

EATON CORPORATION plc
CONSOLIDATED STATEMENTS OF INCOME

(In millions except for per share data)

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|----------------|-----------------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | \$ 5,880 | \$ 5,313 | \$ 17,229 | \$ 15,368 |
| Cost of products sold | 3,684 | 3,545 | 11,030 | 10,319 |
| Selling and administrative expense | 949 | 813 | 2,839 | 2,431 |
| Research and development expense | 187 | 165 | 553 | 498 |
| Interest expense - net | 33 | 37 | 124 | 100 |
| Gain on sale of business | — | — | — | 24 |
| Other expense (income) - net | (52) | 34 | (56) | (16) |
| Income before income taxes | 1,079 | 720 | 2,739 | 2,060 |
| Income tax expense | 187 | 112 | 463 | 316 |
| Net income | 892 | 608 | 2,277 | 1,743 |
| Less net income for noncontrolling interests | (1) | (1) | (4) | (2) |
| Net income attributable to Eaton ordinary shareholders | <u>\$ 891</u> | <u>\$ 607</u> | <u>\$ 2,273</u> | <u>\$ 1,741</u> |
| Net income per share attributable to Eaton ordinary shareholders | | | | |
| Diluted | \$ 2.22 | \$ 1.52 | \$ 5.67 | \$ 4.34 |
| Basic | 2.23 | 1.52 | 5.70 | 4.36 |
| Weighted-average number of ordinary shares outstanding | | | | |
| Diluted | 401.6 | 400.3 | 400.9 | 400.9 |
| Basic | 399.4 | 398.4 | 399.0 | 398.9 |
| Cash dividends declared per ordinary share | \$ 0.86 | \$ 0.81 | \$ 2.58 | \$ 2.43 |
| Reconciliation of net income attributable to Eaton ordinary shareholders to adjusted earnings | | | | |
| Net income attributable to Eaton ordinary shareholders | \$ 891 | \$ 607 | \$ 2,273 | \$ 1,741 |
| Excluding acquisition and divestiture charges, after-tax | 14 | 86 | 54 | 133 |
| Excluding restructuring program charges, after-tax | 5 | 18 | 37 | 39 |
| Excluding intangible asset amortization expense, after-tax | 84 | 97 | 269 | 295 |
| Adjusted earnings | <u>\$ 994</u> | <u>\$ 807</u> | <u>\$ 2,633</u> | <u>\$ 2,207</u> |
| Net income per share attributable to Eaton ordinary shareholders - diluted | \$ 2.22 | \$ 1.52 | \$ 5.67 | \$ 4.34 |
| Excluding per share impact of acquisition and divestiture charges, after-tax | 0.03 | 0.21 | 0.14 | 0.33 |
| Excluding per share impact of restructuring program charges, after-tax | 0.01 | 0.04 | 0.09 | 0.10 |
| Excluding per share impact of intangible asset amortization expense, after-tax | 0.21 | 0.25 | 0.67 | 0.74 |
| Adjusted earnings per ordinary share | <u>\$ 2.47</u> | <u>\$ 2.02</u> | <u>\$ 6.57</u> | <u>\$ 5.51</u> |

See accompanying notes.

EATON CORPORATION plc
BUSINESS SEGMENT INFORMATION

(In millions)

Net sales

| | Three months ended September 30 | | Nine months ended September 30 | |
|------------------------|------------------------------------|-----------------|-----------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Electrical Americas | \$ 2,594 | \$ 2,179 | \$ 7,426 | \$ 6,201 |
| Electrical Global | 1,503 | 1,486 | 4,572 | 4,418 |
| Aerospace | 867 | 768 | 2,517 | 2,227 |
| Vehicle | 753 | 744 | 2,242 | 2,123 |
| eMobility | 163 | 137 | 471 | 399 |
| Total net sales | \$ 5,880 | \$ 5,313 | \$ 17,229 | \$ 15,368 |

Segment operating profit (loss)

| | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Electrical Americas | \$ 719 | \$ 511 | \$ 1,913 | \$ 1,368 |
| Electrical Global | 328 | 305 | 892 | 866 |
| Aerospace | 209 | 185 | 580 | 506 |
| Vehicle | 131 | 125 | 353 | 346 |
| eMobility | — | (2) | (5) | (7) |
| Total segment operating profit | 1,386 | 1,124 | 3,732 | 3,079 |

Corporate

| | | | | |
|---|---------------|---------------|-----------------|-----------------|
| Intangible asset amortization expense | (107) | (124) | (344) | (375) |
| Interest expense - net | (33) | (37) | (124) | (100) |
| Pension and other postretirement benefits income | 11 | 7 | 33 | 35 |
| Restructuring program charges | (7) | (22) | (46) | (49) |
| Other expense - net | (171) | (227) | (512) | (529) |
| Income before income taxes | 1,079 | 720 | 2,739 | 2,060 |
| Income tax expense | 187 | 112 | 463 | 316 |
| Net income | 892 | 608 | 2,277 | 1,743 |
| Less net income for noncontrolling interests | (1) | (1) | (4) | (2) |
| Net income attributable to Eaton ordinary shareholders | \$ 891 | \$ 607 | \$ 2,273 | \$ 1,741 |

See accompanying notes.

EATON CORPORATION plc
CONDENSED CONSOLIDATED BALANCE SHEETS

| (In millions) | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 348 | \$ 294 |
| Short-term investments | 1,558 | 261 |
| Accounts receivable - net | 4,460 | 4,076 |
| Inventory | 3,713 | 3,430 |
| Prepaid expenses and other current assets | 904 | 685 |
| Total current assets | <u>10,983</u> | <u>8,746</u> |
| Property, plant and equipment - net | 3,341 | 3,146 |
| Other noncurrent assets | | |
| Goodwill | 14,781 | 14,796 |
| Other intangible assets | 5,158 | 5,485 |
| Operating lease assets | 600 | 570 |
| Deferred income taxes | 349 | 330 |
| Other assets | 2,076 | 1,940 |
| Total assets | <u>\$ 37,289</u> | <u>\$ 35,014</u> |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Short-term debt | \$ 24 | \$ 324 |
| Current portion of long-term debt | 975 | 10 |
| Accounts payable | 3,255 | 3,072 |
| Accrued compensation | 592 | 467 |
| Other current liabilities | 2,716 | 2,488 |
| Total current liabilities | <u>7,563</u> | <u>6,360</u> |
| Noncurrent liabilities | | |
| Long-term debt | 8,150 | 8,321 |
| Pension liabilities | 611 | 649 |
| Other postretirement benefits liabilities | 170 | 177 |
| Operating lease liabilities | 486 | 459 |
| Deferred income taxes | 460 | 530 |
| Other noncurrent liabilities | 1,429 | 1,444 |
| Total noncurrent liabilities | <u>11,306</u> | <u>11,580</u> |
| Shareholders' equity | | |
| Eaton shareholders' equity | 18,383 | 17,038 |
| Noncontrolling interests | 36 | 38 |
| Total equity | <u>18,420</u> | <u>17,075</u> |
| Total liabilities and equity | <u>\$ 37,289</u> | <u>\$ 35,014</u> |

See accompanying notes.

EATON CORPORATION plc
NOTES TO THE THIRD QUARTER 2023 EARNINGS RELEASE

Amounts are in millions of dollars unless indicated otherwise (per share data assume dilution). Columns and rows may not add and the sum of components may not equal total amounts reported due to rounding.

Note 1. NON-GAAP FINANCIAL INFORMATION

This earnings release includes certain non-GAAP financial measures. These financial measures include adjusted earnings, adjusted earnings per ordinary share, and free cash flow, each of which differs from the most directly comparable measure calculated in accordance with generally accepted accounting principles (GAAP). A reconciliation of each of these financial measures to the most directly comparable GAAP measure is included in this earnings release. Management believes that these financial measures are useful to investors because they provide additional meaningful financial information that should be considered when assessing our business performance and trends, and they allow investors to more easily compare Eaton Corporation plc's (Eaton or the Company) financial performance period to period. Management uses this information in monitoring and evaluating the on-going performance of Eaton and each business segment.

The Company's fourth quarter and full year adjusted earnings guidance for 2023 is as follows:

| | Three months ended December 31, 2023 | Year ended December 31, 2023 |
|--|---|---------------------------------|
| Net income per share attributable to Eaton ordinary shareholders - diluted | \$2.11 - \$2.21 | \$7.79 - \$7.89 |
| Excluding per share impact of acquisition and divestiture charges, after tax | 0.05 | 0.18 |
| Excluding per share impact of restructuring program charges, after tax | 0.02 | 0.11 |
| Excluding per share impact of intangible asset amortization expense, after tax | 0.21 | 0.87 |
| Adjusted earnings per ordinary share | <u>\$2.39 - \$2.49</u> | <u>\$8.95 - \$9.05</u> |

A reconciliation of net income attributable to Eaton ordinary shareholders per share to adjusted earnings per ordinary share is as follows:

| | Year ended December 31, 2022 |
|--|---------------------------------|
| Net income per share attributable to Eaton ordinary shareholders - diluted | \$ 6.14 |
| Excluding per share impact of acquisition and divestiture charges, after tax | 0.37 |
| Excluding per share impact of restructuring program charges, after tax | 0.07 |
| Excluding per share impact of intangible asset amortization expense, after tax | 0.99 |
| Adjusted earnings per ordinary share | <u>\$ 7.57</u> |

A reconciliation of operating cash flow to free cash flow is as follows:

| | Three months ended September 30 | |
|--|------------------------------------|---------------|
| (In millions) | 2023 | 2022 |
| Operating cash flow | \$ 1,140 | \$ 965 |
| Capital expenditures for property, plant and equipment | (227) | (135) |
| Free cash flow | <u>\$ 913</u> | <u>\$ 830</u> |

Note 2. ACQUISITIONS AND DIVESTITURE OF BUSINESSES

Acquisition of a 49% stake in Jiangsu Ryan Electrical Co. Ltd.

On April 23, 2023, Eaton acquired a 49 percent stake in Jiangsu Ryan Electrical Co. Ltd., a manufacturer of power distribution and sub-transmission transformers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Acquisition of a 50% stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business

On July 1, 2022, Eaton acquired a 50 percent stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business, which manufactures and markets low-voltage circuit breakers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Russia

During the second quarter of 2022, in light of the ongoing war with Ukraine, the Company decided to exit its business operations in Russia and recorded charges of \$29 million presented in Other expense (income) - net on the Consolidated Statements of Income. The charges consisted primarily of write-downs of accounts receivable, inventory and other assets, and accruals for severance.

Acquisition of Royal Power Solutions

On January 5, 2022, Eaton acquired Royal Power Solutions for \$610 million, net of cash received. Royal Power Solutions is a U.S. based manufacturer of high-precision electrical connectivity components used in electric vehicle, energy management, industrial and mobility markets. Royal Power Solutions is reported within the eMobility business segment.

Sale of Hydraulics business

On August 2, 2021, Eaton completed the sale of the Hydraulics business to Danfoss A/S and recognized a pre-tax gain of \$617 million in 2021. The Company finalized negotiations of post-closing adjustments with Danfoss A/S and recognized an additional pre-tax gain of \$24 million in the first quarter of 2022 and received cash of \$22 million in the second quarter of 2022 from Danfoss A/S to fully settle all post-closing adjustments.

Note 3. ACQUISITION AND DIVESTITURE CHARGES

Eaton incurs integration charges and transaction costs to acquire and integrate businesses, and transaction, separation and other costs to divest and exit businesses. Eaton also recognizes gains and losses on the sale of businesses. A summary of these Corporate items is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|--------------|-----------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| (In millions except for per share data) | | | | |
| Acquisition integration, divestiture charges and transaction costs | \$ 18 | \$ 103 | \$ 69 | \$ 182 |
| Gain on the sale of the Hydraulics business | — | — | — | (24) |
| Total before income taxes | 18 | 103 | 69 | 158 |
| Income tax benefit | 4 | 17 | 14 | 25 |
| Total after income taxes | <u>\$ 14</u> | <u>\$ 86</u> | <u>\$ 54</u> | <u>\$ 133</u> |
| Per ordinary share - diluted | \$ 0.03 | \$ 0.21 | \$ 0.14 | \$ 0.33 |

Acquisition integration, divestiture charges and transaction costs in 2023 and 2022 are related to the acquisition of Royal Power Solutions and other acquisitions completed prior to 2022, including other charges and income to acquire and exit businesses. Costs in 2023 and 2022 also included certain indemnity claims associated with the sale of 50% interest in the commercial vehicle automated transmission business in 2017. Costs in 2022 also included charges of \$29 million presented in Other expense (income) - net on the Consolidated Statements of Income related to the decision in the second quarter of 2022 to exit the Company's business operations in Russia. These charges consisted primarily of write-downs of accounts receivable, inventory and other assets, and accruals for severance. These charges were included in Cost of products sold, Selling and administrative expense, Research and development expense, or Other expense (income) - net. In Business Segment Information, the charges were included in Other expense - net.

Note 4. RESTRUCTURING CHARGES

In the second quarter of 2020, Eaton initiated a multi-year restructuring program to reduce its cost structure and gain efficiencies in its business segments and at corporate in order to initially respond to declining market conditions brought on by the COVID-19 pandemic. Since the inception of the program, the Company has incurred charges of \$371 million. These restructuring activities are expected to be completed in 2023 with total estimated charges of \$380 million cumulatively for the entire program and projected mature year savings of \$265 million when fully implemented. The remaining charges in 2023 are expected to relate primarily to plant closing and other costs.

A summary of restructuring program charges is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|---------|-----------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| (In millions except for per share data) | | | | |
| Workforce reductions | \$ — | \$ 5 | \$ 17 | \$ 11 |
| Plant closing and other | 7 | 17 | 29 | 38 |
| Total before income taxes | 7 | 22 | 46 | 49 |
| Income tax benefit | 1 | 4 | 9 | 10 |
| Total after income taxes | \$ 5 | \$ 18 | \$ 37 | \$ 39 |
| Per ordinary share - diluted | \$ 0.01 | \$ 0.04 | \$ 0.09 | \$ 0.10 |

Restructuring program charges related to the following segments:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---------------------|------------------------------------|-------|-----------------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| (In millions) | | | | |
| Electrical Americas | \$ — | \$ 4 | \$ 4 | \$ 14 |
| Electrical Global | 5 | 8 | 22 | 14 |
| Aerospace | 1 | 2 | 4 | 6 |
| Vehicle | 1 | 2 | 4 | 8 |
| eMobility | — | — | 6 | — |
| Corporate | — | 5 | 6 | 7 |
| Total | \$ 7 | \$ 22 | \$ 46 | \$ 49 |

These restructuring program charges were included in Cost of products sold, Selling and administrative expense, Research and development expense, or Other expense (income) - net, as appropriate. In Business Segment Information, these restructuring program charges are treated as Corporate items.

Note 5. INTANGIBLE ASSET AMORTIZATION EXPENSE

Intangible asset amortization expense is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|---------|-----------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| (In millions except for per share data) | | | | |
| Intangible asset amortization expense | \$ 107 | \$ 124 | \$ 344 | \$ 375 |
| Income tax benefit | 23 | 27 | 74 | 80 |
| Total after income taxes | \$ 84 | \$ 97 | \$ 269 | \$ 295 |
| Per ordinary share - diluted | \$ 0.21 | \$ 0.25 | \$ 0.67 | \$ 0.74 |

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