UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2022

or

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

For the transition period from to

Commission File Number: 001-05672

ITT INC.

Indiana	**81-1197930**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

100 Washington Boulevard, 6th Floor, Stamford, CT 06902
(Principal Executive Office)

Telephone Number: (914) 641-2000

Former name, former address and former fiscal year, if changed since last report:

1133 Westchester Avenue, White Plains, NY 10604

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $1.00 per share	ITT	New York Stock Exchange

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

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

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

☑ 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 ☑

As of August 2, 2022, there were 82.7 million shares of Common Stock (par value $1.00 per share) of the issuer outstanding.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the SEC). The SEC maintains a website at www.sec.gov on which you may access our SEC filings. In addition, we make available free of charge at www.investors.itt.com copies of materials we file with, or furnish to, the SEC as soon as reasonably practical after we electronically file or furnish these reports, as well as other important information that we disclose from time to time. Information contained on our website, or that can be accessed through our website, does not constitute a part of this Quarterly Report on Form 10-Q (this Report). We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

Our corporate headquarters are located at 100 Washington Boulevard, 6th Floor, Stamford, CT 06902 and the telephone number of this location is (914) 641-2000.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information included herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather represent only a belief regarding future events based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future events and future operating or financial performance.

We use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "future," "may," "will," "could," "should," "potential," "continue," "guidance" and other similar expressions to identify such forward-looking statements. Forward-looking statements are uncertain and, by their nature, many are inherently unpredictable and outside of ITT's control, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, we cannot provide any assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished.

Among the factors that could cause our results to differ materially from those indicated by forward-looking statements are risks and uncertainties inherent in our business including, without limitation:

- impacts on our business due to the COVID-19 pandemic, including:
  - variant strains of the virus, as well as the timing, effectiveness and availability of, and people's receptivity to, vaccines or other medical remedies;
  - disruptions to our operations and demand for our products, increased costs, continued supply chain disruptions, and other constraints in the availability of key commodities and other necessary services;
  - government-mandated site closures, employee illness, skilled labor shortages, the impact of potential travel restrictions, stay-in-place restrictions, and vaccination requirements on our business and workforce; and
  - customer and supplier bankruptcies, impacts to the global economy and financial markets, and liquidity challenges in accessing capital markets;
- uncertain global economic and capital markets conditions, including those due to COVID-19, trade disputes between the U.S. and its trading partners, the impact of inflation, political and social unrest, and the availability and fluctuations in prices of steel, oil, copper, tin, and other commodities;
- volatility in raw material prices and our suppliers' ability to meet quality and delivery requirements;
- failure to manage the distribution of products and services effectively;
- failure to compete successfully and innovate in our markets;
- failure to protect our intellectual property rights or violations of the intellectual property rights of others;
- the extent to which there are quality problems with respect to manufacturing processes or finished goods;

- the risk of cybersecurity breaches;
- loss of or decrease in sales from our most significant customers;
- risks due to our operations and sales outside the U.S. and in emerging markets;
- the impacts on our business from Russia's invasion of Ukraine, and the global response to it;
- fluctuations in foreign currency exchange rates and the impact of such fluctuations on our hedging arrangements;
- fluctuations in interest rates and the impact of such fluctuations on our cost of debt;
- fluctuations in demand or customers' levels of capital investment and maintenance expenditures, especially in the oil and gas, chemical, and mining markets, or changes in our customers' anticipated production schedules, especially in the commercial aerospace market;
- the risk of material business interruptions, particularly at our manufacturing facilities;
- risk of liabilities from past divestitures and spin-offs;
- failure of portfolio management strategies, including cost-saving initiatives, to meet expectations;
- risks related to government contracting, including changes in levels of government spending and regulatory and contractual requirements applicable to sales to the U.S. government;
- fluctuations in our effective tax rate, including as a result of possible tax reform legislation in the U.S. and other jurisdictions;
- changes in environmental laws or regulations, discovery of previously unknown or more extensive contamination, or the failure of a potentially responsible party to perform;
- failure to comply with the U.S. Foreign Corrupt Practices Act (or other applicable anti-corruption legislation), export controls and trade sanctions, including tariffs;
- risk of product liability claims and litigation; and
- changes in laws relating to the use and transfer of personal and other information.

More information on factors that could cause actual results or events to differ materially from those anticipated is included in Part II, Item 1A, "Risk Factors" herein, as well as in our reports filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2021 (particularly under the caption "Risk Factors"), our Quarterly Reports on Form 10-Q and in other documents we file from time to time with the SEC.

The forward-looking statements included in this Report speak only as of the date of this Report. We undertake no obligation (and expressly disclaim any obligation) to update any forward-looking statements, whether written or oral or as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Revenue	**$ 733.3**	$ 691.6	**$ 1,459.5**	$ 1,390.0
Cost of revenue	**511.1**	467.0	**1,018.9**	936.4
Gross profit	**222.2**	224.6	**440.6**	453.6
General and administrative expenses	**57.0**	60.3	**117.4**	116.0
Sales and marketing expenses	**40.4**	38.3	**78.8**	75.0
Research and development expenses	**24.3**	23.2	**49.3**	47.5
Asbestos-related benefit, net	**—**	(76.8)	**—**	(74.4)
Operating income	**100.5**	179.6	**195.1**	289.5
Interest and non-operating expense (income), net	**0.5**	(3.5)	**0.3**	(4.8)
Income from continuing operations before income tax expense	**100.0**	183.1	**194.8**	294.3
Income tax expense	**24.0**	143.9	**43.5**	168.6
Income from continuing operations	**76.0**	39.2	**151.3**	125.7
Loss from discontinued operations, net of tax benefit of $0.4, $0.0, $0.4, and $0.0, respectively	**(1.2)**	—	**(1.2)**	—
Net income	**74.8**	39.2	**150.1**	125.7
Less: Income attributable to noncontrolling interests	**0.2**	0.2	**0.7**	0.5
Net income attributable to ITT Inc.	**$ 74.6**	$ 39.0	**$ 149.4**	$ 125.2
Amounts attributable to ITT Inc.:				
Income from continuing operations	**$ 75.8**	$ 39.0	**$ 150.6**	$ 125.2
Loss from discontinued operations, net of tax	**(1.2)**	—	**(1.2)**	—
Net income attributable to ITT Inc.	**$ 74.6**	$ 39.0	**$ 149.4**	$ 125.2
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	**$ 0.91**	$ 0.45	**$ 1.79**	$ 1.45
Discontinued operations	**(0.01)**	—	**(0.01)**	—
Net income	**$ 0.90**	$ 0.45	**$ 1.78**	$ 1.45
Diluted:				
Continuing operations	**$ 0.91**	$ 0.45	**$ 1.79**	$ 1.44
Discontinued operations	**(0.02)**	—	**(0.02)**	—
Net income	**$ 0.89**	$ 0.45	**$ 1.77**	$ 1.44
Weighted average common shares – basic	**83.1**	86.1	**84.0**	86.2
Weighted average common shares – diluted	**83.4**	86.5	**84.3**	86.7

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Operations.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(IN MILLIONS)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Net income	**$ 74.8**	$ 39.2	**$ 150.1**	$ 125.7
Other comprehensive (loss) income:				
Net foreign currency translation adjustment	**(70.8)**	8.4	**(82.5)**	(21.6)
Net change in postretirement benefit plans, net of tax expense of $(0.2), $(0.1), $(0.3) and $(0.2), respectively	**(0.2)**	—	**(0.5)**	—
Other comprehensive (loss) income	**(71.0)**	8.4	**(83.0)**	(21.6)
Comprehensive income	**3.8**	47.6	**67.1**	104.1
Less: Comprehensive income attributable to noncontrolling interests	**0.2**	0.2	**0.7**	0.5
Comprehensive income attributable to ITT Inc.	**$ 3.6**	$ 47.4	**$ 66.4**	$ 103.6
Disclosure of reclassification adjustments to postretirement benefit plans:				
Reclassification adjustments:				
Amortization of prior service benefit, net of tax expense of $(0.3), $(0.3), $(0.6) and $(0.6), respectively	**$ (0.9)**	$ (0.9)	**$ (1.9)**	$ (1.9)
Amortization of net actuarial loss, net of tax benefit of $0.1, $0.2, $0.3 and $0.4, respectively	**0.7**	0.9	**1.4**	1.9
Net change in postretirement benefit plans, net of tax	**$ (0.2)**	$ —	**$ (0.5)**	$ —

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Comprehensive Income.

CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

As of the Period Ended		**July 2, 2022**		December 31, 2021
Assets				
Current assets:				
Cash and cash equivalents	**$**	**525.7**	$	647.5
Receivables, net		**605.7**		555.1
Inventories, net		**535.2**		430.9
Other current assets		**109.8**		88.6
Total current assets		**1,776.4**		1,722.1
Non-current assets:				
Plant, property and equipment, net		**501.2**		509.1
Goodwill		**963.8**		924.3
Other intangible assets, net		**121.7**		85.7
Other non-current assets		**336.8**		324.2
Total non-current assets		**1,923.5**		1,843.3
Total assets	**$**	**3,699.9**	$	3,565.4
Liabilities and Shareholders' Equity				
Current liabilities:				
Commercial paper and current maturities of long-term debt	**$**	**551.4**	$	197.6
Accounts payable		**418.1**		373.4
Accrued liabilities		**333.9**		357.3
Total current liabilities		**1,303.4**		928.3
Non-current liabilities:				
Postretirement benefits		**190.9**		199.9
Other non-current liabilities		**189.0**		206.5
Total non-current liabilities		**379.9**		406.4
Total liabilities		**1,683.3**		1,334.7
Shareholders' equity:				
Common stock:				
Authorized – 250.0 shares, $1 par value per share				
Issued and outstanding – 82.7 shares and 85.5 shares, respectively		**82.7**		85.5
Retained earnings		**2,329.9**		2,461.6
Total accumulated other comprehensive loss		**(404.3)**		(321.3)
Total ITT Inc. shareholders' equity		**2,008.3**		2,225.8
Noncontrolling interests		**8.3**		4.9
Total shareholders' equity		**2,016.6**		2,230.7
Total liabilities and shareholders' equity	**$**	**3,699.9**	$	3,565.4

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Balance Sheets.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN MILLIONS)

For the Six Months Ended		July 2, 2022		July 3, 2021
Operating Activities				
Income from continuing operations attributable to ITT Inc.	**$**	**150.6**	$	125.2
Adjustments to income from continuing operations:				
Depreciation and amortization		**55.3**		57.2
Equity-based compensation		**8.7**		7.4
Asbestos-related costs (benefit), net		**—**		(74.4)
Other non-cash charges, net		**17.3**		11.2
Divestiture of asbestos-related assets and liabilities		**—**		(398.0)
Changes in assets and liabilities:				
Change in receivables		**(77.6)**		(51.6)
Change in inventories		**(106.5)**		(50.8)
Change in contract assets		**(10.9)**		4.0
Change in contract liabilities		**18.7**		(11.6)
Change in accounts payable		**65.3**		32.1
Change in accrued expenses		**(33.0)**		20.5
Change in income taxes		**(3.5)**		123.1
Other, net		**(30.2)**		(25.9)
Net Cash – Operating Activities		**54.2**		(231.6)
Investing Activities				
Capital expenditures		**(47.5)**		(35.1)
Acquisitions, net of cash acquired		**(146.9)**		—
Payments to acquire interest in unconsolidated subsidiaries		**(25.1)**		—
Other, net		**1.1**		0.4
Net Cash – Investing Activities		**(218.4)**		(34.7)
Financing Activities				
Commercial paper, net borrowings		**364.6**		95.4
Long-term debt, repayments		**(1.1)**		(1.3)
Share repurchases under repurchase plan		**(240.9)**		(50.4)
Share repurchases from net settlement of employee stock incentive plans		**(8.5)**		(11.0)
Dividends paid		**(44.3)**		(38.1)
Other, net		**0.7**		0.3
Net Cash – Financing Activities		**70.5**		(5.1)
Exchange rate effects on cash and cash equivalents		**(28.1)**		(9.2)
Net cash – operating activities of discontinued operations		**—**		(0.2)
Net change in cash and cash equivalents		**(121.8)**		(280.8)
Cash and cash equivalents – beginning of year (includes restricted cash of $0.8 and $0.8, respectively)		**648.3**		860.6
Cash and Cash Equivalents – End of Period (includes restricted cash of $0.8 and $1.0, respectively)	**$**	**526.5**	$	579.8
Supplemental Disclosures of Cash Flow Information				
Cash paid during the year for:				
Interest	**$**	**2.6**	$	0.7
Income taxes, net of refunds received	**$**	**45.2**	$	42.3

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Cash Flows.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

As of and for the Three Months Ended July 2, 2022	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
	(Shares)	(Dollars)				
April 2, 2022	**83.6**	**83.6**	**$ 2,334.6**	**$ (333.3)**	**$ 5.3**	**$ 2,090.2**
Net income	—	—	74.6	—	0.2	74.8
Shares issued and activity from stock incentive plans	—	—	5.0	—	—	5.0
Share repurchases under repurchase plan	(0.9)	(0.9)	(62.1)	—	—	(63.0)
Share repurchases from net settlement of employee stock incentive plans	—	—	(0.1)	—	—	(0.1)
Dividends declared ($0.264 per share)	—	—	(22.0)	—	—	(22.0)
Purchase of noncontrolling interest	—	—	—	—	2.7	2.7
Total other comprehensive loss, net of tax	—	—	—	(71.0)	—	(71.0)
Other	—	—	(0.1)	—	0.1	—
July 2, 2022	**82.7**	**$ 82.7**	**$ 2,329.9**	**$ (404.3)**	**$ 8.3**	**$ 2,016.6**

As of and for the Six Months Ended July 2, 2022	Common Stock (Shares)	Common Stock (Dollars)	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
December 31, 2021	**85.5**	**$ 85.5**	**$ 2,461.6**	**$ (321.3)**	**$ 4.9**	**$ 2,230.7**
Net income	—	—	149.4	—	0.7	150.1
Shares issued and activity from stock incentive plans	0.3	0.3	9.1	—	—	9.4
Share repurchases under repurchase plan	(3.0)	(3.0)	(237.9)	—	—	(240.9)
Share repurchases from net settlement of employee stock incentive plans	(0.1)	(0.1)	(8.4)	—	—	(8.5)
Dividends declared ($0.528 per share)	—	—	(43.9)	—	—	(43.9)
Purchase of noncontrolling interest	—	—	—	—	2.7	2.7
Total other comprehensive loss, net of tax	—	—	—	(83.0)	—	(83.0)
July 2, 2022	**82.7**	**$ 82.7**	**$ 2,329.9**	**$ (404.3)**	**$ 8.3**	**$ 2,016.6**

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) (CONTINUED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

As of and for the Three Months Ended July 3, 2021	Common Stock			Retained Earnings		Accumulated Other Comprehensive Loss		Noncontrolling Interest		Total Shareholders' Equity
April 3, 2021	**86.1**	**$**	**86.1**	**$**	**2,329.4**	**$**	**(309.4)**	**$**	**1.8**	**$ 2,107.9**
Net income	—		—		39.0		—		0.2	39.2
Shares issued and activity from stock incentive plans	—		—		4.4		—		—	4.4
Share repurchases from net settlement of employee stock incentive plans	—		—		(0.4)		—		—	(0.4)
Dividends declared ($0.22 per share)	—		—		(19.3)		—		—	(19.3)
Total other comprehensive income, net of tax	—		—		—		8.4		—	8.4
Other	—		—		—		—		0.1	0.1
July 3, 2021	**86.1**	**$**	**86.1**	**$**	**2,353.1**	**$**	**(301.0)**	**$**	**2.1**	**$ 2,140.3**

As of and for the Six Months Ended July 3, 2021										
December 31, 2020	**86.5**	**$**	**86.5**	**$**	**2,319.3**	**$**	**(279.4)**	**$**	**1.5**	**$ 2,127.9**
Net income	—		—		125.2		—		0.5	125.7
Shares issued and activity from stock incentive plans	0.3		0.3		7.6		—		—	7.9
Share repurchases under repurchase plan	(0.6)		(0.6)		(49.4)		—		—	(50.0)
Share repurchases from net settlement of employee stock incentive plans	(0.1)		(0.1)		(11.3)		—		—	(11.4)
Dividends declared ($0.44 per share)	—		—		(38.3)		—		—	(38.3)
Total other comprehensive loss, net of tax	—		—		—		(21.6)		—	(21.6)
Other	—		—		—		—		0.1	0.1
July 3, 2021	**86.1**	**$**	**86.1**	**$**	**2,353.1**	**$**	**(301.0)**	**$**	**2.1**	**$ 2,140.3**

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Changes in Shareholders' Equity.

NOTE 1
DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and energy markets. Unless the context otherwise indicates, references herein to "ITT," "the Company," and such words as "we," "us," and "our" include ITT Inc. and its subsidiaries. ITT operates through three reportable segments: Motion Technologies (MT), consisting of friction and shock and vibration equipment; Industrial Process (IP), consisting of industrial flow equipment and services; and Connect & Control Technologies (CCT), consisting of electronic connectors, fluid handling, motion control, composite materials and noise and energy absorption products. Financial information for our segments is presented in Note 3, Segment Information.

Business Combination

During the second quarter of 2022, we completed the acquisition of 100% of the privately held stock of Habonim Industrial Valves and Actuators Ltd. (Habonim), a leading provider of industrial valves and actuators for the gas distribution (including liquified natural gas), biotech, and harsh application service sectors, for a purchase price of $139.9. Habonim reported 2021 annual sales of $44. Habonim's results are reported within the Industrial Process segment beginning in the second quarter of 2022. Refer to Note 19, Acquisitions and Investments for detailed information.

Divestiture of InTelCo Management LLC (InTelCo)

Effective July 1, 2021, the Company divested InTelCo, the entity holding asbestos-related assets and liabilities, to a third-party. See Note 17, Commitments and Contingencies, for further information.

Russia-Ukraine Conflict

In February 2022, the United States announced targeted economic sanctions on Russia and certain Russian citizens in response to Russia's invasion of Ukraine. As described in Part I, Item IA, "Risk Factors" in our 2021 Annual Report for the fiscal year ended December 31, 2021, our business may be sensitive to global economic conditions, which can be negatively impacted by instability in the geopolitical environment. Our annual sales directly to customers in Russia and Ukraine were approximately $38 for 2021.

During the six months ended July 2, 2022, we recorded total charges of $8.0, primarily related to inventory and accounts receivable reserves, to reflect the current macroeconomic conditions impacting some of our customers that sell or supply into this region. If circumstances worsen, we may experience a further reduction in demand and incur additional charges, including potential fixed asset impairments, severance and other reserves. We are currently exploring alternatives for our operations in Russia, which could include a sale, disposition or wind down of operations, or a combination of these alternatives, although there cannot be any assurance of the timeline for or success of these alternatives. For additional discussion of the risks related to the Russia-Ukraine conflict, see Part II, Item 1A, "Risk Factors" herein.

Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, reflect all known adjustments (which consist primarily of normal, recurring accruals, estimates and assumptions) necessary to state fairly the financial position, results of operations, and cash flows for the periods presented. The Consolidated Condensed Balance Sheet as of December 31, 2021, presented herein, has been derived from our audited balance sheet included in our Annual Report on Form 10-K (2021 Annual Report) for the year ended December 31, 2021, but does not include all disclosures required by accounting principles generally accepted in the United States (GAAP). We consistently applied the accounting policies described in the 2021 Annual Report in preparing these unaudited financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in our 2021 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, revenue recognition, unrecognized tax benefits, deferred tax valuation allowances, projected benefit obligations for postretirement plans, accounting for business combinations, goodwill and other intangible asset impairment testing, environmental liabilities and assets, allowance for credit losses and inventory valuation. Actual results could differ from these estimates.

ITT's quarterly financial periods end on the Saturday that is closest to the last day of the calendar quarter, except for the last quarterly period of the fiscal year, which ends on December 31st. ITT's second quarter for 2022 and 2021 ended on July 2, 2022 and July 3, 2021, respectively.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2
RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all accounting standard updates (ASUs). ASUs not listed below were assessed and determined to be either not applicable or are not expected to have a material impact on our consolidated financial position or results of operations.

In October 2021, the FASB issued ASU 2021-08*, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquiror on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*, as if it had originated the contracts. Under the previous guidance, such assets and liabilities were recognized by the acquiror at fair value as of the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. We have adopted and applied this guidance in connection with the Habonim acquisition. The adoption of this guidance did not have a significant impact on our operating results, financial position, or cash flows.

NOTE 3
SEGMENT INFORMATION

The Company's segments are reported on the same basis used by our Chief Executive Officer, who is also our chief operating decision maker, for evaluating performance and for allocating resources. Our three reportable segments are referred to as Motion Technologies, Industrial Process, and Connect & Control Technologies.

Motion Technologies manufactures brake components and specialized sealing solutions, shock absorbers and damping technologies primarily for the global automotive, truck and trailer, public bus and rail transportation markets.

Industrial Process manufactures engineered fluid process equipment serving a diversified mix of customers in global industries such as chemical, energy, mining, and other industrial process markets and is a provider of plant optimization and efficiency solutions and aftermarket services and parts.

Connect & Control Technologies manufactures harsh-environment connector solutions, critical energy absorption, flow control components, and composite materials for the aerospace and defense, general industrial, medical, and energy markets.

Corporate and Other consists of corporate office expenses including compensation, benefits, occupancy, depreciation, certain acquisition- and investment-related due diligence, and other administrative costs, as well as charges related to certain matters, such as environmental liabilities, and, for 2021, asbestos-related impacts, that are managed at a corporate level and are not included in segment results when evaluating performance or allocating resources. Corporate and Other also includes research and development-related expenses associated with a subsidiary that does not constitute a reportable segment. Assets of the segments exclude general corporate assets, which principally consist of cash, investments, deferred taxes, and certain property, plant and equipment.

The following table presents our revenue, operating income, and operating margin for each segment.

	Revenue		Operating Income		Operating Margin	
For the Three Months Ended	**July 2, 2022**	July 3, 2021	**July 2, 2022**	July 3, 2021	**July 2, 2022**	July 3, 2021
Motion Technologies	**$ 331.3**	$ 343.6	**$ 47.0**	$ 64.7	**14.2 %**	18.8 %
Industrial Process	**239.6**	213.9	**39.1**	31.5	**16.3 %**	14.7 %
Connect & Control Technologies	**163.2**	134.5	**28.2**	17.9	**17.3 %**	13.3 %
Eliminations	**(0.8)**	(0.4)	**—**	—	**—**	—
Total segment results	**733.3**	691.6	**114.3**	114.1	**15.6 %**	16.5 %
Asbestos-related benefit, net[(a)]	**—**	—	**—**	76.8	**—**	—
Other Corporate costs	**—**	—	**(13.8)**	(11.3)	**—**	—
Total Corporate and other costs	**—**	—	**(13.8)**	65.5	**—**	—
Total	**$ 733.3**	$ 691.6	**$ 100.5**	$ 179.6	**13.7 %**	26.0 %

	Revenue		Operating Income		Operating Margin	
For the Six Months Ended	**July 2, 2022**	July 3, 2021	**July 2, 2022**	July 3, 2021	**July 2, 2022**	July 3, 2021
Motion Technologies	**$ 701.4**	$ 712.7	**$ 106.7**	$ 140.7	**15.2 %**	19.7 %
Industrial Process	**441.8**	416.2	**59.5**	62.5	**13.5 %**	15.0 %
Connect & Control Technologies	**317.8**	261.8	**53.9**	29.7	**17.0 %**	11.3 %
Eliminations	**(1.5)**	(0.7)	**—**	—	**—**	—
Total segment results	**1,459.5**	1,390.0	**220.1**	232.9	**15.1 %**	16.8 %
Asbestos-related benefit, net[(a)]	**—**	—	**—**	74.4	**—**	—
Other Corporate costs	**—**	—	**(25.0)**	(17.8)	**—**	—
Total Corporate and other costs	**—**	—	**(25.0)**	56.6	**—**	—
Total	**$ 1,459.5**	$ 1,390.0	**$ 195.1**	$ 289.5	**13.4 %**	20.8 %

(a) The 2021 period includes a pre-tax gain of $88.8 resulting from the divestiture of the entity holding asbestos-related assets and liabilities. See Note 17, Commitments and Contingencies, for further information.

The following table presents our total assets, capital expenditures, and depreciation & amortization expense for each segment.

	Total Assets		Capital Expenditures		Depreciation & Amortization	
As of and for the Six Months Ended	**July 2, 2022**	December 31, 2021	**July 2, 2022**	July 3, 2021	**July 2, 2022**	July 3, 2021
Motion Technologies	**$ 1,311.3**	$ 1,272.8	**$ 34.7**	$ 27.8	**$ 31.0**	$ 31.8
Industrial Process	**1,215.3**	1,030.0	**4.9**	2.7	**12.6**	11.1
Connect & Control Technologies	**725.2**	719.3	**4.2**	3.9	**9.7**	11.3
Corporate and Other	**448.1**	543.3	**3.7**	0.7	**2.0**	3.0
Total	**$ 3,699.9**	$ 3,565.4	**$ 47.5**	$ 35.1	**$ 55.3**	$ 57.2

NOTE 4
REVENUE

The following tables present our revenue disaggregated by end market.

For the Three Months Ended July 2, 2022	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total
Auto and rail	**$ 320.3**	**$ —**	**$ —**	**$ —**	**$ 320.3**
Chemical and industrial pumps	**—**	**196.6**	**—**	**—**	**196.6**
General industrial	**8.5**	**—**	**74.5**	**(0.8)**	**82.2**
Aerospace and defense	**2.5**	**—**	**78.3**	**—**	**80.8**
Energy	**—**	**43.0**	**10.4**	**—**	**53.4**
Total	**$ 331.3**	**$ 239.6**	**$ 163.2**	**$ (0.8)**	**$ 733.3**
For the Six Months Ended July 2, 2022					
Auto and rail	**$ 680.7**	**$ —**	**$ —**	**$ —**	**$ 680.7**
Chemical and industrial pumps	**—**	**363.8**	**—**	**—**	**363.8**
General industrial	**16.7**	**—**	**144.2**	**(1.5)**	**159.4**
Aerospace and defense	**4.0**	**—**	**153.2**	**—**	**157.2**
Energy	**—**	**78.0**	**20.4**	**—**	**98.4**
Total	**$ 701.4**	**$ 441.8**	**$ 317.8**	**$ (1.5)**	**$ 1,459.5**
For the Three Months Ended July 3, 2021					
Auto and rail	$ 334.2	$ —	$ —	$ —	$ 334.2
Chemical and industrial pumps	—	167.7	—	—	167.7
General industrial	6.8	—	61.7	(0.4)	68.1
Aerospace and defense	2.6	—	63.9	—	66.5
Energy	—	46.2	8.9	—	55.1
Total	$ 343.6	$ 213.9	$ 134.5	$ (0.4)	$ 691.6
For the Six Months Ended July 3, 2021					
Auto and rail	$ 698.2	$ —	$ —	$ —	$ 698.2
Chemical and industrial pumps	—	327.4	—	—	327.4
General industrial	10.3	—	120.3	(0.7)	129.9
Aerospace and defense	4.2	—	124.1	—	128.3
Energy	—	88.8	17.4	—	106.2
Total	$ 712.7	$ 416.2	$ 261.8	$ (0.7)	$ 1,390.0

Contract Assets and Liabilities

Contract assets consist of unbilled amounts where revenue recognized exceeds customer billings, net of allowances for credit losses. Contract assets are included in other current assets and other non-current assets in our Consolidated Condensed Balance Sheet. Contract liabilities consist of advance customer payments and billings in excess of revenue recognized. Contract liabilities are included in accrued liabilities and other non-current liabilities in our Consolidated Condensed Balance Sheet.

The following table represents our net contract assets and liabilities.

	July 2, 2022	December 31, 2021
Current contract assets, net	**$ 30.1**	$ 20.6
Non-current contract assets, net	**0.3**	0.3
Current contract liabilities	**(64.5)**	(46.6)
Non-current contract liabilities	**(4.4)**	(4.4)
Net contract liabilities	**$ (38.5)**	$ (30.1)

During the three and six months ended July 2, 2022, we recognized revenue of $7.3 and $20.3, respectively, related to contract liabilities as of December 31, 2021. The aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of July 2, 2022 was $1,055.5. Of this amount, we expect to recognize approximately $740 to $760 of revenue during the remainder of 2022.

NOTE 5
INCOME TAXES

The following table summarizes our income tax expense and effective tax rate.

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Income tax expense	**$ 24.0**	$ 143.9	**$ 43.5**	$ 168.6
Effective tax rate	**24.0 %**	78.6 %	**22.3 %**	57.3 %

The effective tax rate (ETR) for the three and six months ended July 2, 2022 was lower than the prior year due to the tax impact of the 2021 asbestos divestiture of $116.9 (see Note 17, Commitments and Contingencies, for further information). Additionally, the 2022 ETR included higher permanent tax benefits, primarily related to research and development incentives in both foreign and U.S. jurisdictions.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including Czechia, Germany, India, Italy, and the U.S. The estimated tax liability calculation for unrecognized tax benefits considers uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could decrease by approximately $2 due to changes in audit status, expiration of statutes of limitations and other events.

NOTE 6
EARNINGS PER SHARE DATA

The following table provides a reconciliation of the data used in the calculation of basic and diluted earnings per share from continuing operations attributable to ITT.

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Basic weighted average common shares outstanding	**83.1**	86.1	**84.0**	86.2
Add: Dilutive impact of outstanding equity awards	**0.3**	0.4	**0.3**	0.5
Diluted weighted average common shares outstanding	**83.4**	86.5	**84.3**	86.7
Anti-dilutive shares[a]	**0.2**	—	**—**	0.1

(a) Anti-dilutive shares related to equity stock unit awards excluded from the computation of diluted earnings per share.

NOTE 7
RECEIVABLES, NET

The following table summarizes our receivables and associated allowance for credit losses.

	July 2, 2022	December 31, 2021
Trade accounts receivable	**$ 595.5**	$ 530.4
Notes receivable	**13.0**	19.2
Other	**13.6**	17.5
Receivables, gross	**622.1**	567.1
Less: Allowance for credit losses - receivables[(a)]	**(16.4)**	(12.0)
Receivables, net	**$ 605.7**	$ 555.1

The following table displays our allowance for credit losses for receivables and contract assets.

	July 2, 2022	December 31, 2021
Allowance for credit losses - receivables[(a)]	**$ 16.4**	$ 12.0
Allowance for credit losses - contract assets	**0.5**	0.5
Total allowance for credit losses	**$ 16.9**	$ 12.5

The following table displays a rollforward of our total allowance for credit losses.

	July 2, 2022	July 3, 2021
Total allowance for credit losses - January 1	**$ 12.5**	$ 15.6
Charges (recoveries) to income[(a)]	**4.7**	(1.7)
Write-offs	**(0.4)**	(0.7)
Foreign currency and other	**0.1**	0.1
Total allowance for credit losses - ending balance	**$ 16.9**	$ 13.3

(a) During the six months ended July 2, 2022, we recognized bad debt expense of $1.9 to reflect the current macroeconomic conditions impacting some of our customers in light of the Russia-Ukraine conflict. See Note 1, Description of Business and Basis of Presentation, for further information.

NOTE 8
INVENTORIES, NET

The following table summarizes our net inventories.

	July 2, 2022	December 31, 2021
Finished goods	**$ 93.3**	$ 73.0
Work in process	**111.3**	92.3
Raw materials[(a)]	**330.6**	265.6
Inventories, net[(b)]	**$ 535.2**	$ 430.9

(a) The increase in raw materials inventory from December 31, 2021 to July 2, 2022 was to support sales growth and mitigate continued supply chain disruptions.

(b) During the six months ended July 2, 2022, we recorded inventory reserves of $5.7 related to inventories held by entities impacted by the Russia-Ukraine conflict. See Note 1, Description of Business and Basis of Presentation, for further information.

NOTE 9
OTHER CURRENT AND NON-CURRENT ASSETS

The following table summarizes our other current and non-current assets.

		July 2, 2022		December 31, 2021
Advance payments and other prepaid expenses	**$**	**50.3**	$	44.1
Current contract assets, net		**30.1**		20.6
Prepaid income taxes		**9.2**		10.4
Other		**20.2**		13.5
Other current assets	**$**	**109.8**	$	88.6
Other employee benefit-related assets	**$**	**117.4**	$	118.4
Operating lease right-of-use assets		**71.2**		78.0
Deferred income taxes		**58.8**		63.4
Equity-method and other investments[a]		**41.1**		14.5
Capitalized software costs		**14.1**		16.7
Environmental-related assets		**10.5**		8.5
Other		**23.7**		24.7
Other non-current assets	**$**	**336.8**	$	324.2

(a) During the second quarter of 2022, we purchased minority investments in CRP Technology Srl and CRP USA LLC (collectively "CRP") for $23.0. Refer to Note 19, Acquisitions and Investments, for further information.

NOTE 10
PLANT, PROPERTY AND EQUIPMENT, NET

The following table summarizes our property, plant, and equipment, net of accumulated depreciation.

	Useful life (in years)		July 2, 2022		December 31, 2021
Machinery and equipment	2 - 10	**$**	**1,171.1**	$	1,202.0
Buildings and improvements	5 - 40		**280.7**		265.5
Furniture, fixtures and office equipment	3 - 7		**81.7**		78.3
Construction work in progress			**71.2**		62.8
Land and improvements			**30.5**		32.5
Other			**3.1**		4.3
Plant, property and equipment, gross			**1,638.3**		1,645.4
Less: Accumulated depreciation			**(1,137.1)**		(1,136.3)
Plant, property and equipment, net		**$**	**501.2**	$	509.1

Depreciation expense of $21.0 and $42.0, and $21.5 and $42.9 was recognized in the three and six months ended July 2, 2022 and July 3, 2021, respectively.

NOTE 11
GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table provides a rollforward of the carrying amount of goodwill by segment.

	Motion Technologies	Industrial Process	Connect & Control Technologies	Total
Goodwill - December 31, 2021	$ 292.3	$ 352.4	$ 279.6	$ 924.3
Acquired	—	68.7	—	68.7
Foreign exchange translation	(6.5)	(20.7)	(2.0)	(29.2)
Goodwill - July 2, 2022	**$ 285.8**	**$ 400.4**	**$ 277.6**	**$ 963.8**

Goodwill acquired is related to our acquisition of Habonim in the second quarter of 2022 and represents the preliminary calculation of the excess purchase price over the net assets acquired, the valuation of which is pending completion. Upon completion, goodwill acquired will be adjusted to reflect the final fair value of the net assets acquired. Refer to Note 19, Acquisitions and Investments, for further information.

Other Intangible Assets, Net

The following table summarizes our other intangible assets, net of accumulated amortization.

	July 2, 2022			December 31, 2021		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangibles**	Gross Carrying Amount	Accumulated Amortization	Net Intangibles
Customer relationships	**$ 190.6**	**$ (120.0)**	**$ 70.6**	$ 162.1	$ (113.7)	$ 48.4
Proprietary technology	**58.9**	**(28.5)**	**30.4**	46.1	(26.9)	19.2
Patents and other	**17.3**	**(14.8)**	**2.5**	15.7	(14.0)	1.7
Finite-lived intangible total	**266.8**	**(163.3)**	**103.5**	223.9	(154.6)	69.3
Indefinite-lived intangibles	**18.2**	**—**	**18.2**	16.4	—	16.4
Other intangible assets	**$ 285.0**	**$ (163.3)**	**$ 121.7**	$ 240.3	$ (154.6)	$ 85.7

Amortization expense related to finite-lived intangible assets was $5.8 and $10.0, and $4.9 and $10.0 for the three and six months ended July 2, 2022 and July 3, 2021, respectively.

The preliminary fair value of intangible assets acquired in connection with the purchase of Habonim mainly includes $33.1 of customer relationships with a useful life of 15 years, $8.1 of developed technology with a useful life of 20 years, $2.1 of customer backlog with a useful life of 9 months, and $2.3 for a trade name with an indefinite life. Refer to Note 19, Acquisitions and Investments, for further information.

Separately, during the second quarter of 2022, we acquired proprietary technology with a preliminary value of $6.2 and a useful life of 10 years, in connection with the purchase of a product line within our CCT segment. Refer to Note 19, Acquisitions and Investments, for further information.

Estimated amortization expense for each of the five succeeding years and thereafter is as follows:

Remaining of 2022	10.9
2023	19.5
2024	14.1
2025	13.3
2026	9.5
2027	8.2
Thereafter	28.0

NOTE 12
ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

The following table summarizes our accrued liabilities and other non-current liabilities.

	July 2, 2022	December 31, 2021
Compensation and other employee-related benefits	**$ 127.1**	$ 155.2
Contract liabilities and other customer-related liabilities	**86.8**	69.1
Accrued income taxes and other tax-related liabilities	**32.7**	33.6
Operating lease liabilities	**18.8**	20.1
Accrued warranty costs	**15.5**	17.7
Environmental liabilities and other legal matters	**9.5**	13.5
Accrued restructuring costs	**5.4**	11.0
Other	**38.1**	37.1
Accrued liabilities	**$ 333.9**	$ 357.3
Operating lease liabilities	**$ 56.7**	$ 64.0
Environmental liabilities	**52.6**	50.1
Compensation and other employee-related benefits	**25.7**	29.2
Deferred income taxes and other tax-related liabilities	**20.9**	29.0
Non-current maturities of long-term debt	**8.7**	9.9
Other	**24.4**	24.3
Other non-current liabilities	**$ 189.0**	$ 206.5

NOTE 13
DEBT

The following table summarizes our outstanding debt obligations.

	July 2, 2022	December 31, 2021
Commercial paper[(a)]	**$ 544.9**	$ 195.4
Other short-term notes payable	**4.3**	—
Current maturities of long-term debt and finance leases	**2.2**	2.2
Commercial paper and current maturities of long-term debt	**551.4**	197.6
Non-current maturities of long-term debt	**8.7**	9.9
Total debt and finance leases	**$ 560.1**	$ 207.5

(a) The increase in commercial paper outstanding from December 31, 2021 to July 2, 2022 was primarily related to funding our share repurchase activity and our acquisition of Habonim. See Note 19, Acquisitions and Investments, for further information.

Commercial Paper

The following table presents our outstanding commercial paper borrowings and associated weighted average interest rates as of July 2, 2022 and December 31, 2021.

	July 2, 2022	December 31, 2021
Commercial Paper Outstanding - U.S. Program	**$ 399.7**	$ 150.0
Commercial Paper Outstanding - Euro Program	**145.2**	45.4
Total Commercial Paper Outstanding	**$ 544.9**	195.4
Weighted Average Interest Rate - U.S. Program	**2.01 %**	0.28 %
Weighted Average Interest Rate - Euro Program	**(0.06)%**	(0.47)%

Outstanding commercial paper for both periods had maturity terms less than three months from the date of issuance.

Short-term Loans

On August 5, 2021, we entered into a revolving credit facility agreement with a syndicate of third party lenders including Bank of America, N.A., as administrative agent (the 2021 Revolving Credit Agreement). Upon its effectiveness, this agreement replaced our existing $500 revolving credit facility due November 2022 (the 2014 Revolving Credit Agreement). The 2021 Revolving Credit Agreement matures in August 2026 and provides for an aggregate principal amount of up to $700. The 2021 Revolving Credit Agreement provides for a potential increase of commitment of up to $350 for a possible maximum of $1,050 in aggregate commitments at the request of the Company and with the consent of the institutions providing such increase of commitments.

The interest rate per annum on the 2021 Revolving Credit Agreement is based on the LIBOR rate of the currency we borrow in, plus a margin of 1.1%, with applicable benchmark replacement rates for the currencies available when LIBOR is phased out as a result of the impending reference rate reform. As of July 2, 2022 and December 31, 2021, we had no outstanding borrowings under the 2021 Revolving Credit Agreement. There is a 0.15% fee per annum applicable to the commitments under the 2021 Revolving Credit Agreement. The margin and fees are subject to adjustment should the Company's credit ratings change.

The 2021 Revolving Credit Agreement contains customary affirmative and negative covenants that, among other things, will limit or restrict our ability to: incur additional debt or issue guarantees; create certain liens; merge or consolidate with another person; sell, transfer, lease or otherwise dispose of assets; liquidate or dissolve; and enter into restrictive covenants. Additionally, the 2021 Revolving Credit Agreement requires us not to permit the ratio of consolidated total indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (leverage ratio) to exceed 3.50 to 1.00, with a qualified acquisition step up immediately following such qualified acquisition of 4.00 to 1.00 for four quarters, 3.75 to 1.00 for two quarters thereafter, and returning to 3.50 to 1.00 thereafter.

As of July 2, 2022, all financial covenants (e.g., leverage ratio) associated with the 2021 Revolving Credit Agreement were within the prescribed thresholds.

NOTE 14
LONG-TERM INCENTIVE EMPLOYEE COMPENSATION

Our long-term incentive plan (LTIP) costs are primarily recorded within general and administrative expenses in our Consolidated Condensed Statements of Operations. The following table summarizes our LTIP costs.

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Equity-based awards	**$ 5.0**	$ 4.2	**$ 8.7**	$ 7.4
Liability-based awards	**0.1**	0.2	**0.7**	1.1
Total share-based compensation expense	**$ 5.1**	$ 4.4	**$ 9.4**	$ 8.5

At July 2, 2022, there was $32.4 of total unrecognized compensation cost related to non-vested equity awards. This cost is expected to be recognized ratably over a weighted-average period of 2.0 years. Additionally, unrecognized compensation cost related to liability-based awards was $1.5, which is expected to be recognized ratably over a weighted-average period of 2.4 years.

Year-to-Date 2022 LTIP Activity

The majority of our LTIP awards are granted during the first quarter of each year and have three-year service periods. These awards either vest equally each year or at the completion of the three-year service period. During the six months ended July 2, 2022, we granted the following LTIP awards as provided in the table below:

	# of Awards Granted	Weighted Average Grant Date Fair Value Per Share
Restricted stock units (RSUs)	0.2	$ 78.54
Performance stock units (PSUs)	0.1	$ 79.72

During the six months ended July 2, 2022 and July 3, 2021, a nominal amount of non-qualified stock options were exercised resulting in proceeds of $0.7 and $0.5, respectively. During the six months ended July 2, 2022 and July 3, 2021, RSUs of 0.1 and 0.1, respectively, vested and were issued. During the six months ended July 2, 2022 and July 3, 2021, PSUs of 0.1 and 0.2 that vested on December 31, 2021 and 2020, respectively, were issued.

NOTE 15
CAPITAL STOCK

On October 30, 2019, the Board of Directors approved an indefinite term $500 open-market share repurchase program (the 2019 Plan). During the six months ended July 2, 2022 and July 3, 2021, the Company repurchased and retired 3.0 and 0.6 shares of common stock for $240.9 and $50.0, respectively, under the 2019 Plan.

Separate from the open-market share repurchase program, the Company repurchases shares of common stock in settlement of employee tax withholding obligations due upon the vesting of equity-based compensation awards. During the six months ended July 2, 2022 and July 3, 2021, the Company repurchased 0.1 shares and 0.1 shares of common stock for $8.5 and $11.4, respectively, in connection with the net settlement of employee LTIP awards.

NOTE 16
ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarize the changes within each component of accumulated other comprehensive loss.

As of and for the Three Months Ended July 2, 2022	Postretirement Benefit Plans	Cumulative Translation Adjustment	Accumulated Other Comprehensive Loss
April 2, 2022	$ (41.1)	$ (292.2)	$ (333.3)
Net change in postretirement benefit plans, net of tax	(0.2)	—	(0.2)
Net foreign currency translation adjustment	—	(70.8)	(70.8)
July 2, 2022	$ (41.3)	$ (363.0)	$ (404.3)

As of and for the Six Months Ended July 2, 2022			
December 31, 2021	$ (40.8)	$ (280.5)	$ (321.3)
Net change in postretirement benefit plans, net of tax	(0.5)	—	(0.5)
Net foreign currency translation adjustment	—	(82.5)	(82.5)
July 2, 2022	$ (41.3)	$ (363.0)	$ (404.3)

As of and for the Three Months Ended July 3, 2021						
April 3, 2021	$	(55.9)	$	(253.5)	$	(309.4)
Net foreign currency translation adjustment		—		8.4		8.4
July 3, 2021	$	(55.9)	$	(245.1)	$	(301.0)

As of and for the Six Months Ended July 3, 2021		Postretirement Benefit Plans		Cumulative Translation Adjustment		Accumulated Other Comprehensive Loss
December 31, 2020	$	(55.9)	$	(223.5)	$	(279.4)
Net foreign currency translation adjustment		—		(21.6)		(21.6)
July 3, 2021	$	(55.9)	$	(245.1)	$	(301.0)

NOTE 17
COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in legal proceedings that are incidental to the operation of our business. Historically, these proceedings have alleged damages relating to asbestos and environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and employee benefit matters, government contract issues and commercial or contractual disputes and acquisitions or divestitures. We will continue to defend vigorously against all claims. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claim, as well as our current reserves and insurance coverage, we do not expect that existing legal proceedings will have a material adverse impact on our financial statements, unless otherwise noted below.

Asbestos Divestiture

Prior to the divestiture described below, former subsidiaries of ITT, including ITT LLC and Goulds Pumps LLC, which are wholly owned subsidiaries of InTelCo Management LLC (InTelCo), had been sued along with many other companies in product liability lawsuits alleging personal injury due to purported asbestos exposure.

On June 30, 2021, the Company entered into a Membership Interest Purchase Agreement (the Purchase Agreement) with Sapphire TopCo, Inc. (Buyer), a wholly owned subsidiary of Delticus HoldCo, L.P., which is a portfolio company of the private equity firm, Warburg Pincus LLC. Under the Purchase Agreement, the Company transferred 100% of the equity interests of InTelCo to the Buyer, effective as of July 1, 2021, along with a cash contribution from the Company to InTelCo of $398. As InTelCo was the obligor for the Company's asbestos-related liabilities and policyholder of the related insurance assets through its subsidiaries ITT LLC and Goulds Pumps LLC, the rights and obligations related to these items transferred upon the sale. In addition, pursuant to the Purchase Agreement, the Buyer and InTelCo have indemnified the Company and its affiliates for legacy asbestos-related liabilities and other product liabilities, and the Company has indemnified InTelCo and its affiliates for all other historical liabilities of InTelCo. This indemnification is not subject to any cap or time limitation. In connection with the sale, the Company and its Board of Directors received a solvency opinion from an independent advisory firm that InTelCo was solvent and adequately capitalized after giving effect to the transaction.

Following the completion of the transfer, the Company no longer has any obligation with respect to pending and future asbestos claims. As such, all associated asbestos-related assets and liabilities are no longer reported on the Company's consolidated balance sheet. The transaction resulted in a pre-tax gain of $88.8. Additionally, the Company recorded tax expense as a result of the reversal of previously recorded deferred tax assets of $116.9, resulting in an after-tax loss of $28.1 recorded in the second quarter of 2021. The following table summarizes our total pre-tax net asbestos-related (benefit).

	Three Months Ended				Six Months Ended			
	July 2, 2022		July 3, 2021		**July 2, 2022**		July 3, 2021	
Asbestos provision[a]	**$**	**—**	$	12.0	**$**	**—**	$	14.4
Gain on divestiture before income tax		**—**		(88.8)		**—**		(88.8)
Asbestos-related benefit, net	**$**	**—**	$	(76.8)	**$**	**—**	$	(74.4)

(a) Includes certain administrative costs such as legal-related costs for insurance asset recoveries and transaction costs related to the divestiture of the entity holding legacy asbestos-related assets and liabilities.

Environmental Matters

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned or operated by ITT, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

The following table provides a rollforward of our estimated environmental liability.

For the Six Months Ended	**July 2, 2022**	July 3, 2021
Environmental liability - beginning balance	**$ 54.1**	$ 58.3
Change in estimates for pre-existing accruals:		
Continuing operations	**—**	0.1
Discontinued operations[a]	**5.4**	(0.1)
Accruals added during the period for new matters	**0.1**	1.0
Payments	**(2.7)**	(6.7)
Foreign currency	**(0.3)**	(0.1)
Environmental liability - ending balance	**$ 56.6**	$ 52.5

(a) During the six months ended July 2, 2022, we increased the estimated environmental liability for a former site of ITT by $5.4 and recognized an insurance-related asset of $4.3. The resulting net pre-tax expense of $1.1 has been presented as a loss from discontinued operations within the Consolidated Condensed Statements of Operations.

Environmental-related assets, including a Qualified Settlement Fund and estimated recoveries from insurance providers and other third parties, were $14.5 and $12.1 as of July 2, 2022 and July 3, 2021, respectively.

We are currently involved with 27 active environmental investigation and remediation sites. As of July 2, 2022, we have estimated the potential high-end liability of environmental-related matters to be $100.

As actual costs incurred at identified sites in future periods may vary from our current estimates given the inherent uncertainties in evaluating environmental exposures, management believes it is possible that the outcome of these uncertainties may have a material adverse effect on our financial statements.

NOTE 18
DERIVATIVE FINANCIAL INSTRUMENTS

As of July 2, 2022, the U.S. dollar equivalent notional value of our outstanding foreign currency forward and option contracts, which are denominated in euros, was $107.1 and the fair value was $7.8, recorded within other current assets. As of December 31, 2021, the U.S. dollar equivalent notional value of our outstanding foreign currency forward and option contracts was $24.2 and the fair value was $1.9. During the three and six months ended July 2, 2022, we recognized gains related to foreign currency derivatives not designated as hedges of $3.3 and $5.6, respectively, within general and administrative expenses. During the three and six months ended July 3, 2021, we recognized a loss of $0.8 and $2.2, respectively.

From time to time, we enter into call option contracts to mitigate exposure to commodity price fluctuations. As of July 2, 2022, call option contracts were nominal. There were no call option contracts outstanding as of December 31, 2021.

We utilize market approaches to estimate the fair value of our derivative instruments by discounting anticipated future cash flows derived from the derivative's contractual terms and observable foreign exchange rates. The fair values of the derivatives summarized above are determined based on Level 2 inputs in the fair value hierarchy.

NOTE 19
ACQUISITIONS AND INVESTMENTS

Acquisition of Habonim Industrial Valves and Actuators Ltd (Habonim)

On April 4, 2022, we completed the acquisition of 100% of the privately held stock of Habonim for a purchase price of $139.9. Habonim is a designer and manufacturer of valves, valve automation and actuation for the gas distribution (including liquified natural gas), biotech and harsh application service sectors. Habonim sells directly to original equipment manufacturers and integrators for customized solutions. Habonim has operations in Israel, the U.S., and the Netherlands, reported annual sales of $44 in 2021, and has a workforce of approximately 200 employees. Habonim's results are reported within the Industrial Process segment beginning in the second quarter of 2022.

The primary areas of the purchase price allocations that are not yet finalized relate to the valuation of certain tangible and intangible assets, liabilities, income tax, and residual goodwill, which represents the excess of the purchase price over the fair value of the net tangible and other intangible assets acquired. We expect to obtain the information necessary to finalize the fair value of the net assets and liabilities during the measurement period, not to exceed one year from the acquisition date. Changes to the preliminary estimates of the fair value during the measurement period will be recorded as adjustments to those assets and liabilities with a corresponding adjustment to goodwill in the period they occur. The goodwill arising from these acquisitions is not expected to be deductible for income tax purposes.

Preliminary Allocation of Purchase Price		**Habonim**
Receivables	$	10.2
Inventory		18.2
Plant, property and equipment		16.1
Goodwill		68.7
Other intangible assets		45.7
Other assets		4.2
Accounts payable and accrued liabilities		(8.7)
Other liabilities		(11.8)
Noncontrolling interest		(2.7)
Net assets acquired	**$**	**139.9**

Pro forma results of operations have not been presented because the acquisition was not deemed significant as of the acquisition date.

Investments in CRP Technology and CRP USA (CRP)

During the second quarter of 2022, we purchased a minority investment of 46% in CRP Technology Srl and 33% in CRP USA LLC (collectively "CRP") for $23.0. CRP is a manufacturer of reinforced composite materials for 3D printing for the aerospace, defense, premium automotive, and motorsports industries. CRP's Windform® high-performance materials enable engineers to develop complex, customized designs while providing lightweight and exceptionally durable products. The CRP investments are accounted for as equity method investments.

Other

During the second quarter of 2022, we purchased all production assets and proprietary technology related to an energy absorption product line for high-cycle applications in industrial automation. The product line was acquired for $7.0 from Clippard Instrument Laboratory, Inc., which is a U.S. manufacturer of electronic and pneumatic components. These assets are included within the CCT segment.

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

(In millions, except per share amounts, unless otherwise stated)

OVERVIEW

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and energy markets. We manufacture components that are integral to the operation of systems and manufacturing processes in these key markets. Our products enable functionality for applications where reliability and performance are critically important to our customers and the users of their products.

Our businesses share a common, repeatable operating model centered on our engineering capabilities. Each business applies its technology and engineering expertise to solve our customers' most pressing challenges. Our applied engineering provides a valuable business relationship with our customers given the critical nature of their applications. This in turn provides us with unique insight to our customers' requirements and enables us to develop solutions to assist our customers in achieving their business goals. Our technology and customer intimacy produce opportunities to capture recurring revenue streams, aftermarket opportunities and long-lived platforms from original equipment manufacturers (OEMs).

Our product and service offerings are organized into three reportable segments: Motion Technologies (MT), Industrial Process (IP), and Connect & Control Technologies (CCT). See Note 3, Segment Information, in this Report for a summary description of each segment. Additional information is also available in our 2021 Annual Report within Part I, Item 1, "Description of Business."

All comparisons included within Management's Discussion and Analysis of Financial Condition and Results of Operations refer to the comparable three and six months ended July 3, 2021, unless stated otherwise.

Russia-Ukraine Conflict:

In February 2022, the United States announced targeted economic sanctions on Russia and certain Russian citizens in response to Russia's invasion of Ukraine. As described in Part I, Item IA, "Risk Factors" in our 2021 Annual Report for the fiscal year ended December 31, 2021, our business may be sensitive to global economic conditions, which can be negatively impacted by instability in the geopolitical environment. Our annual sales directly to customers in Russia and Ukraine were approximately $38 for 2021. At the start of the conflict, annual sales to customers in Russia and Ukraine, including sales to customers selling or supplying to Russia or Ukraine, were expected to be approximately $60 for 2022. In addition, this year we expect an indirect sales impact of approximately $25 stemming from a reduction in supply of auto components made in Ukraine.

During the six months ended July 2, 2022, we recorded total charges of $8.0, primarily related to inventory and account receivable reserves to reflect the current macroeconomic conditions impacting some of our customers that sell or supply into this region. If circumstances worsen, we may experience a further reduction in demand and could incur additional charges, including potential fixed asset impairments, severance and other expenses. We are currently exploring alternatives for our operations in Russia, which could include a sale, disposition or wind down of operations, or a combination of these alternatives, although there cannot be any assurance of the timeline for or success of these alternatives. For additional discussion of the risks related to the Russia-Ukraine conflict, see Part II, Item 1A, "Risk Factors" herein.

COVID-19 Update:

The Company continues to be proactive in responding to the challenges stemming from the COVID-19 pandemic. As a result, we have been able to continue delivering to our customers. Future impacts of COVID-19 on our business and financial results remain uncertain and will be dependent on the effect and duration of variant strains of the virus. As a result of these variants, certain countries around the world in which we operate, such as China, have reinstituted restrictive measures that were previously implemented to curtail the spread of the virus. Continued challenges resulting from the COVID-19 pandemic have adversely impacted, and may continue to adversely impact, our business and financial results. For additional discussion of risks related to COVID-19, see Part I, Item IA, "Risk Factors" in our 2021 Annual Report.

Executive Summary

The following table provides a summary of key performance indicators for the second quarter of 2022 as compared to the second quarter of 2021.

Summary of Key Performance Indicators for the Second Quarter of 2022

Revenue	Segment Operating Income	Segment Operating Margin	EPS
$733 6% Increase	$114 Flat	15.6% -90bp Decrease	$0.91 102% Increase
Organic Revenue	**Adjusted Segment Operating Income**	**Adjusted Segment Operating Margin**	**Adjusted EPS**
$758 10% Increase	$117 2% Increase	15.9% -60bp Decrease	$0.98 4% Increase

Further details related to these results are contained elsewhere in the Discussion of Financial Results section. Refer to the section titled "Key Performance Indicators and Non-GAAP Measures" for definitions and reconciliations between GAAP and non-GAAP metrics.

Our second quarter 2022 results include:

- Revenue of $733.3 increased by $41.7 due to strong growth in CCT's connectors and components, IP's short-cycle business, and MT's Friction business. In addition, revenue from the acquisition of Habonim contributed growth of 2.2%. The increase was partially offset by unfavorable foreign currency impacts of $40.5 and reduced volumes stemming from the Russia-Ukraine conflict.
- Segment operating income of $114.3, including favorable foreign currency impacts of $2.6, was flat. Higher raw material and overhead costs stemming from continued supply chain challenges and inflation were offset by pricing actions, productivity savings, and higher sales volume.
- Income from continuing operations of $0.91 per diluted share increased $0.46 as compared to the prior year of $0.45 per share, due to an asbestos-related after-tax loss of $37.2 primarily related to the divestiture of the entity holding asbestos-related assets and liabilities in 2021. Adjusted income from continuing operations was $0.98 per diluted share, an increase of $0.04 as compared to the prior year.

In terms of capital deployment, during the second quarter of 2022, we completed the acquisition of Habonim for a purchase price of $139.9. Also during the second quarter, we repurchased 0.9 shares of common stock on the open-market for $63.0 and declared a dividend of $0.264 per share, which was a 20% increase from the quarterly dividend of $0.22 in 2021.

DISCUSSION OF FINANCIAL RESULTS

	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	Change	**July 2, 2022**	July 3, 2021	Change
Revenue	**$ 733.3**	$ 691.6	6.0 %	**$ 1,459.5**	$ 1,390.0	5.0 %
Gross profit	**222.2**	224.6	(1.1) %	**440.6**	453.6	(2.9) %
Gross margin	**30.3 %**	32.5 %	(220)bp	**30.2 %**	32.6 %	(240)bp
Operating expenses[(a)]	**121.7**	45.0	170.4 %	**245.5**	164.1	49.6 %
Operating expense to revenue ratio	**16.6 %**	6.5 %	1,010 bp	**16.8 %**	11.8 %	500 bp
Operating income[(a)]	**100.5**	179.6	(44.0) %	**195.1**	289.5	(32.6) %
Operating margin	**13.7 %**	26.0 %	(1,230)bp	**13.4 %**	20.8 %	(740)bp
Interest and non-operating expenses (income), net	**0.5**	(3.5)	(114.3) %	**0.3**	(4.8)	(106.3) %
Income tax expense	**24.0**	143.9	(83.3) %	**43.5**	168.6	(74.2)%
Effective tax rate	**24.0 %**	78.6 %	(5,460)bp	**22.3 %**	57.3 %	(3,500)bp
Income from continuing operations attributable to ITT Inc.	**75.8**	39.0	94.4 %	**150.6**	125.2	20.3 %
Net income attributable to ITT Inc.	**74.6**	39.0	91.3 %	**149.4**	125.2	19.3 %

(a) Operating expenses and operating income for the three and six months ended July 3, 2021 include the impact of the divestiture of the entity holding asbestos-related assets and liabilities. See Operating Expenses section below for further information.

REVENUE

The following table illustrates the revenue derived from each of our segments.

For the Three Months Ended	**July 2, 2022**	July 3, 2021	Change	Organic Growth[(a)]
Motion Technologies	**$ 331.3**	$ 343.6	(3.6)%	4.7 %
Industrial Process	**239.6**	213.9	12.0 %	8.1 %
Connect & Control Technologies	**163.2**	134.5	21.3 %	24.8 %
Eliminations	**(0.8)**	(0.4)		
Total Revenue	**$ 733.3**	$ 691.6	6.0 %	9.6 %

For the Six Months Ended	**July 2, 2022**	July 3, 2021	Change	Organic Growth[(a)]
Motion Technologies	**$ 701.4**	$ 712.7	(1.6)%	4.4 %
Industrial Process	**441.8**	416.2	6.2 %	5.1 %
Connect & Control Technologies	**317.8**	261.8	21.4 %	24.0 %
Eliminations	**(1.5)**	(0.7)		
Total Revenue	**$ 1,459.5**	$ 1,390.0	5.0 %	8.2 %

(a) See the section titled “Key Performance Indicators and Non-GAAP Measures” for a definition and reconciliation of organic revenue.

Motion Technologies

MT revenue for the three and six months ended July 2, 2022 decreased $12.3 and $11.3, respectively. Excluding the impact of unfavorable foreign currency translation of $28.6 and $42.5, organic revenue increased $16.3 and $31.2, respectively. The increase for the three- and six-month periods was primarily due to growth in Friction of 6% and 5%, respectively, driven by strength in aftermarket. In addition, Wolverine increased 20% and 12%, respectively, due to higher sales of sealing materials.

The automotive industry has been, and continues to be, impacted by a global semiconductor supply shortage. This shortage has created supply chain disruptions for our automotive OEM customers, resulting in temporary declines in production. As a result, demand for our OEM brake pads and parts has been and may continue to be adversely affected until the shortage is resolved.

Industrial Process

IP revenue for the three and six months ended July 2, 2022 increased $25.7 and $25.6, respectively. Excluding revenue of $15.5 from the acquisition of Habonim and unfavorable foreign currency translation of $7.1 and $11.0, respectively, organic revenue increased by $17.3 and $21.1. The increase for the three- and six-month periods was primarily driven by growth in the short-cycle business of 19% and 16%, respectively, due to strength within the general industrial and chemical markets. The increase in both periods was partially offset by a decline in pump project sales of 27% and 29%, respectively, primarily within the energy and chemical markets.

The level of order and shipment activity at IP can vary significantly from period to period due to pump projects which are highly engineered, customized to customer needs, and have longer lead times. Total orders during the three months ended July 2, 2022 were $298.8, an increase of 29% as compared to July 3, 2021. Backlog as of July 2, 2022 was $576.4, an increase of $132.0, or 30%, as compared to the prior year period. Our backlog represents firm orders that have been received, acknowledged, and entered into our production systems.

Connect & Control Technologies

CCT revenue for the three and six months ended July 2, 2022 increased $28.7 and $56.0, respectively, which included unfavorable foreign currency translation impacts of $4.7 and $6.9. Organic revenue increased $33.4 and $62.9, respectively, primarily driven by growth in connector sales of 31% and 30%, respectively, particularly within the general industrial and aerospace and defense markets. Additionally, component sales grew by 14% and 16%, respectively, with strength in the aerospace and defense markets.

GROSS PROFIT

Gross profit for the three months ended July 2, 2022 and July 3, 2021 was $222.2 and $224.6, respectively, reflecting a gross margin of 30.3% and 32.5%. Gross profit for the six months ended July 2, 2022 and July 3, 2021 was $440.6 and $453.6, respectively, reflecting a gross margin of 30.2% and 32.6%. The decrease in gross profit was primarily driven by significant increases in raw material, shipping, and labor costs, as discussed further below. These items were partially offset by pricing actions, productivity savings, and higher sales volume.

Since 2020, the cost of raw materials we use in our production processes, including commodities such as steel, oil, copper, and tin, has significantly increased. Accordingly, gross profit and operating income within our businesses have been and may continue to be negatively impacted. The rising prices are mainly a result of increased demand coupled with reduced supply caused by supply chain disruptions primarily as a result of the COVID-19 pandemic and the Russia-Ukraine conflict. Raw materials inflation and supply chain constraints may continue to unfavorably impact our financial results during the remainder of 2022. We have been able to offset some of this impact through pricing actions and productivity savings, which we continue to pursue.

During 2021 and 2022, worldwide supply chain challenges exacerbated by the COVID-19 pandemic and the rising demand for physical goods have created upward pressure on shipping costs globally. These supply chain disruptions have contributed to congested shipping ports around the world, causing shipping delays and, in many cases, additional costs to be incurred in order to meet customer demand. As a result of these external pressures, our shipping costs, including for inbound and outbound freight, have increased, which has negatively impacted our gross profit. Continued supply chain and shipping challenges could have a material impact on our future financial results.

The manufacturing industry is also currently experiencing a skilled labor shortage. This shortage has created difficulties for the Company in attracting and retaining factory employees and in meeting customer demand, resulting in additional labor costs. Accordingly, our revenue, gross profit, and operating expenses at each of our businesses have been and may continue to be negatively impacted as a result of difficulties in fulfilling customer orders and increased labor costs.

Certain of our businesses have experienced high levels of employee absenteeism resulting from regional COVID-19 outbreaks and government mandated workplace safety measures. Some governments around the world, including China, have instituted COVID-19 lockdowns that are expected to lead to further absenteeism, global supply chain challenges, and, potentially, temporary negative impacts on demand in some of our end-markets, such as passenger vehicles. As a result of these circumstances, our financial results have been, and may continue to be, negatively impacted. For additional information regarding risks related to COVID-19, see Part I, Item 1A, "Risk Factors," of our 2021 Annual Report.

OPERATING EXPENSES

The following table summarizes our operating expenses, including by segment.

	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	Change	**July 2, 2022**	July 3, 2021	Change
General and administrative expenses	**$ 57.0**	$ 60.3	(5.5)%	**$ 117.4**	$ 116.0	1.2 %
Sales and marketing expenses	**40.4**	38.3	5.5 %	**78.8**	75.0	5.1 %
Research and development expenses	**24.3**	23.2	4.7 %	**49.3**	47.5	3.8 %
Asbestos-related (benefit), net	**—**	(76.8)	(100.0)%	**—**	(74.4)	(100.0)%
Total operating expenses	**$ 121.7**	$ 45.0	170.4 %	**$ 245.5**	$ 164.1	49.6 %
Total operating expenses by segment:						
Motion Technologies	**$ 32.7**	$ 41.4	(21.0)%	**$ 73.9**	$ 83.0	(11.0)%
Industrial Process	**46.0**	39.7	15.9 %	**86.9**	76.0	14.3 %
Connect & Control Technologies	**29.2**	29.4	(0.7)%	**59.8**	61.7	(3.1)%
Corporate & Other	**13.8**	(65.5)	(121.1)%	**24.9**	(56.6)	(144.0)%

General and administrative (G&A) expenses decreased $3.3 and increased $1.4 for the three and six months ended July 2, 2022, respectively. The decrease in the three-month period was driven by favorable foreign currency impacts, partially offset by higher bad debt. The increase in the six-month period was driven by higher bad debt and strategic investment-related costs and lower corporate-owned life insurance investment gains, partially offset by favorable foreign currency impacts.

Sales and marketing expenses increased $2.1 and $3.8 respectively for the three and six months ended July 2, 2022, primarily driven by temporary spending controls in place during the six months ended July 3, 2021 taken in response to the COVID-19 pandemic.

Research and development expenses increased $1.1 and $1.8 respectively for the three and six months ended July 2, 2022, due to continued strategic investments in innovation and new product development to drive future growth.

Asbestos-related matters during 2021 resulted in a net benefit of $76.8 and $74.4 for the three and six months ended, respectively, due to the recognition of a pre-tax gain of $88.8 from the divestiture of the entity holding asbestos-related assets and liabilities in the second quarter of 2021. See Note 17, Commitments and Contingencies, for further information.

OPERATING INCOME

The following table summarizes our operating income and margin by segment.

	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	Change	**July 2, 2022**	July 3, 2021	Change
Motion Technologies	**$ 47.0**	$ 64.7	(27.4) %	**$ 106.7**	$ 140.7	(24.2) %
Industrial Process	**39.1**	31.5	24.1 %	**59.5**	62.5	(4.8) %
Connect & Control Technologies	**28.2**	17.9	57.5 %	**53.9**	29.7	81.5 %
Segment operating income	**114.3**	114.1	0.2 %	**220.1**	232.9	(5.5) %
Asbestos-related benefit, net	**—**	76.8	(100.0) %	**—**	74.4	(100.0) %
Other corporate costs	**(13.8)**	(11.3)	22.1 %	**(25.0)**	(17.8)	40.4 %
Total corporate and other costs, net	**(13.8)**	65.5	(121.1) %	**(25.0)**	56.6	(144.2) %
Total operating income	**$ 100.5**	$ 179.6	(44.0) %	**$ 195.1**	$ 289.5	(32.6) %
Operating margin:						
Motion Technologies	**14.2 %**	18.8 %	(460)bp	**15.2 %**	19.7 %	(450)bp
Industrial Process	**16.3 %**	14.7 %	160 bp	**13.5 %**	15.0 %	(150)bp
Connect & Control Technologies	**17.3 %**	13.3 %	400 bp	**17.0 %**	11.3 %	570 bp
Segment operating margin	**15.6 %**	16.5 %	(90)bp	**15.1 %**	16.8 %	(170)bp
Consolidated operating margin	**13.7 %**	26.0 %	(1,230)bp	**13.4 %**	20.8 %	(740)bp

MT operating income for the three and six months ended July 2, 2022 decreased $17.7 and $34.0, respectively. The decrease for both periods was primarily due to significantly higher raw material costs. The six-month period also included inventory and accounts receivable reserves of $3.7 related to the Russia-Ukraine conflict. The decline in both periods was partially offset by pricing actions and productivity savings.

IP operating income for the three and six months ended July 2, 2022 increased $7.6 and decreased $3.0, respectively. The increase for the three-month period was mainly driven by productivity savings, pricing actions, and favorable sales mix, partially offset by higher raw material costs. The decrease for the six-month period was mainly driven by significantly higher raw material costs, as well as reserves of $4.3 related to inventory and accounts receivable in connection with the Russia-Ukraine conflict, which was partially offset by productivity savings, pricing actions, and favorable sales mix.

CCT operating income for the three and six months ended July 2, 2022 increased $10.3 and $24.2, respectively. The increase for both periods was driven by productivity savings, volume and pricing actions, partially offset by unfavorable raw material costs and sales mix.

Other corporate costs for the three and six months ended July 2, 2022 increased $2.5 and $7.2, primarily driven by lower corporate-owned life insurance investment gains, a $1.7 asset impairment related to the relocation of the Company’s corporate headquarters, as well as an increase in strategic investment-related costs.

INTEREST AND NON-OPERATING EXPENSES AND INCOME, NET

The following table summarizes our net interest and non-operating expenses (income).

	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	Change	**July 2, 2022**	July 3, 2021	Change
Interest and non-operating expense (income), net	**$ 0.5**	$ (3.5)	(114.3)%	**$ 0.3**	$ (4.8)	(106.3)%

The increase in interest and non-operating expenses for the three and six months ended July 2, 2022 is primarily due to a prior year gain of $3.4 from the final pricing adjustment related to the termination of our U.S. qualified pension plan, as well as higher interest expense associated with greater outstanding commercial paper borrowings and a higher average interest rate.

INCOME TAX EXPENSE

The following table summarizes our income tax expense and effective tax rate.

	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	Change	**July 2, 2022**	July 3, 2021	Change
Income tax expense	**$ 24.0**	$ 143.9	(83.3)%	**$ 43.5**	$ 168.6	(74.2)%
Effective tax rate	**24.0 %**	78.6 %	(5,460)bp	**22.3 %**	57.3 %	(3,500)bp

The ETR for the three and six months ended July 2, 2022 was lower than the prior year due to the tax impact of the 2021 asbestos divestiture of $116.9 (see Note 17, Commitments and Contingencies, for further information). Additionally, the 2022 ETR included higher permanent tax benefits, primarily related to research and development incentives in both foreign and U.S. jurisdictions.

We are closely monitoring the potential passage of new U.S. tax legislation, which could result in substantial changes to the current U.S. tax system, including changes to the statutory corporate tax rate. Further, changes in tax laws resulting from the Organization for Economic Cooperation and Development's ("OECD") multi-jurisdictional plan of action to address base erosion and profit shifting could adversely impact our effective tax rate. As the effects of a change in U.S. tax law must be recognized in the period in which the new legislation is enacted, should new legislation be signed into law, our financial results could be materially impacted.

See Note 5, Income Taxes, to the Consolidated Condensed Financial Statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

Funding and Liquidity Strategy

We monitor our funding needs and execute strategies to meet overall liquidity requirements, including the management of our capital structure, on both a short- and long-term basis. Significant factors that affect our overall management of liquidity include our cash flow from operations, credit ratings, the availability of commercial paper, access to bank lines of credit, term loans, and the ability to attract long-term capital on satisfactory terms. We assess these factors along with current market conditions on a continuous basis, and as a result, may alter the mix of our short- and long-term financing when it is advantageous to do so. We expect to have enough liquidity to fund operations for at least the next 12 months and beyond.

We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We support our growth and expansion in markets outside of the U.S. through the enhancement of existing products and development of new products, increased capital spending, and potential foreign acquisitions. We look for opportunities to access cash balances in excess of local operating requirements to meet our global liquidity needs in a cost-efficient manner. We transfer cash between certain international subsidiaries and the U.S. when it is cost effective to do so. During the year ended December 31, 2021, we had net cash distributions from foreign countries to the U.S. of $116.9. During the six months ended July 2, 2022, we had net cash distributions from foreign countries to the U.S. of $3.5. The timing and amount of any additional future distributions will be evaluated based on our jurisdictional cash needs.

The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors and will be based on, and affected by, a number of factors, including our financial position and results of operations, available cash, expected capital spending plans, prevailing business conditions and other factors the Board of Directors deems relevant. Therefore, we cannot provide any assurance as to what level of dividends, if any, will be paid in the future. In the second quarter of 2022, we declared a dividend of $0.264 per share for shareholders of record on June 17, 2022, which was a 20% increase from the quarterly dividends declared of $0.22 in 2021. Dividend payments during the six months ended July 2, 2022 amounted to $44.3.

During the six months ended July 2, 2022 and July 3, 2021, we repurchased and retired 3.0 and 0.6 shares of common stock for $240.9 and $50.0, respectively, under our share repurchase plans. In addition, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs, the Company repurchased 0.1 shares and 0.1 shares for an aggregate price of $8.5 and $11.4, respectively, during the six months ended July 2, 2022 and July 3, 2021. All repurchased shares are retired immediately following the repurchases.

Commercial Paper

When available and economically feasible, we have accessed the commercial paper market through programs in place in the U.S. and Europe to supplement cash flows generated internally and to provide additional short-term funding.

The following table presents our outstanding commercial paper borrowings.

	July 2, 2022	December 31, 2021
Commercial Paper Outstanding - U.S. Program	**$ 399.7**	$ 150.0
Commercial Paper Outstanding - Euro Program	**145.2**	45.4
Total Commercial Paper Outstanding	**$ 544.9**	195.4

The increase in commercial paper outstanding from December 31, 2021 to July 2, 2022 was primarily related to funding our share repurchase activity and acquisition of Habonim. See Note 19, Acquisitions and Investments, to the Consolidated Condensed Financial Statements for further information.

All outstanding commercial paper for both periods had maturity terms of less than three months from the date of issuance.

Revolving Credit Agreement

On August 5, 2021, we entered into a revolving credit facility agreement with a syndicate of third party lenders including Bank of America, N.A., as administrative agent (the 2021 Revolving Credit Agreement). The 2021 Revolving Credit Agreement matures in August 2026 and provides for an aggregate principal amount of up to $700 of (i) revolving extensions of credit (the revolving loans) outstanding at any time, and (ii) letters of credit for a face amount of up to $100 at any time outstanding. Subject to certain conditions, we are permitted to terminate permanently the total commitments and reduce commitments by a minimum aggregate amount of $10 or any whole multiple of $1 in excess thereof. Borrowings under the credit facility are available in U.S. dollars, Euros, British pound sterling or any other currency that may be requested by us, subject to the approval of the administrative agent and each lender. We are permitted to request that lenders increase the commitments under the facility by up to $350 for a maximum aggregate principal amount of $1,050; however, this is subject to certain conditions and therefore may not be available to us. As of July 2, 2022 and December 31, 2021, we had no outstanding borrowings under the 2021 Revolving Credit Agreement. See Note 13, Debt, to the Consolidated Condensed Financial Statements for further information.

Sources and Uses of Liquidity

Our principal source of liquidity is our cash flow generated from operating activities, which provides us with the ability to meet the majority of our short-term funding requirements. The following table summarizes net cash derived from or used in operating, investing, and financing activities from continuing operations, as well as net cash from discontinued operations.

For the Six Months Ended	July 2, 2022	July 3, 2021
Operating activities	**$ 54.2**	$ (231.6)
Investing activities	**(218.4)**	(34.7)
Financing activities	**70.5**	(5.1)
Foreign exchange	**(28.1)**	(9.2)
Total net cash used in continuing operations	**(121.8)**	(280.6)

Operating Activities

The increase in net cash from operating activities of $285.8 was primarily due to the prior year payment of $398.0 to fund the asbestos-related divestiture. This was partially offset by increased working capital investments to support sales growth and mitigate continued supply chain disruptions, and the timing of accounts receivable collections.

Investing Activities

The increase in net cash used in investing activities was driven by our acquisition of Habonim for a purchase price of $139.9 and investment in CRP for $23.0. Refer to Note 19, Acquisitions and Investments, for further information. In addition, capital expenditures increased by $12.4 over the prior year.

Financing Activities

The increase in net cash from financing activities of $75.6 was due to an increase in net commercial paper borrowings of $269.2, partially offset by an increase in open-market repurchases of ITT common stock of $190.5.

KEY PERFORMANCE INDICATORS AND NON-GAAP MEASURES

Management reviews a variety of key performance indicators including revenue, segment operating income and margins, and earnings per share, some of which are calculated with accounting principles other than those generally accepted in the United States of America (GAAP). In addition, we consider certain measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations and management of assets from period to period. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, acquisitions, dividends, and share repurchases. Some of these metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for measures determined in accordance with GAAP. We consider the following non-GAAP measures to be key performance indicators. These measures may not be comparable to similarly titled measures reported by other companies.

- "Organic revenue" is defined as revenue, excluding the impacts of foreign currency fluctuations and acquisitions. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. We believe that reporting organic revenue provides useful information to investors by facilitating comparisons of our revenue performance with prior and future periods and to our peers.

The following tables include a reconciliation of revenue to organic revenue by segment.

Three Months Ended July 2, 2022	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2022 Revenue	$ 331.3	$ 239.6	$ 163.2	$ (0.8)	$ 733.3
Acquisitions	—	(15.5)	—	—	(15.5)
Foreign currency translation	28.6	7.1	4.7	0.1	40.5
2022 Organic revenue	$ 359.9	$ 231.2	$ 167.9	$ (0.7)	$ 758.3
2021 Revenue	$ 343.6	$ 213.9	$ 134.5	$ (0.4)	$ 691.6
Organic growth	16.3	17.3	33.4	(0.3)	66.7
Percentage change	4.7 %	8.1 %	24.8 %		9.6 %

Six Months Ended July 2, 2022	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2022 Revenue	$ 701.4	$ 441.8	$ 317.8	$ (1.5)	$ 1,459.5
Acquisitions	—	(15.5)	—	—	(15.5)
Foreign currency translation	42.5	11.0	6.9	—	60.4
2022 Organic revenue	$ 743.9	$ 437.3	$ 324.7	$ (1.5)	$ 1,504.4
2021 Revenue	$ 712.7	$ 416.2	$ 261.8	$ (0.7)	$ 1,390.0
Organic growth	31.2	21.1	62.9	(0.8)	114.4
Percentage change	4.4 %	5.1 %	24.0 %		8.2 %

- “Adjusted operating income” and “Adjusted segment operating income” are defined as operating income, adjusted to exclude special items that include, but are not limited to, restructuring, severance, certain asset impairment charges, certain acquisition-related impacts, unusual or infrequent operating items and, for 2021, asbestos-related impacts. Special items represent charges or credits that impact current results, which management views as unrelated to the Company’s ongoing operations and performance. “Adjusted operating margin” and “Adjusted segment operating margin” are defined as adjusted operating income or adjusted segment operating income, respectively, divided by revenue. We believe that these financial measures are useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as evaluating operating performance in relation to our competitors.

  The following tables include a reconciliation of operating income to adjusted operating income by segment.

Three Months Ended July 2, 2022	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income	$ 47.0	$ 39.1	$ 28.2	$ 114.3	$ (13.8)	$ 100.5
Restructuring costs	1.5	0.8	(0.1)	2.2	—	2.2
Asset impairment	—	—	—	—	1.7	1.7
Impacts related to Russia-Ukraine conflict	(0.5)	(0.3)	—	(0.8)	—	(0.8)
Other[a]	0.2	0.6	—	0.8	0.3	1.1
Adjusted operating income	$ 48.2	$ 40.2	$ 28.1	$ 116.5	$ (11.8)	$ 104.7
Adjusted operating margin	14.5 %	16.8 %	17.2 %	15.9 %		14.3 %
Six Months Ended July 2, 2022						
Operating income	$ 106.7	$ 59.5	$ 53.9	$ 220.1	$ (25.0)	$ 195.1
Restructuring costs	1.5	1.0	—	2.5	—	2.5
Asset impairment	—	—	—	—	1.7	1.7
Impacts related to Russia-Ukraine conflict	3.7	4.3	—	8.0	—	8.0
Other[a]	1.1	1.2	—	2.3	1.2	3.5
Adjusted operating income	$ 113.0	$ 66.0	$ 53.9	$ 232.9	$ (22.1)	$ 210.8
Adjusted operating margin	16.1 %	14.9 %	17.0 %	16.0 %		14.4 %

Three Months Ended July 3, 2021	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income	$ 64.7	$ 31.5	$ 17.9	$ 114.1	$ 65.5	$ 179.6
Asbestos-related costs, net[b]	—	—	—	—	(76.8)	(76.8)
Restructuring costs	—	—	0.1	0.1	—	0.1
Other[a]	—	—	—	—	0.6	0.6
Adjusted operating income	$ 64.7	$ 31.5	$ 18.0	$ 114.2	$ (10.7)	$ 103.5
Adjusted operating margin	18.8 %	14.7 %	13.4 %	16.5 %		15.0 %
Six Months Ended July 3, 2021						
Operating income	$ 140.7	$ 62.5	$ 29.7	$ 232.9	$ 56.6	$ 289.5
Asbestos-related costs, net[b]	—	—	—	—	(74.4)	(74.4)
Restructuring costs	—	0.9	2.5	3.4	0.3	3.7
Other[a]	—	—	—	—	1.7	1.7
Adjusted operating income	$ 140.7	$ 63.4	$ 32.2	$ 236.3	$ (15.8)	$ 220.5
Adjusted operating margin	19.7 %	15.2 %	12.3 %	17.0 %		15.9 %

(a) Includes severance charges, accelerated amortization of an intangible asset, and integration-related costs.

(b) Includes a gain resulting from the divestiture of the entity holding asbestos-related assets and liabilities. See Note 17, Commitments and Contingencies, for further information.

- "Adjusted income from continuing operations" is defined as income from continuing operations attributable to ITT Inc. adjusted to exclude special items that include, but are not limited to, restructuring, severance, certain asset impairment charges, certain acquisition-related impacts, income tax settlements or adjustments, unusual or infrequent items and, for 2021, asbestos-related impacts. Special items represent charges or credits, on an after-tax basis, that impact current results, which management views as unrelated to the Company's ongoing operations and performance. The after-tax basis of each special item is determined using the jurisdictional tax rate of where the expense or benefit occurred. "Adjusted income from continuing operations per diluted share" (Adjusted EPS) is defined as adjusted income from continuing operations divided by diluted weighted average common shares outstanding. We believe that adjusted income from continuing operations and adjusted EPS are useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

The following table includes reconciliations of income from continuing operations to adjusted income from continuing operations.

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
Income from continuing operations attributable to ITT Inc.	**$ 75.8**	$ 39.0	**$ 150.6**	$ 125.2
Tax-related special items[(a)]	**3.1**	7.6	**1.9**	7.6
Restructuring costs, net of tax benefit of $(0.6), $(0.1), $(0.7) and $(0.6) respectively	**1.6**	—	**1.8**	3.1
Asset impairment charges, net of tax benefit of $(0.4), $0.0, $(0.4) and $0.0, respectively	**1.3**	—	**1.3**	—
Impacts related to Russia-Ukraine conflict, net of tax benefit of $0.0, $0.0, $(1.7) and $0.0, respectively	**(0.8)**	—	**6.3**	—
Net asbestos-related costs, net of tax expense of $0.0, $114.0, $0.0 and $113.5 respectively[(b)]	**—**	37.2	**—**	39.1
Other special items, net of tax benefit of $(0.5), $0.7, $(0.9) and $0.4 respectively[(c)]	**0.6**	(2.1)	**2.6**	(1.3)
Adjusted income from continuing operations	**$ 81.6**	$ 81.7	**$ 164.5**	$ 173.7
Income from continuing operations attributable to ITT Inc. per diluted share (EPS)	**$ 0.91**	$ 0.45	**$ 1.79**	$ 1.44
Adjusted EPS	**$ 0.98**	$ 0.94	**$ 1.95**	$ 2.00

(a) Tax-related special items primarily reflect tax on future distribution of foreign earnings, impacts from valuation allowances, and the write-down of a tax receivable.

(b) See Note 17, Commitments and Contingencies, for further information.

(c) Other special items for the quarterly and year-to-date periods of 2022 primarily reflect employee severance expense and integration-related costs. Other special items for the quarterly and year-to-date periods of 2021 include a benefit from finalization of the U.S. Qualified pension plan termination funding and accelerated amortization of an intangible asset.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2, Recent Accounting Pronouncements, to the Consolidated Condensed Financial Statements for information on recent accounting pronouncements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The Company believes the most complex and sensitive judgments, because of their significance to the Consolidated Condensed Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2021 Annual Report describes the critical accounting estimates that are used in the preparation of the Consolidated Condensed Financial Statements. Actual results in these areas could differ from management's estimates. There have been no material changes concerning the Company's critical accounting estimates as described in our 2021 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information concerning market risk as stated in our 2021 Annual Report. See Note 18, Derivative Financial Instruments, to the Consolidated Condensed Financial Statements for information on the Company's use of derivative financial instruments to mitigate exposure from foreign currency exchange rate fluctuations and commodity price fluctuations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act) as of the end of the period covered by this Report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this Report, the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the period covered by this Report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings that are incidental to the operation of our business. For a discussion of legal proceedings, see Note 17, Commitments and Contingencies to the Consolidated Condensed Financial Statements.

ITEM 1A. RISK FACTORS

Reference is made to the risk factors set forth in Part I, Item 1A, "Risk Factors", of our 2021 Annual Report, which are incorporated by reference herein. There have been no material changes with regard to the risk factors disclosed in such report, other than as noted below.

Russia's invasion of Ukraine, and the global response to it, could adversely impact our financial results.

Beginning in February 2022, the U.S. government and other nations imposed significant restrictions on most companies' ability to do business in Russia as a result of Russia's invasion of Ukraine. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability and geopolitical shifts which could have further adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Furthermore, such events have the potential to adversely impact the availability of commodities and energy, increase commodity prices, and exacerbate global inflationary pressures. Such geopolitical instability and uncertainty has had and could continue to have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions. Logistics restrictions, including closures of air space, could increase the costs, risks, and adverse impacts from these new challenges. Conflict-related inflationary pressures could further reduce our gross margins as a result of rising input costs. We may also be the subject of increased cyber-attacks as a result of the Russia-Ukraine conflict. During the six months ended July 2, 2022, we suspended our operations in Russia and recorded charges of $8.0 primarily related to inventory and bad debt reserves. Annual sales to customers selling or supplying products to Russia or Ukraine, and reduced production of auto components made in Ukraine, were expected to be approximately $60 to $85 during 2022. A significant escalation or expansion of economic disruption or the conflict's current scope could have a material adverse effect on our business, financial condition, and results of operations. We are currently exploring alternatives for our operations in Russia, which could include a sale, disposition or wind down, or a combination of these alternatives, although we cannot provide any assurance of the timeline for or success of these alternatives.

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

On October 30, 2019, the Board of Directors approved an indefinite term $500 share repurchase program (the 2019 Plan). We intend to utilize the 2019 Plan in a manner that is consistent with our capital allocation process, which has centered on those investments necessary to grow our businesses organically and through acquisition, while also providing cash returns to shareholders.

Purchases of equity securities by the issuer and affiliated purchasers

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS) PERIOD	TOTAL NUMBER OF SHARES PURCHASED[1]	AVERAGE PRICE PAID PER SHARE[2]	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
4/3/2022 - 4/30/2022	0.1	$ 76.73	0.1	$ 195.0
5/1/2022 - 5/28/2022	0.7	$ 70.88	0.7	$ 145.0
5/29/2022 - 7/2/2022	0.1	$ 64.57	0.1	$ 143.2

(1) Includes shares purchased in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

(2) Average price paid per share is calculated on a settlement basis and includes commissions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Disclosure pursuant to Section 219 of the Iran Threat Reduction & Syria Human Rights Act (ITRA)

This disclosure is made pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 which added subsection (r) to Section 13 of the Exchange Act (Section 13(r)). Section 13(r) requires an issuer to disclose in its annual or quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran. Disclosure of such activities, transactions or dealings is required even when conducted outside the United States by non-U.S. persons in compliance with applicable law, and whether or not such activities are sanctionable under U.S. law.

In its 2012 Annual Report, ITT described its acquisition of all the shares of Joh. Heinr. Bornemann GmbH (Bornemann) in November 2012, as well as certain activities of Bornemann in Iran and the wind down of those activities in accordance with a General License issued on December 26, 2012 by the Office of Foreign Assets Control (the General License). As permitted by the General License, on or before March 8, 2013, Bornemann completed the wind-down activities and ceased all activities in Iran. As required to be disclosed by Section 13(r), the gross revenues and operating income to Bornemann from its Iranian activities subsequent to its acquisition by ITT were €2.2 million euros and €1.5 million euros, respectively. Prior to its acquisition by ITT, Bornemann issued a performance bond to its Iranian customer in the amount of €1.3 million euros (the Bond). Bornemann requested that the Bond be canceled prior to March 8, 2013; however, the former customer refused this request and as a result the Bond remains outstanding. Bornemann did not receive gross revenues or operating income, or pay interest, with respect to the Bond in any subsequent periods through July 2, 2022, however, Bornemann did pay fees of approximately €3 thousand euros during the six months ended July 2, 2022 and approximately €10 thousand euros during 2021 to the German financial institution which is maintaining the Bond.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
(10.1)	RSU Agreement - 2022 Non-Employee Directors
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32.2)	Certification 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 ITT Inc.'s Quarterly Report on Form 10-Q for the quarter ended July 2, 2022, formatted in Inline XBRL (Inline Extensible Business Reporting Language): (i) Consolidated Condensed Statements of Operations, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, (v) Consolidated Condensed Statements of Changes in Shareholders' Equity, (vi) Notes to Consolidated Condensed Financial Statements, and (vii) Cover Page
(104)	The cover page from the Quarterly Report on Form 10-Q for the quarter ended July 2, 2022, formatted in Inline XBRL (included in Exhibit 101).

*Management compensatory plan

SIGNATURE

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.

ITT Inc.

(Registrant)

By: /s/ John Capela

John Capela
Chief Accounting Officer
(Principal Accounting Officer)

August 4, 2022

EXHIBIT 10.1

ITT INC.
2011 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT
Non-Employee Director

NOTICE OF RESTRICTED STOCK UNIT AWARD

ITT Inc. (the "Company") grants to the Director named below, in accordance with the terms of the ITT 2011 Omnibus Incentive Plan (the "Plan") and this Restricted Stock Unit award agreement (this "Agreement"), the number of Restricted Stock Units (the "Restricted Stock Units" or the "Award") provided as follows:

DIRECTOR	**Director Name**
RESTRICTED STOCK UNITS GRANTED	**x,xxx**
DATE OF GRANT	**May 18, 2022**
VESTING SCHEDULE	Except as provided in Section 3 of this Agreement, the Restricted Stock Units will vest on the following date(s), subject to the Director's continued service as a director of the Company:

Vesting Date(s)	Restricted Stock Units Vesting
the Business Day immediately prior to the ITT Inc. **2023** Annual Meeting.	100% of Award

AGREEMENT

1. Grant of Award. The Company hereby grants to the Director the Restricted Stock Units, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Restricted Stock Units set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Vesting and Settlement of Award.

   a. Right to Award. This Award shall vest in accordance with the vesting schedule set forth above (the "Vesting Schedule") and with the applicable provisions of the Plan and this Agreement.

b. Settlement of Award. Except as otherwise provided in a deferral agreement duly executed by the Director on a form prescribed by the Company for such elections and timely filed with the Company, the vested portion of this Award shall be settled (and any related dividend equivalents shall be paid) on or as soon as practicable (and no later than 30 days) following the vesting date set forth in the Vesting Schedule or in Section 3 of this Agreement, as the case may be.
The Company may require the Director to furnish or execute such documents as the Company shall reasonably deem necessary (i) to evidence such settlement and (ii) to comply with or satisfy the requirements of the Securities Act of 1933, as amended, the Exchange Act or any applicable laws. If the Director dies before the settlement of all or a portion of the Award, the vested but unsettled portion of the Award may be settled by delivery of Shares (and payment of related dividend equivalents) to the Participant's designated beneficiary or, if no such beneficiary has been designated, the Participant's estate.

c. Method of Settlement. The Company shall deliver to the Director one Share for each vested Restricted Stock Unit in book entry form.

d. Dividend Equivalents. If a cash dividend is declared on the Shares, the Director shall be credited with a dividend equivalent in an amount of cash equal to the number of Restricted Stock Units held by the Director as of the dividend payment date, multiplied by the amount of the cash dividend paid per Share. Any such dividend equivalents shall be paid if and when the underlying Restricted Stock Units are settled. Dividend equivalents shall not accrue interest.

3. Separation from Service. The Award shall become 100% vested prior to the vesting date set forth in the Vesting Schedule above upon the Director's separation from service for any of the following reasons:
    a. the Director's death;
    b. the Director's Disability (as defined below);
    c. the Director's retirement from the Board at or after age 75; or
    d. the Director's separation from service on account of the acceptance by the Director of a position (other than an honorary position) in the government of the United States, any State or any municipality or any subdivision thereof or any organization performing any quasi-governmental function.

If the Director’s service on the Board terminates for any reason other than one listed above prior to the vesting date set forth in the Vesting Schedule above, the Award shall be forfeited immediately after such termination with respect to the number of Restricted Stock Units for which the Award is not yet vested.

For purposes of this Agreement, the term “Disability” means the complete and permanent inability of the Director to perform all of his or her duties as a member of the Board, as determined by the Nominating and Governance Committee (the “Committee”) upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

4. Transferability of Award.

   The Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated.

5. Acceleration Event. Upon an Acceleration Event, the Committee may, in its discretion, (a) accelerate vesting and/or settlement of the Award, (b) change the method of settlement to cash, (c) cancel the Award, or (d) take any other action it determines to be appropriate; provided, however, that the Committee shall not change the time or form of payment in a manner that would result in additional tax being imposed under Section 409A of the Code.

6. Miscellaneous Provisions.

   a. Rights as a Stockholder. The Director shall have no rights as a stockholder with respect to any Shares subject to this Award, except as provided in Paragraph 2(d), until the Award has vested and Shares, if any, have been issued.

   b. Compliance with Federal Securities Laws and Other Applicable Laws. Notwithstanding anything to contrary in this Agreement or in the Plan, to the extent permitted by Section 409A of the Code and any treasury regulations or other applicable guidance promulgated with respect thereto, the issuance or delivery of any Shares pursuant to this Agreement may be delayed if the Company reasonably anticipates that the issuance or delivery of the Shares will violate Federal securities laws or other applicable law; provided that delivery or issuance of the Shares shall be made at the earliest date at which the Company reasonably anticipates that such delivery or issuance will not cause a violation.

   c. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

   d. Modification or Amendment. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 4.2 of the Plan may be made without such written agreement.

   e. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included.

   f. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended from time to time.

   g. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Award for construction or interpretation.

h. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Director or by the Company forthwith to the Committee, which shall review such dispute at its next regular meeting. If the Director is a member of the Committee, the Director shall not participate in such review. The resolution of such dispute by the Committee shall be final and binding on all persons.

i. Section 409A of the Code. The provisions of this Agreement and any payments made herein are intended to comply with, and should be interpreted consistent with, the requirements of Section 409A of the Code, and any related regulations or other effective guidance promulgated thereunder by the U.S. Department of the Treasury or the Internal Revenue Service.

j. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

ITT Inc.

/s/ Luca Savi

Date: May 18, 2022

The Director represents that s/he is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Director has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. The Director hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

Signed:______________________________
Director
(Online acceptance constitutes agreement)

Dated:___________________________________

EXHIBIT 31.1

CERTIFICATION OF LUCA SAVI PURSUANT TO SEC. 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Luca Savi, certifies that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 2, 2022 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer 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.

/S/ Luca Savi

Luca Savi
Chief Executive Officer

Date: August 4, 2022

EXHIBIT 31.2

CERTIFICATION OF EMMANUEL CAPRAIS PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Emmanuel Caprais, certifies that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 2, 2022 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer 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.

/s/ Emmanuel Caprais

Emmanuel Caprais
Senior Vice President and
Chief Financial Officer

Date: August 4, 2022

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the “Company”) on Form 10-Q for the period ended July 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Luca Savi, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/S/ Luca Savi

Luca Savi

Chief Executive Officer

August 4, 2022

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the “Company”) on Form 10-Q for the period ended July 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Emmanuel Caprais, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/S/ Emmanuel Caprais
Emmanuel Caprais
Senior Vice President and
Chief Financial Officer

August 4, 2022

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.