

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission file number: 001-11625



Pentair plc

(Exact name of Registrant as specified in its charter)

Ireland

98-1141328

(State or other jurisdiction of incorporation or organization)

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

Regal House, 70 London Road, Twickenham, London, TW13QS United Kingdom

(Address of principal executive offices)

Registrant's telephone number, including area code: 44-74-9421-6154

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value \$0.01 per share	PNR	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, smaller reporting company or an emerging growth company. See 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  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

On September 30, 2021, 165,478,219 shares of Registrant's common stock were outstanding.

**Pentair plc and Subsidiaries**

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**PART I FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**Pentair plc and Subsidiaries**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)**

<i>In millions, except per-share data</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net sales	\$ 969.2	\$ 798.5	\$ 2,776.2	\$ 2,221.8
Cost of goods sold	634.4	521.1	1,785.2	1,447.7
Gross profit	334.8	277.4	991.0	774.1
Selling, general and administrative expenses	145.6	130.0	440.4	378.6
Research and development expenses	21.9	19.3	64.4	55.6
Operating income	167.3	128.1	486.2	339.9
<b>Other (income) expense:</b>				
(Gain) loss on sale of businesses	(1.4)	—	(1.4)	0.1
Net interest expense	2.6	5.4	11.5	20.0
Other expense (income)	0.3	(2.5)	1.0	(1.6)
Income from continuing operations before income taxes	165.8	125.2	475.1	321.4
Provision for income taxes	22.1	14.4	67.7	64.1
<b>Net income from continuing operations</b>	<b>143.7</b>	<b>110.8</b>	<b>407.4</b>	<b>257.3</b>
Loss from discontinued operations, net of tax	(0.1)	—	(3.1)	(1.7)
<b>Net income</b>	<b>\$ 143.6</b>	<b>\$ 110.8</b>	<b>\$ 404.3</b>	<b>\$ 255.6</b>
<b>Comprehensive income, net of tax</b>				
Net income	\$ 143.6	\$ 110.8	\$ 404.3	\$ 255.6
Changes in cumulative translation adjustment	(19.0)	25.1	(31.3)	15.5
Changes in market value of derivative financial instruments, net of tax	12.1	(22.6)	25.0	(1.3)
<b>Comprehensive income</b>	<b>\$ 136.7</b>	<b>\$ 113.3</b>	<b>\$ 398.0</b>	<b>\$ 269.8</b>
<b>Earnings (loss) per ordinary share</b>				
<b>Basic</b>				
Continuing operations	\$ 0.87	\$ 0.67	\$ 2.46	\$ 1.54
Discontinued operations	—	—	(0.02)	(0.01)
Basic earnings per ordinary share	\$ 0.87	\$ 0.67	\$ 2.44	\$ 1.53
<b>Diluted</b>				
Continuing operations	\$ 0.86	\$ 0.66	\$ 2.43	\$ 1.54
Discontinued operations	—	—	(0.02)	(0.01)
Diluted earnings per ordinary share	\$ 0.86	\$ 0.66	\$ 2.41	\$ 1.53
<b>Weighted average ordinary shares outstanding</b>				
Basic	165.7	166.1	166.0	166.6
Diluted	167.6	167.1	167.7	167.4

*See accompanying notes to condensed consolidated financial statements.*

**Pentair plc and Subsidiaries**  
**Condensed Consolidated Balance Sheets (Unaudited)**

<i>In millions, except per-share data</i>	September 30, 2021	December 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 173.2	\$ 82.1
Accounts receivable, net of allowances of \$9.8 and \$8.4, respectively	461.0	367.5
Inventories	504.6	420.0
Other current assets	110.7	105.5
<b>Total current assets</b>	<b>1,249.5</b>	<b>975.1</b>
<b>Property, plant and equipment, net</b>	<b>296.8</b>	<b>301.2</b>
<b>Other assets</b>		
Goodwill	2,386.5	2,392.2
Intangibles, net	339.6	325.9
Other non-current assets	200.4	202.8
<b>Total other assets</b>	<b>2,926.5</b>	<b>2,920.9</b>
<b>Total assets</b>	<b>\$ 4,472.8</b>	<b>\$ 4,197.2</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 342.5	\$ 245.1
Employee compensation and benefits	146.3	117.0
Other current liabilities	527.2	410.4
<b>Total current liabilities</b>	<b>1,016.0</b>	<b>772.5</b>
<b>Other liabilities</b>		
Long-term debt	700.9	839.6
Pension and other post-retirement compensation and benefits	97.3	102.0
Deferred tax liabilities	95.7	107.4
Other non-current liabilities	224.8	269.4
<b>Total liabilities</b>	<b>2,134.7</b>	<b>2,090.9</b>
Commitments and contingencies (Note 16)		
<b>Equity</b>		
Ordinary shares \$0.01 par value, 426.0 authorized, 165.5 and 166.1 issued at September 30, 2021 and December 31, 2020, respectively	1.7	1.7
Additional paid-in capital	1,614.2	1,680.7
Retained earnings	935.8	631.2
Accumulated other comprehensive loss	(213.6)	(207.3)
<b>Total equity</b>	<b>2,338.1</b>	<b>2,106.3</b>
<b>Total liabilities and equity</b>	<b>\$ 4,472.8</b>	<b>\$ 4,197.2</b>

*See accompanying notes to condensed consolidated financial statements.*

**Pentair plc and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

<i>In millions</i>	Nine months ended	
	September 30, 2021	September 30, 2020
<b>Operating activities</b>		
Net income	\$ 404.3	\$ 255.6
Loss from discontinued operations, net of tax	3.1	1.7
<b>Adjustments to reconcile net income from continuing operations to net cash provided by (used for) operating activities of continuing operations</b>		
Equity income of unconsolidated subsidiaries	(0.2)	(1.0)
Depreciation	38.3	34.4
Amortization	19.4	21.5
Deferred income taxes	(4.8)	8.5
(Gain) loss on sale of businesses	(1.4)	0.1
Share-based compensation	20.8	15.2
<b>Changes in assets and liabilities, net of effects of business acquisitions</b>		
Accounts receivable	(78.2)	147.3
Inventories	(76.1)	(17.7)
Other current assets	(9.6)	(13.4)
Accounts payable	79.3	(46.7)
Employee compensation and benefits	30.7	35.0
Other current liabilities	118.2	61.1
Other non-current assets and liabilities	(3.4)	(0.8)
Net cash provided by operating activities of continuing operations	540.4	500.8
Net cash used for operating activities of discontinued operations	(0.3)	(0.5)
Net cash provided by operating activities	540.1	500.3
<b>Investing activities</b>		
Capital expenditures	(38.6)	(44.4)
Proceeds from sale of property and equipment	3.7	0.1
Proceeds from the sale of businesses, net	1.4	—
Acquisitions, net of cash acquired	(83.6)	(28.5)
Other	2.7	2.2
Net cash used for investing activities	(114.4)	(70.6)
<b>Financing activities</b>		
Net borrowings of commercial paper and revolving long-term debt	(36.1)	(151.3)
Repayments of long-term debt	(103.8)	(74.0)
Shares issued to employees, net of shares withheld	12.7	21.1
Repurchases of ordinary shares	(100.0)	(115.2)
Dividends paid	(99.9)	(95.4)
Payments upon the maturity of cross currency swaps	(14.7)	—
Net cash used for financing activities	(341.8)	(414.8)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	7.2	(14.8)
<b>Change in cash and cash equivalents</b>	91.1	0.1
Cash and cash equivalents, beginning of period	82.1	82.5
<b>Cash and cash equivalents, end of period</b>	\$ 173.2	\$ 82.6

*See accompanying notes to condensed consolidated financial statements.*

**Pentair plc and Subsidiaries**  
**Condensed Consolidated Statements of Changes in Equity (Unaudited)**

<i>In millions</i>	<u>Ordinary shares</u>		<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive loss</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>				
<b>Balance - December 31, 2020</b>	166.1	\$ 1.7	\$ 1,680.7	\$ 631.2	\$ (207.3)	2,106.3
Net income	—	—	—	128.6	—	128.6
Other comprehensive loss, net of tax	—	—	—	—	(3.7)	(3.7)
Dividends declared, \$0.20 per share	—	—	—	(33.3)	—	(33.3)
Share repurchases	(0.2)	—	(9.6)	—	—	(9.6)
Exercise of options, net of shares tendered for payment	0.1	—	5.2	—	—	5.2
Issuance of restricted shares, net of cancellations	0.2	—	—	—	—	—
Shares surrendered by employees to pay taxes	—	—	(5.3)	—	—	(5.3)
Share-based compensation	—	—	5.6	—	—	5.6
<b>Balance - March 31, 2021</b>	166.2	\$ 1.7	\$ 1,676.6	\$ 726.5	\$ (211.0)	2,193.8
Net income	—	—	—	132.1	—	132.1
Other comprehensive income, net of tax	—	—	—	—	4.3	4.3
Dividends declared, \$0.20 per share	—	—	—	(33.3)	—	(33.3)
Share repurchases	(0.6)	—	(40.4)	—	—	(40.4)
Exercise of options, net of shares tendered for payment	0.3	—	5.6	—	—	5.6
Issuance of restricted shares, net of cancellations	0.1	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.1)	—	(1.5)	—	—	(1.5)
Share-based compensation	—	—	11.0	—	—	11.0
<b>Balance - June 30, 2021</b>	165.9	\$ 1.7	\$ 1,651.3	\$ 825.3	\$ (206.7)	2,271.6
Net income	—	—	—	143.6	—	143.6
Other comprehensive loss, net of tax	—	—	—	—	(6.9)	(6.9)
Dividends declared, \$0.20 per share	—	—	—	(33.1)	—	(33.1)
Share repurchase	(0.6)	—	(50.0)	—	—	(50.0)
Exercise of options, net of shares tendered for payment	0.2	—	8.9	—	—	8.9
Shares surrendered by employees to pay taxes	—	—	(0.2)	—	—	(0.2)
Share-based compensation	—	—	4.2	—	—	4.2
<b>Balance - September 30, 2021</b>	165.5	\$ 1.7	\$ 1,614.2	\$ 935.8	\$ (213.6)	2,338.1

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
	Number	Amount				
<b>Balance - December 31, 2019</b>	168.3	\$ 1.7	\$ 1,777.7	\$ 401.0	\$ (226.5)	1,953.9
Net income	—	—	—	72.7	—	72.7
Other comprehensive income, net of tax	—	—	—	—	1.3	1.3
Dividends declared, \$0.19 per share	—	—	—	(31.6)	—	(31.6)
Share repurchases	(3.0)	—	(115.2)	—	—	(115.2)
Exercise of options, net of shares tendered for payment	0.3	—	8.8	—	—	8.8
Issuance of restricted shares, net of cancellations	0.2	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.1)	—	(3.6)	—	—	(3.6)
Share-based compensation	—	—	6.2	—	—	6.2
<b>Balance - March 31, 2020</b>	165.7	\$ 1.7	\$ 1,673.9	\$ 442.1	\$ (225.2)	1,892.5
Net income	—	—	—	72.1	—	72.1
Other comprehensive income, net of tax	—	—	—	—	10.4	10.4
Dividends declared, \$0.19 per share	—	—	—	(31.7)	—	(31.7)
Exercise of options, net of shares tendered for payment	0.1	—	2.8	—	—	2.8
Issuance of restricted shares, net of cancellations	0.1	—	—	—	—	—
Shares surrendered by employees to pay taxes	—	—	(0.6)	—	—	(0.6)
Share-based compensation	—	—	4.2	—	—	4.2
<b>Balance - June 30, 2020</b>	165.9	\$ 1.7	\$ 1,680.3	\$ 482.5	\$ (214.8)	1,949.7
Net income	—	—	—	110.8	—	110.8
Other comprehensive income, net of tax	—	—	—	—	2.5	2.5
Dividends declared, \$0.19 per share	—	—	—	(31.7)	—	(31.7)
Exercise of options, net of shares tendered for payment	0.4	—	14.1	—	—	14.1
Shares surrendered by employees to pay taxes	—	—	(0.4)	—	—	(0.4)
Share-based compensation	—	—	4.8	—	—	4.8
<b>Balance - September 30, 2020</b>	166.3	\$ 1.7	\$ 1,698.8	\$ 561.6	\$ (212.3)	2,049.8

See accompanying notes to condensed consolidated financial statements.

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)****1. Basis of Presentation and Responsibility for Interim Financial Statements**

The accompanying unaudited condensed consolidated financial statements of Pentair plc and its subsidiaries (“we,” “us,” “our,” “Pentair,” or the “Company”) have been prepared following the requirements of the U.S. Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America (“GAAP”) can be condensed or omitted.

We are responsible for the unaudited condensed consolidated financial statements included in this document. The financial statements include all normal recurring adjustments that are considered necessary for the fair presentation of our financial position and operating results. As these are condensed financial statements, one should also read our consolidated financial statements and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Revenues, expenses, cash flows, assets and liabilities can and do vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be indicative of those for a full year.

In March 2020, the World Health Organization declared the novel coronavirus 2019 (“COVID-19”) a global pandemic. The COVID-19 pandemic has had and may continue to have an unfavorable impact on certain parts of our business. The broader implications of the COVID-19 pandemic on our business, financial condition and results of operations remain uncertain and will depend on certain developments, including the duration and severity of the COVID-19 pandemic, the impact of virus variants, the rate and effectiveness of vaccinations, the COVID-19 pandemic’s impact on our customers and suppliers and the range of governmental and community reactions to the pandemic. We may continue to experience reduced customer demand in certain parts of our business or constrained labor and/or supply that could materially and adversely impact our business, financial condition, results of operations, liquidity and cash flows in future periods.

Our fiscal year ends on December 31. We report our interim quarterly periods on a calendar quarter basis.

**2. Revenue**

We disaggregate our revenue from contracts with customers by segment, geographic location and vertical, as we believe these best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Refer to Note 15 for revenue disaggregated by segment.

Geographic net sales information, based on geographic destination of the sale, was as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
U.S.	\$ 669.3	\$ 541.2	\$ 1,895.0	\$ 1,487.9
Western Europe	115.1	92.6	351.1	281.3
Developing <sup>(1)</sup>	123.7	108.3	349.6	303.2
Other Developed <sup>(2)</sup>	61.1	56.4	180.5	149.4
<b>Consolidated net sales</b>	<b>\$ 969.2</b>	<b>\$ 798.5</b>	<b>\$ 2,776.2</b>	<b>\$ 2,221.8</b>

<sup>(1)</sup> Developing includes China, Eastern Europe, Latin America, the Middle East and Southeast Asia.

<sup>(2)</sup> Other Developed includes Australia, Canada and Japan.

Vertical net sales information was as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Residential	\$ 628.8	\$ 520.3	\$ 1,800.0	\$ 1,375.8
Commercial	178.1	126.0	488.9	391.8
Industrial	162.3	152.2	487.3	454.2
<b>Consolidated net sales</b>	<b>\$ 969.2</b>	<b>\$ 798.5</b>	<b>\$ 2,776.2</b>	<b>\$ 2,221.8</b>

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)***Performance obligations*

On September 30, 2021, we had \$72.0 million of remaining performance obligations on contracts with an original expected duration of one year or more. We expect to recognize the majority of our remaining performance obligations on these contracts within the next 12 to 18 months.

*Contract assets and liabilities*

Contract assets and liabilities consisted of the following:

<i>In millions</i>	September 30, 2021	December 31, 2020	\$ Change	% Change
Contract assets	\$ 55.2	\$ 50.1	\$ 5.1	10.2 %
Contract liabilities	38.3	27.5	10.8	39.3 %
Net contract assets	\$ 16.9	\$ 22.6	\$ (5.7)	(25.2)%

The \$5.7 million decrease in net contract assets from December 31, 2020 to September 30, 2021 was primarily the result of timing of milestone payments. Approximately 75% of our contract liabilities at December 31, 2020 were recognized in revenue in the first nine months of 2021. There were no impairment losses recognized on our contract assets for the three months ended September 30, 2021.

**3. Acquisitions**

On September 15, 2021, as part of both of our Consumer Solutions and Industrial & Flow Technologies reporting segments, we entered into a definitive agreement to acquire Pleatco Holdings, LLC and related entities (“Pleatco”) for total consideration of approximately \$255.0 million in cash, subject to customary adjustments. We completed the Pleatco acquisition on October 18, 2021.

On May 19, 2021, as part of our Consumer Solutions reporting segment, we completed the acquisition of Ken’s Beverage, Inc. for \$82.8 million in cash, net of cash acquired. The excess of purchase price over tangible net assets acquired has been preliminarily allocated to goodwill in the amount of \$29.0 million, all of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired consisted of \$38.0 million of definite-lived customer relationships with an estimated useful life of 22 years.

In 2020, our Consumer Solutions reporting segment completed acquisitions with purchase prices totaling \$58.0 million in cash, net of cash acquired.

The pro forma impact of these acquisitions is not material.

**4. Share Plans**

Total share-based compensation expense for the three and nine months ended September 30, 2021 and 2020 was as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Restricted stock units	\$ 2.4	\$ 3.0	\$ 9.4	\$ 9.3
Stock options	0.7	0.6	2.5	2.2
Performance share units	1.1	1.2	8.9	3.7
Total share-based compensation expense	\$ 4.2	\$ 4.8	\$ 20.8	\$ 15.2

In the first quarter of 2021, we issued our annual share-based compensation grants under the Pentair plc 2020 Share and Incentive Plan to eligible employees. The total number of awards issued was approximately 0.7 million, of which 0.3 million were restricted stock units (“RSUs”), 0.3 million were stock options and 0.1 million were performance share units (“PSUs”). The weighted-average grant date fair value of the RSUs, stock options and PSUs issued was \$55.42, \$12.88, and \$52.57, respectively.

**Pentair plc and Subsidiaries**
**Notes to condensed consolidated financial statements (unaudited)**

We estimated the fair value of each stock option award issued in the annual share-based compensation grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

	2021 Annual Grant
Risk-free interest rate	0.37 %
Expected dividend yield	1.56 %
Expected share price volatility	29.60 %
Expected term (years)	6.5

These estimates require us to make assumptions based on historical results, observance of trends in our share price, changes in option exercise behavior, future expectations and other relevant factors. If other assumptions had been used, share-based compensation expense, as calculated and recorded under the accounting guidance, could have been affected. We based the expected life assumption on historical experience as well as the terms and vesting periods of the options granted. For purposes of determining expected share price volatility, we considered a rolling average of historical volatility measured over a period approximately equal to the expected option term. The risk-free interest rate for periods that coincide with the expected life of the options is based on the United States (“U.S.”) Treasury Department yield curve in effect at the time of grant.

**5. Restructuring and Transformation Program**

During the second quarter of 2021, we launched and committed resources to a program designed to accelerate growth and drive margin expansion through transformation of our business model to drive operational excellence, reduce complexity and streamline our processes (the “Transformation Program”). The Transformation Program is structured in multiple phases and is expected to empower us to work more efficiently and optimize our business to better serve our customers while meeting our financial objectives.

During the nine months ended September 30, 2021 and the year ended December 31, 2020, we initiated and continued execution of actions aimed at reducing our fixed cost structure and realigning our business associated with restructuring and the Transformation Program, including the reduction in headcount of approximately 50 and 175 employees, respectively.

Restructuring and transformation-related costs within *Selling, general and administrative expenses* in the Condensed Consolidated Statements of Operations and Comprehensive Income included the following:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Severance and related costs	\$ —	\$ 1.2	\$ 5.1	\$ 5.0
Transformation costs <sup>(1)</sup>	4.0	—	5.9	—
Other costs <sup>(2)</sup>	—	0.6	0.2	0.6
<b>Total restructuring and transformation costs</b>	<b>\$ 4.0</b>	<b>\$ 1.8</b>	<b>\$ 11.2</b>	<b>\$ 5.6</b>

<sup>(1)</sup> Transformation costs primarily consist of professional services and project management and related costs.

<sup>(2)</sup> Other costs primarily consist of asset impairment and various contract termination costs.

Restructuring and transformation costs by reportable segment were as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Consumer Solutions	\$ 0.1	\$ 0.4	\$ 0.8	\$ 2.4
Industrial & Flow Technologies	(0.2)	1.1	0.3	1.7
Other	4.1	0.3	10.1	1.5
<b>Consolidated</b>	<b>\$ 4.0</b>	<b>\$ 1.8</b>	<b>\$ 11.2</b>	<b>\$ 5.6</b>

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)**

Activity related to accrued severance and related costs recorded in *Other current liabilities* in the Condensed Consolidated Balance Sheets is summarized as follows for the nine months ended September 30, 2021:

<i>In millions</i>	<b>September 30, 2021</b>
Beginning balance	\$ 15.2
Costs incurred	5.1
Cash payments and other	(8.0)
Ending balance	\$ 12.3

**6. Earnings Per Share**

Basic and diluted earnings per share were calculated as follows:

<i>In millions, except per-share data</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Net income</b>	\$ 143.6	\$ 110.8	\$ 404.3	\$ 255.6
<b>Net income from continuing operations</b>	\$ 143.7	\$ 110.8	\$ 407.4	\$ 257.3
<b>Weighted average ordinary shares outstanding</b>				
Basic	165.7	166.1	166.0	166.6
Dilutive impact of stock options, restricted stock units and performance share units	1.9	1.0	1.7	0.8
Diluted	167.6	167.1	167.7	167.4
<b>Earnings (loss) per ordinary share</b>				
<b>Basic</b>				
Continuing operations	\$ 0.87	\$ 0.67	\$ 2.46	\$ 1.54
Discontinued operations	—	—	(0.02)	(0.01)
Basic earnings per ordinary share	\$ 0.87	\$ 0.67	\$ 2.44	\$ 1.53
<b>Diluted</b>				
Continuing operations	\$ 0.86	\$ 0.66	\$ 2.43	\$ 1.54
Discontinued operations	—	—	(0.02)	(0.01)
Diluted earnings per ordinary share	\$ 0.86	\$ 0.66	\$ 2.41	\$ 1.53
<b>Anti-dilutive stock options excluded from the calculation of diluted earnings per share</b>	—	1.6	0.1	2.2

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)****7. Accounts Receivable**

All trade receivables are reported on our Condensed Consolidated Balance Sheets at the outstanding principal amount adjusted for any allowance for credit losses and write-offs, net of recoveries. We record an allowance for credit losses, reducing our receivables balance to an amount we estimate is collectible from our customers. Estimates used in determining the allowance for credit losses are based on current trends, aging of accounts receivable, periodic credit evaluations of our customers' financial condition, and historical collection experience as well as reasonable and supportable forecasts of future economic conditions. Write-offs are recorded at the time all collection efforts have been exhausted. We generally do not require collateral. We review our allowance for credit losses on a quarterly basis.

<i>In millions</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Beginning balance	\$ 8.4	\$ 10.3
Bad debt expense (benefit) <sup>(1)</sup>	1.1	(0.5)
Acquisitions	0.6	0.1
Write-offs, net of recoveries	(0.6)	(1.6)
Other <sup>(2)</sup>	0.3	0.1
Ending balance	\$ 9.8	\$ 8.4

<sup>(1)</sup> The bad debt benefit for the year-ended December 31, 2020 includes the positive impact related to the adoption of ASU No. 2016-13 "Financial Instruments-Credit Losses."

<sup>(2)</sup> Other amounts are primarily the effects of changes in currency translation and the impact of allowance for credits.

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)****8. Supplemental Balance Sheet Information**

<i>In millions</i>	September 30, 2021	December 31, 2020
<b>Inventories</b>		
Raw materials and supplies	\$ 265.4	\$ 218.7
Work-in-process	71.2	67.2
Finished goods	168.0	134.1
<b>Total inventories</b>	<b>\$ 504.6</b>	<b>\$ 420.0</b>
<b>Other current assets</b>		
Cost in excess of billings	\$ 55.2	\$ 50.1
Prepaid expenses	50.8	48.5
Prepaid income taxes	1.7	3.8
Other current assets	3.0	3.1
<b>Total other current assets</b>	<b>\$ 110.7</b>	<b>\$ 105.5</b>
<b>Property, plant and equipment, net</b>		
Land and land improvements	\$ 35.1	\$ 35.9
Buildings and leasehold improvements	192.1	195.4
Machinery and equipment	601.0	589.7
Capitalized software	82.8	79.9
Construction in progress	56.2	47.8
Total property, plant and equipment	967.2	948.7
Accumulated depreciation and amortization	670.4	647.5
<b>Total property, plant and equipment, net</b>	<b>\$ 296.8</b>	<b>\$ 301.2</b>
<b>Other non-current assets</b>		
Right-of-use lease assets	\$ 78.6	\$ 83.6
Deferred income taxes	27.3	27.4
Deferred compensation plan assets	24.2	22.6
Other non-current assets	70.3	69.2
<b>Total other non-current assets</b>	<b>\$ 200.4</b>	<b>\$ 202.8</b>
<b>Other current liabilities</b>		
Dividends payable	\$ 33.1	\$ 33.2
Accrued warranty	43.0	37.0
Accrued rebates and incentives	209.6	122.0
Billings in excess of cost	30.7	22.5
Current lease liability	24.7	22.1
Income taxes payable	21.8	14.6
Accrued restructuring	12.3	15.2
Other current liabilities	152.0	143.8
<b>Total other current liabilities</b>	<b>\$ 527.2</b>	<b>\$ 410.4</b>
<b>Other non-current liabilities</b>		
Long-term lease liability	\$ 56.1	\$ 65.1
Income taxes payable	45.0	44.8
Self-insurance liabilities	45.1	42.0
Deferred compensation plan liabilities	24.2	22.6
Foreign currency contract liabilities	26.3	69.6
Other non-current liabilities	28.1	25.3
<b>Total other non-current liabilities</b>	<b>\$ 224.8</b>	<b>\$ 269.4</b>

**Pentair plc and Subsidiaries**
**Notes to condensed consolidated financial statements (unaudited)**
**9. Goodwill and Other Identifiable Intangible Assets**

The changes in the carrying amount of goodwill by reportable segment were as follows:

<i>In millions</i>	December 31, 2020	Purchase Accounting Adjustments	Acquisitions	Foreign currency translation/other	September 30, 2021
Consumer Solutions	\$ 1,580.5	\$ (1.2)	\$ 29.0	\$ (6.0)	\$ 1,602.3
Industrial & Flow Technologies	811.7	—	—	(27.5)	784.2
<b>Total goodwill</b>	<b>\$ 2,392.2</b>	<b>\$ (1.2)</b>	<b>\$ 29.0</b>	<b>\$ (33.5)</b>	<b>\$ 2,386.5</b>

Identifiable intangible assets consisted of the following:

<i>In millions</i>	September 30, 2021			December 31, 2020		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
<b>Definite-life intangibles</b>						
Customer relationships	\$ 465.3	\$ (318.0)	\$ 147.3	\$ 435.9	\$ (308.1)	\$ 127.8
Proprietary technology and patents	46.6	(31.4)	15.2	46.9	(29.4)	17.5
Total definite-life intangibles	511.9	(349.4)	162.5	482.8	(337.5)	145.3
<b>Indefinite-life intangibles</b>						
Trade names	177.1	—	177.1	180.6	—	180.6
<b>Total intangibles</b>	<b>\$ 689.0</b>	<b>\$ (349.4)</b>	<b>\$ 339.6</b>	<b>\$ 663.4</b>	<b>\$ (337.5)</b>	<b>\$ 325.9</b>

Identifiable intangible asset amortization expense was \$6.0 million and \$6.9 million for the three months ended September 30, 2021 and 2020, respectively, and \$19.4 million and \$21.5 million for the nine months ended September 30, 2021 and 2020, respectively.

Estimated future amortization expense for identifiable intangible assets during the remainder of 2021 and the next five years is as follows:

	Q4 2021	2022	2023	2024	2025	2026
Estimated amortization expense	\$ 5.8	\$ 17.6	\$ 15.4	\$ 14.9	\$ 14.9	\$ 13.5

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)****10. Debt**

Debt and the average interest rates on debt outstanding were as follows:

<i>In millions</i>	Average interest rate as of September 30, 2021	Maturity Year	September 30, 2021	December 31, 2020
Revolving credit facilities	1.080%	2023	\$ —	\$ 36.1
Term loans	1.006%	2023	200.0	200.0
Senior notes - fixed rate <sup>(1)</sup>	5.000%	2021	—	103.8
Senior notes - fixed rate <sup>(1)</sup>	3.150%	2022	88.3	88.3
Senior notes - fixed rate <sup>(1)</sup>	4.650%	2025	19.3	19.3
Senior notes - fixed rate <sup>(1)</sup>	4.500%	2029	400.0	400.0
Unamortized debt issuance costs and discounts	N/A	N/A	(6.7)	(7.9)
<b>Total debt</b>			<b>\$ 700.9</b>	<b>\$ 839.6</b>

<sup>(1)</sup> Senior notes are guaranteed as to payment by Pentair plc.

Pentair, Pentair Finance S.à r.l (“PFSA”) and Pentair, Inc. are parties to a credit agreement (the “Senior Credit Facility”), with Pentair as guarantor and PFSA and Pentair, Inc. as borrowers, providing for a \$900.0 million senior unsecured revolving credit facility. The Senior Credit Facility has a maturity date of April 25, 2023. Borrowings under the Senior Credit Facility bear interest at a rate equal to an adjusted base rate or the London Interbank Offered Rate, plus, in each case, an applicable margin. The applicable margin is based on, at PFSA’s election, Pentair’s leverage level or PFSA’s public credit rating.

The Senior Credit Facility provides for the extension of term loans in an aggregate amount of \$200.0 million (the “Term Loans”). We have utilized the term loan extension since December 2019. The Term Loans are in addition to the revolving credit facility commitment. In addition, PFSA has the option to further increase the Senior Credit Facility in an aggregate amount of up to \$300.0 million, through a combination of increases to the total commitment amount of the revolving credit facility and/or one or more tranches of term loans in addition to the Term Loans, subject to customary conditions, including the commitment of the participating lenders.

PFSA is authorized to sell short-term commercial paper notes to the extent availability exists under the Senior Credit Facility. PFSA uses the Senior Credit Facility as back-up liquidity to support 100% of commercial paper outstanding. PFSA had no commercial paper outstanding as of September 30, 2021 and December 31, 2020.

In 2020, the commercial paper market began to experience high levels of volatility due to uncertainty related to the COVID-19 pandemic. The volatility impacted both market access to and pricing of commercial paper. As a cost mitigation action, we withdrew our credit ratings to access the commercial paper market and continued to use the revolving credit facility, along with cash generated from operations, to fund our general operations. As of September 30, 2021, total availability under the Senior Credit Facility was \$900.0 million.

Our debt agreements contain various financial covenants, but the most restrictive covenants are contained in the Senior Credit Facility. The Senior Credit Facility contains covenants requiring us not to permit (i) the ratio of our consolidated debt (net of our consolidated unrestricted cash in excess of \$5.0 million but not to exceed \$250.0 million) to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization and non-cash share-based compensation expense (“EBITDA”) on the last day of any period of four consecutive fiscal quarters to exceed 3.75 to 1.00 (the “Leverage Ratio”) and (ii) the ratio of our EBITDA to our consolidated interest expense, for the same period to be less than 3.00 to 1.00 as of the end of each fiscal quarter. For purposes of the Leverage Ratio, the Senior Credit Facility provides for the calculation of EBITDA giving pro forma effect to certain acquisitions, divestitures and liquidations during the period to which such calculation relates.

In addition to the Senior Credit Facility, we have various other credit facilities with an aggregate availability of \$21.4 million, of which there were no outstanding borrowings at September 30, 2021. Borrowings under these credit facilities bear interest at variable rates.

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)**

We have \$88.3 million of fixed rate senior notes maturing in the next twelve months. We classified this debt as long-term as of September 30, 2021 as we have the intent and ability to refinance such obligation on a long-term basis under the Senior Credit Facility.

Debt outstanding, excluding unamortized issuance costs and discounts, at September 30, 2021 matures on a calendar year basis as follows:

<i>In millions</i>	Q4							Total
	2021	2022	2023	2024	2025	2026	Thereafter	
Contractual debt obligation maturities	\$ —	\$ 88.3	\$ 200.0	\$ —	\$ 19.3	\$ —	\$ 400.0	\$ 707.6

**11. Derivatives and Financial Instruments****Derivative financial instruments**

We are exposed to market risk related to changes in foreign currency exchange rates. To manage the volatility related to this exposure, we periodically enter into a variety of derivative financial instruments. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates. The derivative contracts contain credit risk to the extent that our bank counterparties may be unable to meet the terms of the agreements. The amount of such credit risk is generally limited to the unrealized gains, if any, in such contracts. Such risk is minimized by limiting those counterparties to major financial institutions of high credit quality.

**Foreign currency contracts**

We conduct business in various locations throughout the world and are subject to market risk due to changes in the value of foreign currencies in relation to our reporting currency, the U.S. dollar. We manage our economic and transaction exposure to certain market-based risks through the use of foreign currency derivative financial instruments. Our objective in holding these derivatives is to reduce the volatility of net earnings and cash flows associated with changes in foreign currency exchange rates. The majority of our foreign currency contracts have an original maturity date of less than one year.

At September 30, 2021 and December 31, 2020, we had outstanding foreign currency derivative contracts with gross notional U.S. dollar equivalent amounts of \$10.6 million and \$12.4 million, respectively. The impact of these contracts on the Condensed Consolidated Statements of Operations and Comprehensive Income was not material for any period presented.

**Cross Currency Swaps**

At September 30, 2021 and December 31, 2020, we had outstanding cross currency swap agreements with a combined notional amount of \$817.8 million and \$855.1 million, respectively. The agreements are accounted for as either cash flow hedges, to hedge foreign currency fluctuations on certain intercompany debt, or as net investment hedges to manage our exposure to fluctuations in the Euro-U.S. Dollar exchange rate. We had deferred foreign currency losses of \$8.3 million and \$32.8 million at September 30, 2021 and December 31, 2020, respectively, in *Accumulated other comprehensive loss* associated with our cross currency swap activity. The periodic interest settlements related to our cross currency swap agreements are classified as operating activities. The cash flows that relate to principal balances are classified as financing activities for the cash flow hedges on intercompany debt and investing activities for the net investment hedges.

In January 2021, one of our cross currency swap agreements which was accounted for as a cash flow hedge matured, resulting in a net cash payment of \$14.7 million. The net cash payment is included within financing activities on the Condensed Consolidated Statements of Cash Flows.

**Fair value measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

- Level 1:* Valuation is based on observable inputs such as quoted market prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Valuation is based on inputs such as quoted market prices for similar assets or liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

**Pentair plc and Subsidiaries**
**Notes to condensed consolidated financial statements (unaudited)**

In making fair value measurements, observable market data must be used when available. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

**Fair value of financial instruments**

The following methods were used to estimate the fair values of each class of financial instruments:

- *short-term financial instruments (cash and cash equivalents, accounts and notes receivable, accounts and notes payable and variable-rate debt)* — recorded amount approximates fair value because of the short maturity period;
- *long-term fixed-rate debt, including current maturities* — fair value is based on market quotes available for issuance of debt with similar terms, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance;
- *foreign currency contract agreements* — fair values are determined through the use of models that consider various assumptions, including time value, yield curves, as well as other relevant economic measures, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance; and
- *deferred compensation plan assets (mutual funds, common/collective trusts and cash equivalents for payment of certain non-qualified benefits for retired, terminated and active employees)* — fair value of mutual funds and cash equivalents are based on quoted market prices in active markets that are classified as Level 1 in the valuation hierarchy defined by the accounting guidance; fair value of common/collective trusts are valued at net asset value (“NAV”), which is based on the fair value of the underlying securities owned by the fund and divided by the number of shares outstanding.

The recorded amounts and estimated fair values of total debt, excluding unamortized issuance costs and discounts, were as follows:

<i>In millions</i>	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Recorded Amount</b>	<b>Fair Value</b>	<b>Recorded Amount</b>	<b>Fair Value</b>
Variable rate debt	\$ 200.0	\$ 200.0	\$ 236.1	\$ 236.1
Fixed rate debt	507.6	572.7	611.4	695.4
<b>Total debt</b>	<b>\$ 707.6</b>	<b>\$ 772.7</b>	<b>\$ 847.5</b>	<b>\$ 931.5</b>

Financial assets and liabilities measured at fair value on a recurring and nonrecurring basis were as follows:

<i>In millions</i>	<b>September 30, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b>Recurring fair value measurements</b>					
Foreign currency contract assets	\$ —	\$ 3.3	\$ —	\$ —	\$ 3.3
Foreign currency contract liabilities	—	(26.3)	—	—	(26.3)
Deferred compensation plan assets	12.9	—	—	11.3	24.2
<b>Total recurring fair value measurements</b>	<b>\$ 12.9</b>	<b>\$ (23.0)</b>	<b>\$ —</b>	<b>\$ 11.3</b>	<b>\$ 1.2</b>

<i>In millions</i>	<b>December 31, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b>Recurring fair value measurements</b>					
Foreign currency contract liabilities	\$ —	\$ (69.6)	\$ —	\$ —	\$ (69.6)
Deferred compensation plan assets	12.2	—	—	10.4	22.6
<b>Total recurring fair value measurements</b>	<b>\$ 12.2</b>	<b>\$ (69.6)</b>	<b>\$ —</b>	<b>\$ 10.4</b>	<b>\$ (47.0)</b>

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)****12. Income Taxes**

We manage our affairs so that we are centrally managed and controlled in the United Kingdom (“U.K.”) and therefore have our tax residency in the U.K. The provision for income taxes consists of provisions for the U.K. and international income taxes. We operate in an international environment with operations in various locations outside the U.K. Accordingly, the consolidated income tax rate is a composite rate reflecting the earnings in the various locations and the applicable rates.

The effective income tax rate for the nine months ended September 30, 2021 was 14.2%, compared to 19.9% for the nine months ended September 30, 2020. We continue to actively pursue initiatives to reduce our effective tax rate. The tax rate in any quarter can be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution.

The liability for uncertain tax positions was \$46.7 million and \$46.3 million at September 30, 2021 and December 31, 2020, respectively. We record penalties and interest related to unrecognized tax benefits in *Provision for income taxes* and *Net interest expense*, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income, which is consistent with our past practices.

**13. Benefit Plans**

Components of net periodic benefit expense for our pension plans for the three and nine months ended September 30, 2021 and 2020 were as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Service cost	\$ 0.7	\$ 0.8	\$ 2.1	\$ 2.4
Interest cost	0.5	0.7	1.5	2.1
Expected return on plan assets	(0.1)	(0.2)	(0.3)	(0.6)
Net periodic benefit expense	\$ 1.1	\$ 1.3	\$ 3.3	\$ 3.9

Components of net periodic benefit expense for our other post-retirement plans for the three and nine months ended September 30, 2021 and 2020 were not material.

**14. Shareholders' Equity****Share repurchases**

In May 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2018 Authorization”). The 2018 authorization expired on May 31, 2021. In December 2020, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2020 Authorization”). The 2020 Authorization expires on December 31, 2025. The 2020 Authorization supplemented the 2018 Authorization.

During the nine months ended September 30, 2021, we repurchased 1.4 million of our ordinary shares for \$100.0 million, of which 0.8 million shares, or \$50.0 million, and 0.6 million shares, or \$50.0 million, were repurchased pursuant to the 2018 Authorization and the 2020 Authorization, respectively. As of September 30, 2021, we had \$700.0 million available for share repurchases under the 2020 Authorization.

**Dividends payable**

On September 21, 2021, the Board of Directors declared a quarterly cash dividend of \$0.20, payable on November 5, 2021 to shareholders of record at the close of business on October 22, 2021. As a result, the balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$33.1 million at September 30, 2021, compared to \$33.2 million at December 31, 2020.

**15. Segment Information**

We evaluate performance based on net sales and segment income (loss) and use a variety of ratios to measure performance of our reporting segments. These results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Segment income (loss) represents equity income of unconsolidated subsidiaries and operating income exclusive of intangible amortization, certain acquisition related expenses, costs of restructuring and transformation activities, impairments and other unusual non-operating items.

**Pentair plc and Subsidiaries**
**Notes to condensed consolidated financial statements (unaudited)**

Financial information by reportable segment is as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Net sales</b>				
Consumer Solutions	\$ 613.6	\$ 470.8	\$ 1,711.9	\$ 1,260.8
Industrial & Flow Technologies	355.1	327.4	1,063.1	960.1
Other	0.5	0.3	1.2	0.9
Consolidated	\$ 969.2	\$ 798.5	\$ 2,776.2	\$ 2,221.8
<b>Segment income (loss)</b>				
Consumer Solutions	\$ 144.2	\$ 113.8	\$ 418.6	\$ 295.3
Industrial & Flow Technologies	52.4	42.7	159.5	131.5
Other	(16.9)	(16.0)	(59.1)	(50.1)
Consolidated	\$ 179.7	\$ 140.5	\$ 519.0	\$ 376.7

The following table presents a reconciliation of consolidated segment income to consolidated income from continuing operations before income taxes:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Segment income	\$ 179.7	\$ 140.5	\$ 519.0	\$ 376.7
Deal-related costs and expenses	(2.1)	—	(3.8)	(0.4)
Restructuring, transformation and other costs	(4.1)	(2.1)	(11.4)	(5.6)
Intangible amortization	(6.0)	(6.9)	(19.4)	(21.5)
Gain (loss) on sale of businesses	1.4	—	1.4	(0.1)
COVID-19 related costs and expenses	(0.1)	(2.6)	(0.4)	(8.3)
Legal accrual adjustments	—	—	2.4	—
Net interest expense	(2.6)	(5.4)	(11.5)	(20.0)
Other expense	(0.4)	1.7	(1.2)	0.6
Income from continuing operations before income taxes	\$ 165.8	\$ 125.2	\$ 475.1	\$ 321.4

## **16. Commitments and Contingencies**

### ***Legal proceedings***

We have been, and in the future may be, made parties to a number of actions filed or have been, and in the future may be, given notice of potential claims relating to the conduct of our business, including those relating to commercial, regulatory or contractual disputes with suppliers, authorities, customers or parties to acquisitions and divestitures, intellectual property matters, environmental, asbestos, safety and health matters, product liability, the use or installation of our products, consumer matters, and employment and labor matters.

While we believe that a material impact on our consolidated financial position, results of operations or cash flows from any such future claims or potential claims is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future adverse ruling or unfavorable development could result in future charges that could have a material adverse impact. We do and will continue to periodically reexamine our estimates of probable liabilities and any associated expenses and receivables and make appropriate adjustments to such estimates based on experience and developments in litigation. As a result, the current estimates of the potential impact on our consolidated financial position, results of operations and cash flows for the proceedings and claims described in the notes to our consolidated financial statements could change in the future.

### ***Environmental matters***

We have been named as defendant, target or a potentially responsible party in a number of environmental clean-ups relating to our current or former business units. Accruals for environmental matters are recorded on a site-by-site basis when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. It can be difficult to estimate reliably the final costs of investigation and remediation due to various factors. In our opinion, the amounts accrued are appropriate based on facts and circumstances as currently known. As of September 30, 2021 and December 31, 2020, our recorded reserves for environmental matters were not material.

### ***Product liability claims***

We are subject to various product liability lawsuits and personal injury claims. A substantial number of these lawsuits and claims are insured and accrued for by Penwald, our captive insurance subsidiary. Penwald records a liability for these claims based on actuarial projections of ultimate losses. For all other claims, accruals covering the claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The accruals are adjusted periodically as additional information becomes available. We have not experienced significant unfavorable trends in either the severity or frequency of product liability lawsuits or personal injury claims.

### ***Warranties and guarantees***

In connection with our disposition of businesses or product lines, we may agree to indemnify purchasers for various potential liabilities relating to the sold business, such as pre-closing tax, product liability, warranty, environmental, or other obligations. The subject matter, amounts and duration of any such indemnification obligations vary for each type of liability indemnified and may vary widely from transaction to transaction.

Generally, the maximum obligations under such indemnifications are not explicitly stated and as a result, the overall amount of these obligations cannot be reasonably estimated. Historically, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss in any of these matters, the loss would not have a material adverse effect on our financial position, results of operations or cash flows.

We recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. In connection with the disposition of the Valves & Controls business, we agreed to indemnify Emerson Electric Co. for certain pre-closing tax liabilities. We have recorded a liability representing the fair value of our expected future obligation for this matter.

We provide service and warranty policies on our products. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant.

**Pentair plc and Subsidiaries****Notes to condensed consolidated financial statements (unaudited)**

The changes in the carrying amount of service and product warranties of continuing operations for the nine months ended September 30, 2021 were as follows:

<i>In millions</i>	<b>September 30, 2021</b>	
Beginning balance	\$	37.0
Service and product warranty provision		44.6
Payments		(38.3)
Foreign currency translation		(0.3)
Ending balance	\$	43.0

**Stand-by letters of credit, bank guarantees and bonds**

In certain situations, Tyco International Ltd., Pentair Ltd.'s former parent company ("Tyco"), guaranteed performance by the flow control business of Pentair Ltd. ("Flow Control") to third parties or provided financial guarantees for financial commitments of Flow Control. In situations where Flow Control and Tyco were unable to obtain a release from these guarantees in connection with the spin-off of Flow Control from Tyco, we will indemnify Tyco for any losses it suffers as a result of such guarantees.

In the ordinary course of business, we are required to commit to bonds, letters of credit and bank guarantees that require payments to our customers for any non-performance. The outstanding face value of these instruments fluctuates with the value of our projects in process and in our backlog. In addition, we issue financial stand-by letters of credit primarily to secure our performance to third parties under self-insurance programs.

As of September 30, 2021 and December 31, 2020, the outstanding value of bonds, letters of credit and bank guarantees totaled \$98.5 million and \$99.1 million, respectively.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **Forward-looking Statements**

This report contains statements that we believe to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact are forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets,” “plans,” “believes,” “expects,” “intends,” “will,” “likely,” “may,” “anticipates,” “estimates,” “projects,” “should,” “would,” “could,” “positioned,” “strategy,” “future” or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the overall impact of the COVID-19 pandemic on our business; the duration and severity of the COVID-19 pandemic, the impact of virus variants and the rate and effectiveness of vaccinations; actions that may be taken by us, other businesses and governments to address or otherwise mitigate the impact of the COVID-19 pandemic, including those that may impact our ability to operate our facilities, meet production demands, and deliver products to our customers; the impacts of the COVID-19 pandemic on the global economy, our workforce, customers and suppliers, and customer demand; overall global economic and business conditions impacting our business, including the strength of housing and related markets; supply, demand, logistics, competition and pricing pressures related to and in the markets we serve; volatility in currency exchange rates; failure of markets to accept new product introductions and enhancements; the ability to successfully identify, finance, complete and integrate acquisitions, including the Pleatco acquisition; the ability to achieve the benefits of our restructuring plans, cost reduction initiatives and transformation program; risks associated with operating foreign businesses; the impact of raw material costs, labor costs and other inflation; the impact of seasonality of sales and weather conditions; our ability to comply with laws and regulations; the impact of changes in laws, regulations and administrative policy, including those that limit U.S. tax benefits or impact trade agreements and tariffs; the outcome of litigation and governmental proceedings; and the ability to achieve our long-term strategic operating goals. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission (the “SEC”), including this Form 10-Q and our Form 10-K for the year ended December 31, 2020. All forward-looking statements speak only as of the date of this report. Pentair assumes no obligation, and disclaims any obligation, to update the information contained in this report.

### **Overview**

The terms “us,” “we,” “our” or “Pentair” refer to Pentair plc and its consolidated subsidiaries. At Pentair, we believe the health of our world depends on reliable access to clean water. We deliver a comprehensive range of smart, sustainable water solutions to homes, business and industry around the world. Our industry leading and proven portfolio of solutions enables our customers to access clean, safe water, reduce water consumption, and recover and reuse it. Whether it’s improving, moving or helping people enjoy water, we help manage the world’s most precious resource. We are comprised of two reporting segments: Consumer Solutions and Industrial & Flow Technologies. For the first nine months of 2021, the Consumer Solutions and Industrial & Flow Technologies segments represented approximately 62% and 38% of total revenues, respectively. We classify our operations into business segments based primarily on types of products offered and markets served:

- **Consumer Solutions** — This segment designs, manufactures and sells energy-efficient residential and commercial pool equipment and accessories, and commercial and residential water treatment products and systems. Residential and commercial pool equipment and accessories include pumps, filters, heaters, lights, automatic controls, automatic cleaners, maintenance equipment and pool accessories. Water treatment products and systems include pressure tanks, control valves, activated carbon products, conventional filtration products, and point-of-entry and point-of-use systems. Applications for our pool business’s products include residential and commercial pool maintenance, repair, renovation, service and construction. Our water treatment products and systems are used in residential whole home water filtration, drinking water filtration and water softening solutions in addition to commercial total water management and filtration in foodservice operations. The primary focus of this segment is business-to-consumer.

- **Industrial & Flow Technologies** — This segment manufactures and sells a variety of fluid treatment and pump products and systems, including pressure vessels, gas recovery solutions, membrane bioreactors, wastewater reuse systems and advanced membrane filtration, separation systems, water disposal pumps, water supply pumps, fluid transfer pumps, turbine pumps, solid handling pumps, and agricultural spray nozzles, while serving the global residential, commercial and industrial markets. These products and systems are used in a range of applications, including fluid delivery, ion exchange, desalination, food and beverage, separation technologies for the oil and gas industry, residential and municipal wells, water treatment, wastewater solids handling, pressure boosting, circulation and transfer, fire suppression, flood control, agricultural irrigation and crop spray. The primary focus of this segment is business-to-business.

On September 15, 2021, as part of both of our Consumer Solutions and Industrial & Flow Technologies reporting segments, we entered into a definitive agreement to acquire Pleatco Holdings, LLC and related entities (“Pleatco”), a manufacturer of water filtration and clean air technologies for pool, spa and industrial air customers, for total consideration of approximately \$255.0 million in cash, subject to customary adjustments. We completed the Pleatco acquisition on October 18, 2021.

On May 19, 2021, as part of our Consumer Solutions reporting segment, we completed the acquisition of Ken’s Beverage, Inc. (“KBI”) for \$82.8 million in cash, net of cash acquired. KBI provides beverage equipment and services to commercial customers.

#### **COVID-19 Pandemic Update**

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 pandemic continues to persist throughout the United States (“U.S.”) and the world, with the continued potential for significant impact. The COVID-19 pandemic has resulted in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, “shelter-in-place” and “stay-at-home” orders, travel restrictions, business curtailments, limits on gatherings, vaccine and mask requirements, and other measures. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the economic impacts of the COVID-19 pandemic.

Our businesses generally have been and continue to be considered essential under applicable government-mandated orders which has allowed us to maintain business continuity at substantially all of our manufacturing facilities throughout the COVID-19 pandemic. While our facilities have remained operational during the first nine months of 2021, we continue to experience various degrees of manufacturing cost pressures and inefficiencies as a result of supply chain issues and, in certain businesses, increased demand. Although we regularly monitor the financial health and operations of companies in our supply chain, and use alternative suppliers when necessary and available, financial hardship or government restrictions on our suppliers or sub-suppliers caused by the COVID-19 pandemic could cause a disruption in our ability to obtain raw materials or components required to manufacture our products and adversely affect our operations. Further, as the COVID-19 pandemic conditions have improved and economic activity has increased, we have experienced supply chain challenges, including increased lead times, as well as inflation of raw materials, logistics and labor costs due to availability constraints and high demand. We expect the inflationary trends to continue throughout the remainder of 2021 and may continue thereafter.

Our Consumer Solutions segment delivered significant growth in the first nine months of 2021 led by continued strength in our pool and residential water treatment businesses. The high level of demand in these businesses continued as consumers invested in their homes and backyards. Demand in our commercial water treatment business improved in 2021 as the restaurant and hospitality industries reopened.

Our Industrial & Flow Technologies segment had strong growth in the first nine months of 2021 mainly driven by increased volume within our residential and irrigation flow businesses due to high demand in the residential vertical. Our commercial flow business experienced increased sales in the first nine months of 2021 due to strong demand in our water supply and water disposal product lines. Demand in our infrastructure business stabilized in the first half of 2021 and sales increased in the third quarter. In our industrial filtration business, demand is mostly driven by customer capital spending, which saw recovery begin in the second quarter and growth in the third quarter of 2021 in food and beverage while the industrial long-cycle project business had decreased sales volumes in comparison with the prior year.

We maintain our commitment to protect the health and safety of our employees, customers, and suppliers by continuing our enhanced safety protocols for those on-site at our manufacturing facilities and for those who provide manufacturing-support

activities. In addition, employees who do not need to be physically present at our facilities and sites to perform their job responsibilities generally continue to work from home and essential business travel remains the main travel activity.

The extent of the COVID-19 pandemic's effect on our operational and financial performance in the future will depend on future developments, including the duration, geographic location and intensity of the pandemic, the impact of virus variants, the rate and effectiveness of vaccinations, our continued ability to manufacture and distribute our products, as well as any future actions that may be taken by governmental authorities or by us relating to the pandemic. For more information regarding factors and events that may impact our business, results of operations and financial condition as a result of the COVID-19 pandemic, see "Risk Factors - Risks Related to the COVID-19 Pandemic" included in Item 1A. "Risk Factors" in our 2020 Annual Report on Form 10-K.

### ***Transformation Program***

During the second quarter of 2021, we launched and committed resources to a program designed to accelerate growth and drive margin expansion through transformation of our business model to drive operational excellence, reduce complexity and streamline our processes (the "Transformation Program"). The Transformation Program is structured in multiple phases and is expected to empower us to work more efficiently and optimize our business to better serve our customers while meeting our financial objectives.

We are targeting at least 300 basis points of margin expansion by 2025 through the following Transformation Program pillars:

- reducing business and product complexity;
- developing a future state digital enterprise by eliminating non-value add activities, streamlining processes and using automation to increase productivity;
- modernizing general and administrative expenses; and
- delivering decision making speed through improved processes and analytics.

During the first nine months of 2021, we incurred transformation costs that primarily represented professional services and project management related charges. Throughout the remainder of 2021 and beyond we expect to continue to incur transformation costs that include professional services, project management and related design and execution charges, as well as costs related to both labor and non-labor restructuring and IT investments.

### ***Key Trends and Uncertainties Regarding Our Existing Business***

The following trends and uncertainties affected our financial performance in the first nine months of 2021 and/or may impact our results in the future:

- There are many uncertainties regarding the COVID-19 pandemic, including the anticipated duration and severity of the pandemic, the spread of increasing number of virus variants, the extent of worldwide social, political and economic disruption it may continue to cause and the distribution of vaccines to address the COVID-19 virus. The broader implications of the COVID-19 pandemic on our business, financial condition, results of operations and cash flows cannot be determined at this time, and ultimately will be affected by a number of evolving factors including the length of time that the pandemic continues and the impact of vaccines on it, the impact of virus variants, the rate and effectiveness of vaccinations, the pandemic's effect on the demand for our products and services, our supply chain, and our manufacturing capacity, as well as the impact of governmental regulations imposed in response to the pandemic. See further discussion above under "*COVID-19 Pandemic Update*" for key trends and uncertainties with regard to the COVID-19 pandemic.
- During 2020 and the first nine months of 2021, we executed certain business restructuring initiatives unrelated to the COVID-19 pandemic aimed at reducing our fixed cost structure and realigning our business. We expect these actions to continue throughout the remainder of 2021 and to drive margin growth.
- In 2021, we created a transformation office and launched and committed resources to the Transformation Program designed to accelerate growth and drive margin expansion by driving operational excellence, reducing complexity and streamlining our processes. We expect to implement Transformation Program initiatives and incur transformation costs throughout the remainder of 2021 and beyond.

- During the first nine months of 2021, we experienced supply chain challenges, including increased lead times for raw materials due to availability constraints and high demand. While we have elevated our engagement with our suppliers and used secondary suppliers and new methods of procurement where available to mitigate the supply chain pressures, we expect supply chain challenges to continue for the remainder of 2021, and which may continue thereafter and could negatively impact our results of operations.
- During the first nine months of 2021, we experienced inflationary increases of raw materials such as metals, resins and electronics, as well as increases in logistics and labor costs. While we have taken pricing actions and we strive for productivity improvements that could help offset these inflationary cost increases, we expect inflationary cost increases to continue for the remainder of 2021, and which may continue thereafter and could negatively impact our results of operations.
- We have identified specific product and geographic market opportunities that we find attractive and continue to pursue, both within and outside the U.S. We are reinforcing that our businesses more effectively address these opportunities through research and development and additional sales and marketing resources. Unless we successfully penetrate these markets, our core sales growth will likely be limited or may decline.

In 2021, our operating objectives remain to focus on delivering our core while continuing to build out our future. We expect to execute these objectives by:

- Delivering revenue growth in our core businesses;
- Delivering income and cash by managing price/cost inflation, prioritization of growth investments and addressing the cost structures as necessary;
- Continued focus on capital allocation through:
  - Commitment to maintain our investment grade rating;
  - Return cash to shareholders through dividends and buybacks; and
  - Supplement our business with strategically-aligned mergers and acquisitions.
- Focused growth initiatives that accelerate our investments in digital, technology and services expansion;
- Identification, building and implementation of Transformation Program initiatives that will drive operational excellence, reduce complexity and improve our organizational structure; and
- Building a high performance growth culture and delivering on our commitments while living our Win Right values.

**CONSOLIDATED RESULTS OF OPERATIONS**

The consolidated results of operations for the three months ended September 30, 2021 and 2020 were as follows:

<i>In millions</i>	<b>Three months ended</b>			
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>\$ Change</b>	<b>% / Point Change</b>
Net sales	\$ 969.2	\$ 798.5	\$ 170.7	21.4 %
Cost of goods sold	634.4	521.1	113.3	21.7 %
Gross profit	334.8	277.4	57.4	20.7 %
<i>% of net sales</i>	34.5 %	34.7 %		(0.2) pts
Selling, general and administrative	145.6	130.0	15.6	12.0 %
<i>% of net sales</i>	15.0 %	16.3 %		(1.3) pts
Research and development	21.9	19.3	2.6	13.5 %
<i>% of net sales</i>	2.3 %	2.4 %		(0.1) pts
Operating income	167.3	128.1	39.2	30.6 %
<i>% of net sales</i>	17.3 %	16.0 %		1.3 pts
(Gain) loss on sale of businesses	(1.4)	—	(1.4)	N.M.
Other expense (income)	0.3	(2.5)	2.8	N.M.
Net interest expense	2.6	5.4	(2.8)	(51.9) %
Income from continuing operations before income taxes	165.8	125.2	40.6	32.4 %
Provision for income taxes	22.1	14.4	7.7	53.5 %
<i>Effective tax rate</i>	13.3 %	11.5 %		1.8 pts

N.M. Not Meaningful

The consolidated results of operations for the nine months ended September 30, 2021 and September 30, 2020 were as follows:

<i>In millions</i>	Nine months ended			
	September 30, 2021	September 30, 2020	\$ Change	% / Point Change
Net sales	\$ 2,776.2	\$ 2,221.8	\$ 554.4	25.0 %
Cost of goods sold	1,785.2	1,447.7	337.5	23.3 %
Gross profit	991.0	774.1	216.9	28.0 %
<i>% of net sales</i>	35.7 %	34.8 %		0.9 pts
Selling, general and administrative expenses	440.4	378.6	61.8	16.3 %
<i>% of net sales</i>	15.9 %	17.0 %		(1.1) pts
Research and development expenses	64.4	55.6	8.8	15.8 %
<i>% of net sales</i>	2.3 %	2.5 %		(0.2) pts
Operating income	486.2	339.9	146.3	43.0 %
<i>% of net sales</i>	17.5 %	15.3 %		2.2 pts
(Gain) loss on sale of businesses	(1.4)	0.1	(1.5)	N.M.
Other expense (income)	1.0	(1.6)	2.6	N.M.
Net interest expense	11.5	20.0	(8.5)	(42.5) %
Income from continuing operations before income taxes	475.1	321.4	153.7	47.8 %
Provision for income taxes	67.7	64.1	3.6	5.6 %
<i>Effective tax rate</i>	14.2 %	19.9 %		(5.7) pts

N.M. Not Meaningful

#### **Net sales**

The components of the consolidated net sales change from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	11.8 %	18.2 %
Price	6.6	3.2
Core growth	18.4	21.4
Acquisition	2.3	1.7
Currency	0.7	1.9
Total	21.4 %	25.0 %

The 21.4 and 25.0 percent increases in net sales in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:

- volume increase in our Consumer Solutions segment mainly driven by continued robust demand in our pool and residential water treatment businesses;
- volume increase in our Industrial & Flow Technologies segment primarily driven by strong demand across all product lines in the residential and irrigation flow businesses as well as increased demand in sustainable gas solutions and recovery in short cycle orders in our food and beverage business;
- selective increases in selling prices to mitigate a rise in inflationary costs; and
- favorable foreign currency effects compared to the third quarter and first nine months of the prior year.

**Gross profit**

*The 0.2 percentage point decrease in gross profit as a percentage of net sales in the third quarter of 2021 from 2020 was primarily driven by:*

- inflationary cost increases due to tight supply of raw materials such as metals, resins and electronics; and
- higher logistics and labor costs due to increased demand as well as factory labor wage increases.

*This decrease was partially offset by:*

- volume expansion in both our Consumer Solutions and Industrial & Flow Technologies segments;
- selective increases in selling prices to mitigate impacts of inflation; and
- increased productivity in both the Consumer Solutions and Industrial & Flow Technologies segments.

*The 0.9 percentage point increase in gross profit as a percentage of net sales in the first nine months of 2021 from 2020 was primarily driven by:*

- volume expansion in both our Consumer Solutions and Industrial & Flow Technologies segments;
- selective increases in selling prices to mitigate impacts of inflation; and
- increased productivity in both the Consumer Solutions and Industrial & Flow Technologies segments.

*The increase was partially offset by:*

- inflationary cost increases due to tight supply of raw materials such as metals, resins, and electronics; and
- higher logistics and labor costs due to increased demand as well as factory labor wage increases.

**Selling, general and administrative expenses (“SG&A”)**

*The 1.3 and 1.1 percentage point decreases in SG&A as a percentage of net sales in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:*

- reduction in travel and entertainment, trade show and advertising expenses for the first nine months of 2021 compared to the prior year due to the COVID-19 pandemic restrictions not beginning until March of 2020;
- legal accrual reductions of \$2.4 million in the first quarter of 2021;
- lower amortization on definite-lived intangible assets; and
- leverage on certain fixed costs due to the significant increase in sales year over year.

*These decreases were partially offset by:*

- higher employee incentive compensation due to increased sales in our Consumer Solutions and Industrial & Flow Technologies segments; and
- restructuring and transformation costs of \$4.0 million and \$11.2 million in the third quarter and first nine months, respectively, of 2021, compared to \$1.8 million and \$5.6 million in the third quarter and first nine months, respectively, of 2020.

**Net interest expense**

*The 51.9 and 42.5 percent decreases in net interest expense in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:*

- strong cash flows in 2021 used to repay senior fixed notes that matured as well as reduce variable debt leading to overall lower debt levels compared to the same periods of the prior year; and
- lower interest rates on outstanding variable debt.

### Provision for income taxes

The 1.8 percentage point increase in the effective tax rate in the third quarter of 2021 from 2020 was primarily driven by:

- the impact of discrete items specific to the third quarter of 2021 compared to 2020; and
- the unfavorable mix of global earnings.

The 5.7 percentage point decrease in the effective tax rate in the first nine months of 2021 from 2020 was primarily driven by:

- the unfavorable impact of discrete items, including items related to the Coronavirus Aid, Relief, and Economic Security Act, and items related to final regulations as part of the Tax Cuts and Jobs Act of 2017 that place limitations on the deductibility of certain interest expense for U.S. tax purposes that occurred during the first nine months of 2020 that did not occur in 2021.

The decrease was partially offset by:

- the unfavorable mix of global earnings.

### SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of our two reportable segments (Consumer Solutions and Industrial & Flow Technologies). Each of these segments is comprised of various product offerings that serve multiple end users.

We evaluate performance based on net sales and segment income and use a variety of ratios to measure performance of our reporting segments. Segment income represents equity income of unconsolidated subsidiaries and operating income exclusive of intangible amortization, certain acquisition related expenses, costs of restructuring and transformation activities, impairments and other unusual non-operating items.

#### Consumer Solutions

The net sales and segment income for Consumer Solutions were as follows:

In millions	Three months ended			% / Point Change	Nine months ended		
	September 30, 2021	September 30, 2020			September 30, 2021	September 30, 2020	% / Point Change
Net sales	\$ 613.6	\$ 470.8	30.3 %	\$ 1,711.9	\$ 1,260.8	35.8 %	
Segment income	144.2	113.8	26.7 %	418.6	295.3	41.8 %	
% of net sales	23.5 %	24.2 %	(0.7) pts	24.5 %	23.4 %	1.1 pts	

#### Net sales

The components of the change in Consumer Solutions net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	18.0 %	27.9 %
Price	8.1	4.0
Core growth	26.1	31.9
Acquisition	4.0	3.0
Currency	0.2	0.9
Total	30.3 %	35.8 %

The 30.3 and 35.8 percent increases in net sales for Consumer Solutions in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:

- increased sales volume in our pool business due to consumers increasing their pool use while continuing to invest in their homes and backyards as a result of the COVID-19 pandemic;
- increased sales volume in our water treatment business as residential demand remained strong in the third quarter and first nine months of 2021;

- increased sales volume in our commercial water treatment business in the third quarter and first nine months of 2021 due to improved demand in the restaurant and hospitality industries;
- increased sales due to acquisitions that occurred in the first nine months of 2021 and last quarter of 2020;
- selective increases in selling prices to mitigate impacts of inflation; and
- favorable foreign currency effects compared to the third quarter and first nine months of the prior year.

**Segment income**

The components of the change in Consumer Solutions segment income as a percentage of net sales from the prior period were as follows:

	<b>Three months ended September 30, 2021 over the prior year period</b>	<b>Nine months ended September 30, 2021 over the prior year period</b>
Growth/Price/Acquisition	5.9 pts	4.0 pts
Currency	(0.1)	(0.1)
Inflation	(9.2)	(5.7)
Productivity	2.7	2.9
<b>Total</b>	<b>(0.7) pts</b>	<b>1.1 pts</b>

*The 0.7 percentage point decrease in segment income for Consumer Solutions as a percentage of net sales in the third quarter of 2021 from 2020 was primarily driven by:*

- inflationary cost increases due to high demand and tight supply of raw materials such as metals, resins and electronics along with increased logistics and labor costs; and
- higher sales rebates and employee incentive compensation expense in line with increased sales in our pool and water treatment businesses.

*The decrease was partially offset by:*

- selective increases in selling prices to mitigate the impacts of inflation;
- increased sales volume across all of our businesses resulting in cost leverage and favorable income drop through; and
- increased productivity.

*The 1.1 percentage point increase in segment income for Consumer Solutions as a percentage of net sales in the first nine months of 2021 from 2020 was primarily driven by:*

- increased sales volume in all of our businesses resulting in cost leverage and favorable income drop through;
- selective increases in selling prices to mitigate the impacts of inflation; and
- increased productivity.

*The increase was partially offset by:*

- inflationary cost increases due to high demand and tight supply of raw materials such as metals, resins, and electronics along with increased logistics and labor costs; and
- higher sales rebates and employee incentive compensation expense in line with increased sales in our pool and water treatment businesses.

## Industrial & Flow Technologies

The net sales and segment income for Industrial & Flow Technologies were as follows:

<i>In millions</i>	Three months ended			Nine months ended		
	September 30, 2021	September 30, 2020	% / Point Change	September 30, 2021	September 30, 2020	% / Point Change
Net sales	\$ 355.1	\$ 327.4	8.5 %	\$ 1,063.1	\$ 960.1	10.7 %
Segment income	52.4	42.7	22.7 %	159.5	131.5	21.3 %
<i>% of net sales</i>	14.8 %	13.0 %	1.8 pts	15.0 %	13.7 %	1.3 pts

### Net sales

The components of the change in Industrial & Flow Technologies net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	3.3 %	5.5 %
Price	4.3	2.2
Core growth	7.6	7.7
Currency	0.9	3.0
Total	8.5 %	10.7 %

The 8.5 and 10.7 percent increases in net sales for Industrial & Flow Technologies in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:

- increased sales volume in our residential and irrigation flow businesses in the third quarter and first nine months of 2021 due to strong demand across all product lines in these businesses;
- increased sales volume in our food and beverage business in the third quarter and first nine months of 2021 due to demand in sustainable gas solutions and recovery in short cycle orders;
- selective increases in selling prices to mitigate inflationary cost increases; and
- favorable foreign currency effects in the third quarter and first nine months compared to the same periods of the prior year.

These increases were partially offset by:

- decreased sales volume in our industrial filtration business.

### Segment income

The components of the change in Industrial & Flow Technologies segment income as a percentage of net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Growth/Price/Acquisition	4.4 pts	2.6 pts
Currency	—	0.1
Inflation	(4.2)	(3.4)
Productivity	1.6	2.0
Total	1.8 pts	1.3 pts

The 1.8 and 1.3 percentage point increases in segment income for Industrial & Flow Technologies as a percentage of net sales in the third quarter and first nine months, respectively, of 2021 from 2020 were primarily driven by:

- increased sales volumes in our residential and irrigation flow and food and beverage businesses which resulted in increased leverage on fixed operating expenses and improved income drop through;

- selective increases in selling prices to mitigate inflationary cost increases; and
- increased productivity due to cost actions driving manufacturing efficiencies.

*These increases were partially offset by:*

- inflationary cost increases due to high demand and tight supply of metals and resins along with increased logistics due to supply chain constraints and labor costs due to workforce shortages; and
- increased operating expenses as a result of our continued focus on strategic growth.

## BACKLOG OF ORDERS BY SEGMENT

<i>In millions</i>	September 30, 2021	December 31, 2020	\$ Change	% Change
Consumer Solutions	\$ 1,218.8	\$ 459.1	\$ 759.7	165.5 %
Industrial & Flow Technologies	409.9	288.7	121.2	42.0 %
<b>Total</b>	<b>\$ 1,628.7</b>	<b>\$ 747.8</b>	<b>\$ 880.9</b>	<b>117.8 %</b>

The majority of our backlog is short cycle in nature with shipments within one year from when a customer places an order and a substantial portion of our revenues has historically resulted from orders received and products delivered in the same month. A portion of our backlog, particularly from orders for major capital projects, can take more than one year depending on the size and type of order. We record, as part of our backlog, all orders from external customers, which represent firm commitments, and are supported by a purchase order or other legitimate contract. Our backlog of orders is dependent upon when customers place orders and is not necessarily an indicator of our expected results for our 2021 net sales.

The increase in our backlog from December 31, 2020 to September 30, 2021 was driven by a significant increase in orders due to higher than anticipated demand in our pool business and certain of our residential and commercial businesses, coupled with continuing supply chain disruptions and labor availability challenges.

## LIQUIDITY AND CAPITAL RESOURCES

We generally fund cash requirements for working capital, capital expenditures, equity investments, acquisitions, debt repayments, dividend payments and share repurchases from cash generated from operations, availability under existing committed revolving credit facilities and in certain instances, public and private debt and equity offerings. Our primary revolving credit facilities have generally been adequate for these purposes, although we have negotiated additional credit facilities or completed debt and equity offerings as needed to allow us to complete acquisitions.

We experience seasonal cash flows primarily due to seasonal demand in a number of markets. Consistent with historical trends, we experienced seasonal cash usage in the first quarter of 2021 and drew on our revolving credit facility to fund our operations. This cash usage reversed in the second quarter as the seasonality of our businesses peaked and generated significant cash to fund our operations.

End-user demand for pool and certain pumping equipment has followed warm weather trends and historically has been at seasonal highs from April to August. The magnitude of the sales spike has historically been partially mitigated by employing some advance sale “early buy” programs (generally including extended payment terms and/or additional discounts). Demand for residential and agricultural water systems is also impacted by weather patterns, particularly by heavy flooding and droughts.

We expect to continue to have sufficient cash and borrowing capacity to support working capital needs and capital expenditures, to pay interest and service debt and to pay dividends to shareholders quarterly. We believe our existing liquidity position, coupled with our currently anticipated operating cash flows, will be sufficient to meet our cash needs arising in the ordinary course of business for the next twelve months. Although the impact of the COVID-19 pandemic on our future results is uncertain, we believe we are well-positioned to manage our business and have the ability and sufficient capacity to meet these cash requirements by using available cash, internally generated funds and borrowing under our committed and uncommitted credit facilities. We are committed to maintaining investment grade credit ratings and a solid liquidity position.

We completed the Pleatco acquisition on October 18, 2021 for total consideration of approximately \$255.0 million in cash, subject to customary adjustments. We funded the purchase price with cash on hand and borrowings under our revolving credit facility.

**Summary of Cash Flows**

<i>In millions</i>	<b>Nine months ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Net cash provided by (used for):</b>		
Operating activities of continuing operations	\$ 540.4	\$ 500.8
Investing activities	(114.4)	(70.6)
Financing activities	(341.8)	(414.8)

**Operating activities**

The \$540.4 million in net cash provided by operating activities of continuing operations in the first nine months of 2021 primarily reflects \$465.1 million of net income from continuing operations, net of non-cash depreciation and amortization. Additionally, the Company had a cash inflow of \$64.3 million as a result of changes in net working capital, primarily the result of increased sales and demand leading to higher accrued rebates and incentives, accounts payables, accounts receivable and inventory balances.

The \$500.8 million in net cash provided by operating activities of continuing operations in the first nine months of 2020 primarily reflects \$313.2 million of net income from continuing operations, net of non-cash depreciation and amortization. Additionally, the Company had a cash inflow of \$165.6 million as a result of changes in net working capital, primarily the result of collections on accounts receivables from our early buy programs in the pool business that became due in the second quarter.

**Investing activities**

Net cash used for investing activities in the first nine months of 2021 primarily reflects net cash paid of \$82.8 million for the Ken's Beverage, Inc. acquisition, net of cash acquired, and capital expenditures of \$38.6 million.

Net cash used for investing activities in the first nine months of 2020 primarily reflects capital expenditures of \$44.4 million and cash paid for acquisitions in our Consumer Solutions reporting segment of \$28.5 million, net of cash acquired.

**Financing activities**

Net cash used for financing activities in the first nine months of 2021 primarily relates to the repayment of the 5.000% Senior Notes due in 2021 of \$103.8 million, net repayments of revolving long-term debt of \$36.1 million, \$100.0 million of share repurchases, dividend payments of \$99.9 million and payments upon the maturity of cross currency swaps of \$14.7 million.

Net cash used for financing activities in the first nine months of 2020 primarily relates to net repayments of commercial paper and revolving long-term debt of \$151.3 million, the repayment of the 3.625% Senior Notes due in 2020 of \$74.0 million, \$115.2 million of share repurchases and dividend payments of \$95.4 million.

**Free Cash Flow**

In addition to measuring our cash flow generation or usage based upon operating, investing and financing classifications included in the Condensed Consolidated Statements of Cash Flows, we also measure our free cash flow. We have a long-term goal to consistently generate free cash flow greater than 100 percent conversion of net income. Free cash flow is a non-GAAP financial measure that we use to assess our cash flow performance. We believe free cash flow is an important measure of liquidity because it provides us and our investors a measurement of cash generated from operations that is available to pay dividends, repurchase shares and repay debt. In addition, free cash flow is used as a criterion to measure and pay compensation-based incentives. Our measure of free cash flow may not be comparable to similarly titled measures reported by other companies.

The following table is a reconciliation of free cash flow:

<i>In millions</i>	<b>Nine months ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Net cash provided by operating activities of continuing operations	\$ 540.4	\$ 500.8
Capital expenditures of continuing operations	(38.6)	(44.4)
Proceeds from sale of property and equipment of continuing operations	3.7	0.1
<b>Free cash flow from continuing operations</b>	<b>\$ 505.5</b>	<b>\$ 456.5</b>
Net cash used for operating activities of discontinued operations	(0.3)	(0.5)
<b>Free cash flow</b>	<b>\$ 505.2</b>	<b>\$ 456.0</b>

**Debt and Capital**

Pentair, Pentair Finance S.à r.l (“PFSA”) and Pentair, Inc. are parties to a credit agreement (the “Senior Credit Facility”), with Pentair as guarantor and PFSA and Pentair, Inc. as borrowers, providing for a \$900.0 million senior unsecured revolving credit facility. The Senior Credit Facility has a maturity date of April 25, 2023. Borrowings under the Senior Credit Facility bear interest at a rate equal to an adjusted base rate or the London Interbank Offered Rate, plus, in each case, an applicable margin. The applicable margin is based on, at PFSA’s election, Pentair’s leverage level or PFSA’s public credit rating.

The Senior Credit Facility provides for the extension of term loans in an aggregate amount of \$200.0 million (the “Term Loans”). We have utilized the term loan extension since December 2019. The Term Loans are in addition to the revolving credit facility commitment. In addition, PFSA has the option to further increase the Senior Credit Facility in an aggregate amount of up to \$300.0 million, through a combination of increases to the total commitment amount of the revolving credit facility and/or one or more tranches of term loans in addition to the Term Loans, subject to customary conditions, including the commitment of the participating lenders.

PFSA is authorized to sell short-term commercial paper notes to the extent availability exists under the Senior Credit Facility. PFSA uses the Senior Credit Facility as back-up liquidity to support 100% of commercial paper outstanding. PFSA had no commercial paper outstanding as of September 30, 2021 and December 31, 2020.

In 2020, the commercial paper market began to experience high levels of volatility due to uncertainty related to the COVID-19 pandemic. The volatility impacted both market access to and pricing of commercial paper. As a cost mitigation action, we withdrew our credit ratings to access the commercial paper market and continued to use the revolving credit facility, along with cash generated from operations, to fund our general operations. As of September 30, 2021, total availability under the Senior Credit Facility was \$900.0 million.

Our debt agreements contain various financial covenants, but the most restrictive covenants are contained in the Senior Credit Facility. The Senior Credit Facility contains covenants requiring us not to permit (i) the ratio of our consolidated debt (net of our consolidated unrestricted cash in excess of \$5.0 million but not to exceed \$250.0 million) to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization and non-cash share-based compensation expense (“EBITDA”) on the last day of any period of four consecutive fiscal quarters to exceed 3.75 to 1.00 (the “Leverage Ratio”) and (ii) the ratio of our EBITDA to our consolidated interest expense, for the same period to be less than 3.00 to 1.00 as of the end of each fiscal quarter. For purposes of the Leverage Ratio, the Senior Credit Facility provides for the calculation of EBITDA giving pro forma effect to certain acquisitions, divestitures and liquidations during the period to which such calculation relates. As of September 30, 2021, we were in compliance with all financial covenants in our debt agreements, and there was no material uncertainty about our ongoing ability to meet these covenants.

In addition to the Senior Credit Facility, we have various other credit facilities with an aggregate availability of \$21.4 million, of which there were no outstanding borrowings at September 30, 2021. Borrowings under these credit facilities bear interest at variable rates.

We have \$88.3 million fixed rate senior notes maturing in the next twelve months. We classified this debt as long-term as of September 30, 2021 as we have the intent and ability to refinance such obligation on a long-term basis under the Senior Credit Facility.

As of September 30, 2021, we had \$60.2 million of cash held in certain countries in which the ability to repatriate is limited due to local regulations or significant potential tax consequences.

#### *Share repurchases*

In May 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2018 Authorization”). The 2018 authorization expired on May 31, 2021. In December 2020, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2020 Authorization”). The 2020 Authorization expires on December 31, 2025. The 2020 Authorization supplemented the 2018 Authorization.

During the nine months ended September 30, 2021, we repurchased 1.4 million of our ordinary shares for \$100.0 million, of which 0.8 million shares, or \$50.0 million, and 0.6 million shares, or \$50.0 million, were repurchased pursuant to the 2018 Authorization and 2020 Authorization, respectively. As of September 30, 2021, we had \$700.0 million available for share repurchases under the 2020 Authorization.

#### *Dividends payable*

On September 21, 2021, the Board of Directors declared a quarterly cash dividend of \$0.20, payable on November 5, 2021 to shareholders of record at the close of business on October 22, 2021. As a result, the balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$33.1 million at September 30, 2021, compared to \$33.2 million at December 31, 2020.

We paid dividends in the first nine months of 2021 of \$99.9 million, or \$0.60 per ordinary share compared with \$95.4 million, or \$0.57 per ordinary share, in the prior year period.

Under Irish law, the payment of future cash dividends and repurchases of shares may be paid only out of Pentair plc’s “distributable reserves” on its statutory balance sheet. Pentair plc is not permitted to pay dividends out of share capital, which includes share premiums. Distributable reserves may be created through the earnings of the Irish parent company and through a reduction in share capital approved by the Irish High Court. Distributable reserves are not linked to a U.S. generally accepted accounting principles (“GAAP”) reported amount (e.g., retained earnings). Our distributable reserve balance was \$8.8 billion as of December 31, 2020.

#### *Supplemental guarantor information*

Pentair plc (the “Parent Company Guarantor”), fully and unconditionally, guarantees the senior notes of PFSA (the “Subsidiary Issuer”). The Subsidiary Issuer is a Luxembourg private limited liability company and 100 percent-owned subsidiary of the Parent Company Guarantor.

The Parent Company Guarantor is a holding company established to own directly and indirectly substantially all of its operating and other subsidiaries. The Subsidiary Issuer is a holding company formed to own directly and indirectly substantially all of its operating and other subsidiaries and to issue debt securities, including the senior notes. The Parent Company Guarantor’s principal source of cash flow, including cash flow to make payments on the senior notes pursuant to the guarantees, is dividends from its subsidiaries. The Subsidiary Issuer’s principal source of cash flow is interest income from its subsidiaries. None of the subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer is under any direct obligation to pay or otherwise fund amounts due on the senior notes or the guarantees, whether in the form of dividends, distributions, loans or other payments. In addition, there may be statutory and regulatory limitations on the payment of dividends from certain subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer. If such subsidiaries are unable to transfer funds to the Parent Company Guarantor or the Subsidiary Issuer and sufficient cash or liquidity is not otherwise available, the Parent Company Guarantor or the Subsidiary Issuer may not be able to make principal and interest payments on their outstanding debt, including the senior notes or the guarantees.

The following table presents summarized financial information as of September 30, 2021 and December 31, 2020 for the Parent Company Guarantor and Subsidiary Issuer on a combined basis after elimination of (i) intercompany transactions and balances among the guarantors and issuer and (ii) equity in earnings from and investments in any subsidiary that is a non-Guarantor or issuer.

<i>In millions</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Current assets <sup>(1)</sup>	\$ 7.9	\$ 8.2
Noncurrent assets <sup>(2)</sup>	965.5	1,040.9
Current liabilities <sup>(3)</sup>	708.5	608.3
Noncurrent liabilities <sup>(4)</sup>	1,007.1	1,283.0

<sup>(1)</sup> Includes assets due from non-guarantor subsidiaries of \$7.1 million and \$2.8 million as of September 30, 2021 and December 31, 2020, respectively.

<sup>(2)</sup> Includes assets due from non-guarantor subsidiaries of \$949.5 million and \$1,028.5 million as of September 30, 2021 and December 31, 2020, respectively.

<sup>(3)</sup> Includes liabilities due to non-guarantor subsidiaries of \$662.7 million and \$556.6 million as of September 30, 2021 and December 31, 2020, respectively.

<sup>(4)</sup> Includes liabilities due to non-guarantor subsidiaries of \$283.6 million and \$495.2 million as of September 30, 2021 and December 31, 2020, respectively.

The Parent Company Guarantor and Subsidiary Issuer do not have material results of operations on a combined basis.

## **CRITICAL ACCOUNTING POLICIES**

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with GAAP. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. In our 2020 Annual Report on Form 10-K, we identified the critical accounting policies that affect our more significant estimates and assumptions used in preparing our consolidated financial statements. There have been no material changes to our critical accounting policies and estimates from those disclosed in our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our market risk during the quarter ended September 30, 2021. For additional information refer to Item 7A of our 2020 Annual Report on Form 10-K.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **(a) Evaluation of Disclosure Controls and Procedures**

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter ended September 30, 2021 pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the quarter ended September 30, 2021 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

#### **(b) Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We have been, and in the future may be, made parties to a number of actions filed or have been, and in the future may be, given notice of potential claims relating to the conduct of our business, including those relating to commercial, contractual or regulatory disputes with suppliers, customers, authorities or parties to acquisitions and divestitures; intellectual property matters; environmental, asbestos, safety and health matters; product liability claims; claims relating to the use or installation of our products; consumer and consumer protection matters; and employment and labor matters. Refer to "Legal Proceedings" and "Environmental Matters" within [Note 16 "Commitments and Contingencies"](#), of the condensed consolidated financial statements included within ITEM 1 of Part I of this Form 10-Q for information regarding legal and regulatory proceedings we are involved in.

### **ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors previously disclosed in Item 1A. of our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The following table provides information with respect to purchases we made of our ordinary shares during the third quarter of 2021:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Dollar value of shares that may yet be purchased under the plans or programs
July 1 - July 31	27,319	\$ 73.19	27,319	\$ 748,000,033
August 1 - August 28	516,598	77.80	514,039	708,000,835
August 29 - September 30	103,845	77.39	103,324	700,001,084
<b>Total</b>	<b>647,762</b>		<b>644,682</b>	

- (a) The purchases in this column include no shares for the period July 1 - July 31, 2,559 shares for the period August 1 - August 28 and 521 shares for the period August 29 - September 30 deemed surrendered to us by participants in our equity incentive plans to satisfy the exercise price or withholding of tax obligations related to the exercise of stock options and vesting of restricted and performance shares.
- (b) The average price paid in this column includes shares deemed surrendered to us by participants in our equity incentive plans to satisfy the exercise price for the exercise price of stock options and withholding tax obligations due upon stock option exercises and vesting of restricted and performance shares.
- (c) The number of shares in this column represents the number of shares repurchased as part of our publicly announced plans to repurchase our ordinary shares up to the maximum dollar limit authorized by the Board of Directors, discussed below.
- (d) In May 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2018 Authorization”). The 2018 Authorization expired on May 31, 2021. On December 8, 2020, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$750.0 million (the “2020 Authorization”). The 2020 Authorization expires on December 31, 2025. The 2020 Authorization supplemented the 2018 Authorization. As of September 30, 2021, we had \$700.0 million available for share repurchases under the 2020 Authorization. From time to time, we may enter into a Rule 10b5-1 trading plan for the purpose of repurchasing shares under the 2020 Authorization.

**ITEM 6. EXHIBITS**

The exhibits listed in the following Exhibit Index are filed as part of this Quarterly Report on Form 10-Q.

**Exhibit Index to Form 10-Q for the Period Ended September 30, 2021**

<a href="#">22</a>	List of Guarantors and Subsidiary Issuers of Guaranteed Securities (Incorporated by reference to Exhibit 22 to the Quarterly Report on Form 10-Q of Pentair plc for the quarter ended June 30, 2021 (File No. 001-11625)).
<a href="#">31.1</a>	Certification of Chief Executive Officer.
<a href="#">31.2</a>	Certification of Chief Financial Officer.
<a href="#">32.1</a>	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.2</a>	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<b>101</b>	The following materials from Pentair plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2021 and 2020, (ii) the Condensed Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020, (iv) the Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2021 and 2020, and (v) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
<b>104</b>	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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## 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, on October 26, 2021.

Pentair plc  
Registrant

By /s/ Robert P. Fishman  
Robert P. Fishman  
Executive Vice President, Chief Financial Officer and Chief  
Accounting Officer

**Certification**

I, John L. Stauch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pentair plc;
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 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 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.

Date October 26, 2021

/s/ John L. Stauch

John L. Stauch

President and Chief Executive Officer

**Certification**

I, Robert P. Fishman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pentair plc;
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 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 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.

Date: October 26, 2021

/s/ Robert P. Fishman

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Robert P. Fishman  
Executive Vice President, Chief Financial Officer and Chief Accounting  
Officer

**Certification of CEO Pursuant To  
18 U.S.C. Section 1350,  
As Adopted Pursuant To  
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Pentair plc (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John L. Stauch, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 26, 2021

/s/ John L. Stauch

John L. Stauch

President and Chief Executive Officer

**Certification of CFO Pursuant To  
18 U.S.C. Section 1350,  
As Adopted Pursuant To  
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Pentair plc (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert P. Fishman, Executive Vice President, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
  - (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.
- Date: October 26, 2021

/s/ Robert P. Fishman

Robert P. Fishman  
Executive Vice President, Chief Financial Officer and Chief Accounting  
Officer