$70.6 million, an increase of 9.3%. Flow instrumentation sales increased due to steady demand across the majority of end-markets and applications.

Earnings

Total operating earnings for the nine months ended September 30, 2023 were \$86.0 million, or 16.5% of sales, compared to \$64.8 million, or 15.5% of sales, in the comparable prior year period. Gross margin dollars increased \$42.0 million, with gross margin as a percent of sales of 39.3%, an increase from 39.0% of sales in the prior year comparable period. Gross margin improvement was the result of favorable product mix, production efficiencies resulting from easing supply chain constraints, and value-based pricing actions. SEA expenses were \$119.0 million or 22.8% of sales compared to \$98.2 million or 23.5% of sales in the comparable prior year period. The increase in spending primarily relates to higher personnel-related investments, while the year-over-year improvement in SEA expense leverage was the result of effective spending controls and higher sales.

The provision for income taxes as a percentage of earnings before income taxes for the nine months ended September 30, 2023 was 23.3% compared to 24.5% for the comparable prior year period. Interim provisions are based on an estimate of the overall annual rate that can vary due to state taxes, the relationship of foreign and domestic earnings, and other credits and allowances.

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As a result of the above-mentioned items, net earnings for the nine months ended September 30, 2023 were \$67.9 million, or \$2.30 per diluted share, compared to \$49.0 million, or \$1.67 per diluted share, for the same period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

The main sources of liquidity for the Company are cash from operations and borrowing capacity. In addition, depending on market conditions, the Company may access the capital markets to strengthen its capital position and to provide additional liquidity for general corporate purposes.

Primary Working Capital

The Company uses primary working capital (“PWC”) as a percentage of sales as a key metric for working capital efficiency. The Company defines this metric as the sum of Receivables and Inventories less Payables, divided by trailing twelve-month Net sales. The following table shows the components of our PWC:

(In thousands)	September 30, 2023		December 31, 2022	
	\$	PWC%	\$	PWC%
Receivables	\$ 89,063	13.3%	\$ 76,651	13.5%
Inventories	147,788	22.1%	119,856	21.2%
Payables	(84,997)	-12.7%	(71,440)	-12.6%
Primary Working Capital	\$ 151,854	22.7%	\$ 125,067	22.1%

Overall, PWC increased \$26.8 million compared to the previous year-end. Receivables at September 30, 2023 increased \$12.4 million due to higher sales activity. Inventories increased \$27.9 million due to component cost inflation, higher safety stock levels and increased sales activity. Payables at September 30, 2023 were \$13.5 million higher than year-end due to inflationary increases, increased inventory balance and the timing of payments relative to quarter end.

Cash Provided by Operations

Cash provided by operations in the first nine months of 2023 was \$72.2 million compared to \$52.7 million in the same period of 2022. Higher net earnings, offset by increased working capital balances, contributed to the increase in cash provided by operations compared to the same period in 2022.

Property, plant and equipment expenditures for the first nine months of 2023 were \$9.9 million compared to \$4.7 million in the comparable prior year period.

Cash and cash equivalents increased to \$162.9 million from \$138.1 million at December 31, 2022, the result of the \$72.2 million cash provided by operations, offset by the \$17.1 million (net of cash acquired) deployed to acquire Syrinix and payment of quarterly dividends.

The Company's credit facility includes a \$150.0 million multi-currency line of credit that supports commercial paper (up to \$100.0 million). The facility includes several features that enhance the Company's financial flexibility including an increase feature, acquisition holiday, and favorable financial covenants. The Company was in compliance with all covenants as of September 30, 2023. The Company believes that its operating cash flows, available borrowing capacity, and its ability to raise capital provide adequate resources to fund ongoing operating requirements, future capital expenditures and the development of new products. The Company had \$154.2 million of unused credit lines available at September 30, 2023.

Other Matters

The Company is subject to contingencies related to environmental laws and regulations. A future change in circumstances with respect to these specific matters or with respect to sites formerly or currently owned or operated by the Company, off-site disposal locations used by the Company, and property owned by third parties that is near such sites, could result in future costs to the Company and such amounts could be material. Expenditures for compliance with environmental control provisions and regulations during 2022 and the first three quarters of 2023 were not material.

See the “Special Note Regarding Forward Looking Statements” at the front of this Quarterly Report on Form 10-Q and [Part I, Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#) and Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of risks and uncertainties that could impact the Company's financial performance and results of operations.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company's off-balance sheet arrangements and contractual obligations are discussed in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Off-Balance Sheet Arrangements" and "Contractual Obligations" in [the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#) and have not materially changed since that report was filed unless otherwise indicated in this Quarterly Report on Form 10-Q.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

The Company's quantitative and qualitative disclosures about market risk are included in [Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Market Risks" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#) and have not materially changed since that report was filed.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management evaluated, with the participation of the Company's Chairman, President and Chief Executive Officer and the Company's Senior Vice President - Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the quarter ended September 30, 2023. Based upon their evaluation of these disclosure controls and procedures, the Company's Chairman, President and Chief Executive Officer and the Company's Senior Vice President – Chief Financial Officer concluded that, as of the date of such evaluation, the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1A Risk Factors

There have been no material changes from the risk factors disclosed in [the Company's Annual Report on Form 10-K for the year ended December 31, 2022](#).

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

In February 2023, the Board of Directors authorized the repurchase of up to 200,000 shares of the Company's Common Stock through February 2026. The Company did not make any purchases of equity securities under the repurchase program during the quarter ended September 30, 2023.

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of a publicly announced program	Maximum number of shares that may yet be purchased under the program
July 1, 2023 - July 31, 2023	-	\$ -	-	200,000
August 1, 2023 - August 31, 2023	-	\$ -	-	200,000
September 1, 2023 - September 30, 2023	-	\$ -	-	200,000
Total as of September 30, 2023	-	-	-	200,000

Item 5 Other Information

During the third quarter of 2023, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or non-Rule 10b-1 trading arrangement (as each term is defined in Item 408(a) of Regulation S-K).

Item 6 Exhibits

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Condensed Balance Sheets, (ii) the Consolidated Condensed Statements of Operations, (iii) the Consolidated Condensed Statements of Comprehensive Income, (iv) the Consolidated Condensed Statements of Cash Flows, (v) the Consolidated Condensed Statements of Shareholders' Equity and (vi) Notes to Unaudited Consolidated Condensed Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).

SIGNATURES

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

Dated: October 24, 2023

BADGER METER, INC.

By	<u>/s/ Kenneth C. Bockhorst</u> Kenneth C. Bockhorst Chairman, President and Chief Executive Officer
By	<u>/s/ Robert A. Wrocklage</u> Robert A. Wrocklage Senior Vice President – Chief Financial Officer
By	<u>/s/ Daniel R. Weltzien</u> Daniel R. Weltzien Vice President – Controller

**Certification of Chairman, President and Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, Kenneth C. Bockhorst, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Badger Meter, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2023

By /s/ Kenneth C. Bockhorst
Kenneth C. Bockhorst
Chairman, President and Chief Executive Officer

**Certification of Senior Vice President – Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, Robert A. Wrocklage, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Badger Meter, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2023

By /s/ Robert A. Wrocklage
Robert A. Wrocklage
Senior Vice President – Chief Financial Officer

Written Statement of the Chief Executive Officer and Chief Financial Officer**Pursuant to 18 U.S.C. §1350**

Solely for the purpose of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Badger Meter, Inc., a Wisconsin corporation (the “Company”), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2023 (the “Report”) fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 24, 2023

By /s/ Kenneth C. Bockhorst
Kenneth C. Bockhorst
Chairman, President and Chief Executive Officer

By /s/ Robert A. Wrocklage
Robert A. Wrocklage
Senior Vice President – Chief Financial Officer
