

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 June 30, 2022

OR

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

Commission file number 001-38265

nVent Electric plc

(Exact name of Registrant as specified in its charter)

Ireland

98-1391970

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification number)

The Mille, 1000 Great West Road, 8th Floor (East), London, TW8 9DW, United Kingdom

(Address of principal executive offices)

Registrant's telephone number, including area code: 44-20-3966-0279

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

Title of each class	Trading symbol	Name of each exchange on which registered
Ordinary Shares, nominal value \$0.01 per share	NVT	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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ 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 June 30, 2022, 166,488,320 shares of Registrant's common stock were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

nVent Electric plc Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>In millions, except per-share data</i>				
Net sales	\$ 727.5	\$ 601.3	\$ 1,422.2	\$ 1,150.2
Cost of goods sold	459.7	366.1	907.1	706.0
Gross profit	267.8	235.2	515.1	444.2
Selling, general and administrative	148.5	135.2	290.5	252.4
Research and development	14.6	11.7	29.8	23.1
Operating income	104.7	88.3	194.8	168.7
Net interest expense	7.5	8.1	14.7	16.2
Other expense	1.2	0.6	1.8	1.2
Income before income taxes	96.0	79.6	178.3	151.3
Provision for income taxes	16.1	13.4	30.6	19.7
Net income	\$ 79.9	\$ 66.2	\$ 147.7	\$ 131.6
Comprehensive income, net of tax				
Net income	\$ 79.9	\$ 66.2	\$ 147.7	\$ 131.6
Changes in cumulative translation adjustment	(9.0)	3.8	(6.0)	6.8
Changes in market value of derivative financial instruments, net of tax	3.5	(10.3)	(0.2)	9.0
Comprehensive income	\$ 74.4	\$ 59.7	\$ 141.5	\$ 147.4
Earnings per ordinary share				
Basic	\$ 0.48	\$ 0.39	\$ 0.89	\$ 0.78
Diluted	\$ 0.48	\$ 0.39	\$ 0.88	\$ 0.78
Weighted average ordinary shares outstanding				
Basic	166.4	167.9	166.3	167.8
Diluted	168.2	169.6	168.2	169.2
Cash dividends paid per ordinary share	\$ 0.175	\$ 0.175	\$ 0.35	\$ 0.35

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Balance Sheets (Unaudited)

<i>In millions, except per-share data</i>	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 55.8	\$ 49.5
Accounts and notes receivable, net of allowances of \$9.3 and \$6.7, respectively	481.5	438.1
Inventories	375.4	321.9
Other current assets	155.6	102.0
Total current assets	1,068.3	911.5
Property, plant and equipment, net	279.2	291.1
Other assets		
Goodwill	2,178.6	2,186.7
Intangibles, net	1,103.8	1,143.8
Other non-current assets	135.7	141.1
Total other assets	3,418.1	3,471.6
Total assets	\$ 4,765.6	\$ 4,674.2
Liabilities and Equity		
Current liabilities		
Current maturities of long-term debt and short-term borrowings	\$ 5.0	\$ 5.0
Accounts payable	279.9	261.0
Employee compensation and benefits	89.8	113.9
Other current liabilities	237.4	256.4
Total current liabilities	612.1	636.3
Other liabilities		
Long-term debt	1,043.2	994.2
Pension and other post-retirement compensation and benefits	194.4	208.1
Deferred tax liabilities	210.5	210.3
Other non-current liabilities	119.4	129.2
Total liabilities	2,179.6	2,178.1
Equity		
Ordinary shares \$0.01 par value, 400.0 authorized, 166.5 and 166.1 issued at June 30, 2022 and December 31, 2021, respectively	1.7	1.7
Additional paid-in capital	2,409.8	2,403.1
Retained earnings	263.9	174.5
Accumulated other comprehensive loss	(89.4)	(83.2)
Total equity	2,586.0	2,496.1
Total liabilities and equity	\$ 4,765.6	\$ 4,674.2

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>In millions</i>	Six months ended	
	June 30, 2022	June 30, 2021
Operating activities		
Net income	\$ 147.7	\$ 131.6
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Depreciation	21.6	20.0
Amortization	35.5	31.9
Deferred income taxes	(0.4)	(0.9)
Share-based compensation	11.9	6.2
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	(53.0)	(69.2)
Inventories	(61.1)	(20.5)
Other current assets	(34.3)	(21.2)
Accounts payable	28.6	33.1
Employee compensation and benefits	(21.4)	23.5
Other current liabilities	(12.2)	6.7
Other non-current assets and liabilities	1.0	2.1
Net cash provided by (used for) operating activities	63.9	143.3
Investing activities		
Capital expenditures	(20.8)	(17.9)
Proceeds from sale of property and equipment	2.0	0.1
Acquisitions, net of cash acquired	(8.6)	(232.6)
Net cash provided by (used for) investing activities	(27.4)	(250.4)
Financing activities		
Net receipts of revolving long-term debt	51.2	165.4
Repayments of long-term debt	(2.7)	(10.0)
Dividends paid	(58.4)	(58.8)
Shares issued to employees, net of shares withheld	(1.3)	9.5
Repurchases of ordinary shares	(8.5)	(20.0)
Net cash provided by (used for) financing activities	(19.7)	86.1
Effect of exchange rate changes on cash and cash equivalents	(10.5)	0.3
Change in cash and cash equivalents	6.3	(20.7)
Cash and cash equivalents, beginning of period	49.5	122.5
Cash and cash equivalents, end of period	\$ 55.8	\$ 101.8

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Statements of Changes in Equity (Unaudited)

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total					
	Number	Amount									
Balance - December 31, 2021	166.1	\$	1.7	\$	2,403.1	\$	174.5	\$	(83.2)	\$	2,496.1
Net income	—		—		—		67.8		—		67.8
Other comprehensive income (loss), net of tax	—		—		—		—		(0.7)		(0.7)
Dividends declared	—		—		—		(29.0)		—		(29.0)
Share repurchases	(0.1)		—		(3.9)		—		—		(3.9)
Exercise of options, net of shares tendered for payment	—		—		1.4		—		—		1.4
Issuance of restricted shares, net of cancellations	0.4		—		—		—		—		—
Shares surrendered by employees to pay taxes	(0.1)		—		(4.4)		—		—		(4.4)
Share-based compensation	—		—		6.6		—		—		6.6
Balance - March 31, 2022	166.3	\$	1.7	\$	2,402.8	\$	213.3	\$	(83.9)	\$	2,533.9
Net income	—		—		—		79.9		—		79.9
Other comprehensive income (loss), net of tax	—		—		—		—		(5.5)		(5.5)
Dividends declared	—		—		—		(29.3)		—		(29.3)
Exercise of options, net of shares tendered for payment	0.1		—		2.0		—		—		2.0
Issuance of restricted shares, net of cancellations	0.1		—		—		—		—		—
Shares surrendered by employees to pay taxes	—		—		(0.3)		—		—		(0.3)
Share-based compensation	—		—		5.3		—		—		5.3
Balance - June 30, 2022	166.5	\$	1.7	\$	2,409.8	\$	263.9	\$	(89.4)	\$	2,586.0

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total					
	Number	Amount									
Balance - December 31, 2020	168.2	\$	1.7	\$	2,482.6	\$	20.7	\$	(95.2)	\$	2,409.8
Net income	—		—		—		65.4		—		65.4
Other comprehensive income (loss), net of tax	—		—		—		—		22.3		22.3
Dividends declared	—		—		—		(29.4)		—		(29.4)
Share repurchases	(0.9)		—		(20.0)		—		—		(20.0)
Exercise of options, net of shares tendered for payment	0.2		—		4.1		—		—		4.1
Issuance of restricted shares, net of cancellations	0.3		—		—		—		—		—
Shares surrendered by employees to pay taxes	(0.1)		—		(2.0)		—		—		(2.0)
Share-based compensation	—		—		(0.2)		—		—		(0.2)
Balance - March 31, 2021	167.7	\$	1.7	\$	2,464.5	\$	56.7	\$	(72.9)	\$	2,450.0
Net income	—		—		—		66.2		—		66.2
Other comprehensive income (loss), net of tax	—		—		—		—		(6.5)		(6.5)
Dividends declared	—		—		—		(30.6)		—		(30.6)
Exercise of options, net of shares tendered for payment	0.4		—		7.5		—		—		7.5
Shares surrendered by employees to pay taxes	—		—		(0.2)		—		—		(0.2)
Share-based compensation	—		—		6.4		—		—		6.4
Balance - June 30, 2021	168.1	\$	1.7	\$	2,478.2	\$	92.3	\$	(79.4)	\$	2,492.8

See accompanying notes to condensed consolidated financial statements.

1. Basis of Presentation and Responsibility for Interim Financial Statements

Business

nVent Electric plc ("nVent," "we," "us," "our" or the "Company") is a leading global provider of electrical connection and protection solutions. The Company is comprised of three reporting segments: Enclosures, Electrical & Fastening Solutions and Thermal Management.

The Company was incorporated in Ireland on May 30, 2017. Although our jurisdiction of organization is Ireland, we manage our affairs so that we are centrally managed and controlled in the United Kingdom (the "U.K.") and have tax residency in the U.K.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of nVent have been prepared following the requirements of the 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 and combined financial statements and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2021.

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 novel coronavirus 2019 ("COVID-19") a pandemic. The effects of the COVID-19 pandemic have had and may continue to have an unfavorable impact on our business. The broader implication of COVID-19 on our results of operations and overall financial performance remains uncertain. We may experience changes in customer demand or constrained supply that could materially adversely impact our business, financial condition, results of operations and overall financial performance in future periods.

2. Revenue

Disaggregation of revenue

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

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

<i>In millions</i>	Three months ended June 30, 2022				
	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 252.2	\$ 152.0	\$ 87.7	\$ 491.9	
Developed Europe ⁽¹⁾	81.1	33.7	30.7	145.5	
Developing ⁽²⁾	43.0	9.9	23.5	76.4	
Other Developed ⁽³⁾	4.5	5.3	3.9	13.7	
Total	\$ 380.8	\$ 200.9	\$ 145.8	\$ 727.5	

Six months ended June 30, 2022					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 488.8	\$ 289.9	\$ 174.9	\$ 953.6	
Developed Europe ⁽¹⁾	162.4	68.4	63.7	294.5	
Developing ⁽²⁾	79.9	20.8	45.9	146.6	
Other Developed ⁽³⁾	9.1	9.4	9.0	27.5	
Total	\$ 740.2	\$ 388.5	\$ 293.5	\$ 1,422.2	

Three months ended June 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 193.0	\$ 117.4	\$ 68.3	\$ 378.7	
Developed Europe ⁽¹⁾	78.3	35.0	28.4	141.7	
Developing ⁽²⁾	25.2	12.4	30.3	67.9	
Other Developed ⁽³⁾	3.9	4.4	4.7	13.0	
Total	\$ 300.4	\$ 169.2	\$ 131.7	\$ 601.3	

Six months ended June 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 368.7	\$ 221.3	\$ 132.1	\$ 722.1	
Developed Europe ⁽¹⁾	151.7	65.8	58.9	276.4	
Developing ⁽²⁾	49.6	21.4	57.3	128.3	
Other Developed ⁽³⁾	7.4	8.6	7.4	23.4	
Total	\$ 577.4	\$ 317.1	\$ 255.7	\$ 1,150.2	

⁽¹⁾ Developed Europe includes Western Europe and Eastern Europe included in European Union.

⁽²⁾ Developing includes China, Eastern Europe not included in European Union, Latin America, Middle East and Southeast Asia.

⁽³⁾ Other Developed includes Australia and Japan.

Vertical net sales information was as follows:

Three months ended June 30, 2022					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 210.6	\$ 19.7	\$ 68.9	\$ 299.2	
Commercial & Residential	51.3	103.3	48.6	203.2	
Infrastructure	90.7	69.8	5.8	166.3	
Energy	28.2	8.1	22.5	58.8	
Total	\$ 380.8	\$ 200.9	\$ 145.8	\$ 727.5	

Six months ended June 30, 2022					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 420.0	\$ 38.9	\$ 141.5	\$ 600.4	
Commercial & Residential	91.6	199.1	95.2	385.9	
Infrastructure	171.0	134.9	10.8	316.7	
Energy	57.6	15.6	46.0	119.2	
Total	\$ 740.2	\$ 388.5	\$ 293.5	\$ 1,422.2	

Three months ended June 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 189.0	\$ 17.5	\$ 56.6	\$ 263.1	
Commercial & Residential	36.9	85.2	43.4	165.5	
Infrastructure	53.5	59.2	5.9	118.6	
Energy	21.0	7.3	25.8	54.1	
Total	\$ 300.4	\$ 169.2	\$ 131.7	\$ 601.3	

Six months ended June 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 361.1	\$ 32.9	\$ 107.2	\$ 501.2	
Commercial & Residential	65.5	162.8	89.4	317.7	
Infrastructure	109.1	108.1	10.2	227.4	
Energy	41.7	13.3	48.9	103.9	
Total	\$ 577.4	\$ 317.1	\$ 255.7	\$ 1,150.2	

Contract balances

Contract assets and liabilities consisted of the following:

<i>In millions</i>	June 30, 2022	December 31, 2021	\$ Change	% Change
Contract assets	\$ 57.4	\$ 48.9	\$ 8.5	17.4 %
Contract liabilities	20.6	17.8	2.8	15.7 %
Net contract assets	\$ 36.8	\$ 31.1	\$ 5.7	18.3 %

The \$5.7 million increase in net contract assets from December 31, 2021 to June 30, 2022 was primarily the result of the timing of milestone payments. The majority of our contract liabilities at December 31, 2021 were recognized in revenue during the six months ended June 30, 2022. There were no material impairment losses recognized on our contract assets for the three and six months ended June 30, 2022 and 2021.

Remaining performance obligations

We have elected the practical expedient to disclose only the value of remaining performance obligations for contracts with an original expected length of one year or more. On June 30, 2022, we had \$40.3 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.

3. Restructuring

During the six months ended June 30, 2022 and the year ended December 31, 2021, we initiated and continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business.

Restructuring related costs included in *Selling, general and administrative expense* in the Condensed Consolidated Statements of Income and Comprehensive Income included costs for severance and other restructuring costs as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Severance and related costs	\$ 1.7	\$ 2.5	\$ 3.7	\$ 2.7
Other	0.6	1.8	0.6	2.4
Total restructuring costs	\$ 2.3	\$ 4.3	\$ 4.3	\$ 5.1

Other restructuring costs primarily consist of asset impairment and various contract termination costs.

Restructuring costs by reportable segment were as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Enclosures	\$ 2.1	\$ 2.2	\$ 2.3	\$ 3.2
Electrical & Fastening Solutions	—	0.4	—	0.6
Thermal Management	0.1	1.1	0.1	1.3
Other	0.1	0.6	1.9	—
Total	\$ 2.3	\$ 4.3	\$ 4.3	\$ 5.1

Activity related to accrued severance and related costs recorded in *Other current liabilities* in the Condensed Consolidated Balance Sheets is summarized as follows:

<i>In millions</i>	Six months ended	
	June 30, 2022	June 30, 2021
Beginning balance	\$ 2.4	\$ 6.6
Costs incurred	3.7	2.7
Cash payments and other	(3.8)	(5.4)
Ending balance	\$ 2.3	\$ 3.9

4. Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

<i>In millions, except per-share data</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	\$ 79.9	\$ 66.2	\$ 147.7	\$ 131.6
Weighted average ordinary shares outstanding				
Basic	166.4	167.9	166.3	167.8
Dilutive impact of stock options, restricted stock units and performance share units	1.8	1.7	1.9	1.4
Diluted	168.2	169.6	168.2	169.2
Earnings per ordinary share				
Basic earnings per ordinary share	\$ 0.48	\$ 0.39	\$ 0.89	\$ 0.78
Diluted earnings per ordinary share	\$ 0.48	\$ 0.39	\$ 0.88	\$ 0.78
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	0.7	0.8	0.5	1.0

5. Acquisitions

On April 1, 2021, we acquired substantially all of the assets of Vynckier Enclosure Systems, Inc. ("Vynckier") for approximately \$27.0 million in cash. Vynckier is a U.S. based manufacturer of high-quality non-metallic enclosures that we market as part of the nVent HOFFMAN product line within our Enclosures segment.

The excess purchase price over tangible net assets and identified intangible assets acquired has been allocated to goodwill in the amount of \$13.5 million, substantially all of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired included \$6.1 million of definite-lived customer relationships with an estimated useful life of 11 years.

On June 30, 2021, we acquired CIS Global LLC ("CIS Global") for approximately \$202.4 million in cash. The CIS Global business is a leading provider of intelligent rack power distribution and server slides products, and operates within our Enclosures segment. The purchase price was funded primarily through borrowings under our Revolving Credit Facility (as defined in Note 9).

The excess purchase price over tangible net assets and identified intangible assets acquired has been allocated to goodwill in the amount of \$83.5 million, of which \$50.0 million is expected to be deductible for income tax purposes. Identifiable intangible assets acquired included \$78.0 million of definite-lived customer relationships with an estimated useful life of 16 years and \$24.5 million of developed technology with an estimated useful life of 9 years to 12 years.

The pro forma impact of these acquisitions is not material individually or in the aggregate.

6. 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, 2021	Acquisitions/ divestitures	Foreign currency translation/other	June 30, 2022
Enclosures	\$ 420.4	\$ 0.2	\$ (8.0)	\$ 412.6
Electrical & Fastening Solutions	1,052.0	—	—	1,052.0
Thermal Management	714.3	—	(0.3)	714.0
Total goodwill	\$ 2,186.7	\$ 0.2	\$ (8.3)	\$ 2,178.6

Identifiable intangible assets consisted of the following:

<i>In millions</i>	June 30, 2022			December 31, 2021		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Definite-life intangibles						
Customer relationships	\$ 1,290.7	\$ (486.8)	\$ 803.9	\$ 1,295.4	\$ (454.0)	\$ 841.4
Proprietary technology and patents	40.2	(13.4)	26.8	40.8	(11.5)	29.3
Total definite-life intangibles	1,330.9	(500.2)	830.7	1,336.2	(465.5)	870.7
Indefinite-life intangibles						
Trade names	273.1	—	273.1	273.1	—	273.1
Total intangibles	\$ 1,604.0	\$ (500.2)	\$ 1,103.8	\$ 1,609.3	\$ (465.5)	\$ 1,143.8

Identifiable intangible asset amortization expense was \$17.7 million and \$16.0 million for the three months ended June 30, 2022 and 2021, respectively, and \$35.5 million and \$31.9 million for the six months ended June 30, 2022 and 2021, respectively.

Estimated future amortization expense for identifiable intangible assets during the remainder of 2022 and the next five years is as follows:

<i>In millions</i>	Q3-Q4					
	2022	2023	2024	2025	2026	2027
Estimated amortization expense	\$ 35.4	\$ 70.5	\$ 69.9	\$ 69.9	\$ 69.9	\$ 69.9

7. Supplemental Balance Sheet Information

<i>In millions</i>	June 30, 2022	December 31, 2021
Inventories		
Raw materials and supplies	\$ 127.5	\$ 104.5
Work-in-process	37.6	33.3
Finished goods	210.3	184.1
Total inventories	\$ 375.4	\$ 321.9
Other current assets		
Contract assets	\$ 57.4	\$ 48.9
Prepaid expenses	62.2	49.6
Prepaid income taxes	11.2	2.2
Cross currency swap assets	22.1	—
Other current assets	2.7	1.3
Total other current assets	\$ 155.6	\$ 102.0
Property, plant and equipment, net		
Land and land improvements	\$ 38.1	\$ 39.8
Buildings and leasehold improvements	178.6	184.5
Machinery and equipment	495.3	488.5
Construction in progress	21.2	25.5
Total property, plant and equipment	733.2	738.3
Accumulated depreciation and amortization	454.0	447.2
Total property, plant and equipment, net	\$ 279.2	\$ 291.1
Other non-current assets		
Deferred compensation plan assets	\$ 16.4	\$ 21.4
Lease right-of-use assets	74.7	79.1
Deferred tax assets	13.8	14.6
Other non-current assets	30.8	26.0
Total other non-current assets	\$ 135.7	\$ 141.1
Other current liabilities		
Dividends payable	\$ 30.2	\$ 30.5
Accrued rebates	68.0	88.2
Contract liabilities	20.6	17.8
Accrued taxes payable	32.5	32.4
Current lease liabilities	16.8	17.4
Other current liabilities	69.3	70.1
Total other current liabilities	\$ 237.4	\$ 256.4
Other non-current liabilities		
Income taxes payable	\$ 29.8	\$ 30.3
Deferred compensation plan liabilities	16.4	21.4
Non-current lease liabilities	62.8	66.5
Other non-current liabilities	10.4	11.0
Total other non-current liabilities	\$ 119.4	\$ 129.2

8. 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. We manage our economic and transaction exposure to certain market-based risks through the use of derivative instruments. These derivative instruments primarily consist of forward foreign currency contracts used to mitigate foreign currency exposure for certain foreign currency assets and liabilities. Our objective in holding these derivatives is to reduce the volatility in net earnings and cash flows associated with changes in foreign currency rates. The majority of our foreign currency contracts have an original maturity date of less than one year. These foreign currency contracts are not designated as hedging instruments; accordingly, changes in the fair value are recorded in current period earnings.

At June 30, 2022 and December 31, 2021, we had outstanding foreign currency derivative contracts with gross notional U.S. dollar equivalent amounts of \$163.1 million and \$180.1 million, respectively. The impact of these contracts on the Condensed Consolidated Statements of Income and Comprehensive Income was not material for any period presented.

Cross currency swaps

At June 30, 2022 and December 31, 2021, we had outstanding cross currency swap agreements with a combined notional amount of \$342.1 million and \$369.1 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. At June 30, 2022 and December 31, 2021, we had deferred foreign currency gains of \$16.3 million and \$16.7 million, respectively, in *Accumulated other comprehensive loss* associated with our cross currency swap activity.

Interest rate swaps

We are also exposed to interest rate risk fluctuations in connection with the planned issuance of long-term debt. To manage the volatility related to this exposure, we may use forward starting interest rate swaps to fix a portion of the interest cost associated with anticipated future financings. In 2020, we entered into a forward starting interest rate swap to hedge the variability of cash flows attributable to changes in the benchmark swap interest rate (London Inter-Bank Offer Rate) associated with the anticipated refinancing of the 2023 Notes (as defined below). The interest rate swap contract had a notional amount of \$200.0 million, and was settled in the fourth quarter of 2021 in conjunction with the issuance of the 2031 Notes (as defined below). Accordingly, cash flows of \$9.6 million relating to the settlement of interest rate swaps hedging the forecasted issuance of debt have been reflected as a component of financing cash flows. The resulting gain from the settlement is deferred to *Accumulated other comprehensive loss*, and is being reclassified to interest expense over the term of the 2031 Notes (underlying debt). This reclassification of the deferred gain impacts the interest expense recognized on the underlying debt that was hedged, and is therefore reflected as a component of operating cash flows in periods subsequent to settlement.

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 and interest rate swap 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 underlying securities owned by the fund 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>	June 30, 2022		December 31, 2021	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
Variable rate debt	\$ 254.2	\$ 254.2	\$ 205.5	\$ 205.5
Fixed rate debt	800.0	745.0	800.0	866.8
Total debt	\$ 1,054.2	\$ 999.2	\$ 1,005.5	\$ 1,072.3

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

Recurring fair value measurements		June 30, 2022				
<i>In millions</i>		Level 1	Level 2	Level 3	NAV	Total
Cross currency swap assets	\$	—	\$ 29.7	\$ —	\$ —	\$ 29.7
Foreign currency contract liabilities		—	(1.6)	—	—	(1.6)
Foreign currency contract assets		—	0.7	—	—	0.7
Deferred compensation plan assets		11.7	—	—	4.7	16.4
Total recurring fair value measurements	\$	11.7	\$ 28.8	\$ —	\$ 4.7	\$ 45.2

Recurring fair value measurements		December 31, 2021				
<i>In millions</i>		Level 1	Level 2	Level 3	NAV	Total
Cross currency swap liabilities	\$	—	(1.7)	\$ —	\$ —	(1.7)
Cross currency swap assets		—	9.5	—	—	9.5
Foreign currency contract liabilities		—	(0.2)	—	—	(0.2)
Foreign currency contract assets		—	0.4	—	—	0.4
Deferred compensation plan assets		15.5	—	—	5.9	21.4
Total recurring fair value measurements	\$	15.5	\$ 8.0	\$ —	\$ 5.9	\$ 29.4

9. Debt

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

<i>In millions</i>	Average interest rate at June 30, 2022	Maturity Year	June 30, 2022	December 31, 2021
Revolving credit facility	2.608%	2026	\$ 157.9	\$ 106.7
Senior notes - fixed rate	2.750%	2031	300.0	300.0
Senior notes - fixed rate	4.550%	2028	500.0	500.0
Term loan facility	2.874%	2026	96.3	98.8
Unamortized debt issuance costs and discounts	N/A	N/A	(6.0)	(6.3)
Total debt			1,048.2	999.2
Less: Current maturities and short-term borrowings			(5.0)	(5.0)
Long-term debt			\$ 1,043.2	\$ 994.2

Senior notes

In March 2018, nVent Finance S.à r.l. ("nVent Finance" or "Subsidiary Issuer"), a 100-percent owned subsidiary of nVent, issued \$300.0 million aggregate principal amount of 3.950% senior notes due 2023 (the "2023 Notes") and \$500.0 million aggregate principal amount of 4.550% senior notes due 2028 (the "2028 Notes").

In November 2021, nVent Finance issued \$300.0 million aggregate principal amount of 2.750% senior notes due 2031 (the "2031 Notes" and, collectively with the 2028 Notes, the "Notes"). In December 2021, nVent Finance redeemed the \$300.0 million aggregate principal amount of the 2023 Notes.

Interest on the 2028 Notes is payable semi-annually in arrears on April 15 and October 15 of each year, and interest on the 2031 Notes is payable semi-annually in arrears on May 15 and November 15 of each year.

The Notes are fully and unconditionally guaranteed as to payment by nVent (the "Parent Company Guarantor"). There are no subsidiaries that guarantee the Notes. The Parent Company Guarantor is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries. The Subsidiary Issuer is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries and the issuance of the Notes and other external debt. The Parent Company Guarantor's principal source of cash flow, including cash flow to make payments on the 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 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 Notes or the guarantees.

The Notes constitute general unsecured senior obligations of the Subsidiary Issuer and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. The guarantees of the Notes by the Parent Company Guarantor constitute general unsecured obligations of the Parent Company Guarantor and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. Subject to certain qualifications and exceptions, the indenture pursuant to which the Notes were issued contains covenants that, among other things, restrict nVent's, nVent Finance's and certain subsidiaries' ability to merge or consolidate with another person, create liens or engage in sale and lease-back transactions.

There are no significant restrictions on the ability of nVent to obtain funds from its subsidiaries by dividend or loan. None of the assets of nVent or its subsidiaries represents restricted net assets pursuant to the guidelines established by the Securities and Exchange Commission.

Senior credit facilities

In March 2018, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into a credit agreement with a syndicate of banks providing for a five-year \$200.0 million senior unsecured term loan facility and a five-year \$600.0 million senior unsecured revolving credit facility.

In September 2021, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into an amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks providing for a five-year \$300.0 million senior unsecured term loan facility (the "Term Loan Facility") and a five-year \$600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Credit Facilities"), which amended and restated the March 2018 credit agreement. Borrowings under the Term Loan Facility are permitted on a delayed draw basis during the first year of the five-year term of the Term Loan Facility, and borrowings under the Revolving Credit Facility are permitted from time to time during the full five-year term of the Revolving Credit Facility. nVent Finance has the option to request to increase the Revolving Credit Facility in an aggregate amount of up to \$300.0 million, subject to customary conditions, including the commitment of the participating lenders.

Borrowings under the Senior Credit Facilities bear interest at a rate equal to an adjusted base rate, London Interbank Offered Rate ("LIBOR"), Euro Interbank Offer Rate ("EURIBOR") or Sterling Overnight Index Average ("SONIA"), plus, in each case, an applicable margin. The applicable margin will be based on, at nVent Finance's election, the Company's leverage level or public credit rating.

As of June 30, 2022, the borrowing capacity under the Term Loan Facility on a delayed draw basis was \$200.0 million, and the borrowing capacity under the Revolving Credit Facility was \$442.1 million.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Senior Credit Facilities, including that we may not 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 (each a "testing period") to exceed 3.75 to 1.00 (or, at nVent Finance's election and subject to certain conditions, 4.25 to 1.00 for four testing periods in connection with certain material acquisitions) 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. In addition, subject to certain qualifications and exceptions, the Senior Credit Facilities also contain covenants that, among other things, restrict our ability to create liens, merge or consolidate with another person, make acquisitions and incur subsidiary debt. As of June 30, 2022, we were in compliance with all financial covenants in our debt agreements, and there is no material uncertainty about our ongoing ability to meet those covenants.

Debt outstanding, excluding unamortized issuance costs and discounts, at June 30, 2022 matures on a calendar year basis as follows:

<i>In millions</i>	Q3-Q4								
	2022	2023	2024	2025	2026	2027	Thereafter	Total	
Contractual debt obligation maturities	\$ 2.5	\$ 5.0	\$ 5.6	\$ 7.5	\$ 233.6	\$ —	\$ 800.0	\$ 1,054.2	

10. Income Taxes

The effective income tax rate for the six months ended June 30, 2022 was 17.2%, compared to 13.0% for the six months ended June 30, 2021. The liability for uncertain tax positions was \$13.4 million and \$15.6 million at June 30, 2022 and December 31, 2021, 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 Income and Comprehensive Income, which is consistent with our past practices.

In the six months ended June 30, 2021, we recorded a \$5.2 million discrete tax benefit related to a foreign subsidiary.

11. Shareholders' Equity

Share repurchases

On July 23, 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$500.0 million (the "2018 Authorization"). On February 19, 2019, the Board of Directors authorized the repurchase of our

ordinary shares up to a maximum dollar limit of \$380.0 million (the "2019 Authorization"). The 2018 Authorization and 2019 Authorization expired on July 23, 2021.

On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 upon expiration of the 2018 Authorization and the 2019 Authorization, and expires on July 22, 2024.

During the six months ended June 30, 2022, we repurchased 0.1 million of our ordinary shares for \$3.9 million under the 2021 Authorization. During the six months ended June 30, 2021, we repurchased 0.9 million of our ordinary shares for \$20.0 million under the 2018 Authorization. As of June 30, 2022 and December 31, 2021, outstanding share repurchases recorded in *Other current liabilities* were zero and \$4.6 million, respectively.

As of June 30, 2022, we have \$200.0 million available for share repurchases under the 2021 Authorization.

Dividends payable

On May 13, 2022, the Board of Directors declared a quarterly cash dividend of \$0.175 per ordinary share payable on August 5, 2022, to shareholders of record at the close of business on July 22, 2022. The balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$30.2 million and \$30.5 million at June 30, 2022 and December 31, 2021, respectively.

12. Segment Information

We evaluate performance based on net sales and segment income 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 represents operating income exclusive of intangible amortization, acquisition related expenses, costs of restructuring activities, impairments and other unusual non-operating items.

Financial information by reportable segment is as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales				
Enclosures	\$ 380.8	\$ 300.4	\$ 740.2	\$ 577.4
Electrical & Fastening Solutions	200.9	169.2	388.5	317.1
Thermal Management	145.8	131.7	293.5	255.7
Total	\$ 727.5	\$ 601.3	\$ 1,422.2	\$ 1,150.2
Segment income (loss)				
Enclosures	\$ 61.5	\$ 53.7	\$ 111.8	\$ 102.5
Electrical & Fastening Solutions	58.8	48.9	105.9	88.1
Thermal Management	28.3	24.9	60.7	45.9
Other	(23.4)	(17.3)	(43.0)	(29.2)
Total	\$ 125.2	\$ 110.2	\$ 235.4	\$ 207.3

The following table presents a reconciliation of segment income to income before income taxes:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Segment income	\$ 125.2	\$ 110.2	\$ 235.4	\$ 207.3
Intangible amortization	(17.7)	(16.0)	(35.5)	(31.9)
Restructuring and other	(2.3)	(4.3)	(4.3)	(5.1)
Acquisition transaction and integration costs	(0.5)	(1.6)	(0.8)	(1.6)
Net interest expense	(7.5)	(8.1)	(14.7)	(16.2)
Other expense	(1.2)	(0.6)	(1.8)	(1.2)
Income before income taxes	\$ 96.0	\$ 79.6	\$ 178.3	\$ 151.3

13. Commitments and Contingencies

Warranties and guarantees

In connection with the disposition of our 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 obligation under such indemnifications is 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 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.

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. Our liability for service and product warranties as of June 30, 2022 and December 31, 2021 was not material.

Stand-by letters of credit, bank guarantees and bonds

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 June 30, 2022 and December 31, 2021, the outstanding value of bonds, letters of credit and bank guarantees totaled \$38.5 million and \$38.2 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," "forecasts," "should," "would," "positioned," "strategy," "future," "are confident," 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 adverse effects on our business operations or financial results, including due to the impact of the novel coronavirus 2019 ("COVID-19") pandemic and potential impairment of goodwill and trade names; overall global economic and business conditions impacting our business; the ability to achieve the benefits of our restructuring plans; the ability to successfully identify, finance, complete and integrate acquisitions; competition and pricing pressures in the markets we serve, including the impacts of tariffs; volatility in currency exchange rates and commodity prices; inability to generate savings from excellence in operations initiatives consisting of lean enterprise, supply management and cash flow practices; inability to mitigate material and other cost inflation; risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation; increased risks associated with operating foreign businesses, including risks associated with the conflict between Russia and Ukraine and related sanctions; the ability to deliver backlog and win future project work; failure of markets to accept new product introductions and enhancements; the impact of changes in laws and regulations, including those that limit U.S. tax benefits; 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 Quarterly Report on Form 10-Q and ITEM 1A. of our Annual Report on Form 10-K for the year ended December 31, 2021. All forward-looking statements speak only as of the date of this report. nVent Electric plc assumes no obligation, and disclaims any obligation, to update the information contained in this report.

Overview

The terms "us," "we," "our," "the Company" or "nVent" refer to nVent Electric plc. nVent is a leading global provider of electrical connection and protection solutions. We believe our inventive electrical solutions enable safer systems and ensure a more secure world. We design, manufacture, market, install and service high performance products and solutions that connect and protect some of the world's most sensitive equipment, buildings and critical processes. We offer a comprehensive range of enclosures, electrical connections and fastening and thermal management solutions across industry-leading brands that are recognized globally for quality, reliability and innovation.

We classify our operations into business segments based primarily on types of products offered and markets served. We operate across three segments: Enclosures, Electrical & Fastening Solutions and Thermal Management, which represented approximately 52%, 27% and 21% of total revenues during the first six months of 2022, respectively.

- **Enclosures**—The Enclosures segment provides innovative solutions to connect, protect, power and cool critical controls systems, electronics, data and electrical equipment. From metallic and non-metallic enclosures to cabinets, subracks and backplanes, it offers the physical infrastructure to host, connect and protect server and network equipment, as well as indoor and outdoor protection for test and measurement and aerospace and defense applications in industrial, infrastructure, commercial and energy verticals.
- **Electrical & Fastening Solutions**—The Electrical & Fastening Solutions segment provides solutions that connect and protect electrical and mechanical systems and civil structures. Its engineered electrical and fastening products are innovative cost efficient and time saving connections that are used across a wide range of verticals, including commercial, industrial, infrastructure and energy.
- **Thermal Management**—The Thermal Management segment provides electric thermal solutions that connect and protect critical buildings, infrastructure, industrial processes and people. Its thermal management systems include heat tracing, floor heating, fire-rated and specialty wiring, sensing and snow melting and de-icing solutions for use in industrial, commercial & residential, energy and infrastructure verticals. It's highly reliable and easy to install solutions lower total cost of ownership to building owners, facility managers, operators and end users.

On April 1, 2021, we acquired substantially all of the assets of Vynckier Enclosure Systems, Inc. ("Vynckier") for approximately \$27.0 million in cash. The U.S. based Vynckier business manufactures high-quality non-metallic enclosures that we market as part of the nVent HOFFMAN product line within our Enclosures segment.

On June 30, 2021, we acquired CIS Global LLC ("CIS Global") for approximately \$202.4 million in cash. The CIS Global business is a leading provider of intelligent rack power distribution and server slides products, and operates within our Enclosures segment.

Recent Events Updates

COVID-19: In March 2020, the World Health Organization declared COVID-19 a pandemic. Governments around the world have implemented measures to help control the spread of the virus, including business curtailments and shutdowns, isolating residents to their places of residence and restricting travel. The COVID-19 pandemic has resulted, and is likely to continue to result, in significant economic disruption and has adversely affected, and may continue to adversely affect, our business.

As economic activity has increased in 2021 and the first six months of 2022, 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. Although we regularly monitor the financial health and operations of companies in our supply chain, and use alternative suppliers when necessary and available, supply chain constraints could cause a disruption in our ability to obtain raw materials or components required to manufacture our products and adversely affect our operations. We expect the inflationary trends and supply chain pressures that we have encountered the first six months of 2022 to continue throughout the remainder of 2022.

We continue to actively monitor the impacts of the pandemic and global efforts to respond to it, and may take further actions that alter our business operations as may be required by governments in the jurisdictions where we operate, or that we determine are in the best interests of our employees, customers, suppliers and shareholders.

Conflict between Russia and Ukraine: Beginning in February 2022, in response to the conflict between Russia and Ukraine, many countries have initiated a variety of sanctions targeting Russia and associated entities. With the ongoing conflict, we have suspended new business activities in Russia. We are conducting remaining business activities in Russia in compliance with applicable sanctions.

The conflict and the sanctions imposed are creating substantial uncertainty in the global economy. While our business activity in Russia is not material to our operations, an escalation or expansion of economic disruption or the conflict's current scope could disrupt sales to our customers or our supply chain, increase inflationary costs and have a material adverse effect on our results of operations.

Key Trends and Uncertainties Regarding our Existing Business

The following trends and uncertainties affected our financial performance in 2021 and the first six months of 2022 and will likely impact our results in the future:

- There are many uncertainties regarding the COVID-19 pandemic, including the anticipated duration and severity of the pandemic and the extent of worldwide social, political and economic disruption it may cause. The magnitude of the impact of the pandemic on our financial condition, liquidity and results of operations 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, the ability of vaccines to protect against variant strains of COVID-19, the pandemic's effect on the demand for our products and services and the supply chain, as well as the impact of governmental regulations imposed in response to the pandemic including potential business curtailments and shutdowns impacting our factories.
- During 2021 and the first six months of 2022, we experienced supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand. While we have taken pricing actions and we have implemented and plan to continue to implement productivity improvements that could help offset these cost increases, we expect supply chain pressures and inflationary cost increases to continue throughout 2022, and could negatively impact our results of operations.
- During 2021 and the first six months of 2022, we continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business.

In 2022, our operating objectives include the following:

- Executing our Environmental, Social and Governance ("ESG") strategy focused on People, Products and Planet;
- Enhancing and supporting employee engagement, development and retention;
- Achieving differentiated revenue growth through new products and innovation and expansion in higher growth verticals across all regions globally;
- Optimizing our technological capabilities to increasingly generate innovative new and connected products and advance digital transformation;
- Driving operational excellence through lean and agile, with specific focus on our digital transformation and supply chain resiliency;
- Optimizing working capital through inventory reduction initiatives across business segments and focused actions to optimize customer and vendor payment terms; and
- Deploying capital strategically to drive growth and value creation.

CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the three months ended June 30, 2022 and 2021 were as follows:

<i>In millions</i>	Three months ended			
	June 30, 2022	June 30, 2021	\$ change	% / point change
Net sales	\$ 727.5	\$ 601.3	\$ 126.2	21.0 %
Cost of goods sold	459.7	366.1	93.6	25.6 %
Gross profit	267.8	235.2	32.6	13.9 %
<i>% of net sales</i>	<i>36.8 %</i>	<i>39.1 %</i>		<i>(2.3 pts)</i>
Selling, general and administrative	148.5	135.2	13.3	9.8 %
<i>% of net sales</i>	<i>20.4 %</i>	<i>22.5 %</i>		<i>(2.1 pts)</i>
Research and development	14.6	11.7	2.9	24.8 %
<i>% of net sales</i>	<i>2.0 %</i>	<i>1.9 %</i>		<i>0.1 pts</i>
Operating income	104.7	88.3	16.4	18.6 %
<i>% of net sales</i>	<i>14.4 %</i>	<i>14.7 %</i>		<i>(0.3 pts)</i>
Net interest expense	7.5	8.1	(0.6)	N.M.
Other expense	1.2	0.6	0.6	N.M.
Income before income taxes	96.0	79.6	16.4	20.6 %
Provision for income taxes	16.1	13.4	2.7	20.1 %
<i>Effective tax rate</i>	<i>16.8 %</i>	<i>16.8 %</i>		<i>— pts</i>
Net income	79.9	66.2	13.7	20.7 %

N.M. Not Meaningful

The consolidated results of operations for the six months ended June 30, 2022 and 2021 were as follows:

<i>In millions</i>	Six months ended			
	June 30, 2022	June 30, 2021	\$ change	% / point change
Net sales	\$ 1,422.2	\$ 1,150.2	\$ 272.0	23.6 %
Cost of goods sold	907.1	706.0	201.1	28.5 %
Gross profit	515.1	444.2	70.9	16.0 %
<i>% of net sales</i>	36.2 %	38.6 %		(2.4 pts)
Selling, general and administrative	290.5	252.4	38.1	15.1 %
<i>% of net sales</i>	20.4 %	21.9 %		(1.5 pts)
Research and development	29.8	23.1	6.7	29.0 %
<i>% of net sales</i>	2.1 %	2.0 %		0.1 pts
Operating income	194.8	168.7	26.1	15.5 %
<i>% of net sales</i>	13.7 %	14.7 %		(1.0 pts)
Net interest expense	14.7	16.2	(1.5)	N.M.
Other expense	1.8	1.2	0.6	N.M.
Income before income taxes	178.3	151.3	27.0	17.8 %
Provision for income taxes	30.6	19.7	10.9	55.3 %
<i>Effective tax rate</i>	17.2 %	13.0 %		4.2 pts
Net income	147.7	131.6	16.1	12.2 %

N.M. Not Meaningful

Net sales

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

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Volume	8.7 %	10.8 %
Price	12.3	11.9
Organic growth	21.0	22.7
Acquisition	3.8	4.1
Currency	(3.8)	(3.2)
Total	21.0 %	23.6 %

The 21.0 and 23.6 percentage point increases in net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- organic sales growth contribution of approximately 8.0% and 10.0% from our industrial business in the second quarter and first half of 2022 from 2021, respectively, approximately 7.0% and 6.5% from our commercial & residential business in the second quarter and first half of 2022 from 2021, respectively, and approximately 5.5% and 4.5% from our infrastructure business in the second quarter and first half of 2022 from 2021, respectively, which includes increases in selling prices; and
- sales of \$23.0 million and \$47.1 million in the second quarter and first half of 2022, respectively, as a result of the Vynckier and CIS Global acquisitions.

These increases were partially offset by:

- unfavorable foreign currency effects.

Gross profit

The 2.3 and 2.4 percentage point decreases in gross profit as a percentage of net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2021.

These decreases were partially offset by:

- increased sales volume resulting in increased leverage on fixed expenses in cost of goods sold;
- increases in selling prices to mitigate inflationary cost increases; and
- savings generated from our lean and supply chain management practices.

Selling, general and administrative ("SG&A")

The 2.1 and 1.5 percentage point decreases in SG&A expense as a percentage of net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- increased sales volume resulting in increased leverage on fixed operating expenses; and
- savings generated from restructuring and other lean initiatives.

These decreases were partially offset by:

- inflationary increases impacting our labor, professional fees and other administrative costs.

Provision for income taxes

The difference in the effective tax rates in the first half of 2022 from 2021 was primarily the result of:

- a \$5.2 million one-time benefit recorded in the first half of 2021 to reflect an anticipated worthless stock deduction on an investment in a foreign subsidiary.

SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of each of our three reportable segments (Enclosures, Electrical & Fastening Solutions and Thermal Management). Each of these segments comprises various product offerings that serve multiple end users.

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

Enclosures

The net sales, segment income and segment income as a percentage of net sales for Enclosures were as follows:

<i>In millions</i>	Three months ended			% / point change	Six months ended			% / point change
	June 30, 2022	June 30, 2021			June 30, 2022	June 30, 2021		
Net sales	\$ 380.8	\$ 300.4		26.8 %	\$ 740.2	\$ 577.4		28.2 %
Segment income	61.5	53.7		14.5 %	111.8	102.5		9.1 %
<i>% of net sales</i>	<i>16.2 %</i>	<i>17.9 %</i>		<i>(1.7 pts)</i>	<i>15.1 %</i>	<i>17.8 %</i>		<i>(2.7 pts)</i>

Net sales

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

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Volume	13.7 %	13.2 %
Price	9.2	9.9
Organic growth	22.9	23.1
Acquisition	7.7	8.2
Currency	(3.8)	(3.1)
Total	26.8 %	28.2 %

The 26.8 and 28.2 percentage point increases in Enclosures net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- organic sales growth contribution of approximately 8.5% and 11.5% from our industrial business in the second quarter and first half of 2022 from 2021, respectively, approximately 7.0% and 4.0% from our infrastructure business in the second quarter and first half of 2022 from 2021, respectively, and approximately 5.0% and 4.5% from our commercial & residential business in the second quarter and first half of 2022 from 2021, which includes increases in selling prices; and
- sales of \$23.0 million and \$47.1 million in the second quarter and first half of 2022, respectively, as a result of the Vynckier and CIS Global acquisitions.

These increases were partially offset by:

- unfavorable foreign currency effects.

Segment income

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

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Growth/acquisition	5.1 pts	3.8 pts
Price	7.0	7.4
Currency	0.4	0.3
Net productivity	(14.2)	(14.2)
Total	(1.7 pts)	(2.7 pts)

The 1.7 and 2.7 percentage point decreases in segment income for Enclosures as a percentage of net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2021.

These decreases were partially offset by:

- increases in selling prices to mitigate inflationary cost increases; and
- higher sales volume resulting in increased leverage on fixed expenses.

Electrical & Fastening Solutions

The net sales, segment income and segment income as a percentage of net sales for Electrical & Fastening Solutions were as follows:

<i>In millions</i>	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% / point change	June 30, 2022	June 30, 2021	% / point change
Net sales	\$ 200.9	\$ 169.2	18.7 %	\$ 388.5	\$ 317.1	22.5 %
Segment income	58.8	48.9	20.3 %	105.9	88.1	20.2 %
% of net sales	29.3 %	28.9 %	0.4 pts	27.3 %	27.8 %	(0.5 pts)

Net sales

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

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Volume	(1.1 %)	3.9 %
Price	23.0	21.3
Organic growth	21.9	25.2
Currency	(3.2)	(2.7)
Total	18.7 %	22.5 %

The 18.7 and 22.5 percentage point increases in Electrical & Fastening Solutions net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- organic sales growth contribution of approximately 12.0% and 12.5% from our commercial & residential business in the second quarter and first half of 2022 from 2021, respectively, and approximately 7.5% and 9.5% from our infrastructure business in the second quarter and first half of 2022 from 2021, respectively, which includes selective increases in selling prices.

These increases were partially offset by:

- unfavorable foreign currency effects.

Segment income

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

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Growth/acquisition	1.4 pts	3.0 pts
Price	13.3	12.7
Currency	0.1	—
Net productivity	(14.4)	(16.2)
Total	0.4 pts	(0.5 pts)

The 0.4 percentage point increase in segment income for Electrical & Fastening Solutions as a percentage of net sales in the second quarter of 2022 from 2021, respectively, was primarily the result of:

- increases in selling prices to mitigate inflationary cost increases.

This increase was partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2021.

The 0.5 percentage point decrease in segment income for Electrical & Fastening Solutions as a percentage of net sales in the first half of 2022 from 2021, respectively, was primarily the result of:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2021.

This decrease was partially offset by:

- increases in selling prices to mitigate inflationary cost increases; and
- higher sales volume resulting in increased leverage on fixed expenses.

Thermal Management

The net sales, segment income and segment income as a percentage of net sales for Thermal Management were as follows:

In millions	Three months ended			% / point change	Six months ended			% / point change
	June 30, 2022	June 30, 2021			June 30, 2022	June 30, 2021		
Net sales	\$ 145.8	\$ 131.7		10.7 %	\$ 293.5	\$ 255.7		14.8 %
Segment income	28.3	24.9		13.7 %	60.7	45.9		32.2 %
% of net sales	19.4 %	18.9 %		0.5 pts	20.7 %	18.0 %		2.7 pts

Net sales

The components of the change in Thermal Management net sales from the prior period were as follows:

	Three months ended June 30, 2022 over the prior year period	Six months ended June 30, 2022 over the prior year period
Volume	10.1 %	14.0 %
Price	5.3	4.6
Organic growth	15.4	18.6
Currency	(4.7)	(3.8)
Total	10.7 %	14.8 %

The 10.7 and 14.8 percentage point increases in Thermal Management net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- organic sales growth contribution of approximately 14.5% and 16.5% from our industrial business in the second quarter and first half of 2022 from 2021, respectively, and approximately 4.5% and 3.0% from our commercial & residential business in the second quarter and first half of 2022 from 2021, respectively, which includes selective increases in selling prices.

These increases were partially offset by:

- unfavorable foreign currency effects; and
- slowdown in capital spending resulting in organic sales decline of approximately 3.0% and 1.0% from our energy business in the second quarter and first half of 2022 from 2021, respectively.

Segment income

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

	Three months ended June 30, 2022	Six months ended June 30, 2022
	over the prior year period	over the prior year period
Growth	2.4 pts	4.0 pts
Price	4.1	3.6
Currency	(0.1)	(0.1)
Net productivity	(5.9)	(4.8)
Total	0.5 pts	2.7 pts

The 0.5 and 2.7 percentage point increases in segment income for Thermal Management as a percentage of net sales in the second quarter and first half of 2022 from 2021, respectively, were primarily the result of:

- higher sales volume resulting in increased leverage on fixed expenses; and
- increases in selling prices to mitigate inflationary cost increases.

These increases were partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2021.

LIQUIDITY AND CAPITAL RESOURCES

The primary source of liquidity for our business is cash flows provided by operations. We expect to continue to have cash requirements to support working capital needs and capital expenditures, to pay interest and service debt and to pay dividends to shareholders quarterly. We believe we have the ability and sufficient capacity to meet these cash requirements by using available cash, internally generated funds and borrowing under committed credit facilities. We are focused on increasing our cash flow, while continuing to fund our research and development, sales and marketing and capital investment initiatives. Our intent is to maintain investment grade metrics and a solid liquidity position. As of June 30, 2022, we had \$55.8 million of cash on hand, of which \$29.0 million is held in certain countries in which the ability to repatriate is limited due to local regulations or significant potential tax consequences.

We experience seasonal cash flows primarily due to increased demand for Electrical & Fastening Solutions products during the spring and summer months in the Northern Hemisphere and increased demand for Thermal Management products and services during the fall and winter months in the Northern Hemisphere.

Operating activities

Net cash provided by operating activities was \$63.9 million in the first six months of 2022, compared to net cash provided by operating activities of \$143.3 million in the first six months of 2021. Net cash provided by operating activities in the first six months of 2022 primarily reflects net income of \$204.4 million, net of non-cash depreciation, amortization and changes in deferred taxes, partially offset by a \$153.4 million increase in working capital.

Investing activities

Net cash used for investing activities of \$27.4 million in the first six months of 2022 relates primarily to capital expenditures of \$20.8 million.

Net cash used for investing activities of \$250.4 million in the first six months of 2021 relates primarily to capital expenditures of \$17.9 million and cash paid for Vynckier and CIS Global acquisitions of \$228.7 million.

Financing activities

Net cash used for financing activities of \$19.7 million in the first six months of 2022 primarily relates to dividends paid of \$58.4 million and share repurchases of \$8.5 million, partially offset by net receipts of the revolving credit facility of \$51.2 million.

Net cash provided by financing activities of \$86.1 million in the first six months of 2021 primarily relates to net receipts of the revolving credit facility of \$165.4 million, offset by dividends paid of \$58.8 million and share repurchases of \$20.0 million.

Senior notes

In March 2018, nVent Finance S.à r.l. ("nVent Finance" or "Subsidiary Issuer"), a 100-percent owned subsidiary of nVent, issued \$300.0 million aggregate principal amount of 3.950% senior notes due 2023 (the "2023 Notes") and \$500.0 million aggregate principal amount of 4.550% senior notes due 2028 (the "2028 Notes").

In November 2021, nVent Finance issued \$300.0 million aggregate principal amount of 2.750% senior notes due 2031 (the "2031 Notes" and, collectively with the 2028 Notes, the "Notes"). In December 2021, nVent Finance redeemed the \$300.0 million aggregate principal amount of the 2023 Notes.

Interest on the 2028 Notes is payable semi-annually in arrears on April 15 and October 15 of each year, and interest on the 2031 Notes is payable semi-annually in arrears on May 15 and November 15 of each year.

The Notes are fully and unconditionally guaranteed as to payment by nVent (the "Parent Company Guarantor"). There are no subsidiaries that guarantee the Notes. The Parent Company Guarantor is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries. The Subsidiary Issuer is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries and the issuance of the Notes and other external debt. The Parent Company Guarantor's principal source of cash flow, including cash flow to make payments on the 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 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 Notes or the guarantees.

The Notes constitute general unsecured senior obligations of the Subsidiary Issuer and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. The guarantees of the Notes by the Parent Company Guarantor constitute general unsecured obligations of the Parent Company Guarantor and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. Subject to certain qualifications and exceptions, the indenture pursuant to which the Notes were issued contains covenants that, among other things, restrict nVent's, nVent Finance's and certain subsidiaries' ability to merge or consolidate with another person, create liens or engage in sale and lease-back transactions.

There are no significant restrictions on the ability of nVent to obtain funds from its subsidiaries by dividend or loan. None of the assets of nVent or its subsidiaries represents restricted net assets pursuant to the guidelines established by the Securities and Exchange Commission.

Senior credit facilities

In March 2018, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into a credit agreement with a syndicate of banks providing for a five-year \$200.0 million senior unsecured term loan facility and a five-year \$600.0 million senior unsecured revolving credit facility.

In September 2021, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into an amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks providing for a five-year \$300.0 million senior unsecured term loan facility (the "Term Loan Facility") and a five-year \$600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Credit Facilities"), which amended and restated the March 2018 credit agreement. Borrowings under the Term Loan Facility are permitted on a delayed draw basis during the first year of the five-year term of the Term Loan Facility, and borrowings under the Revolving Credit Facility are permitted from time to time during the full five-year term of the Revolving Credit Facility. nVent Finance has the option to request to increase the Revolving Credit Facility in an aggregate amount of up to \$300.0 million, subject to customary conditions, including the commitment of the participating lenders.

Borrowings under the Senior Credit Facilities bear interest at a rate equal to an adjusted base rate, London Interbank Offered Rate ("LIBOR"), Euro Interbank Offer Rate ("EURIBOR") or Sterling Overnight Index Average ("SONIA"), plus, in each case, an applicable margin. The applicable margin will be based on, at nVent Finance's election, the Company's leverage level or public credit rating.

As of June 30, 2022, the borrowing capacity under the Term Loan Facility on a delayed draw basis was \$200.0 million, and the borrowing capacity under the Revolving Credit Facility was \$442.1 million.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Senior Credit Facilities, including that we may not 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 (each a "testing period") to exceed 3.75 to 1.00 (or, at nVent Finance's election and subject to certain conditions, 4.25 to 1.00 for four testing periods in connection with certain material acquisitions) 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. In addition, subject to certain qualifications and exceptions, the Senior Credit Facilities also contain covenants that, among other things, restrict our ability to create liens, merge or consolidate with another person, make acquisitions and incur subsidiary debt. As of June 30, 2022, we were in compliance with all financial covenants in our debt agreements, and there is no material uncertainty about our ongoing ability to meet those covenants.

Share repurchases

On July 23, 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$500.0 million (the "2018 Authorization"). On February 19, 2019, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$380.0 million (the "2019 Authorization"). The 2018 Authorization and 2019 Authorization expired on July 23, 2021.

On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 upon expiration of the 2018 Authorization and the 2019 Authorization, and expires on July 22, 2024.

During the six months ended June 30, 2022, we repurchased 0.1 million of our ordinary shares for \$3.9 million under the 2021 Authorization. During the six months ended June 30, 2021, we repurchased 0.9 million of our ordinary shares for \$20.0 million.

under the 2018 Authorization. As of June 30, 2022 and December 31, 2021, outstanding share repurchases recorded in *Other current liabilities* were zero and \$4.6 million, respectively.

As of June 30, 2022, we have \$200.0 million available for share repurchases under the 2021 Authorization.

Dividends

During the six months ended June 30, 2022, we paid dividends of \$58.4 million, or \$0.35 per ordinary share. During the six months ended June 30, 2021, we paid dividends of \$58.8 million, or \$0.35 per ordinary share.

On May 13, 2022, the Board of Directors declared a quarterly cash dividend of \$0.175 per ordinary share payable on August 5, 2022, to shareholders of record at the close of business on July 22, 2022. The balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$30.2 million and \$30.5 million at June 30, 2022 and December 31, 2021, respectively.

Other financial measures

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. 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, make acquisitions, repay debt and repurchase shares. In addition, free cash flow is used as a criterion to measure and pay annual incentive compensation. 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>	Six months ended	
	June 30, 2022	June 30, 2021
Net cash provided by (used for) operating activities	\$ 63.9	\$ 143.3
Capital expenditures	(20.8)	(17.9)
Proceeds from sale of property and equipment	2.0	0.1
Free cash flow	\$ 45.1	\$ 125.5

CRITICAL ACCOUNTING ESTIMATES

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 2021 Annual Report on Form 10-K, we identified the critical accounting policies which 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 previously disclosed in our 2021 Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the quarter ended June 30, 2022. For additional information, refer to our 2021 Annual Report on Form 10-K for the year ended December 31, 2021.

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 June 30, 2022 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 June 30, 2022 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 June 30, 2022 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

There have been no material developments with respect to the legal proceedings previously disclosed in Item 3 of our 2021 Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 1A. RISK FACTORS

There have been no additional material changes from the risk factors previously disclosed in our 2021 Annual Report on Form 10-K for the year ended December 31, 2021.

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 second quarter of 2022:

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
April 1 - April 30, 2022	—	\$ —	—	\$ 200,000,036
May 1 - May 28, 2022	6,835	34.47	—	200,000,036
May 29 - June 30, 2022	3,011	32.03	—	200,000,036
Total	9,846		—	

- (a) The purchases in this column include shares repurchased as part of our publicly announced plans and shares deemed surrendered to us by participants in the nVent Electric plc 2018 Omnibus Incentive Plan (the "2018 Plan") and earlier Pentair stock incentive plans that are now outstanding under the 2018 Plan (collectively the "Plans") to satisfy the exercise price or withholding of tax obligations related to the exercise of stock options, vesting of restricted shares and vesting of performance shares.
- (b) The average price paid in this column includes shares repurchased as part of our publicly announced plans and shares deemed surrendered to us by participants in the Plans to satisfy 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 a maximum dollar limit authorized by the Board of Directors, discussed below.
- (d) On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 and expires on July 22, 2024. As of June 30, 2022, we have \$200.0 million available for share repurchases under the 2021 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 June 30, 2022

- [22](#) Guarantors and Subsidiary Issuers of Guaranteed Securities (Incorporated by reference to Exhibit 22 in the Annual Report on Form 10-K of nVent Electric plc filed with the Commission on February 25, 2022 (File No. 001-38265)).
- [31.1](#) Certification of Chief Executive Officer.
- [31.2](#) Certification of Chief Financial Officer.
- [32.1](#) 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.
- [32.2](#) 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.
- 101** The following materials from nVent Electric plc's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income and Comprehensive Income for the three and six months ended June 30, 2022 and 2021, (ii) the Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021, (iii) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021, (iv) the Condensed Consolidated Statements of Changes in Equity for the three and six months ended June 30, 2022 and 2021, 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.
- 104** Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on July 29, 2022.

nVent Electric plc
Registrant

By /s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial Officer

By /s/ Randolph A. Wacker

Randolph A. Wacker

Senior Vice President, Chief Accounting Officer and Treasurer

Certification

I, Beth A. Wozniak, certify that:

1. I have reviewed this quarterly report on Form 10-Q of nVent Electric 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: July 29, 2022

/s/ Beth A. Wozniak

Beth A. Wozniak
Chief Executive Officer

Certification

I, Sara E. Zawoyski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of nVent Electric 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: July 29, 2022

/s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial 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 on Form 10-Q of nVent Electric plc (the “Company”) for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Beth A. Wozniak, 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 results of operations of the Company.

Date: July 29, 2022

/s/ Beth A. Wozniak

Beth A. Wozniak
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 on Form 10-Q of nVent Electric plc (the “Company”) for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sara E. Zawoyski, Executive Vice President and Chief Financial 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 results of operations of the Company.

Date: July 29, 2022

/s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial Officer