

**EATON CORPORATION plc**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
(In millions except for per share data)				
<b>Net sales</b>	\$ 7,055	\$ 6,240	\$ 27,448	\$ 24,878
Cost of products sold	4,457	3,811	17,131	15,375
Selling and administrative expense	1,009	1,003	4,311	4,077
Research and development expense	203	201	797	794
Interest expense - net	70	42	241	130
Other expense (income) - net	22	16	37	(64)
<b>Income before income taxes</b>	1,294	1,167	4,932	4,566
Income tax expense	161	195	841	768
<b>Net income</b>	1,133	972	4,090	3,798
Less net income for noncontrolling interests	(1)	(1)	(3)	(4)
<b>Net income attributable to Eaton ordinary shareholders</b>	<u>\$ 1,132</u>	<u>\$ 971</u>	<u>\$ 4,087</u>	<u>\$ 3,794</u>
<b>Net income per share attributable to Eaton ordinary shareholders</b>				
Diluted	\$ 2.91	\$ 2.45	\$ 10.45	\$ 9.50
Basic	2.92	2.46	10.48	9.54
<b>Weighted-average number of ordinary shares outstanding</b>				
Diluted	389.5	396.0	391.2	399.4
Basic	388.2	394.1	389.9	397.6
<b>Reconciliation of net income attributable to Eaton ordinary shareholders to adjusted earnings</b>				
Net income attributable to Eaton ordinary shareholders	\$ 1,132	\$ 971	\$ 4,087	\$ 3,794
Excluding acquisition and divestiture charges, after-tax	40	9	145	26
Excluding restructuring program charges, after-tax	28	56	103	160
Excluding intangible asset amortization expense, after-tax	97	84	384	335
Adjusted earnings	<u>\$ 1,297</u>	<u>\$ 1,120</u>	<u>\$ 4,720</u>	<u>\$ 4,314</u>
Net income per share attributable to Eaton ordinary shareholders - diluted	\$ 2.91	\$ 2.45	\$ 10.45	\$ 9.50
Excluding per share impact of acquisition and divestiture charges, after-tax	0.10	0.02	0.37	0.06
Excluding per share impact of restructuring program charges, after-tax	0.07	0.14	0.26	0.40
Excluding per share impact of intangible asset amortization expense, after-tax	0.25	0.22	0.99	0.84
Adjusted earnings per ordinary share	<u>\$ 3.33</u>	<u>\$ 2.83</u>	<u>\$ 12.07</u>	<u>\$ 10.80</u>

See accompanying notes.

**EATON CORPORATION plc**  
**BUSINESS SEGMENT INFORMATION**

(In millions)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
<b>Net sales</b>				
Electrical Americas	\$ 3,506	\$ 2,905	\$ 13,276	\$ 11,436
Electrical Global	1,728	1,569	6,815	6,248
Aerospace	1,111	971	4,249	3,744
Vehicle	586	647	2,505	2,790
eMobility	125	147	604	662
<b>Total net sales</b>	<b>\$ 7,055</b>	<b>\$ 6,240</b>	<b>\$ 27,448</b>	<b>\$ 24,878</b>
<b>Segment operating profit (loss)</b>				
Electrical Americas	\$ 1,046	\$ 918	\$ 3,972	\$ 3,455
Electrical Global	340	277	1,323	1,149
Aerospace	268	222	1,013	859
Vehicle	96	122	419	502
eMobility	10	3	(14)	(7)
<b>Total segment operating profit</b>	<b>1,760</b>	<b>1,542</b>	<b>6,713</b>	<b>5,959</b>
<b>Corporate</b>				
Intangible asset amortization expense	(121)	(107)	(486)	(425)
Interest expense - net	(70)	(42)	(241)	(130)
Pension and other postretirement benefits income	4	10	19	40
Restructuring program charges	(35)	(70)	(133)	(202)
Other expense - net	(244)	(166)	(941)	(675)
<b>Income before income taxes</b>	<b>1,294</b>	<b>1,167</b>	<b>4,932</b>	<b>4,566</b>
Income tax expense	161	195	841	768
<b>Net income</b>	<b>1,133</b>	<b>972</b>	<b>4,090</b>	<b>3,798</b>
Less net income for noncontrolling interests	(1)	(1)	(3)	(4)
<b>Net income attributable to Eaton ordinary shareholders</b>	<b>\$ 1,132</b>	<b>\$ 971</b>	<b>\$ 4,087</b>	<b>\$ 3,794</b>

See accompanying notes.

**EATON CORPORATION plc**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Assets</b>		
Current assets		
Cash	\$ 622	\$ 555
Short-term investments	181	1,525
Accounts receivable - net	5,387	4,619
Inventory	4,721	4,227
Prepaid expenses and other current assets	1,444	874
Total current assets	<u>12,355</u>	<u>11,801</u>
Property, plant and equipment - net	4,316	3,729
Other noncurrent assets		
Goodwill	15,769	14,713
Other intangible assets	5,054	4,658
Operating lease assets	768	806
Deferred income taxes	707	609
Other assets	2,281	2,066
Total assets	<u>\$ 41,251</u>	<u>\$ 38,381</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Short-term debt	\$ 1	\$ —
Current portion of long-term debt	1,136	674
Accounts payable	4,168	3,678
Accrued compensation	644	670
Other current liabilities	3,421	2,835
Total current liabilities	<u>9,370</u>	<u>7,857</u>
Noncurrent liabilities		
Long-term debt	8,758	8,478
Pension liabilities	702	741
Other postretirement benefits liabilities	161	164
Operating lease liabilities	637	669
Deferred income taxes	265	275
Other noncurrent liabilities	1,889	1,667
Total noncurrent liabilities	<u>12,412</u>	<u>11,994</u>
Shareholders' equity		
Eaton shareholders' equity	19,425	18,488
Noncontrolling interests	44	43
Total equity	<u>19,469</u>	<u>18,531</u>
Total liabilities and equity	<u>\$ 41,251</u>	<u>\$ 38,381</u>

See accompanying notes.

**EATON CORPORATION plc**  
**NOTES TO THE FOURTH QUARTER 2025 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 first quarter and full year net income per ordinary share and adjusted earnings per ordinary share guidance for 2026 is as follows:

	Three months ended March 31, 2026	Year ended December 31, 2026
Net income per share attributable to Eaton ordinary shareholders - diluted	\$2.29 - \$2.49	\$11.57 - \$12.07
Excluding per share impact of acquisition and divestiture charges, after tax	0.05	0.19
Excluding per share impact of restructuring program charges, after tax	0.06	0.23
Excluding per share impact of intangible asset amortization expense, after tax	0.25	1.01
Adjusted earnings per ordinary share	<u>\$2.65 - \$2.85</u>	<u>\$13.00 - \$13.50</u>

Reconciliations of operating cash flow to free cash flow is as follows:

	Three months ended December 31	
(In millions)	2025	2024
Operating cash flow	\$ 1,965	\$ 1,597
Capital expenditures for property, plant and equipment	(392)	(255)
Free cash flow	<u>\$ 1,573</u>	<u>\$ 1,342</u>

  

	Year ended December 31	
(In millions)	2025	2024
Operating cash flow	\$ 4,472	\$ 4,327
Capital expenditures for property, plant and equipment	(919)	(808)
Free cash flow	<u>\$ 3,553</u>	<u>\$ 3,518</u>

## **Note 2. ACQUISITIONS AND DIVESTITURE OF BUSINESSES**

### *Acquisition of Exertherm*

On May 20, 2024, Eaton acquired Exertherm, a U.K.-based provider of thermal monitoring solutions for electrical equipment. Exertherm is reported within the Electrical Americas business segment.

### *Acquisition of a 49% stake in NordicEPOD AS*

On May 31, 2024, Eaton acquired a 49 percent stake in NordicEPOD AS, which designs and assembles standardized power modules for data centers in the Nordic region. Eaton accounts for this investment on the equity method of accounting and it is reported within the Electrical Global business segment.

### *Acquisition of Fibrebond Corporation*

On April 1, 2025, Eaton acquired Fibrebond Corporation (Fibrebond) for \$1.43 billion, net of cash acquired. Fibrebond is a U.S. based designer and builder of pre-integrated modular power enclosures for data center, industrial, utility and communications customers. Fibrebond had sales of approximately \$378 million for the twelve months ended February 28, 2025, and is reported within the Electrical Americas business segment.

As part of the acquisition, Eaton assumed \$240 million of employee transaction and retention awards. Awards vest in six equal annual installments starting in the second quarter of 2025, subject to continued employment with Eaton. Forfeited employee awards are paid to former Fibrebond shareholders annually. Eaton recognizes compensation expense for the awards over the requisite service period and any employee forfeitures owed to former Fibrebond shareholders are expensed immediately in Other expense (income) - net. During the fourth quarter of 2025, compensation expense of \$8 million, \$2 million and \$8 million were included in Costs of products sold, Selling and administrative expense, and Other expense (income) - net, respectively, on the Consolidated Statements of Income. During 2025, compensation expense of \$51 million, \$16 million and \$15 million were included in Costs of products sold, Selling and administrative expense, and Other expense (income) - net, respectively, on the Consolidated Statements of Income.

### *Acquisition of Resilient Power Systems Inc.*

On August 6, 2025, Eaton acquired Resilient Power Systems Inc. (Resilient), a leading North American developer and manufacturer of innovative energy solutions, including solid-state transformer-based technology. Resilient was acquired for \$86 million, including \$55 million of cash paid at closing and an initial estimate of \$31 million for the fair value of contingent future consideration based on 2025 through 2028 revenue performance and achievement of technology-based milestones. The fair value of contingent consideration liabilities is estimated by discounting contingent payments expected to be made, and may increase or decrease based on changes in milestone achievements and discount rates, with a maximum possible undiscounted value of \$45 million. Resilient is reported within the Electrical Americas business segment.

As part of the acquisition, Eaton assumed employee incentives with a maximum payout of \$50 million contingent upon achievement of the same revenue performance and technology-based milestones, as well as continued employment with Eaton. The incentives will be paid over three years, starting in 2026 and concluding in 2028. As of December 31, 2025, the Company expects to pay \$38 million of employee incentives based on the estimated probability of the milestones being achieved. Compensation expense will be recognized over the requisite service period. Compensation expense of \$6 million and \$10 million in the three months and year ended December 31, 2025, respectively, was included in Selling and administrative expense on the Consolidated Statements of Income.

### *Agreement to Acquire Boyd Thermal*

On November 2, 2025, Eaton signed an agreement to acquire Boyd Thermal, a U.S. based global leader in thermal components, systems, and ruggedized solutions for data center, aerospace and other end-markets. Boyd Thermal employs more than 5,000 people with manufacturing sites across North America, Asia, and Europe. Under the terms of the agreement, Eaton will pay \$9.5 billion for Boyd Thermal. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close in the second quarter of 2026.

### *Acquisition of Ultra PCS Limited*

On January 23, 2026, Eaton acquired Ultra PCS Limited (Ultra PCS) for \$1.55 billion, net of cash acquired. Ultra PCS is headquartered in the U.K. with operations in the U.K. and the U.S. Ultra PCS produces electronic controls, sensing, stores ejection and data processing solutions, enabling mission success for global aerospace customers in the air and on the ground. Ultra PCS will be reported within the Aerospace business segment.

### *Spin-off of Mobility business*

On January 26, 2026, Eaton announced its intention to pursue a spin-off of its Mobility business, which consists of its Vehicle and eMobility operating segments, into an independent, publicly traded company. Eaton expects to complete the anticipated spin-off by the end of the first quarter of 2027, subject to customary legal and regulatory requirements and approvals, including final approval of the Company's Board of Directors and effectiveness of a Form 10 registration statement filed with the Securities and Exchange Commission. The planned spin-off is expected to be completed in a manner that is tax-free to Eaton ordinary shareholders for U.S. federal income tax purposes.

### **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 December 31		Year ended December 31	
	2025	2024	2025	2024
(In millions except for per share data)				
Acquisition integration, divestiture charges and transaction costs	\$ 48	\$ 13	\$ 183	\$ 36
Income tax benefit	9	4	38	10
Total charges after income taxes	<u>\$ 40</u>	<u>\$ 9</u>	<u>\$ 145</u>	<u>\$ 26</u>
Per ordinary share - diluted	\$ 0.10	\$ 0.02	\$ 0.37	\$ 0.06

Acquisition integration, divestiture charges and transaction costs in 2025 are primarily related to the following:

- The acquisitions of Fibrebond Corporation, Resilient Power Systems Inc., Ultra PCS Limited, and Exertherm, the expected acquisition of Boyd Thermal, transactions completed prior to 2023, and other charges to acquire and exit businesses.
- Employee transaction and retention award compensation expense related to the acquisition of Fibrebond of \$18 million and \$82 million in the three months and year ended December 31, 2025, respectively.
- Employee incentive compensation expense related to the acquisition of Resilient of \$6 million and \$10 million in the three months and year ended December 31, 2025, respectively.

Acquisition integration, divestiture charges and transaction costs in 2024 are primarily related to acquisitions completed prior to 2023, and include other charges and income to acquire and exit businesses, and the reduction in fair value of contingent future consideration from the Green Motion SA acquisition.

Charges in 2025 and 2024 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

During the first quarter of 2024, Eaton implemented a multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. Since the inception of the program, the Company has incurred charges of \$335 million. This restructuring program is expected to be completed in 2026 and is expected to incur additional expenses related to workforce reductions of \$102 million and plant closing and other costs of \$38 million, resulting in total estimated charges of \$475 million for the entire program. The Company expects mature year benefits of \$375 million when the multi-year program is fully implemented.

A summary of restructuring program charges is as follows:

(In millions except for per share data)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Workforce reductions	\$ 16	\$ 42	\$ 81	\$ 120
Plant closing and other	19	28	52	83
Total before income taxes	35	70	133	202
Income tax benefit	8	14	29	43
Total after income taxes	\$ 28	\$ 56	\$ 103	\$ 160
Per ordinary share - diluted	\$ 0.07	\$ 0.14	\$ 0.26	\$ 0.40

Restructuring program charges (income) related to the following segments:

(In millions)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Electrical Americas	\$ 2	\$ 4	\$ 14	\$ 12
Electrical Global	24	18	63	88
Aerospace	10	2	10	9
Vehicle <sup>1</sup>	(10)	8	13	40
eMobility	8	22	18	25
Corporate	2	16	14	29
Total	\$ 35	\$ 70	\$ 133	\$ 202

<sup>1</sup>The restructuring program liability was adjusted by \$12 million in the fourth quarter of 2025 primarily related to true-ups for completed workforce reductions in the Vehicle segment.

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:

(In millions except for per share data)	Three months ended December 31		Twelve months ended December 31	
	2025	2024	2025	2024
Intangible asset amortization expense	\$ 121	\$ 107	\$ 486	\$ 425
Income tax benefit	24	23	101	91
Total after income taxes	\$ 97	\$ 84	\$ 384	\$ 335
Per ordinary share - diluted	\$ 0.25	\$ 0.22	\$ 0.99	\$ 0.84

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