Rockwell Automation

2023

ANNUAL REPORT ON FORM 10-K

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

Form 10-K

(Mark One)

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2023

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 1-12383

Rockwell Automation, Inc.

(Exact name of registrant as specified in its charter)

Delaware	25-1797617
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1201 South Second Street Milwaukee, Wisconsin	53204
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code

+1 (414) 382-2000

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock ($1.00 par value)	ROK	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of registrant's voting stock held by non-affiliates of registrant on March 31, 2023 was approximately $33.7 billion.

114,672,533 shares of registrant's Common Stock, par value $1 per share, were outstanding on October 31, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of registrant to be held on February 6, 2024, is incorporated by reference into Part III hereof.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains statements (including certain projections and business trends) that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Words such as "believe", "estimate", "project", "plan", "expect", "anticipate", "will", "intend", and other similar expressions may identify forward-looking statements. Actual results may differ materially from those projected as a result of certain risks and uncertainties, many of which are beyond our control, including but not limited to:

- macroeconomic factors, including inflation, global and regional business conditions (including adverse impacts in certain markets, such as Oil & Gas), commodity prices, currency exchange rates, the cyclical nature of our customers' capital spending, and sovereign debt concerns;
- the availability and price of components and materials;
- the severity and duration of disruptions to our business due to pandemics, natural disasters (including those as a result of climate change), acts of war, strikes, terrorism, social unrest or other causes, liquidity and financial markets, demand for our hardware and software products, solutions, and services, our supply chain, our work force, our liquidity and the value of the assets we own;
- the availability, effectiveness, and security of our information technology systems;
- our ability to attract, develop, and retain qualified employees;
- our ability to manage and mitigate the risk related to security vulnerabilities and breaches of our hardware and software products, solutions, and services;
- the successful integration and management of strategic transactions and achievement of the expected benefits of these transactions;
- laws, regulations, and governmental policies affecting our activities in the countries where we do business, including those related to tariffs, taxation, trade controls (including sanctions placed on Russia), cybersecurity, and climate change;
- the successful development of advanced technologies and demand for and market acceptance of new and existing hardware and software products;
- our ability to manage and mitigate the risks associated with our solutions and services businesses;
- the successful execution of our cost productivity initiatives;
- competitive hardware and software products, solutions, and services, pricing pressures, and our ability to provide high quality products, solutions, and services;
- the availability and cost of capital;
- disruptions to our distribution channels or the failure of distributors to develop and maintain capabilities to sell our products;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- the uncertainty of claims by taxing authorities in the various jurisdictions where we do business;
- the uncertainties of litigation, including liabilities related to the safety and security of the hardware and software products, solutions, and services we sell;
- our ability to manage costs related to employee retirement and health care benefits; and
- other risks and uncertainties, including but not limited to those detailed from time to time in our Securities and Exchange Commission (SEC) filings.

These forward-looking statements reflect our beliefs as of the date of filing this report. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. See Item 1A. ***Risk Factors*** for more information.

ITEM 1. BUSINESS

GENERAL

Rockwell Automation, Inc. (Rockwell Automation or the Company) is the world's largest company dedicated to industrial automation and digital transformation. We understand and simplify our customers' complex production challenges and deliver the most valued solutions that combine technology and industry expertise. As a result, we make our customers more resilient, agile, and sustainable, creating more ways to win. See Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations*** (MD&A) for additional information on our business and long-term strategy.

The Company continues the business founded as the Allen-Bradley Company in 1903. The privately-owned Allen-Bradley Company was a leading North American manufacturer of industrial automation equipment when the former Rockwell International Corporation (RIC) purchased it in 1985.

The Company was incorporated in Delaware in connection with a tax-free reorganization completed on December 6, 1996, pursuant to which we divested our former aerospace and defense businesses (the A&D Business) to The Boeing Company (Boeing). In the reorganization, RIC contributed all of its businesses, other than the A&D Business, to the Company and distributed all capital stock of the Company to RIC's shareowners. Boeing then acquired RIC.

As used herein, the terms "we", "us", "our", "Rockwell Automation", or the "Company" include wholly-owned and controlled majority-owned subsidiaries and predecessors unless the context indicates otherwise. Information included in this Annual Report on Form 10-K refers to our continuing businesses unless otherwise indicated.

Whenever an Item of this Annual Report on Form 10-K refers to information in our Proxy Statement for our Annual Meeting of Shareowners to be held on February 6, 2024 (the Proxy Statement), or to information under specific captions in Item 7. ***MD&A***, or in Item 8. ***Financial Statements and Supplementary Data*** (the Consolidated Financial Statements), the information is incorporated in that Item by reference. All date references to years and quarters refer to our fiscal year and quarters, unless otherwise stated.

OPERATING SEGMENTS

We have three operating segments: Intelligent Devices, Software & Control, and Lifecycle Services. The Intelligent Devices segment includes drives, motion, advanced material handling, safety, sensing, industrial components, and configured-to-order products. The Software & Control segment includes control and visualization software and hardware, digital twin, simulation and information software, and network and security infrastructure. The Lifecycle Services segment includes digital consulting, professional services including engineered-to-order solutions, recurring services including cybersecurity, safety, remote monitoring, and asset management, and the Sensia joint venture.

Our operating segments share common sales, supply chain, and functional support organizations and conduct business globally. Major markets served by all segments consist of discrete end markets (e.g., Automotive including Electric Vehicle and Battery, Semiconductor, and e-Commerce & Warehouse Automation), hybrid end markets (e.g., Food & Beverage, Life Sciences, and Tire), and process end markets (e.g., Oil & Gas, Mining, and Chemicals). See Note 19 in the Consolidated Financial Statements for additional information on our operating segments.

GEOGRAPHIC INFORMATION

We do business in more than 100 countries around the world. The largest sales outside the United States on a country of destination basis are in China, Canada, Italy, Mexico, the United Kingdom, and Germany. See Item 1A. ***Risk Factors*** for a discussion of risks associated with our global operations.

COMPETITION

Our competitors range from large, diversified corporations that may also have business interests outside of industrial automation to smaller companies that offer a limited portfolio of industrial automation products, solutions, and services. Factors that influence our competitive position include the breadth and performance of our product, solution and services portfolio, technology differentiation, industry and application expertise, installed base, partner ecosystem, global presence and price. Major competitors include Siemens AG, ABB Ltd, Schneider Electric SA, Emerson Electric Co., Mitsubishi Electric Corp., Honeywell International Inc., AVEVA Group plc, Dassault Systemes, and Aspen Technology, Inc.

DISTRIBUTION

See Item 7. ***MD&A*** for information on our market access strategy, including distributor concentrations.

EMPLOYEES

See Item 7. ***MD&A*** for information on our employees, including information related to attracting, developing, and retaining highly qualified employees.

RAW MATERIALS

We purchase a wide range of equipment, components, finished products, and materials used in our business. The raw materials essential to the manufacture of our products generally are available at competitive prices. We have a broad base of suppliers and subcontractors. We depend upon the ability of our suppliers and subcontractors to meet performance and quality specifications and delivery schedules. See Item 1A. ***Risk Factors*** for a discussion of risks associated with our reliance on third-party suppliers.

BACKLOG

See Item 7. ***MD&A*** for information on our order backlog.

ENVIRONMENTAL PROTECTION REQUIREMENTS

Information about the effect of compliance with environmental protection requirements and resolution of environmental claims is contained in Note 17 in the Consolidated Financial Statements. See Item 1A. ***Risk Factors*** for a discussion of risks associated with liabilities and costs related to environmental remediation.

PATENTS, LICENSES, AND TRADEMARKS

We own or license numerous patents and patent applications related to our hardware and software products, solutions, and services. While in the aggregate our patents and licenses are important in the operation of our business, we do not believe that loss or termination of any one of them would materially affect our business or financial condition. We have received various claims of patent infringement and requests for patent indemnification. We believe that none of these claims or requests will have a material adverse effect on our financial condition. See Item 1A. ***Risk Factors*** for a discussion of risks associated with our intellectual property.

The Company's name and its registered trademark "Rockwell Automation®" and other trademarks such as "Allen-Bradley®", "A-B®", "PlantPAx® Process Automation System™", and "Connected Enterprise®" are important to all of our business segments. In addition, we own other important trademarks that we use, such as "ControlLogix®" and "CompactLogix®" for our control systems, "PowerFlex®" for our AC drives, and "Rockwell Software®", "FactoryTalk®", "Plex Systems®", and "Fiix®" for our software and cloud offerings.

SEASONALITY

Our business segments are not subject to significant seasonality. However, the calendarization of our results can vary and may be affected by the seasonal spending patterns of our customers due to their annual budgeting processes and their working schedules.

AVAILABLE INFORMATION

We maintain a website at https://www.rockwellautomation.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act), as well as our annual reports to shareowners and Section 16 reports on Forms 3, 4 and 5, are available free of charge on this site through the "Investors" link as soon as reasonably practicable after we file or furnish these reports with the SEC. All reports we file with the SEC are also available free of charge via EDGAR through the SEC's website at https://www.sec.gov. Our Guidelines on Corporate Governance and charters for our Board committees are also available on our website. The information contained on and linked from our website is not incorporated by reference into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

In the ordinary course of our business, we face various strategic, operating, compliance, and financial risks. These risks could have an impact on our business, financial condition, operating results, and cash flows. Our most significant risks are set forth below and elsewhere in this Annual Report on Form 10-K.

Our Enterprise Risk Management (ERM) process seeks to identify and address significant risks. Our ERM process assesses, manages, and monitors risks consistent with the integrated risk framework in the *Enterprise Risk Management - Integrated Framework (2017)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We believe that risk-taking is an inherent aspect of the pursuit of our strategy. Our goal is to manage risks prudently rather than avoid risks. We can mitigate risks and their impact on the Company only to a limited extent.

A team of senior executives prioritizes identified risks and assigns an executive to address each major identified risk area and lead action plans to manage risks. Our Board of Directors provides oversight of the ERM process and reviews significant identified risks. The Audit Committee of the Board of Directors also reviews significant financial risk exposures, and the steps management has taken to monitor and manage them. Our other Board committees also play a role in risk management, as set forth in their respective charters.

Our goal is to proactively manage risks using a structured approach in conjunction with strategic planning, with the intent to preserve and enhance shareowner value. However, the risks set forth below and elsewhere in this Annual Report on Form 10-K and other risks and uncertainties could adversely affect us and cause our results to vary materially from recent results or from our anticipated future results.

INDUSTRY AND ECONOMIC RISKS

ADVERSE CHANGES IN MACROECONOMIC OR INDUSTRY CONDITIONS MAY RESULT IN DECREASES IN OUR SALES AND PROFITABILITY.

We are subject to macroeconomic cycles and when recessions occur, we may experience reduced, canceled or delayed orders, payment delays or defaults, supply chain disruptions, or other adverse events as a result of the economic challenges faced by our customers, prospective customers, and suppliers. As our product lead times are stabilizing, orders may decline as our distributor partners and customers work to lower their working capital by reducing inventory levels.

Demand for our hardware and software products, solutions, and services is sensitive to changes in levels of production and the financial performance of major industries that we serve. As economic activity slows, credit markets tighten, or sovereign debt concerns arise, companies tend to reduce their levels of capital spending, which could result in decreased demand for our hardware and software products, solutions, and services.

As a global company operating in over 100 countries, we face risks related to foreign currency markets. A strengthening U.S. Dollar (USD) may adversely impact our sales and profitability related to business we do outside the U.S. Economic, political, regulatory, and compliance risks, particularly in emerging markets, can restrict our ability to exchange, transact, or pay dividends with foreign currencies we hold.

Oil & Gas is a major industry that we serve, including through our Sensia joint venture. When adverse Oil & Gas industry events arise, companies may reduce their levels of spending, which could result in decreased demand for our hardware and software products, solutions, and services. Demand for our hardware and software products, solutions, and services is sensitive to industry volatility and risks including those related to commodity prices, supply and demand dynamics, production costs, geological and political activities, and environmental regulations including those intended to reduce the impact of climate change.

WE FACE THE POTENTIAL HARMS OF NATURAL DISASTERS, INCLUDING THOSE AS A RESULT OF CLIMATE CHANGE, PANDEMICS, ACTS OF WAR, TERRORISM, INTERNATIONAL CONFLICTS, OR OTHER DISRUPTIONS TO OUR OPERATIONS, THE DURATION AND SEVERITY OF WHICH ARE HIGHLY UNCERTAIN AND DIFFICULT TO PREDICT.

Our business depends on the movement of people and goods around the world. Natural disasters (including but not limited to those as a result of climate change), pandemics, acts or threats of war or terrorism, international conflicts, power outages, fires, explosions, equipment failures, sabotage, political instability, and the actions taken by governments could cause damage to or disrupt our business operations, our suppliers or our customers, and could create economic instability. Disruptions to our information technology (IT) infrastructure from system failures, shutdowns, power outages, telecommunication or utility failures, and other events, including disruptions at third-party IT and other service providers, could also interfere with or disrupt our operations. Although it is not possible to predict such events or their consequences, these events could decrease demand for our hardware and software products, solutions, or services, increase our costs, or make it difficult or impossible for us to deliver products, solutions, or services.

OUR INDUSTRY IS HIGHLY COMPETITIVE.

We face strong competition in all of our market segments in several significant respects. We compete based on breadth and scope of our hardware and software product portfolio and solution and service offerings, technology differentiation, the domain expertise of our employees and partners, product performance, quality of our hardware and software products, solutions, and services, knowledge of integrated systems and applications that address our customers' business challenges, pricing, delivery, and customer service. The relative importance of these factors differs across the geographic markets and product areas that we serve and across our market segments. We seek to maintain competitive pricing levels across and within geographic markets by continually developing advanced technologies for new hardware and software products and product enhancements and offering complete solutions for our customers' business problems. In addition, we continue to drive productivity to reduce our cost structure. If we fail to achieve our objectives, to keep pace with technological changes, or to provide high quality hardware and software products, solutions, and services, we may lose business or experience price erosion and correspondingly lower sales and margins. We expect the level of competition to remain high in the future, which could limit our ability to maintain or increase our market share or profitability.

VOLATILITY AND DISRUPTION OF THE CAPITAL AND CREDIT MARKETS MAY RESULT IN INCREASED COSTS TO MAINTAIN OUR CAPITAL STRUCTURE.

Our ability to access the credit markets and the costs of borrowing are affected by the strength of our credit rating and current market conditions. If our access to credit, including the commercial paper market, is adversely affected by a change in market conditions or otherwise, our cost of borrowings may increase or our ability to fund operations may be reduced.

BUSINESS AND OPERATIONAL RISKS

WE RELY ON SUPPLIERS TO PROVIDE EQUIPMENT, COMPONENTS, AND SERVICES.

Our business requires that we buy equipment, components, and services including finished products, electronic components, and commodities. Our reliance on suppliers involves certain risks, including:

- shortages of components, commodities, or other materials, which could adversely affect our manufacturing efficiencies and ability to make timely delivery of our products, solutions, and services;
- changes in the cost of these purchases due to inflation, exchange rate fluctuations, taxes, tariffs, commodity market volatility, or other factors that affect our suppliers;
- poor quality or an insecure supply chain, which could adversely affect the reliability and reputation of our hardware and software products, solutions, and services;
- embargoes, sanctions, and other trade restrictions that may affect our ability to purchase from various suppliers; and
- intellectual property risks such as challenges to ownership of rights or alleged infringement by suppliers.

Any of these uncertainties could adversely affect our profitability and ability to compete. We also maintain several single-source supplier relationships because either alternative sources are not available, or the relationship is advantageous due to performance, quality, support, delivery, capacity, or price considerations. Unavailability of, or delivery delays for, single-source components or products could adversely affect our ability to ship the related products in a timely manner. The effect of unavailability or delivery delays would be more severe if associated with our higher volume and more profitable products. Even where substitute sources of supply are available, qualifying alternative suppliers and establishing reliable supplies could cost more or result in delays and a loss of sales.

OUR BUSINESS SUCCESS DEPENDS ON ATTRACTING, DEVELOPING, AND RETAINING HIGHLY QUALIFIED EMPLOYEES.

Our success depends on the efforts and abilities of our leadership team and employees across the Company. The skills, experience, and industry knowledge of our employees significantly benefit our operations and performance. The market for employees and leaders with certain skills and experiences is very competitive, and difficulty attracting, developing, and retaining members of our leadership team and key employees could have a negative effect on our business, operating results, and financial condition. Maintaining a positive and inclusive culture and work environment, offering attractive compensation, benefits, and development opportunities, and effectively implementing processes and technology that enable our employees to work effectively and efficiently are important to our ability to attract and retain employees.

WE SELL TO CUSTOMERS AROUND THE WORLD AND ARE SUBJECT TO THE RISKS OF DOING BUSINESS IN MANY COUNTRIES.

We do business in more than 100 countries around the world. In addition, our manufacturing operations, suppliers, and employees are located in many places around the world. Less than half of our total sales in 2023 were to customers outside the U.S. The future success of our business depends on growth in our sales in all global markets. Our global operations are subject to numerous financial, legal, and operating risks, such as political and economic instability; prevalence of corruption in certain countries; enforcement of contract and intellectual property rights; and compliance with existing and future laws, regulations, and policies, including those related to exports, imports, tariffs, embargoes and other trade restrictions (including sanctions placed on Russia), investments, taxation, product content and performance,

employment, and repatriation of earnings. In addition, we are affected by changes in foreign currency exchange rates, inflation rates, and interest rates. The occurrence or consequences of these risks may make it more difficult to operate our business and may increase our costs, which could decrease our profitability and have an adverse effect on our financial condition.

FAILURES OR SECURITY BREACHES OF OUR PRODUCTS, CONNECTED SERVICES, MANUFACTURING ENVIRONMENT, SUPPLY CHAIN, OR INFORMATION AND OPERATIONAL TECHNOLOGY SYSTEMS COULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS.

We rely heavily on technology in our hardware and software products, solutions, and services for our customers' manufacturing environment, and in our enterprise infrastructure. Despite the implementation of security measures, our systems are vulnerable to unauthorized access by nation states, hackers, cyber-criminals, malicious insiders, and other actors who may engage in fraud, theft of confidential or proprietary information, or sabotage. Our systems could be compromised by malware (including ransomware), cyber-attacks, and other events, ranging from widespread, non-targeted, global cyber threats to targeted advanced persistent threats. Given that our hardware and software products, solutions, and services are used in critical infrastructure, these threats could indicate increased risk for our products, services, solutions, manufacturing, and IT infrastructure. Past global cyber-attacks have also been perpetuated by compromising software updates in widely used software products, increasing the risk that vulnerabilities or malicious content could be inserted into our products. In some cases, malware attacks were spread throughout the supply chain, moving from one company to the next via authorized network connections.

Our hardware and software products, solutions, and services are used by our direct and indirect customers in applications that may be subject to information theft, tampering, sabotage, or cyber-attacks. Careless or malicious actors could cause a customer's process to be disrupted or could cause equipment to operate in an improper manner that could result in harm to people or property. While we continue to improve the security attributes of our hardware and software products, solutions, and services, we can reduce risk, not eliminate it. To a significant extent, the security of our customers' systems depends on how those systems are designed, installed, protected, configured, updated, and monitored, and much of this is typically outside our control. In addition, both software and hardware supply chains introduce security vulnerabilities into many products across the industry.

Our business uses technology resources on a dispersed, global basis for a wide variety of functions including development, engineering, manufacturing, sales, accounting, and human resources. Our vendors, partners, employees, and customers have access to, and share, information across multiple locations via various digital technologies. In addition, we rely on partners and vendors, including cloud providers, for a wide range of products and outsourced activities as part of our internal IT infrastructure and our commercial offerings. Secure connectivity is important to these ongoing operations. Also, our partners and vendors frequently have access to our confidential information as well as confidential information about our customers, employees, and others. We design our security architecture to reduce the risk that a compromise of our partners' infrastructure, for example a cloud platform, could lead to a compromise of our internal systems or customer networks. In addition, our Third-Party Risk Program manages risk posed by our suppliers that have access to our confidential information, systems, or network, but this risk cannot be eliminated and vulnerabilities at third parties could result in unknown risk exposure to our business and information. In addition, cyber security threats may pose a significant risk to our third-party partners and could have a material adverse impact on their businesses, operations, products, and services that we use in our day-to-day operations.

The current cyber threat environment indicates increased risk for all companies, including those in industrial automation and information technology. Like other global companies, we have experienced cyber threats and incidents, although none have been material or had a material adverse effect on our business or financial condition. Our information security efforts, under the leadership of our Chief Information Security Officer and Chief Product Security Officer, with the support of the entire management team, include major programs designed to address security governance and risk, product security, identification and protection of critical assets, insider risk, third-party risk, security awareness, and cyber defense operations. We believe these measures reduce, but cannot eliminate, the risk of a cybersecurity incident. Any significant security incidents could have an adverse impact on sales, harm our reputation, and cause us to incur legal liability and increased costs to address such events and related security concerns.

AN INABILITY TO RESPOND TO CHANGES IN CUSTOMER PREFERENCES COULD RESULT IN DECREASED DEMAND FOR OUR PRODUCTS.

Our success depends in part on our ability to anticipate and offer hardware and software products and services that appeal to the changing needs and preferences of our customers in the various markets we serve. Developing new hardware and software products and service offerings requires high levels of innovation, and the development process is often lengthy and costly. If we are not able to anticipate, identify, develop, and market products that respond to changes in customer preferences and emerging technological and broader industry trends, demand for our products could decline.

THERE ARE INHERENT RISKS IN OUR SOLUTIONS AND SERVICES BUSINESSES.

Risks inherent in the sale of solutions and services include assuming greater responsibility for successfully delivering projects that meet a particular customer specification, including defining and controlling contract scope, efficiently executing projects, and managing the performance and quality of our subcontractors and suppliers. If we are unable to manage and mitigate these risks, we could incur cost overruns, liabilities, and other losses that would adversely affect our results of operations.

WE RELY ON OUR DISTRIBUTION CHANNEL FOR A SUBSTANTIAL PORTION OF OUR SALES.

In North America, a large percentage of our sales are through distributors. In certain other countries, the majority of our sales are also through a limited number of distributors. We depend on the capabilities and competencies of our distributors to sell our hardware and software products, solutions, and services and deliver value to our customers. Disruptions to our existing distribution channel or the failure of distributors to maintain and develop the appropriate capabilities to sell our hardware and software products, solutions, and services could adversely affect our sales. A disruption could result from the sale of a distributor to a competitor, financial instability of a distributor, or other events.

INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS OF OTHERS AND THE INABILITY TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS COULD HARM OUR BUSINESS AND OUR CUSTOMERS.

Others may assert intellectual property infringement claims against us or our customers. We frequently provide a limited intellectual property indemnity in connection with our terms and conditions of sale to our customers and in other types of contracts with third parties. Indemnification payments and legal expenses to defend claims could be costly.

In addition, we own the rights to many patents, trademarks, brand names, and trade names that are important to our business. The inability to enforce our intellectual property rights (including as a result of counterfeit products and sales made by unauthorized resellers) may have an adverse effect on our results of operations. Expenses related to enforcing our intellectual property rights could be significant.

INCREASING EMPLOYEE BENEFIT COSTS AND FUNDING REQUIREMENTS COULD HAVE A NEGATIVE EFFECT ON OUR OPERATING RESULTS AND FINANCIAL CONDITION.

One important aspect of attracting and retaining qualified personnel is continuing to offer competitive employee retirement and health care benefits. The expenses we record for our pension and other postretirement benefit plans depend on factors such as changes in market interest rates, the value of plan assets, mortality assumptions, and healthcare trend rates. Significant unfavorable changes in these factors would increase our expenses and funding requirements. Expenses and funding requirements related to employer-funded healthcare benefits depend on laws and regulations, which could change, as well as healthcare cost inflation. An inability to control costs and funding requirements related to employee and retiree benefits could negatively impact our operating results and financial condition.

STRATEGIC TRANSACTIONS AND INVESTMENTS RISKS

FAILURE TO IDENTIFY, MANAGE, COMPLETE, AND INTEGRATE STRATEGIC TRANSACTIONS MAY ADVERSELY AFFECT OUR BUSINESS OR WE MAY NOT ACHIEVE THE EXPECTED BENEFITS OF THESE TRANSACTIONS.

As part of our strategy, we pursue strategic transactions, including acquisitions, joint ventures, investments, and other business opportunities and purchases of technology from third parties. In order to be successful, we must identify attractive transaction opportunities, effectively complete the transaction, and manage post-closing matters, such as integration of the acquired business or technology (including related personnel) and cooperation with our joint venture and other strategic partners. We may not be able to identify, or complete beneficial transaction opportunities given the intense competition for them. Completing these transactions requires favorable environments and we may encounter difficulties in obtaining the necessary regulatory approvals in both domestic and foreign jurisdictions. Even if we successfully identify and complete such transactions, we may not achieve the expected benefits of such transactions and we may not be able to successfully address risks and uncertainties inherent in such transactions, including:

- difficulties in integrating the purchased or new operations, technologies, products or services, retaining customers, and achieving the expected benefits of the transaction, such as sales increases, access to technologies, cost savings, and increases in geographic or product presence, in the desired time frames;
- loss of key employees or difficulties integrating personnel;
- legal and compliance issues;
- unknown or undisclosed and unmitigated cyber risks to purchased systems, products, and services;
- difficulties implementing and maintaining consistent standards, financial systems, internal and other controls, procedures, policies, and information systems;
- difficulties maintaining relationships with our joint venture and other strategic partners (including as a result of such joint venture and other strategic partners having differing business objectives) and managing disputes with such joint venture and other strategic partners that may arise in connection with our relationships with them; and
- difficulties in yielding the desired strategic or financial benefit from venture capital investments, including as a result of being a minority investor or macroeconomic conditions.

Strategic transactions and technology investments could result in debt, dilution, liabilities, increased interest expense, restructuring charges, and impairment and amortization expenses related to goodwill and identifiable intangible assets.

LEGAL, TAX, AND REGULATORY RISKS

NEW LEGISLATIVE AND REGULATORY ACTIONS COULD ADVERSELY AFFECT OUR BUSINESS.

Legislative and regulatory action, including those related to corporate income taxes, the environment, materials, products, certification, and labeling, privacy, cybersecurity, or climate change, may be taken in the jurisdictions where we operate that may affect our business activities or may otherwise increase our costs to do business.

In October 2021, the Organization for Economic Cooperation and Development (OECD) and G20 Finance Ministers reached an agreement, known as Base Erosion and Profit Shifting (BEPS) Pillar Two, that, among other things, ensures that income earned in each jurisdiction that a multinational enterprise operates in is subject to a minimum corporate income tax rate of at least 15%. Discussions related to the formal implementation of this agreement, including within the tax law of each member jurisdiction including the United States, are ongoing. Enactment of this regulation in its current form would increase the amount of global corporate income tax paid by the Company.

We are increasingly required to comply with various environmental and other material, product, certification, and labeling laws and regulations (including the emerging European Union Eco-design for Sustainable Products Regulation). Our customers may also be required to comply with such legislative and regulatory requirements. These requirements could increase our costs and could potentially have an adverse effect on our ability to do business in certain jurisdictions. Changes in these requirements could impact demand for our hardware and software products, solutions, and services.

The growing focus on environmental, social, and governance (ESG) factors by investors and other stakeholders and evolving compliance requirements by regulators may impact our business. Failure to comply with ESG reporting requirements, including inaccurate or incomplete disclosures, may lead to regulatory penalties, litigation, and reputational damage. While the Company has adopted certain voluntary targets, environmental laws, regulations, or standards may be changed, accelerated, or adopted and impose significant operational restrictions and compliance requirements upon the Company, its products, or customers, which could negatively impact the Company's business, capital expenditures, results of operations, and financial condition.

Compliance with privacy and cybersecurity regulations could increase our operating costs as part of our efforts to protect and safeguard our sensitive data, personal information, and IT infrastructure. Failure to maintain information privacy could result in legal liability or reputational harm.

CLAIMS FROM TAXING AUTHORITIES COULD HAVE AN ADVERSE EFFECT ON OUR INCOME TAX EXPENSE AND FINANCIAL CONDITION.

We conduct business in many countries, which requires us to interpret and comply with the income tax laws and rulings in each of those taxing jurisdictions. Due to the ambiguity of tax laws among those jurisdictions as well as the uncertainty of how underlying facts may be construed, our estimates of income tax liabilities may differ from actual payments or assessments. We must successfully defend any claims from taxing authorities to avoid an adverse effect on our operating results and financial condition.

POTENTIAL LIABILITIES AND COSTS FROM LITIGATION (INCLUDING ASBESTOS CLAIMS AND ENVIRONMENTAL REMEDIATION) COULD REDUCE OUR PROFITABILITY.

Various lawsuits, claims, and proceedings have been or may be asserted against us relating to the conduct of our business or of our divested businesses, including those pertaining to the safety and security of the hardware and software products, solutions, and services we sell, employment, contract matters, and environmental remediation.

We have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos that was used in certain of our products many years ago. Our products may also be used in hazardous industrial activities, which could result in product liability claims. The uncertainties of litigation (including asbestos claims) and the uncertainties related to the collection of insurance proceeds make it difficult to predict the ultimate resolution of these lawsuits.

Our operations are subject to various environmental regulations concerning human health, the limitation and control of emissions and discharges into the air, ground, and water, the quality of air and bodies of water, and the handling, use, and disposal of specified substances. Our financial responsibility to clean up contaminated property or for natural resource damages may extend to previously owned or used properties, waterways and properties owned by unrelated companies or individuals, as well as properties that we currently own and use, regardless of whether the contamination is attributable to prior owners. We have been named as a potentially responsible party at cleanup sites and may be so named in the future, and the costs associated with these current and future sites may be significant.

We have, from time to time, divested certain of our businesses. In connection with these divestitures, certain lawsuits, claims, and proceedings may be instituted or asserted against us related to the period that we owned the businesses, either because we agreed to retain certain liabilities related to these periods or because such liabilities fall upon us by operation of law. In some instances, the divested business has assumed the liabilities; however, it is possible that we might be responsible for satisfying those liabilities if the divested business is unable to do so.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our global headquarters in Milwaukee, Wisconsin, an owned facility, includes product development, sales, marketing, manufacturing, supply chain operations, finance, and other administrative and executive office functions. Most of our other facilities are leased and shared across our three operating segments. At September 30, 2023, the Company had approximately 50 manufacturing and distribution locations worldwide, disbursed evenly across our regions.

There are no major encumbrances (other than financing arrangements, which in the aggregate are not significant) on any of our properties or equipment. Our properties and equipment are in good operating condition and are adequate for our present needs. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item 3 is contained in Note 17 in the Consolidated Financial Statements within the section entitled ***Other Matters***.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 4A. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The name, age, office and position held with the Company, and principal occupations and employment during the past five years of each of the executive officers of the Company as of November 1, 2023 are:

Name, Office and Position, and Principal Occupations and Employment		Age
Blake D. Moret	Chairman of the Board since January 1, 2018, and President and Chief Executive Officer since July 1, 2016	60
Robert L. Buttermore	Senior Vice President and Chief Supply Chain Officer since February 13, 2023; previously Vice President and General Manager, Power Control Business (July 2018 - February 2023)	50
Matthew W. Fordenwalt	Senior Vice President, Lifecycle Services since June 1, 2023; previously Vice President and General Manager, Systems and Solutions Business (April 2019 - June 2023), and Senior Director, Global Service Delivery (September 2018 - April 2019)	47
Nicholas C. Gangestad	Senior Vice President and Chief Financial Officer since March 1, 2021; previously Senior Vice President and Chief Financial Officer, 3M Company (consumer goods, health care and worker safety)	59
Scott A. Genereux	Senior Vice President and Chief Revenue Officer since February 1, 2021; previously Executive Vice President of Worldwide Field Operations at Veritas (provider of information management services) (2017-2020)	60
Rebecca W. House	Senior Vice President, Chief People (since July 2020) and Legal Officer and Secretary since January 3, 2017	50
Frank C. Kulaszewicz	Senior Vice President since June 1, 2023; previously Senior Vice President Lifecycle Services (from October 2020 - June 2023) and Senior Vice President	59
Veena M. Lakkundi	Senior Vice President, Strategy and Corporate Development since November 1, 2021; previously Senior Vice President, Strategy & Business Development (2020-2021), Vice President and General Manager, Industrial Adhesives and Tapes Division (2019-2020), and Vice President and Chief Ethics & Compliance Officer, Compliance and Business Conduct, Legal Affairs (2017-2019) at 3M Company (consumer goods, health care and worker safety)	54
John M. Miller	Vice President and Chief Intellectual Property Counsel	56
Tessa M. Myers	Senior Vice President Intelligent Devices since June 6, 2022; previously Vice President and General Manager, Production Operations Management (from April 2021-June 2022), Vice President, Product Management (from October 2020-April 2021), and Regional President, North America	47
Christopher Nardecchia	Senior Vice President and Chief Information Officer	61
Cyril P. Perducat	Senior Vice President (since June 1, 2021) and Chief Technology Officer since July 1, 2021; previously Executive Vice President, Schneider Electric (energy and automation digital solutions)	54
Terry L. Riesterer	Vice President and Controller since November 29, 2019; previously Vice President, Corporate Financial Planning and Analysis and Corporate Development (from August 2016-November 2019)	55
Brian A. Shepherd	Senior Vice President Software and Control since February 1, 2021; previously President, Production Software SFx (2019-2020) and Senior Vice President, Software Solutions (2017-2019) at Hexagon Manufacturing Intelligence (metrology and manufacturing solution specialist)	58
Isaac R. Woods	Vice President and Treasurer since October 1, 2020; previously Director, Finance, Power Control Business (from March 2019-October 2020), and Director, Capital Markets (from January 2017-March 2019)	38

There are no family relationships, as defined by applicable SEC rules, between any of the above executive officers and any other executive officer or director of the Company. No officer of the Company was selected pursuant to any arrangement or understanding between the officer and any person other than the Company. All executive officers are elected annually.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common stock, $1 par value, is listed on the New York Stock Exchange and trades under the symbol "ROK". On October 31, 2023, there were 11,960 shareowners of record of our common stock.

COMPANY PURCHASES

The table below sets forth information with respect to purchases made by or on behalf of us of shares of our common stock during the three months ended September 30, 2023:

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	Maximum Approx. Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[3]
July 1 – 31, 2023	56,822	$ 336.07	56,822	$ 975,955,429
August 1 – 31, 2023	82,698	298.05	82,698	951,307,019
September 1 – 30, 2023	37,732	291.47	37,732	940,309,320
Total	177,252	$ 308.84	177,252	

(1) All of the shares purchased during the quarter ended September 30, 2023, were acquired pursuant to the repurchase program described in (3) below.

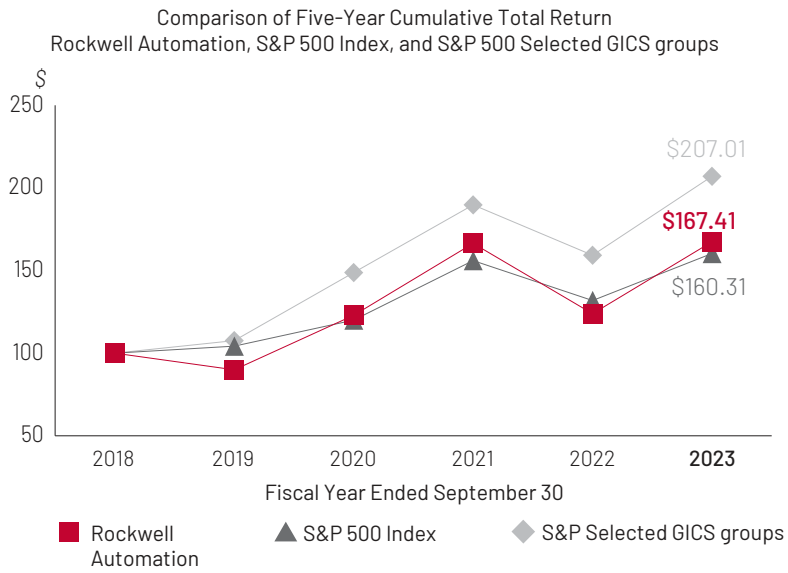
(2) Average price paid per share includes brokerage commissions.

(3) On May 2, 2022, the Board of Directors authorized us to expend an additional $1.0 billion to repurchase shares of our common stock. Our repurchase program allows us to repurchase shares at management's discretion or at our broker's discretion pursuant to a share repurchase plan subject to price and volume parameters.

PERFORMANCE GRAPH

The following information is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing.

The following line graph compares the cumulative total shareowner return on our common stock against the cumulative total return of the S&P Composite-500 Stock Index (S&P 500 Index) and the S&P 500 Selected GICS groups (Capital Goods, Software & Services, and Technology Hardware & Equipment) for the period of five fiscal years from October 1, 2018, to September 30, 2023, assuming in each case a fixed investment of $100 at the respective closing prices on September 30, 2018, and reinvestment of all dividends.



The cumulative total returns on Rockwell Automation common stock and each index as of September 30, 2018 through 2023 plotted in the above graph are as follows:

	2018	2019	2020	2021	2022	2023
Rockwell Automation[1]	$ 100.00	$ 89.94	$ 122.91	$ 166.43	$ 123.89	$ 167.41
S&P 500 Index	100.00	104.25	120.02	156.01	131.85	160.31
S&P Selected GICS groups	100.00	107.60	148.77	189.73	159.25	207.01
Cash dividends per common share	3.51	3.88	4.08	4.28	4.48	4.72

(1) Includes the reinvestment of all dividends in our common stock.

ITEM 6. RESERVED

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

NON-GAAP MEASURES

The following discussion includes organic sales, total segment operating earnings and margin, adjusted income, adjusted EPS, adjusted effective tax rate, and free cash flow, which are non-GAAP measures. See **Supplemental Sales Information** for a reconciliation of reported sales to organic sales and a discussion of why we believe this non-GAAP measure is useful to investors. See ***Summary of Results of Operations*** for a reconciliation of Income before income taxes to total segment operating earnings and margin and a discussion of why we believe these non-GAAP measures are useful to investors. See ***Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate Reconciliation*** for a reconciliation of Net income attributable to Rockwell Automation, diluted EPS, and effective tax rate to adjusted income, adjusted EPS, and adjusted effective tax rate, respectively, and a discussion of why we believe these non-GAAP measures are useful to investors. See **Financial Condition** for a reconciliation of Cash provided by operating activities to free cash flow and a discussion of why we believe this non-GAAP measure is useful to investors.

OVERVIEW

Rockwell Automation, Inc. is the world's largest company dedicated to industrial automation and digital transformation. Overall demand for our hardware and software products, solutions, and services is driven by:

- investments in manufacturing, including new facilities or production lines, upgrades, modifications and expansions of existing facilities or production lines;
- investments in basic materials production capacity, which may be related to commodity pricing levels;
- our customers' needs for faster time to market, agility to address evolving consumer preferences, operational productivity, asset management and reliability, and business resilience, including security and enterprise risk management;
- our customers' needs to continuously improve quality, safety, and sustainability;
- industry factors that include our customers' new product introductions, demand for our customers' products or services, and the regulatory and competitive environments in which our customers operate;
- levels of global industrial production and capacity utilization;
- regional factors that include local political, social, regulatory, and economic circumstances; and
- the spending patterns of our customers due to their annual budgeting processes and their working schedules.

LONG-TERM STRATEGY

Our strategy is to expand human possibility. Our vision is to create the future of industrial operations. As the world's largest company dedicated to industrial automation and digital transformation, our strategy is to bring the Connected Enterprise® to life. We understand and simplify our customers' complex production challenges and deliver the most valued solutions that combine technology and industry expertise. As a result, we make our customers more resilient, agile, and sustainable, creating more ways to win. We deliver value by helping our customers optimize production, build resilience, empower people, become more sustainable, and accelerate transformation.

Rockwell Automation stands at the intersection of the technological and societal trends that are shaping the future of industrial operations. We see converging megatrends including digitization and artificial intelligence, energy transition and sustainability, shifting demographics, and an increased need for resiliency.

Our long-term profitable growth framework outlines how we will deliver accelerated growth while we continue to transform our company to meet stakeholder expectations over the longer term:

- achieve faster secular growth in traditional markets due to customer needs for resiliency (including cybersecurity), agility, sustainability, and mitigating impacts of labor shortages;
- grow share and create new ways to win through technology differentiation, industry focus, go to market acceleration, expanded offerings and new markets;
- accelerate growth in annual recurring revenue;
- add 1% growth from acquisitions annually; and
- deliver profitable growth within a disciplined financial framework.

SUSTAINABILITY

Our 2022 Sustainability Report highlights our sustainability strategy and outcomes. Our sustainability priorities are focused on three outcomes:

- Sustainable Customers - enable our customers to achieve their own sustainability goals, making a positive impact on the world;
- Sustainable Company - create innovative, sustainable products and solutions and foster a culture that empowers employees to operate safely, sustainably, and responsibly; and
- Sustainable Communities - support the communities in which we live and work, having an impact that extends beyond our own organization.

We will meet our customers where they are on their sustainability journey. Whether they are just starting or leading the way, we help them translate insights into impacts across energy, water, and waste. Our technologies provide data transparency across value chains and enable our partners to scale innovative and often industry-first sustainable solutions.

- Energy - contemporary industrial energy management software solutions that put energy data in context to production data, to reduce energy use across the value chain.
- Water - smart water solutions leverage modern software and analytics to improve operations visibility, system reliability, and worker productivity while supporting security needs and meeting regulatory obligations.
- Waste - enabling the circular economy for managing automation assets. Focus on developing solutions to automate industry-specific processes.

DIFFERENTIATION THROUGH TECHNOLOGY INNOVATION AND DOMAIN EXPERTISE

We have an industry leading portfolio of hardware, software, and services to give customers the flexibility to choose on-premises, edge, and cloud-native solutions.

Our integrated control and information architecture, with Logix at its core, is an important differentiator. We are the only automation provider that can support many production disciplines, including discrete, process, batch, safety, security, motion, robotics, and power control, in a single hardware and software environment, helping customers increase the speed of deployment and reduce their total cost of ownership.

Our open architecture and strong partner ecosystem allow customers to work with best-in-class partners across the technology stack and leverage existing infrastructure with new solutions.

Complementing our strong technology differentiation is our own domain expertise. Domain expertise refers to the industry and application knowledge required to deliver solutions and services

that support customers through the entire lifecycle of their automation investment. The combination of industry-specific domain expertise of our people with our innovative technologies enables us to help our customers automate and transform their manufacturing processes and solve their business challenges. Our digital services business has a deep understanding of customers' biggest digital transformation challenges and opportunities for further productivity and growth.

MARKET ACCESS AND EXPANSION

Over the past decade, our investments in technology and globalization have enabled us to expand our addressed market to over $120 billion. With our focus on innovation and growth, we expect to continue to expand our addressed market over our long-term planning horizon.

In most countries, our direct sales force works with Original Equipment Manufacturers (OEMs), system integrators, technology partners, and end users in conjunction with independent distributors. Approximately 70 percent of our global sales are transacted through independent distributors. Sales to our two largest distributors in 2023, 2022, and 2021, which are attributable to all three segments, were approximately 20 percent of our total sales.

OEMs represent an important growth opportunity. To remain competitive, OEMs need to find the optimal balance of machine cost and performance while reducing their time to market. Our scalable technology, leading design productivity tools, and recent acquisitions in our Intelligent Devices and Software & Control businesses support OEMs in addressing these business needs.

The emerging markets of Asia Pacific and Europe, Middle East, and Africa (EMEA) are projected to be the fastest growing over our long-term planning horizon, due to higher levels of infrastructure investment and the growing middle-class population. We believe that increased demand for consumer products in these markets will lead to manufacturing investment and provide us with additional growth opportunities in the future.

We have developed a powerful partner ecosystem that acts as an amplifier to our internal capabilities and enables us to serve our customers' evolving needs around the world.

ACQUISITIONS AND INVESTMENTS

Our acquisition and investment strategy focuses on hardware and software products, solutions, and services that will be catalytic to the organic growth of our core offerings.

Our key priorities for inorganic investments include:

- annual recurring revenue;
- market expansion in Europe and Asia; and
- application-specific differentiated technology in focus industries.

In addition, we make venture investments that enable access to leading-edge and complementary technologies aligned with our strategic priorities, accelerate internal development efforts, reduce time to market, and provide insights into disruptive technologies.

We believe these acquisitions and venture investments will help our served market and deliver value to our customers. See Note 4 in the Consolidated Financial Statements for additional information on our recent acquisitions.

ATTRACTING, DEVELOPING, AND RETAINING HIGHLY QUALIFIED EMPLOYEES

At Rockwell Automation, we promise to expand human possibility within our company and throughout the world of industrial production, and we work to attract and develop highly engaged people who can and want to do their best work.

Our commitment to diversity, equity, and inclusion starts at the top. Our 11 board members include four female and two African American directors. In fiscal 2021, we hired our first chief diversity officer and made investments to accelerate our efforts to increase diversity, equity, and inclusion across the company.

A culture of integrity is fundamental to Rockwell's core values, including a formal ethics and compliance organization and an Ombuds office that investigates ethical and legal concerns brought forth by employees. Our code of conduct, along with our partner code of conduct and supplier code of conduct prohibits corrupt acts, bribery, and anticompetitive behavior. Employee training is used to reinforce our values companywide, with participation in trainings related to ethics, environment, health and safety, and emergency responses at or near 100%.

There are several ways in which we attract, develop, and retain highly qualified employees, including:

- We make the safety and health of our employees a top priority. We strive for zero workplace injuries and illnesses and operate in a manner that recognizes safety as fundamental to Rockwell Automation being a great place to work. In fiscal 2023, we achieved 0.27 recordable cases per 100 employees.
- We capture and act upon employee feedback through our annual employee engagement survey. It measures several engagement indicators and drivers and provides an overall employee engagement index (EEI) with external benchmark comparison. The latest survey, conducted in February 2023, showed an EEI of 76, which was eight points higher than the industry norm of 68 for this index. Our global inclusion index score was 81, six points higher than the industry norm of 75.
- We invest in growth and development of our employees. As the pace of change increases, it is important we provide re-skilling and upskilling opportunities for our technical talent, along with soft skills and leadership development for all. We offer a portfolio of all employee, managerial, and leader training that spans on-demand, virtual, and live instructor-led formats. Our programs focus on basic as well as transformational skills. We take pride in our culture and in fiscal 2021 created an opportunity for our employees to participate in team-based culture workshops that have evolved into a standard during new employee onboarding. In fiscal 2023, the majority of our employees completed one or more of our training programs representing over 650,000 learning hours.
- We offer employee assistance and work life benefits to all global employees. Our comprehensive benefits include healthcare benefits, disability and life insurance benefits, paid time off, and leave programs. Rockwell offers plans and resources to help

employees meet future savings goals through defined benefit and retirement savings plans. We offer flextime, remote work, and part-time arrangements whenever business conditions permit. We believe that face to face interaction is critical for our culture, innovation, people development, and engagement, and that flexible, virtual work arrangements help employees be more productive and engaged. During fiscal 2022, we launched our Hybrid Workplace Program, which combines the values of both physical workspaces and virtual work options, both of which are important for attracting, retaining, and developing employees and facilitating innovation, engagement, and productivity.

We monitor employee retention and attrition rates by demographic factors including by gender, ethnicity, generation, years of service, career role, region, business, and function. We generally experienced lower attrition rates in fiscal 2023 as compared to fiscal 2022. We believe the decrease is consistent with market trends experienced broadly across labor markets in fiscal 2023. We use attrition rate information to identify and address unfavorable trends to mitigate risk to our business. See Item 1A. ***Risk Factors*** for a discussion of risks relating to our inability to attract, develop, and retain highly qualified employees.

At September 30, 2023, our employees, including those employed by consolidated subsidiaries, by region were approximately:

North America	10,000
Europe, Middle East and Africa	5,500
Asia Pacific	7,500
Latin America	6,000
Total employees	29,000

Our employees had the following global gender demographics based on voluntary disclosure:

	September 30, 2023		
	Women	Men	Undisclosed
All employees	33%	67%	—%
Individual Contributors	34%	66%	—%
People Managers	27%	73%	—%
Technical Talent	19%	81%	—%
Manufacturing Associates	46%	53%	1%

Our U.S. employees had the following race and ethnicity demographics based on voluntary disclosure:

	September 30, 2023					
	Black / African American	Asian	Hispanic / Latinx	White	Multiracial, Native American and Pacific Islander	Undisclosed
All U.S. Employees	8%	11%	5%	70%	2%	4%
Individual Contributors	9%	11%	5%	69%	2%	4%
People Managers	6%	8%	6%	76%	1%	3%
Technical Talent	6%	13%	5%	72%	2%	2%
Manufacturing Associates	19%	15%	4%	50%	2%	10%

CONTINUOUS IMPROVEMENT

Productivity and continuous improvement are important components of our culture. We have programs in place that drive ongoing process improvement, functional streamlining, material cost savings, and manufacturing productivity. These are intended to improve profitability that can be used to fund investments in growth and to offset inflation. Our ongoing productivity initiatives target both cost reduction and improved asset utilization. Charges for workforce reductions and facility rationalization may be required in order to effectively execute our productivity programs.

U.S. ECONOMIC TRENDS

In 2023, sales in the U.S. accounted for over half of our total sales. The various indicators we use to gauge the direction and momentum of our served U.S. markets include:

- The Industrial Production (IP) Index, published by the Federal Reserve, which measures the real output of manufacturing, mining, and electric and gas utilities. The IP Index is expressed as a percentage of real output in a base year, currently 2017.
- The Manufacturing Purchasing Managers' Index (PMI), published by the Institute for Supply Management (ISM), which indicates the current and near-term state of manufacturing activity in the U.S. According to the ISM, a PMI measure above 50 indicates that the U.S. manufacturing economy is generally expanding while a measure below 50 indicates that it is generally contracting.

The table below depicts the trends in these indicators from fiscal 2021 to 2023. These figures are as of November 8, 2023, and are subject to revision by the issuing organizations. The IP Index remains constant in the fourth quarter of fiscal 2023 versus the third quarter of fiscal 2023. Manufacturing PMI results continued to be soft in the fourth quarter of 2023. The Manufacturing PMI reading in the month of September was the highest of the quarter, however it still remains below 50.

	IP Index	PMI
Fiscal 2023 quarter ended:		
September 2023	99.6	49.0
June 2023	99.6	46.0
March 2023	99.5	46.3
December 2022	99.6	48.4
Fiscal 2022 quarter ended:		
September 2022	102.4	50.9
June 2022	101.9	53.0
March 2022	101.1	57.1
December 2021	100.1	58.8
Fiscal 2021 quarter ended:		
September 2021	98.8	60.5
June 2021	97.9	60.9
March 2021	96.7	63.7
December 2020	96.1	60.5

Inflation in the U.S. has also had an impact on our input costs and pricing. We used the Producer Price Index (PPI), published by the Bureau of Labor Statistics, which measures the average change over time in the selling prices received by domestic producers for their output. After observing double-digit PPI growth through most of 2022, we have now observed PPI growth in the low single digits for the last three quarters. Producer prices remain elevated, however, year over year increases continued to decelerate following last years' surge in prices.

NON-U.S. ECONOMIC TRENDS

In 2023, sales to customers outside the U.S. accounted for less than half of our total sales. These customers include both indigenous companies and multinational companies with a global presence. In addition to the global factors previously mentioned in the ***Overview*** section, international demand, particularly in emerging markets, has historically been driven by the strength of the industrial economy in each region, investments in infrastructure, and expanding consumer markets. We use changes in key countries' gross domestic product (GDP), IP, and PMI as indicators of the growth opportunities in each region where we do business. Industrial output outside the U.S. was mixed in the fourth quarter of fiscal 2023.

SUPPLY CHAIN

We have a global supply chain, including a network of suppliers and distribution and manufacturing facilities. The supply chain has been stressed by increased demand, along with pandemic-related and other global events that have put additional pressures on manufacturing output. Although there has been a continued gradual improvement in the supply chain environment, this has resulted in and could continue to result in:

- challenges in our supply chain;
- difficulty in procuring or inability to procure components and materials necessary for our hardware and software products, solutions, and services;
- increased costs for commodities and components; and
- delays in delivering, or an inability to deliver, our hardware and software products, solutions, and services.

Our total order backlog consists of (in millions):

	September 30,	
	2023	2022
Intelligent Devices	$ 1,464.1	$ 2,086.1
Software & Control	897.5	1,456.8
Lifecycle Services	1,747.3	1,654.1
Total Company	$ 4,108.9	$ 5,197.0

See Note 2 in the Consolidated Financial Statements for additional information on the nature of our products and services and revenue recognition.

We are closely managing our end-to-end supply chain, from sourcing to production to customer delivery, with a particular focus on all critical and at-risk suppliers and supplier locations globally. We have made large-scale investments to increase capacity across our network in support of our orders growth. Additional actions we are taking include:

- extending order visibility to our supply base to ensure we are appropriately planning for extended component lead times;
- securing longer-term supply agreements with critical partners;
- re-engineering of existing products to increase component supply resiliency;
- capacity investments, including redundant manufacturing lines and additional electronic assembly equipment; and
- qualification of additional suppliers to diversify our supplier base.

We believe these and other actions we are taking are enabling us to normalize our product lead times and reduce our backlog.

SUMMARY OF RESULTS OF OPERATIONS

The following table reflects our sales and operating results (in millions, except per share amounts and percentages):

	Year Ended September 30,		
	2023	2022	2021
Sales			
Intelligent Devices (a)	$ 4,098.2	$ 3,544.6	$ 3,311.9
Software & Control (b)	2,886.0	2,312.9	1,947.0
Lifecycle Services (c)	2,073.8	1,902.9	1,738.5
Total sales (d)	**$ 9,058.0**	**$ 7,760.4**	**$ 6,997.4**
Segment operating earnings[1]			
Intelligent Devices (e)	$ 828.2	$ 717.6	$ 702.1
Software & Control (f)	953.2	666.7	531.0
Lifecycle Services (g)	148.4	158.3	158.2
Total segment operating earnings[2] (h)	1,929.8	1,542.6	1,391.3
Purchase accounting depreciation and amortization, and impairment	(264.4)	(103.9)	(55.1)
Corporate and other	(127.9)	(104.7)	(120.6)
Non-operating pension and postretirement benefit cost	(82.7)	(4.7)	(63.8)
Change in fair value of investments	279.3	(136.9)	397.4
Legal settlement	—	—	70.0
Interest expense, net	(125.6)	(118.8)	(93.0)
Income before income taxes (i)	1,608.5	1,073.6	1,526.2
Income tax provision	(330.5)	(154.5)	(181.9)
Net income	1,278.0	919.1	1,344.3
Net loss attributable to noncontrolling interests	(109.4)	(13.1)	(13.8)
NET INCOME ATTRIBUTABLE TO ROCKWELL AUTOMATION	**$ 1,387.4**	**$ 932.2**	**$ 1,358.1**
DILUTED EPS	**$ 11.95**	**$ 7.97**	**$ 11.58**
ADJUSTED EPS[3]	**$ 12.12**	**$ 9.49**	**$ 9.43**
DILUTED WEIGHTED AVERAGE OUTSTANDING SHARES	**115.6**	**116.7**	**117.1**
Pre-tax margin (i/d)	17.8%	13.8%	21.8%
Intelligent Devices segment operating margin (e/a)	20.2%	20.2%	21.2%
Software & Control segment operating margin (f/b)	33.0%	28.8%	27.3%
Lifecycle Services segment operating margin (g/c)	7.2%	8.3%	9.1%
Total segment operating margin[2] (h/d)	21.3%	19.9%	19.9%

(1) See Note 19 in the Consolidated Financial Statements for the definition of segment operating earnings.

(2) Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We exclude purchase accounting depreciation and amortization, impairment, corporate and other, non-operating pension and postretirement benefit cost, change in fair value of investments, the $70 million legal settlement in fiscal 2021, interest expense, net, and income tax provision because we do not consider these items to be directly related to the operating performance of our segments. We believe total segment operating earnings and total segment operating margin are useful to investors as measures of operating performance. We use these measures to monitor and evaluate the profitability of our operating segments. Our measures of total segment operating earnings and total segment operating margin may be different from measures used by other companies.

*(3) Adjusted EPS is a non-GAAP earnings measure. See **Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate Reconciliation** for more information on this non-GAAP measure.*

2023 COMPARED TO 2022

SALES

Sales in fiscal 2023 increased 16.7 percent compared to 2022. Organic sales increased 16.9 percent. Currency translation decreased sales by 1.4 percentage points. Acquisitions increased sales by 1.2 percentage points. Total and organic annual recurring revenue at September 30, 2023, grew approximately 16 percent compared to September 30, 2022. See ***Annual Recurring Revenue (ARR)*** for information on this measure. Pricing increased total company sales by approximately 5.5 percentage points, realized in the Intelligent Devices and Software & Control segments.

The table below presents our sales for the year ended September 30, 2023, attributed to the geographic regions based upon country of destination, and the percentage change from the same period in 2022 (in millions, except percentages). The results by region and segment were primarily impacted by the composition of backlog versus underlying demand.

		Year Ended September 30, 2023	Change vs. Year Ended September 30, 2022	Change in Organic Sales[1] vs. Year Ended September 30, 2022
North America	$	5,224.0	10.6%	10.8%
Europe, Middle East and Africa		1,870.6	30.1%	27.9%
Asia Pacific		1,358.0	24.8%	30.5%
Latin America		605.4	18.1%	13.6%
TOTAL COMPANY SALES	**$**	**9,058.0**	**16.7%**	**16.9%**

*(1) Organic sales and organic sales growth exclude the effect of acquisitions, changes in currency exchange rates, and divestitures. See **Supplemental Sales Information** for information on these non-GAAP measures.*

CORPORATE AND OTHER

Corporate and other expenses were $127.9 million in fiscal 2023 compared to $104.7 million in fiscal 2022. The increase was primarily due to the year over year impact of mark-to-market adjustments related to our deferred and non-qualified compensation plans.

INCOME BEFORE INCOME TAXES

Income before income taxes increased to $1,608.5 million in 2023 from $1,073.6 million in 2022. The increase was primarily due to higher sales and fair value adjustments in connection with our previous investment in PTC (the PTC adjustments), partially offset by a $157.5 million accounting charge for impairment of goodwill for our Sensia joint venture (goodwill impairment) recognized in 2023, compared to 2022. Total segment operating earnings increased to $1,929.8 million from $1,542.6 million in 2022, due to higher sales, partially offset by higher investment spend and higher incentive compensation.

See ***Critical Accounting Estimates*** and Note 3 in the Consolidated Financial Statements for further discussion of the goodwill impairment.

INCOME TAXES

The effective tax rate in 2023 was 20.5 percent compared to 14.4 percent in 2022. The increase in the effective tax rate was primarily due to a valuation allowance established on certain deferred tax assets of our Sensia joint venture and tax effects of the related goodwill impairment, totaling $33.1 million. The Adjusted Effective Tax Rate in 2023 was 16.4 percent compared to 16.0 percent in 2022.

See Note 16 in the Consolidated Financial Statements for a complete reconciliation of the United States statutory tax rate to the effective tax rate and additional information on tax events in 2023 and 2022 affecting each year's respective tax rates.

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS

Net loss attributable to noncontrolling interests was $109.4 million in 2023 compared to $13.1 million in 2022. The increase was driven by $93.3 million of the accounting charge for goodwill impairment and related tax effects including tax asset valuation allowances that is attributable to noncontrolling interests.

DILUTED EPS AND ADJUSTED EPS

Fiscal 2023 Net income attributable to Rockwell Automation was $1,387.4 million or $11.95 per share, compared to $932.2 million or $7.97 per share in fiscal 2022. The increases in Net income attributable to Rockwell Automation and diluted EPS were primarily due to higher total segment operating earnings and the PTC adjustments, partially offset by $97.3 million of expense for the goodwill impairment net of its related tax and noncontrolling interest effects. Adjusted EPS was $12.12 in fiscal 2023, up 27.7 percent compared to $9.49 in fiscal 2022, primarily due to higher sales, partially offset by higher investment spend and higher incentive compensation.

INTELLIGENT DEVICES

SALES

Intelligent Devices sales increased 15.6 percent in 2023 compared to 2022. Organic sales increased 14.6 percent. The effects of currency translation decreased sales by 1.3 percentage points and acquisitions increased sales by 2.3 percentage points. All regions experienced reported and organic sales increases.

SEGMENT OPERATING MARGIN

Intelligent Devices segment operating earnings increased 15.4 percent year over year. Segment operating margin was 20.2 percent in 2023, unchanged from a year ago.

SOFTWARE & CONTROL

SALES

Software & Control sales increased 24.8 percent in 2023 compared to 2022. Organic sales increased 26.1 percent. The effects of currency translation decreased sales by 1.3 percentage points. All regions experienced reported and organic sales increases.

SEGMENT OPERATING MARGIN

Software & Control segment operating earnings increased 43.0 percent year over year. Segment operating margin increased to 33.0 percent in 2023 from 28.8 percent in 2022, primarily due to higher sales, partially offset by higher investment spend and higher incentive compensation.

LIFECYCLE SERVICES

SALES

Lifecycle Services sales increased 9.0 percent in 2023 compared to 2022. Organic sales increased 10.0 percent. The effects of currency translation decreased sales by 1.6 percentage points and acquisitions increased sales by 0.6 percentage points. All regions experienced reported and organic sales increases.

SEGMENT OPERATING MARGIN

Lifecycle Services segment operating earnings decreased 6.3 percent year over year. Segment operating margin decreased to 7.2 percent in 2023 from 8.3 percent in 2022, as the benefit of higher sales was more than offset by higher incentive compensation costs and one-time expenses to expand future profitability.

2022 COMPARED TO 2021

For a discussion of the Company's fiscal 2022 results compared to fiscal 2021, see the Company's Annual Report on Form 10-K for the year ended September 30, 2022, filed on November 8, 2022.

SUPPLEMENTAL SEGMENT INFORMATION

Purchase accounting depreciation and amortization, and impairment and non-operating pension and postretirement benefit cost (credit) are not allocated to our operating segments because these costs are excluded from our measurement of each segment's operating performance for internal purposes. If we were to allocate these costs, we would attribute them to each of our segments as follows (in millions):

	Year Ended September 30,		
	2023	2022	2021
Purchase accounting depreciation and amortization, and impairment			
Intelligent Devices	$ 4.7	$ 2.5	$ 2.7
Software & Control	68.5	69.0	19.2
Lifecycle Services	190.2	31.4	32.1
Non-operating pension and postretirement benefit cost (credit)			
Intelligent Devices	$ 21.2	$ (3.5)	$ 14.1
Software & Control	21.2	(3.5)	14.1
Lifecycle Services	28.3	(4.8)	18.8

ADJUSTED INCOME, ADJUSTED EPS, AND ADJUSTED EFFECTIVE TAX RATE RECONCILIATION

Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate are non-GAAP earnings measures that exclude non-operating pension and postretirement benefit cost, purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation, change in fair value of investments, and Net loss attributable to noncontrolling interests, including their respective tax effects. Purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation includes an accounting charge related to goodwill

impairment for our Sensia joint venture. The tax effect of the purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation includes the tax effects on the Sensia joint venture goodwill impairment and related Sensia tax asset valuation allowances. Non-operating pension and postretirement benefit cost is defined as all components of our net periodic pension and postretirement benefit cost except for service cost. See Note 14 in the Consolidated Financial Statements for more information on our net periodic pension and postretirement benefit cost.

We believe that Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate provide useful information to our investors about our operating performance and allow management and investors to compare our operating performance period over period. Adjusted EPS is also used as a financial measure of performance for our annual incentive compensation. Our measures of Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate may be different from measures used by other companies. These non-GAAP measures should not be considered a substitute for Net income attributable to Rockwell Automation, diluted EPS, and effective tax rate.

The following are reconciliations of Net income attributable to Rockwell Automation, diluted EPS, and effective tax rate to Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate, respectively (in millions, except per share amounts and percentages):

	Year Ended September 30,		
	2023	2022	2021
Net income attributable to Rockwell Automation	$ 1,387.4	$ 932.2	$ 1,358.1
Non-operating pension and postretirement benefit cost	82.7	4.7	63.8
Tax effect of non-operating pension and postretirement benefit cost	(20.6)	(1.9)	(16.0)
Purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation[1]	178.3	91.9	43.2
Tax effect of purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation[1]	(9.4)	(22.3)	(10.5)
Change in fair value of investments[2]	(279.3)	136.9	(397.4)
Tax effect of change in fair value of investments[2]	67.6	(30.8)	64.7
ADJUSTED INCOME	**$ 1,406.7**	**$ 1,110.7**	**$ 1,105.9**
Diluted EPS	$ 11.95	$ 7.97	$ 11.58
Non-operating pension and postretirement benefit cost	0.72	0.04	0.55
Tax effect of non-operating pension and postretirement benefit cost	(0.18)	(0.02)	(0.14)
Purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation	1.54	0.78	0.37
Tax effect of purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation	(0.08)	(0.19)	(0.09)
Change in fair value of investments[2]	(2.42)	1.17	(3.39)
Tax effect of change in fair value of investments[2]	0.59	(0.26)	0.55
ADJUSTED EPS	**$ 12.12**	**$ 9.49**	**$ 9.43**
Effective tax rate	20.5%	14.4%	11.9%
Tax effect of non-operating pension and postretirement benefit cost	0.3%	0.1%	0.5%
Tax effect of purchase accounting depreciation and amortization, and impairment attributable to Rockwell Automation	(3.7)%	0.6%	0.4%
Tax effect of change in fair value of investments[2]	(0.7)%	0.9%	(1.2)%
ADJUSTED EFFECTIVE TAX RATE	**16.4%**	**16.0%**	**11.6%**

(1) Includes $97.3 million net expense from $157.5 million goodwill impairment charge included in Income before income taxes, $33.1 tax effect from goodwill impairment and related valuation allowances recorded in Income tax provision, and ($93.3) million Net loss attributable to noncontrolling interests.

(2) Primarily relates to the change in fair value of our previous investment in PTC.

ANNUAL RECURRING REVENUE (ARR)

Organic ARR is a key metric that enables measurement of progress in growing our recurring revenue business. It represents the annual contract value of all active recurring revenue contracts at any point in time. Recurring revenue is defined as a revenue stream that is contractual, typically for a period of 12 months or more, and has a high probability of renewal. The probability of renewal is based on historical renewal experience of the individual revenue streams, or management's best estimates if historical renewal experience is not available. Organic ARR growth is calculated as the dollar change in ARR, adjusted to exclude the effects of currency translation and acquisitions, divided by ARR as of the prior period. The effects of currency translation are excluded by calculating Organic ARR on a constant currency basis. When we acquire businesses, we exclude the effect of ARR in the current period for which there was no comparable ARR in the prior period. We believe that Organic ARR provides useful information to investors because it reflects our recurring revenue performance period over period without the effect of acquisitions and changes in currency exchange rates. Organic ARR growth is also used as a financial measure of performance for our annual incentive compensation. Because ARR is based on annual contract value, it does not represent revenue recognized during a particular reporting period or revenue to be recognized in future reporting periods and is not intended to be a substitute for revenue, contract liabilities, or backlog.

Total ARR growth is calculated as the dollar change in ARR, adjusted to exclude the effects of currency. The effects of currency translation are excluded by calculating Total ARR on a constant currency basis. Total ARR includes acquisitions even if there was no comparable ARR in the prior period. We believe that Total ARR provides useful information to investors because it reflects our recurring revenue performance period over period including the effect of acquisitions.

FINANCIAL CONDITION

The following is a summary of our cash flows from operating, investing, and financing activities, as reflected in the Consolidated Statement of Cash Flows (in millions):

	Year Ended September 30,		
	2023	2022	2021
Cash provided by (used for)			
Operating activities	$ 1,374.6	$ 823.1	$ 1,261.0
Investing activities	854.3	(7.8)	(2,626.6)
Financing activities	(1,675.6)	(934.2)	1,297.8
Effect of exchange rate changes on cash	19.2	(52.6)	16.8
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**$ 572.5**	**$ (171.5)**	**$ (51.0)**

The following table summarizes free cash flow, which is a non-GAAP financial measure (in millions):

	Year Ended September 30,		
	2023	2022	2021
Cash provided by operating activities	$ 1,374.6	$ 823.1	$ 1,261.0
Capital expenditures	(160.5)	(141.1)	(120.3)
FREE CASH FLOW	**$ 1,214.1**	**$ 682.0**	**$ 1,140.7**

Our definition of free cash flow takes into consideration capital investments required to maintain the operations of our businesses and execute our strategy. Cash provided by operating activities adds back non-cash depreciation expense to earnings but does not reflect a charge for necessary capital expenditures. Our definition of free cash flow excludes the operating cash flows and capital expenditures related to our discontinued operations, if any. Operating, investing, and financing cash flows of our discontinued operations, if any, are presented separately in our Consolidated Statement of Cash Flows. In our opinion, free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends, and share repurchases. We use free cash flow, as defined, as one measure to monitor and evaluate our performance, including as a financial measure for our annual incentive compensation. Our definition of free cash flow may be different from definitions used by other companies.

Cash provided by operating activities was $1,374.6 million for the year ended September 30, 2023, compared to $823.1 million for the year ended September 30, 2022. Free cash flow was $1,214.1 million for the year ended September 30, 2023, compared to $682.0 million for the year ended September 30, 2022. The year-over-year increases in cash provided by operating activities and free cash flow were primarily due to higher pre-tax income.

As of September 30, 2023, all of our remaining PTC Inc. (PTC) common stock (PTC Shares) have been sold. We began selling our shares in fiscal 2022 utilizing both open market and 10b5-1 plan transactions. As of September 30, 2023 and 2022, the fiscal year sales of our PTC shares under our 10b5-1 plan and open market sales resulted in a gross inflow of $1,210.4 million and $210.2 million, respectively. This excludes any tax liability related to the realized gain on sale of the investment. These proceeds will support our future uses of cash. All of our sales of PTC Shares are consistent with the transfer restrictions in the securities purchase agreement, as amended, with PTC.

Our Short-term debt as of September 30, 2023 and 2022, includes $23.5 million and $42.3 million, respectively, of interest-bearing loans from SLB to Sensia, due December 29, 2023. In December 2022, Sensia entered into an unsecured $75.0 million line of credit. As of September 30, 2023, included in Short-term debt was $70.0 million borrowed against the line of credit with an interest rate of 6.29 percent. Also included in Short-term debt as of September 30, 2022 was commercial paper borrowings of $317.0 million with a weighted average interest rate of 3.03 percent and a weighted average maturity period of 22 days.

We repurchased approximately 1.2 million shares of our common stock under our share repurchase program in 2023 at a total cost of $311.0 million and an average cost of $265.48 per share. In 2022, we repurchased approximately 1.3 million shares of our common stock under our share repurchase program at a total cost of $301.1 million and an average cost of $223.05 per share. At September 30, 2023, there were $1.1 million of outstanding common stock share repurchases recorded in Accounts payable that did not settle until 2024. At September 30, 2022, there were $1.6 million of outstanding common stock share repurchases recorded in Accounts payable that did not settle until 2023. Our decision to repurchase shares in 2024 will depend on business conditions, free cash flow generation, other cash requirements, and stock price. At September 30, 2023, we had approximately $940.3 million remaining for share repurchases under our existing board authorizations. See Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities,*** for additional information regarding share repurchases.

We expect future uses of cash to include working capital requirements, capital expenditures, acquisitions of businesses and other inorganic investments, dividends to shareowners, repurchases of common stock, additional contributions to our retirement plans and repayments of debt. We expect capital expenditures in 2024 to be approximately $220 million. Significant long-term uses of cash include the following (in millions):

	Payments by Period						
	Total	2024	2025	2026	2027	2028	Thereafter
Long-term debt and interest[1]	$ 5,229.1	$ 110.9	$ 406.6	$ 102.3	$ 102.3	$ 343.9	$ 4,163.1
Minimum lease payments (Note 18)	409.6	100.5	86.3	64.4	49.1	35.4	73.9
Postretirement benefits[2]	46.4	7.3	6.8	6.2	5.6	5.0	15.5
Pension funding contribution[3]	26.6	26.6	—	—	—	—	—
Transition tax[4]	233.7	58.4	77.9	97.4	—	—	—
Capital gains tax on sale of PTC Shares	67.4	67.4	—	—	—	—	—
TOTAL	**$ 5,945.4**	**$ 303.7**	**$ 577.6**	**$ 270.3**	**$ 157.0**	**$ 384.3**	**$ 4,252.5**

(1) The amounts for Long-term debt assume that the respective debt instruments will be outstanding until their scheduled maturity dates and include interest but exclude unamortized discount. See Note 7 in the Consolidated Financial Statements for more information regarding our Long-term debt.

(2) Our postretirement benefit plans are unfunded and are subject to change. Amounts reported are estimates of future benefit payments, to the extent estimable.

(3) Amounts reported for pension funding contributions reflect current estimates. Contributions to our pension plans beyond 2024 will depend on future investment performance of our pension plan assets, changes in discount rate assumptions, and governmental regulations in effect at the time. Amounts subsequent to 2024 are excluded from the summary above, as we are unable to make a reasonably reliable estimate of these amounts. The minimum contribution for our U.S. pension plan as required by the Employee Retirement Income Security Act (ERISA) is currently zero. We may make additional contributions to this plan at the discretion of management.

(4) Under the Tax Cuts and Jobs Act of 2017 (the Tax Act), the Company may elect to pay the transition tax interest-free over eight years, with 8% due in each of the first five years, 15% in year six, 20% in year seven, and 25% in year eight.

We expect to fund future uses of cash with a combination of existing cash balances, cash generated by operating activities, commercial paper borrowings, or a new issuance of debt or other securities. In addition, we have access to unsecured credit facilities with various banks.

At September 30, 2023, approximately half of our Cash and cash equivalents were held by non-U.S. subsidiaries. As a result of the broad changes to the U.S. international tax system under the Tax Act, we account for taxes on earnings of substantially all of our non-U.S. subsidiaries including both non-U.S. and U.S. taxes. We have concluded that earnings of a limited number of our non-U.S. subsidiaries are indefinitely reinvested.

In August 2021, we issued $1.5 billion aggregate principal amount of long-term notes in a registered public offering. The offering consisted of $600.0 million of 0.35% notes due in August 2023, $450.0 million of 1.75% notes due in August 2031, and $450.0 million of 2.80% notes due in August 2061, all issued at a discount. Net proceeds to the Company from the debt offering were $1,485.6 million. We used these net proceeds primarily to fund the acquisition of Plex. Refer to Note 4 in the Consolidated Financial Statements for additional information on this acquisition.

In March 2019, we issued $1.0 billion aggregate principal amount of long-term notes in a registered public offering. The offering consisted of $425.0 million of 3.50% notes due in March 2029 and $575.0 million of 4.20% notes due in March 2049, both issued at a discount. Net proceeds to the Company from the debt offering were $987.6 million. We used these net proceeds primarily to repay our outstanding commercial paper, with the remaining proceeds used for general corporate purposes.

We entered into treasury locks to manage the potential change in interest rates in anticipation of the issuance of the $1.5 billion aggregate notes in August 2021 and the $1.0 billion of fixed rate debt in March 2019. These treasury locks were designated as and accounted for as cash flow hedges. The effective differentials paid on these treasury locks was initially recorded in Accumulated other comprehensive loss, net of tax effect. As a result of the changes in the interest rates on the treasury locks between the time we entered into the treasury locks and the time we priced and issued the notes, the Company made a net payment of $28.0 million to the counterparties from the August 2021 issuance and $35.7 million to the counterparty from the March 2019 issuance. The $28.0 million and $35.7 million net losses on the settlement of the treasury locks were recorded in Accumulated other comprehensive loss, net of tax effect, and are being amortized over the term of the corresponding notes, and recognized as an adjustment to Interest expense in the Consolidated Statement of Operations.

On June 29, 2022, we replaced our former $1.25 billion unsecured revolving credit facility with a new five-year $1.5 billion unsecured revolving credit facility, expiring in June 2027. We can increase the aggregate amount of this credit facility by up to $750.0 million, subject to the consent of the banks in the credit facility. We did not borrow against this credit facility or the former credit facility during the periods ended September 30, 2023 and 2022. Borrowings under our new $1.5 billion credit facility bear interest based on short-term money market rates in effect during the period the borrowings are outstanding. The terms of this credit facility contain covenants under which we agree to maintain an EBITDA-to-interest ratio of at least 3.0 to 1.0. The EBITDA-to-interest ratio is defined in the credit facility as the ratio of consolidated EBITDA (as defined in the facility) for the preceding four quarters to consolidated interest expense for the same period.

LIBOR was the primary basis for determining interest payments on borrowings under our former $1.25 billion credit facility. Our new $1.5 billion credit facility uses the secured overnight funding rate (SOFR) as the primary basis for determining interest payments.

Among other uses, we can draw on our credit facility as a standby liquidity facility to repay our outstanding commercial paper as it matures. This access to funds to repay maturing commercial paper is an important factor in maintaining the short-term credit ratings set forth in the table below. Under our current policy with respect to these ratings, we expect to limit our other borrowings under our credit facility, if any, to amounts that would leave enough credit available under the facility so that we could borrow, if needed, to repay all of our then outstanding commercial paper as it matures.

Separate short-term unsecured credit facilities of approximately $225.8 million at September 30, 2023, were available to non-U.S. subsidiaries, of which approximately $32.0 million was committed under letters of credit. Borrowings under our non-U.S. credit facilities at September 30, 2023 and 2022, were not significant. We were in compliance with all covenants under our credit facilities at September 30, 2023 and 2022. There are no significant commitment fees or compensating balance requirements under our credit facilities.

During the fourth quarter of fiscal 2021, as a result of the additional leverage added to fund the Plex acquisition, Standard & Poor's elected to downgrade our Outlook from "Stable" to "Negative". No changes were made to existing ratings by Moody's or Fitch. The following is a summary of our credit ratings as of September 30, 2023:

Credit Rating Agency	Short Term Rating	Long Term Rating	Outlook
Standard & Poor's	A-1	A	Negative
Moody's	P-2	A3	Stable
Fitch Ratings	F1	A	Stable

Our ability to access the commercial paper market, and the related costs of these borrowings, is affected by the strength of our credit ratings and market conditions. We have not experienced any difficulty in accessing the commercial paper market. If our access to the commercial paper market is adversely affected due to a change in market conditions or otherwise, we would expect to rely on a combination of available cash and our unsecured committed credit facility to provide short-term funding. In such event, the cost of borrowings under our unsecured committed credit facility could be higher than the cost of commercial paper borrowings.

We regularly monitor the third-party depository institutions that hold our cash and cash equivalents and short-term investments. We diversify our cash and cash equivalents and short-term investments among counterparties to minimize exposure to any one of these entities.

We use foreign currency forward exchange contracts to manage certain foreign currency risks. We enter into these contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party and intercompany transactions denominated in foreign currencies forecasted to occur within the next two years. We also use these contracts to hedge portions of our net investments in certain non-U.S. subsidiaries against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. In addition, we use foreign currency forward exchange contracts that are not designated as hedges to offset transaction gains or losses associated with some of our assets and liabilities resulting from intercompany loans or other transactions with third parties that are denominated in currencies other than our entities' functional currencies. Our foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries. We diversify our foreign currency forward exchange contracts among counterparties to minimize exposure to any one of these entities.

Cash dividends declared to shareowners were $544.0 million in 2023 ($4.72 per common share), $520.8 million in 2022 ($4.48 per common share), and $497.5 million in 2021 ($4.28 per common share). Our quarterly dividend rate as of September 30, 2023, is $1.18 per common share ($4.72 per common share annually), which is determined at the sole discretion of our Board of Directors.

SUPPLEMENTAL SALES INFORMATION

We translate sales of subsidiaries operating outside of the United States using exchange rates effective during the respective period. Therefore, changes in currency exchange rates affect our reported sales. Sales by acquired businesses also affect our reported sales. We believe that organic sales, defined as sales excluding the effects of acquisitions and changes in currency exchange rates, which is a non-GAAP financial measure, provides useful information to investors because it reflects regional and operating segment performance from the activities of our businesses without the effect of acquisitions and changes in currency exchange rates. We use organic sales as one measure to monitor and evaluate our regional and operating segment performance. When we acquire businesses, we exclude sales in the current period for which there are no comparable sales in the prior period. We determine the effect of changes in currency exchange rates by translating the respective period's sales using the same currency exchange rates that were in effect during the prior year. When we divest a business, we exclude sales in the prior period for which there are no comparable sales in the current period. Organic sales growth is calculated by comparing organic sales to reported sales in the prior year, excluding divestitures. We attribute sales to the geographic regions based on the country of destination.

The following is a reconciliation of reported sales to organic sales by geographic region (in millions):

	Year Ended September 30, 2023				Year Ended September 30, 2022
	Reported Sales	Less: Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Reported Sales
North America	$ 5,224.0	$ 15.6	$ (23.9)	$ 5,232.3	$ 4,722.0
Europe, Middle East and Africa	1,870.6	57.5	(26.3)	1,839.4	1,437.6
Asia Pacific	1,358.0	18.2	(80.5)	1,420.3	1,088.0
Latin America	605.4	0.1	22.8	582.5	512.8
TOTAL COMPANY SALES	**$ 9,058.0**	**$ 91.4**	**$ (107.9)**	**$ 9,074.5**	**$ 7,760.4**

	Year Ended September 30, 2022				Year Ended September 30, 2021
	Reported Sales	Less: Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Reported Sales
North America	$ 4,722.0	$ 152.0	$ (6.5)	$ 4,576.5	$ 4,132.8
Europe, Middle East and Africa	1,437.6	6.8	(140.5)	1,571.3	1,405.7
Asia Pacific	1,088.0	0.4	(34.4)	1,122.0	1,012.2
Latin America	512.8	2.3	(6.6)	517.1	446.7
TOTAL COMPANY SALES	**$ 7,760.4**	**$ 161.5**	**$ (188.0)**	**$ 7,786.9**	**$ 6,997.4**

The following is a reconciliation of reported sales to organic sales by operating segment (in millions):

	Year Ended September 30, 2023				Year Ended September 30, 2022
	Reported Sales	Less: Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Reported Sales
Intelligent Devices	$ 4,098.2	$ 80.6	$ (46.4)	$ 4,064.0	$ 3,544.6
Software & Control	2,886.0	—	(30.7)	2,916.7	2,312.9
Lifecycle Services	2,073.8	10.8	(30.8)	2,093.8	1,902.9
TOTAL COMPANY SALES	**$ 9,058.0**	**$ 91.4**	**$ (107.9)**	**$ 9,074.5**	**$ 7,760.4**

	Year Ended September 30, 2022				Year Ended September 30, 2021
	Reported Sales	Less: Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Reported Sales
Intelligent Devices	$ 3,544.6	$ —	$ (89.8)	$ 3,634.4	$ 3,311.9
Software & Control	2,312.9	150.6	(52.7)	2,215.0	1,947.0
Lifecycle Services	1,902.9	10.9	(45.5)	1,937.5	1,738.5
TOTAL COMPANY SALES	**$ 7,760.4**	**$ 161.5**	**$ (188.0)**	**$ 7,786.9**	**$ 6,997.4**

CRITICAL ACCOUNTING ESTIMATES

We believe the following accounting estimates are the most critical to the understanding of our financial statements as they could have the most significant effect on our reported results and require subjective or complex judgments by management. Accounting principles generally accepted in the United States require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. These estimates are based on our best judgment about current and future conditions, but actual results could differ from those estimates. Refer to Note 1 in the Consolidated Financial Statements for information regarding our significant accounting policies.

GOODWILL - SENSIA REPORTING UNIT

The quantitative test of goodwill for impairment requires us to estimate the fair value of our reporting units. Since formation in October 2019, our Sensia joint venture operations have been challenged by the global pandemic, geopolitical activities, volatility in commodity prices, and supply chain dynamics. The cumulative historical growth and profitability below plan have resulted in a declining cushion between carrying value and fair value in previous impairment tests.

During the second quarter of fiscal 2023, we performed our annual quantitative impairment test for our Sensia reporting unit. As a result of that quantitative test, we concluded that the second quarter Goodwill balance within the Sensia reporting unit of $317.5 million was not impaired, as the fair value of the Sensia reporting unit was determined to exceed its carrying value by approximately 10 percent.

The joint venture partners appointed a new management team in 2023 and have updated the strategy of Sensia, which included downward revisions to growth and profitability projections for 2024 and future years. Lower sales growth reflects historical performance and an updated outlook of market conditions. Lower profitability reflects an updated view of mix and volume. Based upon the update of Sensia's strategy and projections in the fourth quarter, we determined that it was more likely than not that the fair value of Sensia was below its carrying value. As a result of this triggering event, we performed an interim quantitative analysis, using a combination of an income approach derived from discounted cash flows and a market multiples approach using selected comparable public companies, consistent with our annual impairment testing. As of the fourth quarter testing date, the carrying value of our Sensia reporting unit of $665.1 million was determined to be in excess of the reporting unit's fair value, resulting in a $157.5 million goodwill impairment charge recorded in the Consolidated Statement of Operations. Subsequent to the impairment, $160.3 million of goodwill remains within the Sensia reporting unit.

Critical assumptions used in this approach included management's estimated future revenue growth rates and margins, a discount rate, and a market multiple. Estimated future revenue growth and margins are based on management's best estimate about current

and future conditions. The revenue growth rate assumption reflects above market growth over the next five years before moderating back to a growth rate approximating longer term average inflationary rates. The forecasted near-term growth rate projections take into account recent revenue performance and the orders backlog. Margin assumptions reflect volume and mix, productivity to offset cost inflation, and price used to fund investments. The assumptions and estimates made are based on a number of factors, including historical experience, reference to external product available market and industry growth publications, analysis of peer group projections, and information obtained from the new management team, including backlog. Actual results and forecasts of revenue growth and margins for our Sensia reporting unit may be impacted by its concentration within the Oil & Gas industry and with its customer base. Demand for Sensia hardware and software products, solutions, and services is sensitive to industry volatility and risks, including those related to commodity prices, supply and demand dynamics, production costs, geological activity, and political activities. If such factors impact our ability to achieve forecasted revenue growth rates and margins, the fair value of the reporting unit could decrease, which may result in an additional impairment of the remaining goodwill balance. We determined the discount rate using our weighted average cost of capital adjusted for risk factors including risk associated with our above market revenue growth assumptions, historical performance, and industry-specific and economic factors. Also, industry-specific and economic factors that increase the discount rate or decrease the market multiple can decrease the fair value of the Sensia reporting unit, which may result in an additional future impairment.

More information regarding goodwill impairment testing is contained in Note 1 and Note 3 in the Consolidated Financial Statements.

RETIREMENT BENEFITS - PENSION

Pension costs and obligations are actuarially determined and are influenced by assumptions used to estimate these amounts, including the discount rate. Changes in any of the assumptions and the amortization of differences between the assumptions and actual experience will affect the amount of pension expense in future periods.

Our global pension expense in 2023 was $122.0 million compared to $74.4 million in 2022. Approximately all of our 2023 global pension expense and 70 percent of our global projected benefit obligation relate to our U.S. pension plan. The discount rate used to determine our 2023 U.S. pension expense was 5.65 percent, compared to 3.86 percent for 2022.

For 2024, our U.S. discount rate will increase to 6.10 percent from 5.65 percent in 2023. The discount rate was set as of our September 30 measurement date and was determined by modeling a portfolio of bonds that match the expected cash flow of our benefit plans.

The changes in our discount rate have an inverse relationship with our net periodic benefit cost and projected benefit obligation. The following chart illustrates the estimated change in projected benefit obligation and annual net periodic benefit cost assuming a change of 25 basis points in the discount rate for our U.S. pension plans (in millions):

	Pension Benefits	
	Change in Projected Benefit Obligation	Change in Net Periodic Benefit Cost[1]
Discount rate	$ 52.4	$ 0.2

(1) Change includes both operating and non-operating pension costs.

More information regarding pension benefits is contained in Note 14 in the Consolidated Financial Statements.

REVENUE RECOGNITION - CUSTOMER INCENTIVES

We offer various incentive programs that provide distributors and direct sale customers with cash rebates, account credits, or additional hardware and software products, solutions, and services based on meeting specified program criteria. Customer incentives are recognized as a reduction of sales if distributed in cash or customer account credits. We record accruals at the time of revenue recognition as a current liability within Customer returns, rebates, and incentives in our Consolidated Balance Sheet or, where a right of setoff exists, as a reduction of Receivables. Customer incentives for additional hardware and software products, solutions, and services to be provided are considered distinct performance obligations. As such, we allocate revenue to them based on relative standalone selling price. Until the incentive is redeemed, the revenue is recorded as a contract liability.

Our primary incentive program provides distributors with cash rebates or account credits based on agreed amounts that vary depending on the customer to whom our distributor ultimately sells the product. A critical assumption used in estimating the accrual for this program is the time period from when revenue is recognized to when the rebate is processed. Our estimate is based primarily on historical experience. If the time period were to change by 10 percent, the effect would be an adjustment to the accrual of approximately $24.9 million.

More information regarding our revenue recognition and returns, rebates, and incentives policies are contained in Note 1 and Note 2 in the Consolidated Financial Statements.

ACQUISITIONS - PLEX INTANGIBLE ASSETS VALUATION

We account for business acquisitions by allocating the purchase price to tangible and intangible assets acquired and liabilities assumed at their fair values; the excess of the purchase price over the allocated amount is recorded as goodwill. We engaged an independent third-party valuation specialist to assist with the fair value allocation of the purchase price paid for the acquisition of Plex to intangible assets. This required the use of several assumptions and estimates including the customer attrition rate, forecasted cash flows attributable to existing customers, and the discount rate for the customer relationship intangible asset and the royalty rate, forecasted revenue growth rates, and the discount rate for the technology intangible asset. Although we believe the assumptions and estimates made were reasonable and appropriate, these estimates require judgment and are based in part on historical experience and information obtained from Plex management.

The key assumption requiring the use of judgement in the valuation of the customer relationship intangible asset was the customer attrition rate of 5 percent. This rate was selected based on historical experience and information obtained from Plex management. A change in the customer attrition rate of 250 basis points would result in a change of $63 million in intangible assets. The key assumptions requiring the use of judgement in the valuation of the technology intangible asset were the royalty rate of 25 percent and the obsolescence factor. The royalty rate was based on a detailed analysis considering the importance of the technology to the overall enterprise and market royalty data. A change in the royalty rate of 500 basis points would result in a change of $47 million in intangible assets. The obsolescence factor was calculated assuming phase out over ten years based on discussions with Plex management, the nature of the technology, its integration into customers' manufacturing systems, and other third-party information for similar transactions. A two-year change in this assumption would result in a change of $52 million in intangible assets.

More information regarding this business combination is contained in Note 4 in the Consolidated Financial Statements.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 in the Consolidated Financial Statements regarding recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk during the normal course of business from changes in foreign currency exchange rates and interest rates. We manage exposure to these risks through a combination of normal operating and financing activities as well as derivative financial instruments in the form of foreign currency forward exchange contracts.

FOREIGN CURRENCY RISK

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, transaction gains and losses associated with intercompany loans with foreign subsidiaries, and transactions denominated in currencies other than a location's functional currency. Our objective is to minimize our exposure to these risks through a combination of normal operating activities and the use of foreign currency forward exchange contracts. Contracts are usually denominated in currencies of major industrial countries. The fair value of our foreign currency forward exchange contracts is an asset of $49.2 million and a liability of $11.5 million at September 30, 2023. We enter into these contracts with major financial institutions that we believe to be creditworthy.

We do not enter into derivative financial instruments for speculative purposes. The strengthening of the U.S. dollar against foreign currencies has an unfavorable impact on our sales and results of operations. While future changes in foreign currency exchange rates are difficult to predict, our sales and profitability may be adversely affected if the U.S. dollar strengthens relative to current levels.

Certain of our locations have assets and liabilities denominated in currencies other than their functional currencies. We enter into foreign currency forward exchange contracts to offset the transaction gains or losses associated with some of these assets and liabilities. For such assets and liabilities without offsetting foreign currency forward exchange contracts, a 10 percent adverse change in the underlying foreign currency exchange rates would reduce our pre-tax income by approximately $73.9 million.

We record all derivatives on the balance sheet at fair value regardless of the purpose for holding them. The use of foreign currency forward exchange contracts allows us to manage transactional exposure to exchange rate fluctuations as the gains or losses incurred on these contracts will offset, in whole or in part, losses or gains on

the underlying foreign currency exposure. Derivatives that are not designated as hedges for accounting purposes are adjusted to fair value through earnings. For derivatives that are hedges, depending on the nature of the hedge, changes in fair value are either offset by changes in the fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in Other comprehensive income (loss) until the hedged item is recognized in earnings. We recognize the ineffective portion of a derivative's change in fair value in earnings immediately. There was no impact on earnings due to ineffective hedges in 2023, 2022, or 2021. A hypothetical 10 percent adverse change in underlying foreign currency exchange rates associated with the hedged exposures and related contracts would not be significant to our financial condition or results of operations.

INTEREST RATE RISK

In addition to existing cash balances and cash provided by normal operating activities, we use a combination of short-term and long-term debt to finance operations. We are exposed to interest rate risk on certain of these debt obligations.

Our Short-term debt as of September 30, 2023 and 2022, includes $23.5 million and $42.3 million, respectively, of interest-bearing loans from SLB to Sensia, due December 29, 2023. In December 2022, Sensia entered into an unsecured $75.0 million line of credit. As of September 30, 2023, included in Short-term debt was $70.0 million borrowed against the line of credit with an interest rate of 6.29 percent. Also included in Short-term debt as of September 30, 2022 was commercial paper borrowings of $317.0 million with a weighted average interest rate of 3.03 percent and a weighted average maturity period of 22 days. We have issued, and anticipate continuing to issue, short-term commercial paper obligations as needed. Changes in market interest rates on commercial paper borrowings affect our results of operations. A hypothetical 50 basis point increase in average market interest rates related to our short-term debt would not be significant to our results of operations or financial condition.

We had outstanding fixed rate long-term and current portion of long-term debt obligations with a carrying value of $2,871.5 million at September 30, 2023, and $3,476.9 million at September 30, 2022. The fair value of this debt was approximately $2,456.0 million at September 30, 2023, and $3,074.5 million at September 30, 2022. The potential increase in fair value on such fixed-rate debt obligations from a hypothetical 50 basis point decrease in market interest rates would not be significant to our results of operations or financial condition. We currently have no plans to repurchase our outstanding fixed-rate instruments before their maturity and, therefore, fluctuations in market interest rates would not have an effect on our results of operations or shareowners' equity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEET

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	September 30, 2023	September 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,071.8	$ 490.7
Receivables	2,167.4	1,736.7
Inventories	1,404.9	1,054.2
Other current assets	266.7	329.1
Total current assets	4,910.8	3,610.7
Property, net of accumulated depreciation	684.2	586.5
Operating lease right-of-use assets	349.4	321.0
Goodwill	3,529.2	3,524.0
Other intangible assets, net	852.4	902.0
Deferred income taxes	459.3	384.3
Long-term investments	157.1	1,056.0
Other assets	361.6	374.2
TOTAL	**$ 11,304.0**	**$ 10,758.7**
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities		
Short-term debt	$ 94.7	$ 359.3
Current portion of long-term debt	8.6	609.1
Accounts payable	1,150.2	1,028.0
Compensation and benefits	499.9	292.7
Contract liabilities	592.5	507.0
Customer returns, rebates, and incentives	452.0	373.1
Other current liabilities	567.4	403.0
Total current liabilities	3,365.3	3,572.2
Long-term debt	2,862.9	2,867.8
Retirement benefits	503.6	471.2
Operating lease liabilities	285.3	263.5
Other liabilities	543.5	567.3
Commitments and contingent liabilities (Note 17)		
Shareowners' equity		
Common stock ($1.00 par value, shares issued: 181.4)	181.4	181.4
Additional paid-in capital	2,102.5	2,007.1
Retained earnings	9,255.2	8,411.8
Accumulated other comprehensive loss	(790.1)	(917.5)
Common stock in treasury, at cost (shares held: 66.6 and 66.2, respectively)	(7,187.4)	(6,957.2)
Shareowners' equity attributable to Rockwell Automation, Inc.	3,561.6	2,725.6
Noncontrolling interests	181.8	291.1
Total shareowners' equity	3,743.4	3,016.7
TOTAL	**$ 11,304.0**	**$ 10,758.7**

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Year Ended September 30,		
	2023	2022	2021
Sales			
Products and solutions	$ 8,224.9	$ 6,993.4	$ 6,285.2
Services	833.1	767.0	712.2
	9,058.0	7,760.4	6,997.4
Cost of sales			
Products and solutions	(4,808.7)	(4,173.4)	(3,638.7)
Services	(532.3)	(485.0)	(461.0)
	(5,341.0)	(4,658.4)	(4,099.7)
Gross profit	3,717.0	3,102.0	2,897.7
Selling, general and administrative expenses	(2,023.7)	(1,766.7)	(1,680.0)
Change in fair value of investments	279.3	(136.9)	397.4
Other (expense) income (Note 15)	(71.3)	(1.6)	5.7
Goodwill impairment	(157.5)	—	—
Interest expense	(135.3)	(123.2)	(94.6)
Income before income taxes	1,608.5	1,073.6	1,526.2
Income tax provision (Note 16)	(330.5)	(154.5)	(181.9)
NET INCOME	**1,278.0**	**919.1**	**1,344.3**
Net loss attributable to noncontrolling interests	(109.4)	(13.1)	(13.8)
NET INCOME ATTRIBUTABLE TO ROCKWELL AUTOMATION, INC.	**$ 1,387.4**	**$ 932.2**	**$ 1,358.1**
Earnings per share:			
Basic	$ 12.03	$ 8.02	$ 11.69
Diluted	$ 11.95	$ 7.97	$ 11.58
Weighted average outstanding shares:			
Basic	114.8	115.9	116.0
Diluted	115.6	116.7	117.1

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IN MILLIONS)

	Year Ended September 30,		
	2023	2022	2021
Net income	$ 1,278.0	$ 919.1	$ 1,344.3
Other comprehensive income (loss)			
Pension and other postretirement benefit plan adjustments (net of tax expense of ($15.4), ($76.0), and ($181.0))	41.5	246.5	576.4
Currency translation adjustments	99.4	(185.4)	31.4
Net change in cash flow hedges (net of tax benefit (expense) of $5.3, $(14.3), and $3.1)	(13.4)	38.2	(11.4)
Other comprehensive income	127.5	99.3	596.4
Comprehensive income	1,405.5	1,018.4	1,940.7
Comprehensive loss attributable to noncontrolling interests	(109.3)	(13.4)	(14.5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO ROCKWELL AUTOMATION, INC.	**$ 1,514.8**	**$ 1,031.8**	**$ 1,955.2**

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN MILLIONS)

	Year Ended September 30,		
	2023	2022	2021
Operating activities:			
Net income	$ 1,278.0	$ 919.1	$ 1,344.3
Adjustments to arrive at cash provided by operating activities			
Depreciation	133.8	126.6	123.9
Amortization of intangible assets	116.6	112.3	65.9
Change in fair value of investments	(279.3)	136.9	(397.4)
Share-based compensation expense	88.3	68.1	51.7
Retirement benefit expense	125.3	76.4	155.1
Pension contributions	(25.9)	(53.6)	(35.8)
Deferred income taxes	(100.1)	(33.6)	(184.1)
Net loss on disposition of property	0.5	0.6	0.5
Settlement of interest rate derivatives	—	—	(28.0)
Impairment of goodwill	157.5	—	—
Changes in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments			
Receivables	(368.7)	(415.6)	(138.1)
Inventories	(295.9)	(292.8)	(202.8)
Accounts payable	70.2	172.0	184.8
Contract liabilities	106.8	102.0	104.4
Compensation and benefits	209.1	(78.2)	174.6
Income taxes	104.1	(129.3)	57.2
Other assets and liabilities	54.3	112.2	(15.2)
Cash provided by operating activities	1,374.6	823.1	1,261.0
Investing activities:			
Capital expenditures	(160.5)	(141.1)	(120.3)
Acquisition of businesses, net of cash acquired	(168.4)	(16.6)	(2,488.5)
Purchases of investments	(27.1)	(59.8)	(13.6)
Proceeds from sale of investments	1,210.4	210.2	—
Other investing activities	(0.1)	(0.5)	(4.2)
Cash provided by (used for) investing activities	854.3	(7.8)	(2,626.6)
Financing activities:			
Net (repayment) issuance of short-term debt	(256.9)	40.8	275.9
Issuance of short-term debt, net of issuance costs	—	18.8	211.4
Issuance of long-term debt, net of discount and issuance costs	—	—	1,485.6
Repayment of short-term debt	(18.8)	(210.0)	(2.5)
Repayment of long-term debt	(599.8)	—	—
Cash dividends	(542.4)	(519.4)	(497.1)
Purchases of treasury stock	(311.5)	(301.3)	(299.7)
Proceeds from the exercise of stock options	88.5	57.9	154.6
Other financing activities	(34.7)	(21.0)	(30.4)
Cash (used for) provided by financing activities	(1,675.6)	(934.2)	1,297.8
Effect of exchange rate changes on cash	19.2	(52.6)	16.8
Increase (decrease) in cash, cash equivalents, and restricted cash	572.5	(171.5)	(51.0)
Cash, cash equivalents, and restricted cash at beginning of year	507.9	679.4	730.4
Cash, cash equivalents, and restricted cash at end of year	$ 1,080.4	$ 507.9	$ 679.4
Components of cash, cash equivalents, and restricted cash			
Cash and cash equivalents	$ 1,071.8	$ 490.7	$ 662.2
Restricted cash, current (Other current assets)	8.6	8.6	—
Restricted cash, noncurrent (Other assets)	—	8.6	17.2
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**$ 1,080.4**	**$ 507.9**	**$ 679.4**

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Common stock in treasury, at cost	Total attributable to Rockwell Automation, Inc.	Noncontrolling interests	Total shareowners' equity
Balance at September 30, 2020	$ 181.4	$ 1,830.7	$ 7,139.8	$ (1,614.2)	$ (6,509.9)	$ 1,027.8	$ 319.0	$ 1,346.8
Net income (loss)	—	—	1,358.1	—	—	1,358.1	(13.8)	1,344.3
Other comprehensive income (loss)	—	—	—	597.1	—	597.1	(0.7)	596.4
Common stock issued (including share-based compensation impact)	—	103.5	—	—	102.7	206.2	—	206.2
Share repurchases	—	—	—	—	(301.5)	(301.5)	—	(301.5)
Cash dividends declared[1]	—	—	(497.5)	—	—	(497.5)	—	(497.5)
Change in noncontrolling interest		(0.6)				(0.6)	—	(0.6)
Balance at September 30, 2021	$ 181.4	$ 1,933.6	$ 8,000.4	$ (1,017.1)	$ (6,708.7)	$ 2,389.6	$ 304.5	$ 2,694.1
Net income (loss)	—	—	932.2	—	—	932.2	(13.1)	919.1
Other comprehensive income (loss)	—	—	—	99.6	—	99.6	(0.3)	99.3
Common stock issued (including share-based compensation impact)	—	73.5	—	—	52.6	126.1	—	126.1
Share repurchases	—	—	—	—	(301.1)	(301.1)	—	(301.1)
Cash dividends declared[1]	—	—	(520.8)	—	—	(520.8)	—	(520.8)
Balance at September 30, 2022	$ 181.4	$ 2,007.1	$ 8,411.8	$ (917.5)	$ (6,957.2)	$ 2,725.6	$ 291.1	$ 3,016.7
Net income (loss)	—	—	1,387.4	—	—	1,387.4	(109.4)	1,278.0
Other comprehensive income	—	—	—	127.4	—	127.4	0.1	127.5
Common stock issued (including share-based compensation impact)	—	95.4	—	—	81.8	177.2	—	177.2
Share repurchases	—	—	—	—	(312.0)	(312.0)	—	(312.0)
Cash dividends declared[1]	—	—	(544.0)	—	—	(544.0)	—	(544.0)
Balance at September 30, 2023	**$ 181.4**	**$ 2,102.5**	**$ 9,255.2**	**$ (790.1)**	**$ (7,187.4)**	**$ 3,561.6**	**$ 181.8**	**$ 3,743.4**

(1) Cash dividends were $4.72 per share in 2023; $4.48 per share in 2022; and $4.28 per share in 2021.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Rockwell Automation, Inc. (Rockwell Automation or the Company) is the world's largest company dedicated to industrial automation and digital transformation. We understand and simplify our customers' complex production challenges and deliver the most valued solutions that combine technology and industry expertise.

BASIS OF PRESENTATION

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and controlled majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Investments in affiliates over which we do not have control but exercise significant influence are accounted for using the equity method of accounting. These affiliated companies are not material individually or in the aggregate to our financial position, results of operations, or cash flows.

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. We use estimates in accounting for, among other items, customer returns, rebates, and incentives; allowance for doubtful accounts; excess and obsolete inventory; share-based compensation; acquisitions, including consolidation and intangible assets; goodwill impairment; product warranty obligations; capitalization of internal-use software; retirement benefits; litigation, claims, and contingencies, including environmental and asbestos matters, conditional asset retirement obligations, and contractual indemnifications; leases; and income taxes. We account for changes to estimates and assumptions prospectively when warranted by factually-based experience.

REVENUE RECOGNITION

See Note 2 for our revenue recognition policy under Accounting Standards Codification (ASC) 606.

RETURNS, REBATES, AND INCENTIVES

Our primary incentive program provides distributors with cash rebates or account credits based on agreed amounts that vary depending on the customer to whom our distributor ultimately sells the product. We also offer various other incentive programs that provide distributors and direct sale customers with cash rebates, account credits, or additional hardware and software products, solutions, and services based on meeting specified program criteria. Certain distributors are offered a right to return product, subject to contractual limitations.

We record accruals for customer returns, rebates, and incentives at the time of revenue recognition based primarily on historical experience. Returns are presented on the Consolidated Balance Sheet as a right of return asset and refund liability. Incentives in the form of rebates are estimated at the individual customer level and are recorded as a reduction of sales. Customer incentives for additional hardware and software products, solutions, and services to be provided are considered distinct performance obligations. As such, we allocate revenue to them based on relative standalone selling price. Until the incentive is redeemed, the revenue is recorded as a contract liability.

TAXES ON REVENUE PRODUCING TRANSACTIONS

Taxes assessed by governmental authorities on revenue producing transactions, including sales, value added, excise, and use taxes, are recorded on a net basis (excluded from revenue).

CASH AND CASH EQUIVALENTS

Cash, cash equivalents, and restricted cash include time deposits, certificates of deposit, and other fixed income securities with original maturities of three months or less at the time of purchase.

RECEIVABLES

We record an allowance for doubtful accounts based on customer-specific analysis and general matters such as current assessments of past due balances and economic conditions. Receivables are recorded net of an allowance for doubtful accounts of $16.8 million at September 30, 2023, and $13.1 million at September 30, 2022. The changes to our allowance for doubtful accounts during the years ended September 30, 2023 and 2022, were not material and primarily consisted of current-period provisions, write-offs charged against the allowance, recoveries collected, and foreign currency translation.

INVENTORIES

Inventories are recorded at the lower of cost or market using the first-in, first-out (FIFO) or average cost methods. Market is determined on the basis of estimated realizable values.

INVESTMENTS

Investments include time deposits, certificates of deposit, other fixed income securities, and equity securities. Investments with original maturities longer than three months at the time of purchase and less than one year from period end are classified as short-term. All other investments are classified as long-term. Fixed income securities meeting the definition of a security are accounted for as available-for-sale and recorded at fair value. Equity securities with a readily determinable fair value are recorded at fair value. Equity securities that do not have a readily determinable fair value, which we account for using the measurement alternative under U.S. GAAP, are recorded at the investment cost, less impairment, plus or minus observable price changes (in orderly transactions) of an identical or similar investment of the same issuer. All other investments are recorded at cost, which approximates fair value.

PROPERTY

Property, including internal-use software and software to provide a service (e.g. SaaS arrangements), is recorded at cost. Equipment under finance leases are stated at the present value of minimum lease payments. We calculate depreciation of property using the straight-line method over 3 to 40 years for buildings and improvements, 3 to 20 years for machinery and equipment, and 3 to 10 years for computer hardware and internal-use software. We capitalize significant renewals and enhancements and write off replaced units. Implementation costs incurred in a cloud computing arrangement that is a service contract are recorded in Other current assets and Other assets on the Consolidated Balance Sheet and are amortized over the expected service period. We expense maintenance and repairs, as well as renewals of minor amounts. Property acquired during the year that is accrued within Accounts payable or Other current liabilities at year end is considered to be a non-cash investing activity and is excluded from cash used for capital expenditures in the Consolidated Statement of Cash Flows. Capital expenditures of $42.7 million, $23.0 million, and $31.5 million were accrued within Accounts payable and Other current liabilities at September 30, 2023, 2022, and 2021, respectively.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and Other intangible assets generally result from business acquisitions. We account for business acquisitions by allocating the purchase price to tangible and intangible assets acquired and liabilities assumed at their fair values; the excess of the purchase price over the allocated amount is recorded as goodwill.

We perform our annual evaluation of goodwill and indefinite life intangible assets for impairment as required under U.S. GAAP during the second quarter of each year, or more frequently if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Any excess in carrying value over the estimated fair value is charged to results of operations. For our annual evaluation of goodwill, we may perform a qualitative test to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in order to determine whether it is necessary to perform a quantitative goodwill impairment test. Our reporting units for goodwill evaluation consist of the Intelligent Devices segment, the Software & Control segment, the Lifecycle Services segment (excluding Sensia), and Sensia. When performing the quantitative goodwill impairment test, we determine the fair value of each reporting unit under a combination of an income approach derived from discounted cash flows and a market multiples approach using selected comparable public companies.

Significant assumptions used in the income approach include: management's forecasted cash flows, including estimated future revenue growth rates and margins, discount rate, and terminal value. Forecasts of future revenue growth and margins are based on management's best estimates. Actual results and forecasts of revenue growth and margins for our Sensia reporting unit may be impacted by its concentration within the Oil & Gas industry and with its customer base. Demand for Sensia hardware and software products, solutions, and services is sensitive to industry volatility and risks, including those related to commodity prices, supply and demand dynamics, production costs, geological activity, and political activities. The discount rate is determined using a weighted average cost of capital adjusted for risk factors specific to the reporting unit, including risks associated with our above market revenue growth assumptions, historical performance, and industry-specific and economic factors. The terminal value is estimated following the common methodology of calculating the present value of estimated perpetual cash flow beyond the last projected period assuming constant discount and long-term growth rates. Significant assumptions used in the market multiples approach include selection of the comparable public companies and calculation of the appropriate market multiples.

We amortize all intangible assets with finite useful lives on a straight-line basis over their estimated useful lives. Useful lives assigned range from 3 to 15 years for trademarks, 8 to 20 years for customer relationships, 4 to 17 years for technology, and 3 to 30 years for other intangible assets.

Intangible assets also include costs of on-premise software developed or purchased by our software business to be sold, leased, or otherwise marketed. Amortization of these computer software products is calculated on a product-by-product basis as the greater of (a) the unamortized cost at the beginning of the year times the ratio of the current year gross revenue for a product to the total of the current and anticipated future gross revenue for that product or (b) the straight-line amortization over the remaining estimated economic life of the product.

IMPAIRMENT OF LONG-LIVED ASSETS

We evaluate the recoverability of the recorded amount of long-lived assets, including property, operating lease right-of-use assets, capitalized implementation costs of a cloud computing arrangement, and other intangible assets, whenever events or changes in circumstances indicate that the recorded amount of an asset may not be fully recoverable. Impairment is assessed when the undiscounted expected future cash flows derived from an asset are less than its carrying amount. If we determine that an

asset is impaired, we measure the impairment to be recognized as the amount by which the recorded amount of the asset exceeds its fair value. We report assets to be disposed of at the lower of the recorded amount or fair value less cost to sell. We determine fair value using a discounted future cash flow analysis.

DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments in the form of foreign currency forward exchange contracts to manage certain foreign currency risks. We enter into these contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party and intercompany transactions denominated in foreign currencies forecasted to occur within the next two years. We also use these contracts to hedge portions of our net investments in certain non-U.S. subsidiaries against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. Additionally, we use derivative financial instruments in the form of interest rate swap contracts to manage our borrowing costs of certain long-term debt and use treasury locks to manage the potential change in interest rates in anticipation of issuance of fixed rate debt. We designate and account for these derivative financial instruments as hedges under U.S. GAAP.

Furthermore, we use foreign currency forward exchange contracts that are not designated as hedges to offset transaction gains or losses associated with some of our assets and liabilities resulting from intercompany loans or other transactions with third parties that are denominated in currencies other than our entities' functional currencies. It is our policy to execute such instruments with global financial institutions that we believe to be creditworthy and not to enter into derivative financial instruments for speculative purposes. Foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries.

FAIR VALUE OF FINANCIAL INSTRUMENTS

We record various financial instruments at fair value. U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. U.S. GAAP also classifies the inputs used to measure fair value into the following hierarchy:

Level 1:	Quoted prices in active markets for identical assets or liabilities.
Level 2:	Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
Level 3:	Unobservable inputs for the asset or liability.

We hold financial instruments consisting of cash and short-term debt. The fair values of our cash and short-term debt approximate their carrying amounts as reported in our Consolidated Balance Sheet due to the short-term nature of these instruments. We also hold financial instruments consisting of long-term debt, investments, and derivatives. The valuation methodologies for these financial instruments are described in Notes 7, 10, 11, and 14.

We also determine fair value assessments in conjunction with intangible valuations of acquisitions and our annual impairment testing of goodwill and indefinite lived intangible assets. The valuation methodologies for these assets are described in Notes 3 and 4.

The methods described in these Notes may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FOREIGN CURRENCY TRANSLATION

We translate assets and liabilities of subsidiaries operating outside of the United States with a functional currency other than the U.S. dollar into U.S. dollars using exchange rates at the end of the respective period. We translate sales, costs, and expenses at average exchange rates effective during the respective period. We report foreign currency translation adjustments as a component of Other comprehensive income (loss). Currency transaction gains and losses are included in results of operations in the period incurred.

RESEARCH AND DEVELOPMENT EXPENSES

We expense research and development (R&D) costs as incurred; these costs were $529.5 million in 2023, $440.9 million in 2022, and $422.5 million in 2021. We include R&D expenses in Cost of sales in the Consolidated Statement of Operations.

INCOME TAXES

We account for uncertain tax positions by determining whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. For tax positions that meet the more likely than not recognition threshold, we determine the amount of benefit to recognize in the Consolidated Financial Statements based on our assertion of the most likely outcome resulting from an examination, including the resolution of any related appeals or litigation processes.

EARNINGS PER SHARE

We present basic and diluted earnings per share (EPS) amounts. Basic EPS is calculated by dividing earnings available to common shareowners, which is income excluding the allocation to participating securities, by the weighted average number of common shares outstanding during the year, excluding restricted stock. Diluted EPS amounts are based upon the weighted average number of common and common-equivalent shares outstanding during the year. We use the treasury stock method to calculate the effect of outstanding share-based compensation awards, which requires us to compute total employee proceeds as the sum of the amount the employee must pay upon exercise of the award and the amount of unearned share-based compensation costs

attributed to future services. Share-based compensation awards for which the total employee proceeds of the award exceed the average market price of the same award over the period have an antidilutive effect on EPS, and accordingly, we exclude them from the calculation. Antidilutive share-based compensation awards for the years ended September 30, 2023 (0.4 million shares), 2022 (0.4 million shares), and 2021 (0.2 million shares), were excluded from the diluted EPS calculation. U.S. GAAP requires unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, to be treated as participating securities and included in the computation of EPS pursuant to the two-class method. Our participating securities are composed of restricted stock and non-employee director restricted stock units.

The following table reconciles basic and diluted EPS amounts (in millions, except per share amounts):

	2023	2022	2021
Net income attributable to Rockwell Automation, Inc.	$ 1,387.4	$ 932.2	$ 1,358.1
Less: Allocation to participating securities	(5.9)	(2.9)	(2.1)
NET INCOME AVAILABLE TO COMMON SHAREOWNERS	**$ 1,381.5**	**$ 929.3**	**$ 1,356.0**
Basic weighted average outstanding shares	114.8	115.9	116.0
Effect of dilutive securities			
Stock options	0.7	0.7	1.0
Performance shares	0.1	0.1	0.1
DILUTED WEIGHTED AVERAGE OUTSTANDING SHARES	**115.6**	**116.7**	**117.1**
Earnings per share:			
Basic	$ 12.03	$ 8.02	$ 11.69
Diluted	$ 11.95	$ 7.97	$ 11.58

SHARE-BASED COMPENSATION

We recognize share-based compensation expense for equity awards on a straight-line basis over the service period of the award based on the fair value of the award as of the grant date.

PRODUCT AND WORKERS' COMPENSATION LIABILITIES

We record accruals for product and workers' compensation claims in the period in which they are probable and reasonably estimable. Our principal self-insurance programs include product liability and workers' compensation where we self-insure up to a specified dollar amount. Claims exceeding this amount up to specified limits are covered by insurance policies purchased from commercial insurers. We estimate the liability for the majority of the self-insured claims using our claims experience for the periods being valued.

ENVIRONMENTAL AND ASBESTOS MATTERS

We record liabilities for environmental and asbestos matters in the period in which our responsibility is probable and the costs can be reasonably estimated. We make changes to the liabilities in the periods in which the estimated costs of remediation change. At third-party environmental sites where more than one potentially responsible party has been identified, we record a liability for our estimated allocable share of costs related to our involvement with the site, as well as an estimated allocable share of costs related to the involvement of insolvent or unidentified parties. If we determine that recovery from insurers or other third parties is probable and a right of set off exists, we record the liability net of the estimated recovery. If we determine that recovery from insurers or other third parties is probable but a right of set off does not exist, we record a liability for the total estimated costs of remediation and a receivable for the estimated recovery. At environmental sites where we are the sole responsible party, we record a liability for the total estimated costs of remediation. Ongoing operating and maintenance expenditures included in our environmental remediation obligations are discounted to present value over the probable future remediation period. Our remaining environmental remediation obligations are undiscounted due to subjectivity of timing and/or amount of future cash payments.

CONDITIONAL ASSET RETIREMENT OBLIGATIONS

We record liabilities for costs related to legal obligations associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, development, or the normal operation of the long-lived asset. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

LEASES

We have operating leases primarily for real estate, vehicles, and equipment. We have finance leases primarily for equipment. We determine if a contract is, or contains, a lease at contract inception. A right-of-use (ROU) asset and a corresponding lease liability are recognized at commencement for contracts that are,

or contain, a lease with an original term greater than 12 months. ROU assets represent our right to use an underlying asset during the lease term, including periods for which renewal options are reasonably certain to be exercised, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease expense is recognized on a straight-line basis over the lease term for leases with an original term of 12 months or less. Amortization expense of the ROU asset for operating and finance leases is recognized on a straight-line basis over the lease term and interest expense for finance leases is recognized based on the incremental borrowing rate.

Some leasing arrangements require variable payments that are dependent on usage or may vary for other reasons, such as payments for insurance and tax payments. A portion of our real estate leases is generally subject to annual changes based upon an index. The changes based upon the index are treated as variable lease payments. The variable portion of lease payments is not included in our ROU assets or lease liabilities and is expensed when incurred. We elected to not separate lease and nonlease components of contracts for most underlying asset classes. Accordingly, all expenses associated with a lease contract are accounted for as lease expenses.

Lease liabilities are recognized at the contract commencement date based on the present value of remaining lease payments over the lease term. To calculate the lease liabilities we use our incremental borrowing rate. We determine our incremental borrowing rate at the commencement date using our unsecured borrowing rate, adjusted for collateralization and lease term. For leases denominated in a currency other than the U.S. dollar, the collateralized borrowing rate in the foreign currency is determined using the U.S. dollar and foreign currency swap spread. Long-term operating lease liabilities are presented as Operating lease liabilities and current operating lease liabilities are included in Other current liabilities in the Consolidated Balance Sheet. Long-term finance lease liabilities are presented as Long-term debt and current finance lease liabilities are included in Current portion of long-term debt in the Consolidated Balance Sheet.

ROU assets are recognized at the contract commencement date at the value of the related lease liability, adjusted for any prepayments, lease incentives received, and initial direct costs incurred. Operating lease ROU assets are presented as Operating lease right-of-use assets and finance lease ROU assets are presented as Property in the Consolidated Balance Sheet.

Lease expenses, including amortization of ROU assets, for operating and finance leases are recognized on a straight-line basis over the lease term and recorded in Cost of sales and Selling, general and administrative expenses in the Consolidated Statement of Operations. Interest expense for finance leases is recorded in Interest expense in the Consolidated Statement of Operations.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (FASB) issued a new standard that requires companies to utilize a current expected credit losses impairment (CECL) model for certain financial assets, including trade and other receivables. The CECL model requires that estimated expected credit losses, including allowance for doubtful accounts, consider a broader range of information such as economic conditions and expected changes in market conditions. We adopted the new standard as of October 1, 2020. The adoption of this standard did not have a material impact on our Consolidated Financial Statements.

In October 2021, the FASB issued a new standard that requires companies to apply Accounting Standards Codification (ASC) 606 to recognize and measure contract assets and contract liabilities in a business combination. We retroactively adopted the new standard as of October 1, 2021. The adoption of this standard did not have a material impact on our Consolidated Financial Statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2022, the FASB issued a new standard, which requires the buyer in a supplier finance program to disclose information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. We will expand our disclosures when we adopt this standard in the first quarter of 2024.

We do not expect any other recently issued accounting pronouncements to have a material impact on our Consolidated Financial Statements and related disclosures.

NOTE 2. REVENUE RECOGNITION

NATURE OF PRODUCTS AND SERVICES

Substantially all of our revenue is from contracts with customers. We recognize revenue as promised products are transferred to, or services are performed for, customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those products and services. Our offerings consist of industrial automation and information products, solutions, and services.

Our products include hardware, software, and configured-to-order products. Our solutions include custom-engineered systems and software. Our services include customer technical support and repair, asset management and optimization consulting, and training. Also included in our services is a portion of revenue related to spare parts that are managed within our services offering.

Our operations are comprised of the Intelligent Devices segment, the Software & Control segment, and the Lifecycle Services segment. Revenue from the Intelligent Devices and Software & Control segments is predominantly comprised of product sales, which are recognized at a point in time. The Software & Control segment also contains revenue from software products, which may be recognized over time if certain criteria are met. Revenue from the Lifecycle Services segment is predominantly comprised of solutions and services, which are primarily recognized over time. See Note 19 for more information.

In most countries, we sell primarily through independent distributors in conjunction with our direct sales force. We sell large systems and service offerings principally through our direct sales force, though opportunities are sometimes identified through distributors.

PERFORMANCE OBLIGATIONS

We use executed sales agreements and purchase orders to determine the existence of a customer contract.

For each customer contract, we determine if the products and services promised to the customer are distinct performance obligations. A product or service is distinct if both of the following criteria are met at contract inception: (i) the customer can benefit from the product or service on its own or together with other readily available resources, and (ii) our promise to transfer the product or perform the service is separately identifiable from other promises in the contract. The fact that we regularly sell a product or service separately is an indicator that the customer can benefit from a product or service on its own or with other readily available resources.

The objective when assessing whether our promises to transfer products or perform services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those products or perform those services individually, or whether the promise is to transfer a combined item or items to which the promised products or services are inputs. If a promised product or service is not distinct, we combine that product or service with other promised products or services until it comprises a bundle of products or services that is distinct, which may result in accounting for all the products or services in a contract as a single performance obligation.

For each performance obligation in a contract, we determine whether the performance obligation is satisfied over time. A performance obligation is satisfied over time if it meets any of the following criteria: (i) the customer simultaneously receives and consumes the benefits provided by our performance as we perform, or (ii) our performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (iii) our performance does not create an asset for which we have an alternative use and we have an enforceable right to payment for performance completed to date. If one or more of these criteria are met, then we recognize revenue over time using a method that depicts performance. If none of the criteria are met, then control transfers to the customer at a point in time and we recognize revenue at that point in time.

Our products represent standard, catalog products for which we have an alternative use, and therefore we recognize revenue at a point in time when control of the product transfers to the customer. For the majority of our products, control transfers upon shipment, though for some contracts control may transfer upon delivery. Product-type contracts are generally one year or less in length.

Revenue in our Software & Control segment also includes revenue from perpetual and subscription software licenses under on-premise and SaaS arrangements. When on-premise software licenses are determined to be distinct performance obligations, we recognize the related revenue at a point in time when the customer is provided the right to use the license, while revenue allocated to upgrades and support are recognized over the term of the contract. To the extent that the on-premise license is not considered distinct, revenue is recognized over time over the period the related services are performed. Revenue from SaaS arrangements, which allow customers to use hosted software over the contract period without taking possession of the software, are recognized over time during the period the customer is provided the right to use the software.

We offer a wide variety of solutions and services to our customers, for which we recognize revenue over time or at a point in time based on the contract as well as the type of solution or service. If one or more of the three criteria above for over-time revenue recognition are met, we recognize revenue over time as cost is incurred, as work is performed, or based on time elapsed, depending on the type of customer contract. If none of these criteria are met, we recognize revenue at a point in time when control of the asset being created or enhanced transfers to the customer, typically upon delivery. More than half of our solutions and services revenue is from contracts that are one year or less in length. For certain solutions and services offerings, when we have the right to invoice our customers in an amount that corresponds to our performance completed to date, we apply the practical expedient to measure progress and recognize revenue based on the amount for which we have the right to invoice the customer.

When assessing whether we have an alternative use for an asset, we consider both contractual and practical limitations. These include: (i) the level and cost of customization of the asset that is required to meet a customer's needs, (ii) the activities, cost, and profit margin after any rework that would be required before the asset could be directed for another use, and (iii) the portion of the asset that could not be reworked for an alternative use.

At times we provide products and services free of charge to our customers as incentives when the customers purchase other products or services. These represent distinct performance obligations. As such, we allocate revenue to them based on relative standalone selling price.

Most of our global warranties are assurance in nature and do not represent distinct performance obligations. See Note 9 for additional information and disclosures. We occasionally offer extended warranties to our customers that are considered a distinct performance obligation, to which we allocate revenue, which is recognized over the extended warranty period.

We account for shipping and handling activities performed after control of a product has been transferred to the customer as a fulfillment cost. As such, we have applied the practical expedient and we accrue for the costs of shipping and handling activities if revenue is recognized before contractually agreed shipping and handling activities occur.

UNFULFILLED PERFORMANCE OBLIGATIONS

As of September 30, 2023, we expect to recognize approximately $1,100 million of revenue in future periods from unfulfilled performance obligations from existing contracts with customers. We expect to recognize revenue of approximately $687 million from our remaining performance obligations over the next 12 months with the remaining balance recognized thereafter.

We have applied the practical expedient to exclude the value of remaining performance obligations for (i) contracts with an original term of one year or less and (ii) contracts for which we recognize revenue in proportion to the amount we have the right to invoice for services performed. The amounts above also do not include the impact of contract renewal options that are unexercised as of September 30, 2023.

TRANSACTION PRICE

The transaction price is the amount of consideration to which we expect to be entitled in exchange for transferring products to, or performing services for, a customer. We estimate the transaction price at contract inception, and update the estimate each reporting period for any changes in circumstances. In some cases a contract may involve variable consideration, including rebates, credits, allowances for returns, or other similar items that generally decrease the transaction price. We use historical experience to estimate variable consideration, including any constraint.

The transaction price (including any discounts and variable consideration) is allocated between separate products and services based on their relative standalone selling prices. The standalone selling prices are determined based on the prices at which we separately sell each good or service. For items that are not sold separately, we estimate the standalone selling price using available information such as market reference points and other observable data.

We have elected the practical expedient to exclude sales taxes and other similar taxes from the measurement of the transaction price.

SIGNIFICANT PAYMENT TERMS

Our standard payment terms vary globally but do not result in a significant delay between the timing of invoice and payment. We occasionally negotiate other payment terms during the contracting process. We do not typically include significant financing components in our contracts with customers. We have elected the practical expedient to not adjust the transaction price for the period between transfer of products or performance of services and customer payment if expected to be one year or less.

For most of our products, we invoice at the time of shipment and we do not typically have significant contract balances. For our solutions and services as well as some of our products, timing may differ between revenue recognition and billing. Depending on the terms agreed to with the customer, we may invoice in advance of performance or we may invoice after performance. When revenue recognition exceeds billing we recognize a receivable, and when billing exceeds revenue recognition we recognize a contract liability.

DISAGGREGATION OF REVENUE

The following table presents our revenue disaggregation by geographic region for our three operating segments (in millions). We attribute sales to the geographic regions based on the country of destination.

	Year Ended September 30, 2023				Year Ended September 30, 2022			
	Intelligent Devices	Software & Control	Lifecycle Services	Total	Intelligent Devices	Software & Control	Lifecycle Services	Total
North America	$ 2,409.2	$ 1,794.8	$ 1,020.0	$ 5,224.0	$ 2,223.7	$ 1,542.2	$ 956.1	$ 4,722.0
Europe, Middle East and Africa	829.1	528.0	513.5	1,870.6	629.3	350.4	457.9	1,437.6
Asia Pacific	568.6	393.7	395.7	1,358.0	443.5	291.8	352.7	1,088.0
Latin America	291.3	169.5	144.6	605.4	248.1	128.5	136.2	512.8
TOTAL COMPANY SALES	**$ 4,098.2**	**$ 2,886.0**	**$ 2,073.8**	**$ 9,058.0**	**$ 3,544.6**	**$ 2,312.9**	**$ 1,902.9**	**$ 7,760.4**

CONTRACT LIABILITIES

Contract liabilities primarily relate to consideration received in advance of performance under the contract.

Below is a summary of our Contract liabilities balance, the portion not expected to be recognized within twelve months is included within Other liabilities in the Consolidated Balance Sheet (in millions):

	September 30, 2023	September 30, 2022
Balance as of beginning of year	$ 541.3	$ 462.5
Balance as of end of period	653.6	541.3

The most significant changes in our Contract liabilities balance during both the twelve months ended September 30, 2023 and 2022, were due to amounts billed, partially offset by revenue recognized on amounts billed during the period and revenue recognized that was included in the Contract liabilities balance at the beginning of the period.

In the twelve months ended September 30, 2023, we recognized revenue of approximately $423.9 million that was included in the Contract liabilities balance at September 30, 2022. In the twelve months ended September 30, 2022, we recognized revenue of approximately $373.1 million that was included in the Contract liabilities balance at September 30, 2021. We did not have a material amount of revenue recognized in the twelve months ended September 30, 2023 and 2022, from performance obligations satisfied or partially satisfied in previous periods.

COSTS TO OBTAIN AND FULFILL A CONTRACT

We capitalize and amortize certain incremental costs to obtain and fulfill contracts. These costs primarily consist of incentives paid to sales personnel, which are considered incremental costs to obtain customer contracts. We elected the practical expedient to expense incremental costs to obtain a contract when the contract has a duration of one year or less for most classes of contracts. Our capitalized contract costs, which are included in Other assets in our Consolidated Balance Sheet, are not significant as of September 30, 2023 and 2022. There was no impairment loss in relation to capitalized costs in the period.

NOTE 3. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of Goodwill were (in millions):

	Intelligent Devices	Software & Control	Lifecycle Services	Total
Balance as of October 1, 2021	$ 543.1	$ 2,447.5	$ 635.3	$ 3,625.9
Acquisition of businesses	—	—	12.1	12.1
Translation and other	(40.1)	(48.8)	(25.1)	(114.0)
Balance as of September 30, 2022	$ 503.0	$ 2,398.7	$ 622.3	$ 3,524.0
Acquisition of businesses	74.4	—	36.9	111.3
Impairment	—	—	(157.5)	(157.5)
Translation and other	18.4	21.4	11.6	51.4
BALANCE AS OF SEPTEMBER 30, 2023	**$ 595.8**	**$ 2,420.1**	**$ 513.3**	**$ 3,529.2**
Gross carrying value of Goodwill	595.8	2,420.1	670.8	3,686.7
Accumulated impairment losses	—	—	(157.5)	(157.5)
GOODWILL	**$ 595.8**	**$ 2,420.1**	**$ 513.3**	**$ 3,529.2**

We performed our annual evaluation of goodwill and indefinite life intangible assets for impairment during the second quarter of fiscal 2023 and concluded that these assets were not impaired. For our annual evaluation, we performed qualitative tests for our Intelligent Devices, Software & Control, and Lifecycle Services (excluding Sensia) reporting units and a quantitative test for our Sensia reporting unit. Refer to Note 1 for additional information on our goodwill impairment evaluations.

INTERIM IMPAIRMENT ASSESSMENT

Since formation in October 2019, our Sensia joint venture operations have been challenged by the global pandemic, geopolitical activities, volatility in commodity prices and supply chain dynamics. The cumulative historical growth and profitability below plan have resulted in a declining cushion between carrying value and fair value in previous impairment tests. The joint venture partners appointed a new management team in 2023 and have updated the strategy of Sensia, which included downward revisions to growth and profitability projections for 2024 and future years. Lower sales growth reflects historical performance and an updated outlook of market conditions. Lower profitability reflects an updated view of mix and volume. Based upon the update of Sensia's strategy and projections in the fourth quarter, we determined that it was more likely than not that the fair value of Sensia was below its carrying value. As a result of this triggering event, we performed an interim quantitative analysis, using a combination of an income approach derived from discounted cash flows and a market multiples approach using selected comparable public companies, consistent with our annual impairment testing. As of the fourth quarter testing date, the carrying value of our Sensia reporting unit of $665.1 million was determined to be in excess of the reporting unit's fair value, resulting in a $157.5 million goodwill impairment charge recorded in the Consolidated Statement of Operations. Subsequent to the impairment, $160.3 million of goodwill remains within the Sensia reporting unit.

Other intangible assets consist of (in millions):

	September 30, 2023		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets			
Software products	$ 100.4	$ 65.1	$ 35.3
Customer relationships	606.1	141.3	464.8
Technology	424.1	173.1	251.0
Trademarks	86.3	29.3	57.0
Other	6.0	5.4	0.6
Total amortized intangible assets	1,222.9	414.2	808.7
Allen-Bradley® trademark not subject to amortization	43.7	—	43.7
OTHER INTANGIBLE ASSETS	**$ 1,266.6**	**$ 414.2**	**$ 852.4**

	September 30, 2022		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets			
Software products	$ 97.6	$ 57.9	$ 39.7
Customer relationships	582.7	107.2	475.5
Technology	410.8	119.3	291.5
Trademarks	70.4	19.4	51.0
Other	6.4	5.8	0.6
Total amortized intangible assets	1,167.9	309.6	858.3
Allen-Bradley® trademark not subject to amortization	43.7	—	43.7
OTHER INTANGIBLE ASSETS	**$ 1,211.6**	**$ 309.6**	**$ 902.0**

Software products represent costs of computer software to be sold, leased, or otherwise marketed. Software products amortization expense was $11.3 million in 2023, $9.4 million in 2022, and $11.9 million in 2021. Estimated total amortization expense for all amortized intangible assets is $116.2 million in 2024, $112.2 million in 2025, $110.9 million in 2026, $102.8 million in 2027, and $90.0 million in 2028.

NOTE 4. ACQUISITIONS

FISCAL 2023 ACQUISITIONS

In October 2022, we acquired CUBIC, a company that specializes in modular systems for the construction of electrical panels, headquartered in Bronderslev, Denmark. We assigned the full amount of goodwill related to this acquisition to our Intelligent Devices segment.

In February 2023, we acquired Knowledge Lens, a services and solutions provider headquartered in Bengaluru, India. We assigned the full amount of goodwill related to this acquisition to our Lifecycle Services segment.

We recorded assets acquired and liabilities assumed in connection with these acquisitions based on their estimated fair values as of the acquisition dates of October 31, 2022, and February 28, 2023, respectively. The preliminary aggregate purchase price allocation is as follows (in millions):

		Purchase Price Allocation
Accounts receivable	$	23.8
Inventories		17.7
Property		27.5
Goodwill		111.3
Other intangible assets		54.1
All other assets acquired		21.0
Total assets acquired		255.4
Less: Other liabilities assumed		(12.6)
Less: Deferred income taxes		(56.6)
NET ASSETS ACQUIRED, EXCLUDING CASH	**$**	**186.2**

		Purchase Consideration
TOTAL PURCHASE CONSIDERATION, NET OF CASH ACQUIRED	**$**	**186.2**

The measurement period for the valuation of net assets acquired ends as soon as information on the facts and circumstances that existed as of the acquisition date becomes available, but not to exceed 12 months following the acquisition date. Adjustments in purchase price allocations may require a change in the amounts allocated to net assets acquired during the periods in which the adjustments are determined.

Pro forma consolidated sales for the year ended September 30, 2023 and 2022, were approximately $9.1 billion and $7.9 billion, respectively, and the impact on earnings is not material. The preceding pro forma consolidated financial results of operations are as if the preceding fiscal 2023 acquisitions, the October 2023 acquisition of Clearpath (see Note 20), and the November 2023 acquisition of Verve (see Note 20) occurred on October 1, 2021. The pro forma information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved had the transaction occurred as of that time. Acquisition-related costs recorded as expenses in the year ended September 30, 2023, were not material.

Total sales in 2023 from the 2023 acquisitions were $88.3 million, and the impact on earnings was not material. Total acquisition costs from the 2023 acquisitions were not material.

FISCAL 2022 ACQUISITIONS

In November 2021, we acquired AVATA, a services provider for supply chain management, enterprise resource planning, and enterprise performance management solutions. We assigned the full amount of goodwill related to this acquisition to our Lifecycle Services segment.

In March 2022, we, through our Sensia affiliate, acquired Swinton Technology, a provider of metering supervisory systems and measurement expertise in the Oil & Gas industry. We assigned the full amount of goodwill related to this acquisition to our Lifecycle Services segment.

Pro forma consolidated sales for the year ended September 30, 2022 and 2021, were approximately $7.8 billion and $7.0 billion, respectively, and the impact on earnings is not material. The preceding pro forma consolidated financial results of operations are as if the preceding fiscal 2022 acquisitions occurred on October 1, 2020. The pro forma information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved had the transaction occurred as of that time. Acquisition-related costs recorded as expenses in the year ended September 30, 2022, were not material.

FISCAL 2021 ACQUISITIONS

PLEX ACQUISITION

In August 2021, we acquired Plex Systems, a cloud-native smart manufacturing platform. Plex offers a single-instance, multi-tenant Software-as-a-Service manufacturing platform operating at scale, including advanced manufacturing execution systems, quality, and supply chain management capabilities.

We recorded assets acquired and liabilities assumed in connection with this acquisition based on their estimated fair values as of the acquisition date of August 31, 2021. The aggregate purchase price allocation is as follows (in millions):

		Purchase Price Allocation
Accounts receivable	$	14.8
All other assets		28.3
Goodwill		1,730.0
Intangible assets		531.4
Total assets acquired		2,304.5
Less: Contract liabilities		(29.2)
Less: Other liabilities assumed		(33.4)
Less: Deferred income taxes		(36.4)
NET ASSETS ACQUIRED	**$**	**2,205.5**

		Purchase Consideration
TOTAL PURCHASE CONSIDERATION, NET OF CASH ACQUIRED	**$**	**2,205.5**

Intangible assets identified include $276.4 million of customer relationships, $232.8 million of technology, and $22.2 million of trade names (approximately 12-year weighted average useful life). We assigned the full amount of goodwill and all other assets acquired to our Software & Control segment. The goodwill recorded represents intangible assets that do not qualify for separate recognition. This goodwill arises because the purchase price for Plex reflects a number of factors including the future earnings and cash flow potential of the business, the strategic fit and resulting synergies from the complementary portfolio of leading software-as-a-service applications, industry expertise, and market access. We do not expect the goodwill to be deductible for tax purposes. The intangible assets were valued using an income approach, specifically the relief from royalty method and multi-period excess earnings method. The relief from royalty method calculates value based on hypothetical payments that would be saved by owning an asset rather than licensing it. The multi-period excess earnings method is the isolation of cash flows from a single intangible asset and measures fair value by discounting them to present value. These values are considered level 3 measurements under the U.S. GAAP fair value hierarchy.

The key assumption requiring the use of judgement in the valuation of the customer relationship intangible asset was the customer attrition rate of 5 percent; other assumptions included forecasted cash flows attributable to the existing customers and the discount rate. The key assumptions requiring the use of judgement in the valuation of the technology intangible asset were the royalty rate of 25 percent and the obsolescence factor estimating a phase out over 10 years; other assumptions included forecasted revenue growth rates and the discount rate.

OTHER ACQUISITIONS

In October 2020, we acquired Oylo, a privately-held industrial cybersecurity services provider based in Barcelona, Spain. We assigned the full amount of goodwill related to this acquisition to our Lifecycle Services segment.

In December 2020, we acquired Fiix Inc., a privately-held, artificial intelligence enabled computerized maintenance management system (CMMS) company based in Toronto, Ontario, Canada. We assigned the full amount of goodwill related to this acquisition to our Software & Control segment.

We recorded assets acquired and liabilities assumed in connection with these acquisitions based on their estimated fair values as of the respective acquisition dates. The aggregate purchase price allocation for these acquisitions is as follows (in millions):

		Purchase Price Allocation
Accounts receivable	$	6.0
All other assets		15.9
Goodwill		224.8
Intangible assets		69.6
Total assets acquired		316.3
Less: Liabilities assumed		(25.5)
Less: Deferred income taxes		(3.7)
NET ASSETS ACQUIRED	**$**	**287.1**

		Purchase Consideration
TOTAL PURCHASE CONSIDERATION, NET OF CASH ACQUIRED	**$**	**287.1**

Intangible assets identified include $69.6 million of customer relationships, technology, and trade names (approximately 11-year weighted average useful life). We assigned $12.8 million of goodwill to our Lifecycle Services segment and $212.0 million of goodwill to our Software & Control segment, which represents intangible assets that do not qualify for separate recognition. We do not expect the goodwill to be deductible for tax purposes.

The total sales included in our consolidated results for all of the preceding acquisitions for the year ended September 30, 2021, were approximately $27.9 million.

Pro forma consolidated sales for the year ended September 30, 2021 and 2020, were approximately $7.2 billion and $6.5 billion, respectively, and the impact on earnings is not material. The preceding pro forma consolidated financial results of operations are as if all of preceding fiscal 2021 acquisitions occurred on October 1, 2019. The pro forma information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved had the transaction occurred as of that time.

Acquisition-related costs recorded as expenses for all of the preceding acquisitions in the year ended September 30, 2021, were not material.

NOTE 5. INVENTORIES

Inventories consist of (in millions):

	September 30,			
		2023		2022
Finished goods	$	545.9	$	325.0
Work in process		395.7		317.3
Raw materials		463.3		411.9
INVENTORIES	**$**	**1,404.9**	**$**	**1,054.2**

NOTE 6. PROPERTY, NET

Property consists of (in millions):

	September 30, 2023	September 30, 2022
Land	$ 4.6	$ 4.6
Buildings and improvements	434.1	399.0
Machinery and equipment	1,312.7	1,201.6
Internal-use software	569.4	540.7
Construction in progress	191.7	142.9
Total	2,512.5	2,288.8
Less: Accumulated depreciation	(1,828.3)	(1,702.3)
PROPERTY, NET	**$ 684.2**	**$ 586.5**

NOTE 7. LONG-TERM AND SHORT-TERM DEBT

Long-term debt consists of (in millions):

	September 30, 2023	September 30, 2022
0.35% notes, payable in August 2023	$ —	$ 600.0
2.875% notes, payable in March 2025	306.4	311.0
6.70% debentures, payable in January 2028	250.0	250.0
3.50% notes, payable in March 2029	425.0	425.0
1.75% notes, payable in August 2031	450.0	450.0
6.25% debentures, payable in December 2037	250.0	250.0
4.20% notes, payable in March 2049	575.0	575.0
2.80% notes, payable in August 2061	450.0	450.0
5.20% debentures, payable in January 2098	200.0	200.0
Unamortized discount, capitalized lease obligations and other	(34.9)	(34.1)
Total debt	2,871.5	3,476.9
Less: Current portion	(8.6)	(609.1)
LONG-TERM DEBT	**$ 2,862.9**	**$ 2,867.8**

Our Short-term debt as of September 30, 2023 and 2022, includes $23.5 million and $42.3 million, respectively, of interest-bearing loans from SLB to Sensia, due December 29, 2023. In December 2022, Sensia entered into an unsecured $75.0 million line of credit. As of September 30, 2023, included in Short-term debt was $70.0 million borrowed against the line of credit with an interest rate of 6.29 percent. Also included in Short-term debt as of September 30, 2022 was commercial paper borrowings of $317.0 million with a weighted average interest rate of 3.03 percent and a weighted average maturity period of 22 days.

In August 2021, we issued $1.5 billion aggregate principal amount of long-term notes in a registered public offering. The offering consisted of $600.0 million of 0.35% notes due in August 2023, $450.0 million of 1.75% notes due in August 2031, and $450.0 million of 2.80% notes due in August 2061, all issued at a discount. Net proceeds to the Company from the debt offering were $1,485.6 million. We used these net proceeds primarily to fund the acquisition of Plex. Refer to Note 4 for additional information on this acquisition.

In March 2019, we issued $1.0 billion aggregate principal amount of long-term notes in a registered public offering. The offering consisted of $425.0 million of 3.50% notes due in March 2029 and $575.0 million of 4.20% notes due in March 2049, both issued at a discount. Net proceeds to the Company from the debt offering were $987.6 million. We used these net proceeds primarily to repay our outstanding commercial paper, with the remaining proceeds used for general corporate purposes.

We entered into treasury locks to manage the potential change in interest rates in anticipation of the issuance of the $1.5 billion aggregate notes in August 2021 and the $1.0 billion of fixed rate debt in March 2019. These treasury locks were designated as and accounted for as cash flow hedges. The effective differentials paid on these treasury locks was initially recorded in Accumulated other comprehensive loss, net of tax effect. As a result of the changes in the interest rates on the treasury locks between the time we entered into the treasury locks and the time we priced and issued the notes, the Company made a net payment of $28.0 million to the counterparties from the August 2021 issuance and $35.7 million to the counterparty from the March 2019 issuance. The $28.0 million and $35.7 million net losses on the settlement of the treasury locks were recorded in Accumulated other comprehensive loss, net of tax effect, and are being amortized over the term of the corresponding notes, and recognized as an adjustment to Interest expense in the Consolidated Statement of Operations.

On June 29, 2022, we replaced our former $1.25 billion unsecured revolving credit facility with a new five-year $1.5 billion unsecured revolving credit facility, expiring in June 2027. We can increase the aggregate amount of this credit facility by up to $750.0 million, subject to the consent of the banks in the credit facility. We did not borrow against this credit facility or the former credit facility during the periods ended September 30, 2023, or 2022. Borrowings under this credit facility bear interest based on short-term money market rates in effect during the period the borrowings are outstanding.

The terms of this credit facility contain covenants under which we agree to maintain an EBITDA-to-interest ratio of at least 3.0 to 1.0. The EBITDA-to-interest ratio is defined in the credit facility as the ratio of consolidated EBITDA (as defined in the facility) for the preceding four quarters to consolidated interest expense for the same period.

Among other uses, we can draw on our credit facility as a standby liquidity facility to repay our outstanding commercial paper as it matures. Under our current policy, we expect to limit our other borrowings under our credit facility, if any, to amounts that would leave enough credit available under the facility so that we could borrow, if needed, to repay all of our then outstanding commercial paper as it matures.

Separate short-term unsecured credit facilities of approximately $225.8 million at September 30, 2023, were available to non-U.S. subsidiaries, of which approximately $32.0 million was committed under letters of credit. Borrowings under our non-U.S. credit facilities at September 30, 2023 and 2022, were not significant. We were in compliance with financial covenants under our credit facilities at September 30, 2023 and 2022. There are no significant commitment fees or compensating balance requirements under our credit facilities.

Interest payments were $133.2 million during 2023, $120.4 million during 2022, and $91.8 million during 2021.

The following table presents the carrying amounts and estimated fair values of Long-term debt in the Consolidated Balance Sheet (in millions):

	September 30, 2023		September 30, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current portion of long-term debt	$ 8.6	$ 8.6	$ 609.1	$ 589.1
Long-term debt	2,862.9	2,442.6	2,867.8	2,485.4

We base the fair value of long-term debt upon quoted market prices for the same or similar issues and therefore consider this a Level 2 fair value measurement. The fair value of long-term debt considers the terms of the debt excluding the impact of derivative and hedging activity. Refer to Note 1 for further information regarding levels in the fair value hierarchy. The carrying value of our short-term debt approximates fair value.

NOTE 8. OTHER CURRENT LIABILITIES

Other current liabilities consist of (in millions):

	September 30,	
	2023	2022
Unrealized losses on foreign exchange contracts (Note 11)	$ 10.8	$ 31.2
Product warranty obligations (Note 9)	18.3	16.5
Taxes other than income taxes	56.9	65.6
Accrued interest	18.6	18.1
Income taxes payable	248.6	81.1
Operating lease liabilities	83.4	83.3
Other	130.8	107.2
OTHER CURRENT LIABILITIES	**$ 567.4**	**$ 403.0**

NOTE 9. PRODUCT WARRANTY OBLIGATIONS

We record a liability for product warranty obligations at the time of sale to a customer based upon historical warranty experience. Most of our products are covered under a warranty period that runs for twelve months from either the date of sale or installation. We also record a liability for specific warranty matters when they become known and reasonably estimable.

Changes in product warranty obligations were (in millions):

	September 30,	
	2023	2022
Beginning balance	$ 16.5	$ 18.0
Warranties recorded at time of sale	14.8	14.5
Adjustments to pre-existing warranties	2.9	(3.6)
Settlements of warranty claims	(15.9)	(12.4)
ENDING BALANCE	**$ 18.3**	**$ 16.5**

NOTE 10. INVESTMENTS

Our investments consist of (in millions):

	September 30,	
	2023	2022
Fixed income securities	$ 0.6	$ 12.6
Equity securities (level 1)	—	928.8
Equity securities (other)	96.0	76.4
Other	61.1	50.8
Total investments	157.7	1,068.6
Less: Short-term investments[1]	(0.6)	(12.6)
LONG-TERM INVESTMENTS	**$ 157.1**	**$ 1,056.0**

(1) Short-term investments are included in Other current assets in the Consolidated Balance Sheet.

EQUITY SECURITIES

Equity securities (level 1) consisted of shares of PTC Inc. common stock (PTC Shares). As of September 30, 2023, all PTC Shares have been sold. 8,879,717 PTC Shares were owned at September 30, 2022. The PTC Shares were classified as level 1 in the fair value hierarchy, as described in Note 1, and were recognized at fair value in the Consolidated Balance Sheet using the most recent closing price of PTC common stock quoted on Nasdaq.

Equity securities (other) consist of various securities that do not have a readily determinable fair value, which we account for using the measurement alternative under U.S. GAAP. These securities are recorded at the investment cost, less impairment, plus or minus observable price changes (in orderly transactions) of an identical or similar investment of the same issuer in the Consolidated Balance Sheet. Observable price changes are classified as level 2 in the fair value hierarchy, as described in Note 1. The carrying values at September 30, 2023 and 2022, include cumulative upward adjustments from observed price changes of $17.5 million and $17.2 million, respectively.

We record gains and losses on investments within the Change in fair value of investments line in the Consolidated Statement of Operations. The gains and losses on investments we recorded for the following periods were (in millions):

	2023	2022	2021
Net gain (loss) on equity securities (level 1)	$ 281.7	$ (136.4)	$ 392.3
Net (loss) gain on equity securities (other)	(1.3)	15.1	5.1
Equity method loss on Other investments	(1.1)	(15.6)	—
Change in fair value of investments	279.3	(136.9)	397.4
Total net realized gain on equity securities	281.7	44.6	—
TOTAL NET UNREALIZED (LOSS) GAIN ON EQUITY SECURITIES	**$ (1.3)**	**$ (165.9)**	**$ 397.4**

Refer to Note 1 for further information regarding levels in the fair value hierarchy. We did not have any transfers between levels of fair value measurements during the periods presented.

NOTE 11. DERIVATIVE INSTRUMENTS

We use foreign currency forward exchange contracts and foreign currency denominated debt obligations to manage certain foreign currency risks. We also use treasury locks to manage risks associated with interest rate fluctuations. The following information explains how we use and value these types of derivative instruments and how they impact our consolidated financial statements.

Additional information related to the impacts of cash flow hedges on Other comprehensive income (loss) is included in Note 12.

TYPES OF DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

CASH FLOW HEDGES

We enter into foreign currency forward exchange contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party and intercompany transactions denominated in foreign currencies forecasted to occur within the next two years (cash flow hedges). We report in Other comprehensive income (loss) the effective portion of the gain or loss on derivative financial instruments that we designate and that qualify as cash flow hedges. We reclassify these gains or losses into earnings in the same periods when the hedged transactions affect earnings. To the extent forward exchange contracts designated as cash flow hedges are ineffective, changes in value are recorded in earnings through the maturity date. There was no impact on earnings due to ineffective cash flow hedges. At September 30, 2023, we had a U.S. dollar-equivalent gross notional amount of $1,075.9 million of foreign currency forward exchange contracts designated as cash flow hedges. We entered into treasury locks to manage the potential change in interest rates in anticipation of the issuance of $1.5 billion and $1.0 billion of fixed rate debt in August 2021 and March 2019, respectively. Treasury locks are accounted for as cash flow hedges since they hedge the risk of an increase in treasury rates for the forecasted interest payments of an anticipated fixed-rate debt issuance.

The pre-tax amount of gains (losses) recorded in Other comprehensive income (loss) related to cash flow hedges that would have been recorded in the Consolidated Statement of Operations had they not been so designated was (in millions):

	2023	2022	2021
Forward exchange contracts	$ 17.2	$ 70.5	$ (10.8)
Treasury locks	—	—	(28.0)

The pre-tax amount of gains (losses) reclassified from Accumulated other comprehensive loss into the Consolidated Statement of Operations related to derivative forward exchange contracts designated as cash flow hedges, which offset the related gains and losses on the hedged items during the periods presented, was (in millions):

	2023	2022	2021
Sales	$ 6.0	$ 0.7	$ 1.9
Cost of sales	33.4	21.8	(25.4)
Selling, general and administrative expenses	—	(0.9)	1.5
Interest expense	(3.5)	(3.6)	(2.3)
TOTAL	**$ 35.9**	**$ 18.0**	**$ (24.3)**

Approximately $19.4 million of pre-tax net unrealized gains on cash flow hedges as of September 30, 2023, will be reclassified into earnings during the next twelve months. We expect that these net unrealized gains will be offset when the hedged items are recognized in earnings.

NET INVESTMENT HEDGES

We use foreign currency forward exchange contracts and foreign currency denominated debt obligations to hedge portions of our net investments in non-U.S. subsidiaries (net investment hedges) against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. For all instruments that are designated as net investment hedges and meet effectiveness requirements, the net changes in value of the designated hedging instruments are recorded in Accumulated other comprehensive loss within Shareowners' equity where they offset gains and losses recorded on our net investments globally. To the extent forward exchange contracts or foreign currency denominated debt designated as net investment hedges are ineffective, changes in value are recorded in earnings through the maturity date. There was no impact on earnings due to ineffective net investment hedges. At September 30, 2023 and 2022, we had no foreign currency forward exchange contracts designated as net investment hedges.

The pre-tax amount of losses recorded in Other comprehensive income (loss) related to net investment hedges that would have been recorded in the Consolidated Statement of Operations had they not been so designated was not material.

DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

Certain of our locations have assets and liabilities denominated in currencies other than their functional currencies resulting from intercompany loans and other transactions with third parties denominated in foreign currencies. We enter into foreign currency forward exchange contracts that we do not designate as hedging instruments to offset the transaction gains or losses associated with some of these assets and liabilities. Gains and losses on derivative financial instruments for which we do not elect hedge accounting are recognized in the Consolidated Statement of Operations in each period, based on the change in the fair value of the derivative financial instruments. At September 30, 2023, we had a U.S. dollar-equivalent gross notional amount of $1,178.1 million of foreign currency forward exchange contracts not designated as hedging instruments.

The pre-tax amount of gains (losses) from forward exchange contracts not designated as hedging instruments recognized in the Consolidated Statement of Operations was (in millions):

	2023	2022	2021
Cost of sales	$ 1.6	$ 0.5	$ (0.2)
Other (expense) income	(19.2)	38.6	(8.1)
TOTAL	**$ (17.6)**	**$ 39.1**	**$ (8.3)**

FAIR VALUE OF DERIVATIVE INSTRUMENTS

We recognize all derivative financial instruments as either assets or liabilities at fair value in the Consolidated Balance Sheet. We value our forward exchange contracts using a market approach. We use a valuation model based on inputs including forward and spot prices for currency and interest rate curves. We did not change our valuation techniques during fiscal 2023, 2022, or 2021. It is our policy to execute such instruments with major financial institutions that we believe to be creditworthy and not to enter into derivative financial instruments for speculative purposes.

We diversify our foreign currency forward exchange contracts among counterparties to minimize exposure to any one of these entities. Our foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries. The U.S. dollar-equivalent gross notional amount of our forward exchange contracts totaled $2,254.0 million at September 30, 2023. Currency pairs (buy/sell) comprising the most significant contract notional values were Euro/United States dollar (USD), USD/Canadian dollar, USD/Swiss Franc, and USD/Mexican peso.

The fair value of our derivatives and their location in our Consolidated Balance Sheet were (in millions):

		Fair Value (Level 2)	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**September 30, 2023**	**September 30, 2022**
Forward exchange contracts	Other current assets	$ 23.5	$ 52.2
Forward exchange contracts	Other assets	5.6	8.0
Forward exchange contracts	Other current liabilities	(2.0)	(10.2)
Forward exchange contracts	Other liabilities	(0.7)	(1.0)
TOTAL		**$ 26.4**	**$ 49.0**

		Fair Value (Level 2)	
Derivatives Not Designated as Hedging Instruments	**Balance Sheet Location**	**September 30, 2023**	**September 30, 2022**
Forward exchange contracts	Other current assets	$ 20.1	$ 59.9
Forward exchange contracts	Other current liabilities	(8.8)	(21.0)
TOTAL		**$ 11.3**	**$ 38.9**

Refer to Note 1 for further information regarding levels in the fair value hierarchy.

NOTE 12. SHAREOWNERS' EQUITY

COMMON STOCK

At September 30, 2023, the authorized stock of the Company consisted of one billion shares of common stock, par value $1.00 per share, and 25 million shares of preferred stock, without par value. At September 30, 2023, 13.5 million shares of authorized common stock were reserved for various incentive plans.

Changes in outstanding common shares are summarized as follows (in millions):

	2023	2022	2021
Beginning balance	115.2	116.0	116.2
Treasury stock purchases	(1.2)	(1.3)	(1.1)
Common stock issued (including share-based compensation impact)	0.8	0.5	0.9
ENDING BALANCE	**114.8**	**115.2**	**116.0**

At September 30, 2023 and 2022, there were $1.1 million and $1.6 million, respectively, of outstanding common stock share repurchases recorded in Accounts payable.

ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in Accumulated other comprehensive loss attributable to Rockwell Automation by component were (in millions):

	Pension and other postretirement benefit plan adjustments, net of tax (Note 14)	Accumulated currency translation adjustments, net of tax	Net unrealized (losses) gains on cash flow hedges, net of tax	Total accumulated other comprehensive loss, net of tax
Balance as of September 30, 2020	$ (1,271.2)	$ (311.5)	$ (31.5)	$ (1,614.2)
Other comprehensive income (loss) before reclassifications	438.9	31.4	(29.2)	441.1
Amounts reclassified from accumulated other comprehensive loss	138.2	—	17.8	156.0
Other comprehensive income (loss)	577.1	31.4	(11.4)	597.1
BALANCE AS OF SEPTEMBER 30, 2021	**$ (694.1)**	**$ (280.1)**	**$ (42.9)**	**$ (1,017.1)**
Other comprehensive income (loss) before reclassifications	170.7	(184.9)	51.2	37.0
Amounts reclassified from accumulated other comprehensive loss	75.6	—	(13.0)	62.6
Other comprehensive income (loss)	246.3	(184.9)	38.2	99.6
BALANCE AS OF SEPTEMBER 30, 2022	**$ (447.8)**	**$ (465.0)**	**$ (4.7)**	**$ (917.5)**
Other comprehensive (loss) income before reclassifications	(49.7)	100.1	12.8	63.2
Amounts reclassified from accumulated other comprehensive loss	90.4	—	(26.2)	64.2
Other comprehensive income (loss)	40.7	100.1	(13.4)	127.4
BALANCE AS OF SEPTEMBER 30, 2023	**$ (407.1)**	**$ (364.9)**	**$ (18.1)**	**$ (790.1)**

The reclassifications out of Accumulated other comprehensive loss to the Consolidated Statement of Operations were (in millions):

	Year Ended September 30,			Affected Line in the Consolidated Statement of Operations
	2023	2022	2021	
Pension and other postretirement benefit plan adjustments[1]				
Amortization of prior service cost (credit)	$ 0.1	$ (0.2)	$ (4.0)	Other (expense) income
Amortization of net actuarial (gain) loss	(2.1)	60.1	142.5	Other (expense) income
Settlement and curtailment charges	123.4	38.6	39.8	Other (expense) income
	121.4	98.5	178.3	Income before income taxes
	(31.0)	(22.9)	(40.1)	Income tax provision
	$ 90.4	$ 75.6	$ 138.2	Net income attributable to Rockwell Automation, Inc.
Net unrealized (gains) losses on cash flow hedges				
Forward exchange contracts	$ (6.0)	$ (0.7)	$ (1.9)	Sales
Forward exchange contracts	(33.4)	(21.8)	25.4	Cost of sales
Forward exchange contracts	—	0.9	(1.5)	Selling, general and administrative expenses
Treasury locks related to 2019 and 2021 debt issuances	3.5	3.6	2.3	Interest expense
	(35.9)	(18.0)	24.3	Income before income taxes
	9.7	5.0	(6.5)	Income tax provision
	$ (26.2)	$ (13.0)	$ 17.8	Net income attributable to Rockwell Automation, Inc.
TOTAL RECLASSIFICATIONS	**$ 64.2**	**$ 62.6**	**$ 156.0**	Net income attributable to Rockwell Automation, Inc.

(1) These components are included in the computation of net periodic benefit costs. See Note 14 for further information.

NOTE 13. SHARE-BASED COMPENSATION

During 2023, 2022, and 2021, we recognized $88.3 million, $68.1 million, and $51.7 million of pre-tax share-based compensation expense, respectively. The total income tax benefit related to share-based compensation expense was $14.9 million, $11.2 million, and $8.6 million during 2023, 2022, and 2021, respectively. As of September 30, 2023, total unrecognized compensation cost related to share-based compensation awards, net of estimated forfeitures, was $106.5 million, which we expect to recognize over a weighted average period of approximately 1.7 years.

During 2020, we adopted, and our shareowners approved, our 2020 Long-Term Incentives Plan (2020 Plan), which replaced our 2012 Long-Term Incentives Plan, as amended (2012 Plan), and our 2003 Directors Stock Plan, as amended (Directors Plan). Our 2020 Plan authorizes us to deliver up to 13.0 million shares of our common stock upon exercise of stock options, upon grant, or in payment of stock appreciation rights, performance shares, performance units, restricted stock units, or restricted stock. Our Directors Plan authorized us to deliver up to 0.5 million shares of our common stock upon exercise of stock options, upon grant, or in payment of restricted stock units. Shares relating to awards under our 2012 Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance or delivery of shares or that are settled in cash in lieu of shares will be available for further awards under the 2020 Plan. Approximately 8.4 million shares under our 2020 Plan remain available for future grant or payment at September 30, 2023. We use treasury stock to deliver shares of our common stock under these plans. Our 2020 Plan does not permit share-based compensation awards to be granted after February 4, 2030.

STOCK OPTIONS

We have granted non-qualified and incentive stock options to purchase our common stock under various incentive plans at prices equal to the fair market value of the stock on the grant dates. The exercise price for stock options granted under the plans may be paid in cash, already-owned shares of common stock, or a combination of cash and such shares. Stock options expire ten years after the grant date and vest ratably over three years.

The per share weighted average fair value of stock options granted during the years ended September 30, 2023, 2022, and 2021, was $77.62, $87.68, and $55.50, respectively. The total intrinsic value of stock options exercised was $69.8 million, $52.8 million, and $108.4 million during 2023, 2022, and 2021, respectively. We estimated the fair value of each stock option on the date of grant using the Black-Scholes pricing model and the following assumptions:

	2023	2022	2021
Average risk-free interest rate	3.78%	0.38%	0.38%
Expected dividend yield	1.82%	1.28%	1.73%
Expected volatility	34%	31%	31%
Expected term (years)	4.8	4.8	4.9

The average risk-free interest rate is based on U.S. Treasury security rates corresponding to the expected term in effect as of the grant date. The expected dividend yield is based on the expected annual dividend as a percentage of the market value of our common stock as of the grant date. We determined expected volatility using daily historical volatility of our stock price over the most recent period corresponding to the expected term as of the grant date. We determined the expected term of the stock options using historical data adjusted for the estimated exercise dates of unexercised options.

A summary of stock option activity for the year ended September 30, 2023, is as follows:

	Shares (in thousands)	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (years)	Aggregate Intrinsic Value of In-The-Money Options (in millions)
Outstanding at October 1, 2022	2,246	$ 186.72		
Granted	233	259.82		
Exercised	(539)	165.34		
Forfeited	(14)	282.78		
Canceled	(2)	350.76		
OUTSTANDING AT SEPTEMBER 30, 2023	**1,924**	**200.03**	**5.6**	**$ 172.9**
Exercisable at September 30, 2023	1,554	180.80	4.9	165.4

The amount of options expected to vest is materially consistent with those outstanding and not yet exercisable.

PERFORMANCE SHARE AWARDS

Certain officers and key employees are also eligible to receive shares of our common stock in payment of performance share awards granted to them. Grantees of performance shares will be eligible to receive shares of our common stock depending upon our total shareowner return, assuming reinvestment of all dividends, relative to the performance of companies in the S&P 500 Index over a three-year period for the awards granted in fiscal 2020. The number of shares actually earned for awards granted in fiscal 2020 will range from zero percent to 200 percent of the targeted number of performance shares for the three-year performance periods and will be paid, to the extent earned, in the fiscal quarter following the end of the applicable three-year performance period. Beginning with the awards granted in fiscal 2021, the total shareowner return is measured relative to the performance of companies in the following S&P 500 Selected GICS groups: Capital Goods, Software and Services, and Technology Hardware and Equipment. The number of shares actually earned for awards granted in fiscal 2023, 2022, and 2021 will range from zero percent to 200 percent of the targeted number of performance shares for the three-year performance periods and will be paid, to the extent earned, in the fiscal quarter following the end of the applicable three-year performance period.

A summary of performance share activity for the year ended September 30, 2023, is as follows:

	Shares (in thousands)	Wtd. Avg. Grant Date Share Fair Value
Outstanding at October 1, 2022	97	$ 354.29
Granted[1]	66	340.77
Adjustment for performance results achieved[2]	22	265.04
Vested and issued	(48)	265.04
Forfeited	(6)	381.85
OUTSTANDING AT SEPTEMBER 30, 2023	**131**	**364.57**

(1) Performance shares granted assuming achievement of performance goals at target.
(2) Adjustments were due to the number of shares vested under fiscal 2020 awards at the end of the three-year performance period ended September 30, 2022, being higher than the target number of shares.

The following table summarizes information about performance shares vested during the years ended September 30, 2023, 2022, and 2021:

	2023	2022	2021
Percent payout	177%	144%	93%
Shares vested (in thousands)	48	68	31
Total fair value of shares vested (in millions)	$ 12.5	$ 23.4	$ 7.4

For the three-year performance period ending September 30, 2023, the payout will be 92% of the target number of shares, with a maximum of approximately 32,000 shares to be delivered in payment under the awards in December 2023.

The per share fair value of performance share awards granted during the years ended September 30, 2023, 2022, and 2021, was $340.77, $481.28, and $298.10, respectively, which we determined using a Monte Carlo simulation and the following assumptions:

	2023	2022	2021
Average risk-free interest rate	4.08%	0.94%	0.19%
Expected dividend yield	1.82%	1.28%	1.73%
Expected volatility	39%	36%	37%

The average risk-free interest rate is based on the three-year U.S. Treasury security rate in effect as of the grant date. The expected dividend yield is based on the expected annual dividend as a percentage of the market value of our common stock as of the grant date. The expected volatilities were determined using daily historical volatility for the most recent three-year period as of the grant date.

RESTRICTED STOCK AND RESTRICTED STOCK UNITS

We grant restricted stock and restricted stock units to certain employees, and non-employee directors may elect to receive a portion of their compensation in restricted stock units. Restrictions on employee restricted stock and employee restricted stock units generally lapse over periods ranging from one to five years. Director restricted stock units generally are payable upon retirement. We value restricted stock and restricted stock units at the closing market value of our common stock on the date of grant. The weighted average fair value of restricted stock and restricted stock unit awards granted during the years ended September 30, 2023, 2022, and 2021, was $263.67, $298.44, and $265.32, respectively. The total fair value of shares vested during the years ended September 30, 2023, 2022, and 2021, was $54.4 million, $35.6 million, and $10.4 million, respectively.

A summary of restricted stock and restricted stock unit activity for the year ended September 30, 2023, is as follows:

	Shares (in thousands)	Wtd. Avg. Grant Date Share Fair Value
Outstanding at October 1, 2022	448	$ 271.71
Granted	245	263.67
Vested	(198)	256.98
Forfeited	(28)	279.30
OUTSTANDING AT SEPTEMBER 30, 2023	**467**	**273.28**

We also granted approximately 6,600 shares of unrestricted common stock to non-employee directors during the year ended September 30, 2023. The weighted average grant date fair value of the unrestricted stock awards granted during the years ended September 30, 2023, 2022, and 2021, was $261.56, $345.00, and $228.80, respectively.

NOTE 14. RETIREMENT BENEFITS

We sponsor funded and unfunded pension plans and other postretirement benefit plans for our employees. The pension plans provide for monthly pension payments to eligible employees after retirement. Pension benefits for salaried employees generally are based on years of credited service and average earnings. Pension benefits for hourly employees are primarily based on specified benefit amounts and years of service. Effective July 1, 2010, we closed participation in our U.S. and Canada pension plans to employees hired after June 30, 2010. Employees hired after June 30, 2010, are instead eligible to participate in defined contribution plans. Effective October 1, 2010, we also closed participation in our U.K. pension plan to employees hired after September 30, 2010, and these employees are now eligible for a defined contribution plan. Benefits to be provided to plan participants hired before July 1, 2010, or October 1, 2010, respectively, are not affected by these changes. Our policy with respect to funding our pension obligations is to fund at a minimum the amount required by applicable laws and governmental regulations. We were not required to make contributions to satisfy minimum funding requirements in our U.S. pension plans in 2023, 2022, or 2021. We did not make voluntary contributions to our U.S. qualified pension plan in 2023, 2022, and 2021.

We sponsor various defined contribution savings plans that allow eligible employees to contribute a portion of their income in accordance with plan specific guidelines. We contribute to savings plans and/or will match a percentage of the employee contributions up to certain limits. The Company contributions to defined contribution plans are based on age and years of service and range from 3% to 7% of eligible compensation. However, effective from May 2020 through November 2020, we temporarily suspended the 401(k) matching contribution for all U.S. employees to address the then-current and anticipated economic conditions resulting from the global COVID-19 pandemic. Expense related to these plans was $76.9 million in 2023, $63.8 million in 2022, and $58.5 million in 2021.

Other postretirement benefits are primarily in the form of retirement medical plans that cover certain employees in the U.S. and Canada and provide for the payment of certain medical costs of eligible employees and dependents after retirement. The postretirement benefit plan was closed to employees hired after December 31, 2004.

NET PERIODIC BENEFIT COST (INCOME)

The components of net periodic benefit cost (income) were (in millions):

	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
Service cost	$ 42.0	$ 70.9	$ 90.1	$ 0.6	$ 0.8	$ 1.2
Interest cost	149.7	135.6	125.6	2.2	1.3	1.2
Expected return on plan assets	(190.6)	(230.7)	(241.3)	—	—	—
Amortization of prior service cost (credit)	0.1	0.6	1.4	—	(0.8)	(5.4)
Amortization of net actuarial (gain) loss	(2.6)	59.4	141.4	0.5	0.7	1.1
Settlement and curtailment charges	123.4	38.6	39.8	—	—	—
NET PERIODIC BENEFIT COST (INCOME)	**$ 122.0**	**$ 74.4**	**$ 157.0**	**$ 3.3**	**$ 2.0**	**$ (1.9)**

The service cost component is included in Cost of sales and Selling, general and administrative expenses in the Consolidated Statement of Operations. All other components are included in Other (expense) income in the Consolidated Statement of Operations.

Significant assumptions used in determining net periodic benefit cost (income) were (in weighted averages):

	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
U.S. PLANS						
Discount rate	5.65%	3.86%	2.90%	5.70%	2.50%	2.15%
Expected return on plan assets	7.00%	7.00%	7.25%	—	—	—
Compensation increase rate	3.30%	3.40%	3.40%	—	—	—
NON-U.S. PLANS						
Discount rate	4.35%	2.01%	1.56%	5.10%	2.90%	2.20%
Expected return on plan assets	4.93%	4.59%	4.68%	—	—	—
Compensation increase rate	3.03%	3.00%	2.90%	—	—	—

NET BENEFIT OBLIGATION

Benefit obligation, plan assets, funded status, and net liability information is summarized as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
Benefit obligation at beginning of year	$ 3,165.6	$ 4,751.8	$ 44.2	$ 51.5
Service cost	42.0	70.9	0.6	0.8
Interest cost	149.7	135.6	2.2	1.3
Actuarial losses (gains)	81.1	(1,216.8)	8.7	(1.1)
Plan amendments	—	4.6	—	—
Plan participant contributions	1.8	2.2	4.2	3.8
Benefits paid	(151.1)	(153.8)	(13.3)	(11.7)
Settlements and curtailments	(585.6)	(320.4)	—	—
Currency translation and other	47.3	(108.5)	(0.2)	(0.4)
Benefit obligation at end of year	2,750.8	3,165.6	46.4	44.2
Plan assets at beginning of year	2,903.9	4,192.2	—	—
Actual return on plan assets	209.7	(768.0)	—	—
Company contributions	26.6	54.3	9.1	7.9
Plan participant contributions	1.8	2.2	4.2	3.8
Benefits paid	(151.1)	(153.8)	(13.3)	(11.7)
Settlements and curtailments	(585.6)	(312.2)	—	—
Currency translation and other	52.1	(110.8)	—	—
Plan assets at end of year	2,457.4	2,903.9	—	—
FUNDED STATUS OF PLANS	**$ (293.4)**	**$ (261.7)**	**$ (46.4)**	**$ (44.2)**
Net amount on balance sheet consists of				
Other assets	$ 150.4	$ 158.8	$ —	$ —
Compensation and benefits	(16.8)	(15.1)	(7.1)	(6.4)
Retirement benefits	(427.0)	(405.4)	(39.3)	(37.8)
NET AMOUNT ON BALANCE SHEET	**$ (293.4)**	**$ (261.7)**	**$ (46.4)**	**$ (44.2)**

The actuarial losses recorded within the benefit obligation in 2023 were primarily the result of significant lump sum payments made using a lower discount rate than our valuation rate. The actuarial gains recorded in 2022 were primarily the result of an increase in the discount rate for the U.S. Plans, which increased from 3.10% in 2021 to 5.65% in 2022. Approximately 70 percent of our 2023 global projected benefit obligation relates to our U.S. pension plan.

Amounts included in Accumulated other comprehensive loss, net of tax, which have not yet been recognized in net periodic benefit cost (income) are as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
Prior service (credit) cost	$ (153.2)	$ (61.3)	$ 4.7	$ 4.7
Net actuarial loss	548.9	503.9	6.7	0.5
TOTAL	**$ 395.7**	**$ 442.6**	**$ 11.4**	**$ 5.2**

During 2023, we recognized prior service costs (credits), settlements, and curtailments of $123.5 million ($91.9 million net of tax) and net actuarial gains of $2.1 million ($1.5 million net of tax) in pension and other postretirement net periodic benefit cost (income), which were included in Accumulated other comprehensive loss at September 30, 2022.

The accumulated benefit obligation for our pension plans was $2,584.6 million and $2,982.0 million at September 30, 2023 and 2022, respectively.

Information regarding our pension plans with projected benefit obligations in excess of the fair value of plan assets (underfunded plans) are as follows (in millions):

	2023	2022
Projected benefit obligation	$ 2,082.7	$ 2,529.0
Fair value of plan assets	1,638.9	2,108.5

Information regarding our pension plans with accumulated benefit obligations in excess of the fair value of plan assets (underfunded plans) are as follows (in millions):

	2023	2022
Accumulated benefit obligation	$ 1,926.2	$ 2,365.5
Fair value of plan assets	1,626.7	2,108.5

Significant assumptions used in determining the benefit obligations were (in weighted averages):

	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
U.S. PLANS				
Discount rate	6.10%	5.65%	6.20%	5.70%
Compensation increase rate	3.60%	3.30%	—	—
Health care cost trend rate[1]	—	—	6.50%	6.50%
NON-U.S. PLANS				
Discount rate	4.65%	4.35%	5.75%	5.10%
Compensation increase rate	3.24%	3.03%	—	—
Health care cost trend rate[1]	—	—	4.50%	4.50%

(1) The health care cost trend rate reflects the estimated increase in gross medical claims costs. As a result of the plan amendment adopted effective October 1, 2002, our effective per person retiree medical cost increase is zero percent beginning in 2005 for the majority of our postretirement benefit plans. For our other plans, we assume the gross health care cost trend rate will remain at 6.50% in 2024 and decrease to 5.00% in 2025 for U.S. Plans and will not change in future periods for Non-U.S. Plans.

ESTIMATED FUTURE PAYMENTS

We expect to contribute $26.6 million related to our global pension plans and $7.3 million to our postretirement benefit plans in 2024.

The following benefit payments, which include employees' expected future service, as applicable, are expected to be paid (in millions):

	Pension Benefits	Other Postretirement Benefits
2024	$ 302.8	$ 7.3
2025	210.5	6.8
2026	213.4	6.2
2027	226.6	5.6
2028	222.4	5.0
2029-2033	1,124.7	15.5

PLAN ASSETS

In determining the expected long-term rate of return on assets assumption, we consider actual returns on plan assets over the long term, adjusted for forward-looking considerations, such as inflation, interest rates, equity performance, and the active management of the plan's invested assets. We also considered our current and expected mix of plan assets in setting this assumption. This resulted in the selection of the weighted average long-term rate of return on assets assumption. Our global weighted average targeted and actual asset allocations at September 30, by asset category, are:

		September 30,	
Asset Category	Target Allocations	2023	2022
Equity securities	38%	50%	53%
Debt securities	52%	43%	41%
Other	10%	7%	6%

The investment objective for pension funds related to our defined benefit plans is to meet the plan's benefit obligations, while maximizing the long-term growth of assets without undue risk. We strive to achieve this objective by investing plan assets within target allocation ranges and diversification within asset categories. Target allocation ranges are guidelines that are adjusted periodically based on ongoing monitoring by plan fiduciaries. Investment risk is controlled by rebalancing to target allocations on a periodic basis and ongoing monitoring of investment manager performance relative to the investment guidelines established for each manager.

As of September 30, 2023 and 2022, our pension plans do not directly own our common stock.

In certain countries where we operate, there are no legal requirements or financial incentives provided to companies to pre-fund pension obligations. In these instances, we typically make benefit payments directly from cash as they become due, rather than by creating a separate pension fund.

The valuation methodologies used for our pension plans' investments measured at fair value are described as follows. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Preferred and common stock — Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds — Valued at the closing price reported on the active market on which the individual funds are traded.

Preferred and corporate debt — Valued at either the yields currently available on comparable securities of issuers with similar credit ratings or valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable such as credit and liquidity risks.

Government securities — Valued at the most recent closing price on the active market on which the individual securities are traded or, absent an active market, utilizing observable inputs such as closing prices in less frequently traded markets.

Common collective trusts — Valued at the net asset value (NAV) as determined by the custodian of the fund. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities then divided by the number of units outstanding.

Private equity and alternative equity — Valued at the estimated fair value, as determined by and subject to the judgment of, the respective fund manager based on the NAV of the investment units held at year end.

Real estate funds — Consists of the real estate funds, which provide an indirect investment into a diversified and multi-sector portfolio of property assets. Publicly-traded real estate funds are

valued at the most recent closing price reported on the SIX Swiss Exchange. The remainder is valued at the estimated fair value, as determined by the respective fund manager, based on the NAV of the investment units held at year end, which is subject to judgment.

Insurance contracts — Valued at the aggregate amount of accumulated contribution and investment income, less amounts used to make benefit payments and administrative expenses, which approximates fair value.

Other — Consists of other fixed income investments and common collective trusts with a mix of equity and fixed income underlying assets. Other fixed income investments are valued at the most recent closing price reported in the markets in which the individual securities are traded, which may be infrequently.

Refer to Note 1 for further information regarding levels in the fair value hierarchy.

In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated financial statements.

The following table presents our pension plans' investments measured at fair value as of September 30, 2023 (in millions):

	Level 1	Level 2	Level 3	Total
U.S. PLANS				
Cash and cash equivalents	$ 3.2	$ —	$ —	$ 3.2
Equity securities				
Mutual funds	40.5	—	—	40.5
Preferred and common stock	381.8	—	—	381.8
Common collective trusts	—	447.4	—	447.4
Fixed income securities				
Preferred and corporate debt	—	387.2	—	387.2
Government securities	212.3	30.2	—	242.5
Common collective trusts	—	104.5	—	104.5
Total U.S. Plans investments in fair value hierarchy	$ 637.8	$ 969.3	$ —	1,607.1
U.S. Plans investments measured at NAV				
Private equity and alternative equity				11.7
TOTAL U.S. PLANS INVESTMENTS				**1,618.8**
NON-U.S. PLANS				
Cash and cash equivalents	$ 7.0	$ —	$ —	7.0
Equity securities				
Preferred and common stock	154.7	—	—	154.7
Common collective trusts	—	209.7	—	209.7
Fixed income securities				
Preferred and corporate debt	—	30.3	—	30.3
Government securities	0.8	—	—	0.8
Common collective trusts	—	294.5	—	294.5
Other types of investments				
Real estate funds	—	55.3	—	55.3
Insurance contracts	—	—	65.2	65.2
Other	—	—	2.4	2.4
Total Non-U.S. Plans investments in fair value hierarchy	$ 162.5	$ 589.8	$ 67.6	819.9
Non-U.S. Plans investments measured at NAV				
Real estate funds				18.7
TOTAL NON-U.S. PLANS INVESTMENTS				**838.6**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE				**$ 2,457.4**

The following table presents our pension plans' investments measured at fair value as of September 30, 2022 (in millions):

	Level 1	Level 2	Level 3	Total
U.S. PLANS				
Cash and cash equivalents	$ 3.1	$ —	$ —	$ 3.1
Equity securities				
Mutual funds	53.1	—	—	53.1
Preferred and common stock	532.9	—	—	532.9
Common collective trusts	—	621.1	—	621.1
Fixed income securities				
Preferred and corporate debt	—	453.1	—	453.1
Government securities	224.8	41.6	—	266.4
Common collective trusts	—	143.6	—	143.6
Total U.S. Plans investments in fair value hierarchy	$ 813.9	$ 1,259.4	$ —	2,073.3
U.S. Plans investments measured at NAV				
Private equity and alternative equity				18.0
TOTAL U.S. PLANS INVESTMENTS				**2,091.3**
NON-U.S. PLANS				
Cash and cash equivalents	$ 13.3	$ —	$ —	13.3
Equity securities				
Preferred and common stock	143.2	—	—	143.2
Common collective trusts	—	185.1	—	185.1
Fixed income securities				
Preferred and corporate debt	—	39.7	—	39.7
Government securities	1.3	—	—	1.3
Common collective trusts	—	291.3	—	291.3
Other types of investments				
Real estate funds	—	63.7	—	63.7
Insurance contracts	—	—	54.9	54.9
Other	—	—	3.8	3.8
Total Non-U.S. Plans investments in fair value hierarchy	$ 157.8	$ 579.8	$ 58.7	796.3
Non-U.S. Plans investments measured at NAV				
Real estate funds				16.3
TOTAL NON-U.S. PLANS INVESTMENTS				**812.6**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE				**$ 2,903.9**

The table below sets forth a summary of changes in fair market value of our pension plans' Level 3 assets for the year ended September 30, 2023 (in millions):

	Balance September 30, 2022	Realized Gains (Losses)	Unrealized Gains (Losses)	Purchases, Sales, Issuances, and Settlements, Net	Balance September 30, 2023
NON-U.S. PLANS					
Insurance contracts	$ 54.9	$ –	$ 9.6	$ 0.7	$ 65.2
Other	3.8	–	–	(1.4)	2.4
	$ 58.7	**$ –**	**$ 9.6**	**$ (0.7)**	**$ 67.6**

The table below sets forth a summary of changes in fair market value of our pension plans' Level 3 assets for the year ended September 30, 2022 (in millions):

	Balance October 1, 2021	Realized Gains (Losses)	Unrealized Gains (Losses)	Purchases, Sales, Issuances, and Settlements, Net	Balance September 30, 2022
U.S. PLANS					
Insurance contracts	$ 0.9	$ –	$ –	$ (0.9)	$ –
NON-U.S. PLANS					
Insurance contracts	106.2	–	(50.9)	(0.4)	54.9
Other	4.7	–	(0.7)	(0.2)	3.8
	$ 111.8	**$ –**	**$ (51.6)**	**$ (1.5)**	**$ 58.7**

NOTE 15. OTHER (EXPENSE) INCOME

The components of Other (expense) income were (in millions):

	2023	2022	2021
Interest income	$ 9.7	$ 4.4	$ 1.6
Royalty income	13.2	10.9	10.2
Legacy product liability and environmental charges	(18.1)	(15.6)	(10.6)
Non-operating pension and postretirement benefit cost	(82.7)	(4.7)	(63.8)
Legal settlement (Note 17)	–	–	70.0
Other	6.6	3.4	(1.7)
OTHER (EXPENSE) INCOME	**$ (71.3)**	**$ (1.6)**	**$ 5.7**

NOTE 16. INCOME TAXES

SELECTED INCOME TAX DATA (IN MILLIONS):

	2023	2022	2021
Components of Income before income taxes			
United States	$ 794.2	$ 371.3	$ 885.1
Non-United States	814.3	702.3	641.1
TOTAL	**$ 1,608.5**	**$ 1,073.6**	**$ 1,526.2**
Components of Income tax provision			
Current			
United States	$ 221.3	$ 71.6	$ 149.6
Non-United States	160.6	102.9	190.7
State and local	48.7	13.6	25.7
TOTAL CURRENT	**430.6**	**188.1**	**366.0**
Deferred			
United States	(84.6)	(10.7)	(154.7)
Non-United States	6.0	(13.0)	(19.0)
State and local	(21.5)	(9.9)	(10.4)
Total deferred	(100.1)	(33.6)	(184.1)
INCOME TAX PROVISION	**$ 330.5**	**$ 154.5**	**$ 181.9**
TOTAL INCOME TAXES PAID	**$ 344.9**	**$ 340.2**	**$ 329.3**

Income tax liabilities of $175.3 million and $233.7 million related to the U.S. transition tax under the Tax Cuts and Jobs Act of 2017 (the Tax Act) that are payable greater than 12 months from September 30, 2023 and 2022, respectively, are recorded in Other liabilities in the Consolidated Balance Sheet. Furthermore, taxes paid as a result of the transition tax was $31.1 million during the year ended September 30, 2023 and $31.2 million during each of the years ended September 30, 2022 and 2021, respectively, as included in total income taxes paid.

EFFECTIVE TAX RATE RECONCILIATION

The reconciliation between the U.S. federal statutory rate and our effective tax rate was:

	2023	2022	2021
Statutory tax rate	21.0%	21.0%	21.0%
State and local income taxes	1.5	0.5	1.4
Non-United States taxes	(4.7)	(5.4)	(3.8)
Repatriation of foreign earnings	0.9	1.1	0.9
Foreign-derived intangible income	(0.6)	(0.5)	(2.8)
Settlements with taxing authorities	0.3	—	(1.0)
Change in valuation allowance[1]	4.1	(0.5)	(1.7)
Share-based compensation	(0.6)	(1.0)	(1.1)
Research and development tax credit	(1.3)	(1.0)	(0.6)
Other	(0.1)	0.2	(0.4)
EFFECTIVE INCOME TAX RATE	**20.5%**	**14.4%**	**11.9%**

(1) *During fiscal 2021, we reversed our valuation allowance against deferred tax assets associated with the change in fair value of the PTC Shares. This resulted in a decrease to the effective tax rate of 1.7% and no remaining valuation allowance related to PTC Shares, as described further in the table below. During fiscal year 2023, the effective tax rate increased by 4.1% resulting from a valuation allowance recorded on certain deferred tax assets of our Sensia joint venture and tax effects of the related goodwill impairment.*

We operate in certain non-U.S. tax jurisdictions under government-sponsored tax incentive programs, which may be extended if certain additional requirements are met. The program, which generates the primary benefit has been extended to expire in 2032. The tax benefit attributable to these programs was $62.1 million ($0.54 per diluted share) in 2023, $58.3 million ($0.50 per diluted share) in 2022, and $61.2 million ($0.52 per diluted share) in 2021.

DEFERRED TAXES

The tax effects of temporary differences that give rise to our net deferred income tax assets (liabilities) consists of (in millions):

	2023	2022
Deferred income tax assets		
Compensation and benefits	$ 35.0	$ 26.7
Inventory	15.5	10.4
Returns, rebates, and incentives	75.1	61.7
Retirement benefits	85.4	80.7
Environmental remediation and other site-related costs	23.6	23.6
Share-based compensation	22.7	21.5
Other accruals and reserves	333.3	249.9
Net operating loss carryforwards	60.8	85.2
Tax credit carryforwards	9.2	19.3
Capital loss carryforwards	14.4	13.0
Other	48.1	10.7
Subtotal	723.1	602.7
Valuation allowance	(89.1)	(23.1)
Net deferred income tax assets	634.0	579.6
Deferred income tax liabilities		
Property	(44.1)	(36.9)
Intangible assets	(144.8)	(149.8)
Investments	—	(26.0)
Unremitted earnings of foreign subsidiaries	(27.2)	(20.0)
Other	(1.8)	(2.1)
Deferred income tax liabilities	(217.9)	(234.8)
TOTAL NET DEFERRED INCOME TAX ASSETS	**$ 416.1**	**$ 344.8**

We provide for deferred taxes on the majority of earnings of our non-U.S. subsidiaries and have done so since the enactment of the Tax Act in 2017. We do not provide for deferred taxes on a limited number of our non-U.S. subsidiaries established in jurisdictions that apply significant restrictions for repatriating cash. The amount of cumulative non-distributed earnings considered to be indefinitely reinvested outside the U.S. at September 30, 2023, is $125.8 million. It is not practicable to estimate the amount of additional taxes that may be payable upon distribution of these earnings.

We believe it is more likely than not that we will realize our deferred tax assets through the reduction of future taxable income, other than for the deferred tax assets reflected below.

Tax attributes and related valuation allowances at September 30, 2023 consists of (in millions):

Tax attributes and related valuation allowances	Tax Benefit Amount	Valuation Allowance	Carryforward Period Ends
Non-United States net operating loss carryforward	$ 5.9	$ 2.5	2024 - 9/30/2030
Non-United States net operating loss carryforward	46.1	39.3	Indefinite
Non-United States capital loss carryforward	14.4	14.4	Indefinite
United States credit carryforward	0.9	—	2030 - 2041
United States net operating loss carryforward	0.1	—	2024 - 2036
State and local net operating loss carryforward	8.7	1.0	2024 - 2040
State tax credit carryforward	8.3	—	2024 - 2037
Subtotal	84.4	57.2	
Other deferred tax assets	31.9	31.9	Indefinite
TOTAL	**$ 116.3**	**$ 89.1**	

UNRECOGNIZED TAX BENEFITS

A reconciliation of our gross unrecognized tax benefits, excluding interest and penalties, is as follows (in millions):

	2023	2022	2021
Gross unrecognized tax benefits balance at beginning of year	$ 3.9	$ 4.3	$ 25.5
Additions based on tax positions related to the current year	3.9	0.1	0.1
Additions based on tax positions related to prior years	3.2	—	0.4
Reductions related to settlements with taxing authorities	(1.0)	(0.5)	(18.1)
Reductions related to lapses of statute of limitations	(0.2)	—	(3.6)
GROSS UNRECOGNIZED TAX BENEFITS BALANCE AT END OF YEAR	**$ 9.8**	**$ 3.9**	**$ 4.3**

The amount of gross unrecognized tax benefits that would reduce our effective tax rate if recognized was $9.8 million, $3.9 million, and $4.3 million at September 30, 2023, 2022, and 2021, respectively.

Accrued interest and penalties related to unrecognized tax benefits were $0.9 million, $1.4 million, $1.5 million at September 30, 2023, 2022, and 2021 respectively. We recognize interest and penalties related to unrecognized tax benefits in the income tax provision. Benefits recognized in 2023, 2022, and 2021 were $0.5 million, $0.0 million, and $2.5 million, respectively.

We believe it is reasonably possible that the amount of gross unrecognized tax benefits could be reduced by up to $2.3 million in the next 12 months as a result of the resolution of tax matters in various global jurisdictions and the lapses of statutes of limitations. If all of the unrecognized tax benefits were recognized, the net reduction to our income tax provision, including the recognition of interest and penalties and offsetting tax assets, could be up to $3.1 million.

We conduct business globally and are routinely audited by the various tax jurisdictions in which we operate. We are no longer subject to U.S. federal income tax examinations for years before 2018, U.S. state and local income tax examinations for years before 2014, and non-U.S. income tax examinations for years before 2008.

NOTE 17. COMMITMENTS AND CONTINGENT LIABILITIES

ENVIRONMENTAL MATTERS

Federal, state, and local requirements relating to the discharge of substances into the environment, the disposal of hazardous wastes, and other activities affecting the environment have and will continue to have an effect on our manufacturing operations. Thus far, compliance with environmental requirements and resolution of environmental claims have been accomplished without material effect on our business, financial condition, or results of operations.

We have been designated as a potentially responsible party at 14 Superfund sites, excluding sites as to which our records disclose no involvement or as to which our potential liability has been finally determined and assumed by third parties. In addition, various other lawsuits, claims, and proceedings have been asserted against us seeking remediation of alleged environmental impairments, principally at previously owned properties.

Based on our assessment, we believe that our expenditures for environmental capital investment and remediation necessary to comply with present regulations governing environmental protection and other expenditures for the resolution of environmental claims will not have a material effect on our business, financial condition, or results of operations. We cannot assess the possible effect of compliance with future requirements. Environmental remediation cost liabilities, net of related expected recoveries, were $44.5 million and $46.0 million as of September 30, 2023 and 2022, respectively.

CONDITIONAL ASSET RETIREMENT OBLIGATIONS

We accrue for costs related to a legal obligation associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, development, or the normal operation of the long-lived asset. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional. Identified conditional asset retirement obligations include asbestos abatement and remediation of soil contamination beneath current and previously divested facilities and lease restoration costs. We estimate conditional asset retirement obligations using site-specific knowledge and historical industry expertise. There have been no significant changes in liabilities incurred, liabilities settled, accretion expense, or revisions in estimated cash flows for the years ended September 30, 2023, 2022, and 2021. Conditional asset retirement obligations, net of related expected recoveries, were $38.8 million and $24.6 million as of September 30, 2023 and 2022, respectively.

OTHER MATTERS

Various other lawsuits, claims, and proceedings have been or may be instituted or asserted against us relating to the conduct of our business, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, and contract matters. Although the outcome of litigation cannot be predicted with certainty and some lawsuits, claims, or proceedings may be disposed of unfavorably to us, we believe the disposition of matters that are pending or have been asserted will not have a material effect on our business, financial condition, or results of operations. The following outlines additional background for obligations associated with asbestos, divested businesses, and intellectual property.

We (including our subsidiaries) have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos that was used in certain components of our products many years ago, including products from divested businesses for which we have agreed to defend and indemnify claims. Currently there are lawsuits that name us as defendants, together with hundreds of other companies. But in all cases, for those claimants who do show that they worked with our products or products of divested businesses for which we are responsible, we nevertheless believe we have meritorious defenses, in substantial part due to the integrity of the products, the encapsulated nature of any asbestos-containing components, and the lack of any impairing medical condition caused by our products. We defend those cases vigorously. Historically, we have been dismissed from the vast majority of these claims with no payment to claimants.

Additionally, we have maintained insurance coverage that includes indemnity and defense costs, over and above self-insured retentions, for many of these claims. We believe these arrangements will provide substantial coverage for future defense and indemnity costs for these asbestos claims for many years into the future. The uncertainties of asbestos claim litigation make it difficult to predict accurately the ultimate outcome of asbestos claims. That uncertainty is increased by the possibility of adverse rulings or new legislation affecting asbestos claim litigation or the settlement process. Subject to these uncertainties and based on our experience defending asbestos claims, we do not believe these lawsuits will have a material effect on our business, financial condition, or results of operations. Asbestos liabilities, net of related insurance coverage, were $20.0 million and $14.3 million as of September 30, 2023 and 2022, respectively.

We have, from time to time, divested certain of our businesses. In connection with these divestitures, certain lawsuits, claims, and proceedings may be instituted or asserted against us related to the period that we owned the businesses, either because we agreed to retain certain liabilities related to these periods or because such liabilities fall upon us by operation of law. In some instances the divested business has assumed the liabilities; however, it is possible that we might be responsible to satisfy those liabilities if the divested business is unable to do so. We do not believe these liabilities will have a material effect on our business, financial condition, or results of operations.

In many countries we provide a limited intellectual property indemnity as part of our terms and conditions of sale and at times in other contracts with third parties. As of September 30, 2023, we were not aware of any material indemnification claims that were probable or reasonably possible of an unfavorable outcome. Historically, claims that have been made under the indemnification agreements have not had a material impact on our business, financial condition, or results of operations; however, to the extent that valid indemnification claims arise in the future, future payments by us could be significant and could have a material adverse effect on our business, financial condition, or results of operations in a particular period. During the first quarter of fiscal 2021, we reached a favorable settlement agreement regarding litigation of a trademark infringement and false advertising matter and received $70 million. The settlement gain is recorded in Other (expense) income in the Consolidated Statement of Operations.

NOTE 18. LEASES

We have operating leases primarily for real estate, vehicles, and equipment. We have finance leases primarily for equipment. Our leases have remaining lease terms from less than one year to approximately 15 years.

We elected the package of practical expedients permitted under the transition guidance within the new standard on accounting for leases, which allows the Company to carry forward the historical assessments of whether contracts are, or contain, leases, lease classification, and initial direct costs. We also elected to not record lease ROU assets or lease liabilities for leases with an original term of 12 months or less. We elected to use the remaining lease term for purposes of calculating the incremental borrowing rate upon transition.

The components of lease expense were (in millions):

	2023	2022	2021
Operating lease expense[1]	$ 100.2	$ 103.6	$ 109.8
Variable lease expense[2]	18.8	16.6	15.8
Finance lease expense			
Amortization of right-of-use assets	5.2	6.9	1.7
Interest on lease liabilities	0.3	0.6	0.4
TOTAL LEASE EXPENSE	**$ 124.5**	**$ 127.7**	**$ 127.7**

(1) Operating lease expense includes short-term lease expense, which was not material.
(2) Variable lease expense includes sublease income, which was not material.

Supplemental balance sheet information related to leases consists of:

	2023	2022
Weighted average remaining lease term		
Operating leases	5.8 years	6.3 years
Finance leases	1.6 years	3.0 years
Weighted average discount rate		
Operating leases	3.03%	2.07%
Finance leases	3.27%	2.04%

Undiscounted maturities of lease liabilities as of September 30, 2023, were (in millions):

	Finance Leases	Operating Leases
2024	$ 7.0	$ 93.5
2025	3.4	82.9
2026	—	64.4
2027	—	49.1
2028	—	35.4
Thereafter	—	73.9
Total undiscounted lease payments	$ 10.4	$ 399.2
Less: Imputed interest	(0.3)	(30.5)
TOTAL LEASE LIABILITIES	**$ 10.1**	$ 368.7

As of September 30, 2023, we have additional operating leases for facilities that have not yet commenced with undiscounted lease obligations of approximately $52.1 million. These leases will commence in fiscal 2024.

Supplemental cash flow information related to leases consists of (in millions):

	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 101.7	$ 102.9	$ 108.5
Operating cash flows from finance leases	0.3	0.6	0.4
Financing cash flows from finance leases	5.5	8.8	1.8
Right-of-use assets obtained in exchange for lease obligations			
Operating leases	$ 93.3	$ 63.4	$ 90.6
Financing leases	—	11.8	0.9

NOTE 19. BUSINESS SEGMENT INFORMATION

We determine our operating segments based on the information used by our chief operating decision maker, our Chief Executive Officer, to allocate resources and assess performance. We organize our business into three operating segments: Intelligent Devices, Software & Control, and Lifecycle Services. This structure emphasizes our essential offerings, leverages our sharpened industry focus, and recognizes the growing importance of software in delivering value to our customers. The composition of our segments is as follows:

INTELLIGENT DEVICES

The Intelligent Devices operating segment combines a comprehensive portfolio of smart products that create the foundation of an agile, resilient, and sustainable production system. This comprehensive portfolio includes:

- Power Control - Low and medium voltage variable frequency drives as well as low and medium voltage motor control;
- Motion Control - Servo drives, rotary servo motors, linear actuators, and independent cart technologies offering a comprehensive portfolio of servo control technologies;
- Safety, Sensing, & Industrial Components - Safety devices, sensing devices, motor control and circuit protection devices, operator devices, signaling devices, relays, and electrical control accessories; and
- Micro Control & Distributed I/O - Micro programmable logic controllers and distributed input/output platforms.

SOFTWARE & CONTROL

The Software & Control operating segment contains a comprehensive portfolio of production automation and production operations platforms, including hardware and software. This integrated portfolio is merging information technology (IT) and operational technology (OT), bringing the benefits of the Connected Enterprise to the production system.

Our production automation portfolio is multi-discipline and scalable with the ability to handle applications in discrete, batch/hybrid and continuous process, drives control, motion and robotics control, machine safety and process safety. Our products include programmable automation controllers, design, visualization and simulation software, human machine interface products, industrial computers, machine safety and process safety products, industrial networks, and security products.

Our production operations portfolio helps industrial clients to plan, execute, manage, and optimize their production leveraging industrial data and software. Our software products include manufacturing execution systems, performance, quality, supply chain management, data management, edge, analytics, and machine learning software that enables customers to improve operational productivity and meet regulatory requirements. These solutions enable enterprise visibility, reduction of unplanned downtime, and optimization of processes.

LIFECYCLE SERVICES

The Lifecycle Services operating segment contains a complete portfolio of professionally delivered services and annually recurring managed support contracts. This comprehensive portfolio combines technology and domain expertise to help maximize customers' investment and provide total lifecycle support as they innovate, design, operate, and sustain their business investments. This includes:

- consulting services including cybersecurity and digital transformation strategy and design;
- professional services including global automation and information program and project management and delivery capabilities;
- connected services including operational technology/plant network, cloud, predictive/prescriptive analytics, remote support, and managed services;
- field services including asset management, on-site support, and safety;
- workforce services including instructor-led and virtual training, learning, and enablement;
- industrial automation and information solutions and custom-engineered systems that incorporate our own and third-party hardware and software products; and
- Sensia Joint Venture, which exclusively serves the oil, gas, and petrochemical industry through a combination of connected products and digital automation services and solutions.

Sales and operating results of our reportable segments were (in millions):

	2023	2022	2021
Sales			
Intelligent Devices	$ 4,098.2	$ 3,544.6	$ 3,311.9
Software & Control	2,886.0	2,312.9	1,947.0
Lifecycle Services	2,073.8	1,902.9	1,738.5
TOTAL	**$ 9,058.0**	**$ 7,760.4**	**$ 6,997.4**
Segment operating earnings			
Intelligent Devices	$ 828.2	$ 717.6	$ 702.1
Software & Control	953.2	666.7	531.0
Lifecycle Services	148.4	158.3	158.2
Total	1,929.8	1,542.6	1,391.3
Purchase accounting depreciation and amortization, and impairment	(264.4)	(103.9)	(55.1)
Corporate and other	(127.9)	(104.7)	(120.6)
Non-operating pension and postretirement benefit cost	(82.7)	(4.7)	(63.8)
Change in fair value of investments	279.3	(136.9)	397.4
Legal settlement	—	—	70.0
Interest expense, net	(125.6)	(118.8)	(93.0)
INCOME BEFORE INCOME TAXES	**$ 1,608.5**	**$ 1,073.6**	**$ 1,526.2**

Among other considerations, we evaluate performance and allocate resources based upon segment operating earnings before purchase accounting depreciation and amortization, impairment, corporate and other, non-operating pension and postretirement benefit cost, change in fair value of investments, the $70 million legal settlement in fiscal 2021, interest expense, net, and income tax provision. Depending on the product, intersegment sales within a single legal entity are either at cost or cost plus a mark-up, which does not necessarily represent a market price. Sales between legal entities are at an appropriate transfer price. We allocate costs related to shared segment operating activities to the segments consistent with the methodology used by management to assess segment performance.

The following tables summarize the identifiable assets at September 30, 2023, 2022, and 2021, and the provision for depreciation and amortization and the amount of capital expenditures for property for the years then ended, for each of the reportable segments and Corporate (in millions):

	2023	2022	2021
Identifiable assets			
Intelligent Devices	$ 2,676.2	$ 2,070.0	$ 2,143.3
Software & Control	4,240.7	3,887.6	4,000.4
Lifecycle Services	1,835.8	1,968.4	2,124.3
Corporate	2,551.3	2,832.7	2,433.6
TOTAL	**$ 11,304.0**	**$ 10,758.7**	**$ 10,701.6**
Depreciation and amortization			
Intelligent Devices	$ 49.7	$ 45.8	$ 48.6
Software & Control	55.8	47.0	49.1
Lifecycle Services	35.5	40.5	35.3
Corporate	2.5	1.7	1.7
Total	143.5	135.0	134.7
Purchase accounting depreciation and amortization	106.9	103.9	55.1
TOTAL	**$ 250.4**	**$ 238.9**	**$ 189.8**
Capital expenditures for property			
Intelligent Devices	$ 60.7	$ 45.6	$ 52.0
Software & Control	40.2	29.7	30.4
Lifecycle Services	23.7	32.9	19.6
Corporate	35.9	32.9	18.3
TOTAL	**$ 160.5**	**$ 141.1**	**$ 120.3**

Identifiable assets at Corporate consist principally of cash, net deferred income tax assets, prepaid pension, and property. Property shared by the segments and used in operating activities is also reported in Corporate identifiable assets and Corporate capital expenditures. Corporate identifiable assets include shared net property balances of $240.9 million, $205.8 million, and $275.8 million at September 30, 2023, 2022, and 2021, respectively, for which depreciation expense has been allocated to segment operating earnings based on the expected benefit to be realized by each segment. Corporate capital expenditures in 2023, 2022, and 2021, primarily consist of property that will be shared by our operating segments.

We conduct a significant portion of our business activities outside the United States. The following tables present sales and property by geographic region (in millions):

	Sales			Property		
	2023	2022	2021	2023	2022	2021
North America	$ 5,224.0	$ 4,722.0	$ 4,132.8	$ 478.8	$ 430.7	$ 416.1
Europe, Middle East and Africa	1,870.6	1,437.6	1,405.7	116.4	78.9	91.1
Asia Pacific	1,358.0	1,088.0	1,012.2	66.2	58.6	54.8
Latin America	605.4	512.8	446.7	22.8	18.3	19.9
TOTAL	**$ 9,058.0**	**$ 7,760.4**	**$ 6,997.4**	**$ 684.2**	**$ 586.5**	**$ 581.9**

We attribute sales to the geographic regions based on the country of destination. Sales in North America include $4,773.2 million, $4,315.5 million, and $3,740.2 million related to the U.S. in 2023, 2022, and 2021, respectively.

In most countries, we sell primarily through independent distributors in conjunction with our direct sales force. We sell large systems and service offerings principally through our direct sales force, though opportunities are sometimes identified through distributors. Sales to our two largest distributors in 2023, 2022, and 2021, which are attributable to all three segments, were approximately 20 percent of our total sales.

NOTE 20. SUBSEQUENT EVENTS

CLEARPATH ROBOTICS, INC.

On October 2, 2023, we acquired Clearpath Robotics, Inc., (Clearpath) a company that specializes in autonomous robotics for industrial applications, headquartered in Ontario, Canada for approximately $565 million of cash and up to $50 million of contingent consideration. As of the acquisition date, we will record a preliminary purchase price allocation for the assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values as of the acquisition date. We expect to allocate a significant portion of the purchase price to goodwill and intangible assets. We will assign the full amount of goodwill to our Intelligent Devices segment. We do not expect the goodwill to be deductible for tax purposes.

VERVE INDUSTRIAL PROTECTION

On November 1, 2023, we acquired Verve Industrial Protection, a cybersecurity software and services company that focuses specifically on industrial environments, for a total purchase consideration, net of cash acquired, of approximately $185 million. As of the acquisition date, we will record a preliminary purchase price allocation for the assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values as of the acquisition date. We expect to allocate a significant portion of the purchase price to goodwill and intangible assets. We will assign the full amount of goodwill to our Lifecycle Services segment. We expect the goodwill to be deductible for tax purposes.

We have not completed our analysis of identifying and estimating the fair value of contingent consideration for the Clearpath acquisition and identifiable intangible assets acquired for both acquisitions. The measurement period for the valuation of net assets acquired ends as soon as information on the facts and circumstances that existed as of the acquisition date becomes available, but not to exceed 12 months following the acquisition date. Adjustments in purchase price allocations may require a change in the amounts allocated to net assets acquired during the periods in which the adjustments are determined.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and the Board of Directors of
Rockwell Automation, Inc.
Milwaukee, Wisconsin

OPINIONS ON THE FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the accompanying consolidated balance sheets of Rockwell Automation, Inc. and subsidiaries (the "Company") as of September 30, 2023 and 2022, the related consolidated statements of operations, comprehensive income, cash flows, and shareowners' equity for each of the three years in the period ended September 30, 2023, and the related notes and the schedule listed in the Index at Item 15(a)(2)(collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

BASIS FOR OPINIONS

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States)(PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CRITICAL AUDIT MATTER

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

GOODWILL VALUATION - SENSIA REPORTING UNIT - REFER TO NOTE 3 TO THE FINANCIAL STATEMENTS

CRITICAL AUDIT MATTER DESCRIPTION

The Company performed their annual quantitative test for goodwill impairment during the second quarter of fiscal 2023. As of the annual measurement date, the Company determined that the fair value of the Sensia reporting unit exceeded its carrying value by approximately 10 percent and, therefore, no impairment was recognized. Subsequent to the annual quantitative test for goodwill impairment, the Company identified a triggering event in the fourth quarter.

As a result of this triggering event in the fourth quarter, the Company performed an interim quantitative analysis on goodwill for the Sensia reporting unit using a combination of an income approach derived from discounted cash flows and a market multiples approach using selected comparable public companies, consistent with the annual impairment testing. The determination of the fair value using the income approach requires management to make significant estimates and assumptions related to the discount rate and forecasts of future revenues and Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") margins. The determination of fair value using the market multiples approach requires management to make significant assumptions related to the selection of the market multiple. As of the fourth quarter testing date, the Sensia reporting unit carrying value of $665.1 million was determined to be in excess of its fair value and an impairment loss of $157.5 million was recorded. Subsequent to the recording of the impairment loss, the Company's consolidated goodwill balance was $3,529.2 million as of September 30, 2023, of which $160.3 million of goodwill remains within the Sensia reporting unit. Changes in the critical assumptions outlined above could have a significant impact on the fair value of the reporting unit, the amount of any goodwill impairment charge, or both.

We identified the impairment evaluation of goodwill for the Sensia reporting unit as a critical audit matter because of the inherent subjectivity involved in management's estimates and assumptions related to forecasts of future revenues and EBITDA margins, and selection of the discount rate and market multiple. The audit procedures to evaluate the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

HOW THE CRITICAL AUDIT MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures related to forecasts of future revenues and EBITDA margins, and selection of the discount rate and market multiple for the Sensia reporting unit included the following for both quantitative tests, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over management's development of forecasts of future revenues and EBITDA margins as well as the selection of the discount rate and market multiple.
- We evaluated the reasonableness of management's forecasts by comparing the forecasts to (1) historical results, (2) internal communications to management and those charged with governance of Sensia, and (3) forecasted information included in analyst and industry reports for the Company and its peer companies, including the impact of industry-specific and economic factors on Sensia's Oil & Gas customers.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rate by (1) testing the source information underlying the determination of the discount rate; (2) testing the mathematical accuracy of the calculations; and (3) developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the selected market multiple by (1) assessing the appropriateness of the selected comparable public companies; (2) testing the source information utilized; and (3) comparing the market multiple selected by management to such companies.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin
November 8, 2023

We have served as the Company's auditor since 1967.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness, as of September 30, 2023, of our disclosure controls and procedures, as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2023.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management has concluded that our internal control over financial reporting was effective as of September 30, 2023.

The effectiveness of our internal control over financial reporting, as of September 30, 2023, has been audited by Deloitte & Touche LLP, as stated in their report that is included on the previous page.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has not been any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Other than the information below, the information required by this Item 10 is incorporated by reference to the sections entitled ***Corporate Governance, Election of Directors,*** and ***Stock Ownership Information*** in the Proxy Statement.

No nominee for director was selected pursuant to any arrangement or understanding between the nominee and any person other than the Company pursuant to which such person is or was to be selected as a director or nominee. See also the information about executive officers of the Company under Item 4A of Part I.

We have adopted a code of ethics that applies to our executive officers, including the principal executive officer, principal financial officer, and principal accounting officer. A copy of our Code of Conduct is posted on our Internet site at https://www.rockwellautomation.com under the "Investors" link. In the event that we amend or grant any waiver from a provision of the code of ethics that applies to the principal executive officer, principal financial officer, or principal accounting officer, and that requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor on our Internet site.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated by reference to the sections entitled ***Executive Compensation, Election of Directors, Corporate Governance,*** and ***Compensation and Talent Management Committee Report*** in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Other than the information below, the information required by this Item 12 is incorporated by reference to the section entitled ***Stock Ownership Information*** in the Proxy Statement.

The following table provides information, as of September 30, 2023, about our common stock that may be issued upon the exercise of options, warrants, and rights granted to employees, consultants, or directors under all of our existing equity compensation plans.

Plan Category	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities reflected in Column (a)) (c)
Equity compensation plans approved by shareowners	2,649,246[1]	$ 200.03[2]	8,398,511[3]
Equity compensation plans not approved by shareowners	—	n/a	—
TOTAL	2,649,246	$ 200.03	8,398,511

(1) Represents outstanding options, shares issuable in payment of outstanding performance shares (at maximum payout), and restricted stock units under our 2020 Long-Term Incentives Plan, 2012 Long-Term Incentives Plan, 2008 Long-Term Incentives Plan, and 2003 Directors Stock Plan.

(2) Represents the weighted average exercise price of outstanding options and does not take into account the performance shares and restricted stock units.

(3) Represents shares available for future issuance under our 2020 Long-Term Incentives Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated by reference to the sections entitled ***Corporate Governance*** and ***Election of Directors*** in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated by reference to the section entitled ***Audit Matters*** in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedule, and Exhibits

(1) Financial Statements (all financial statements listed below are those of the Company and its consolidated subsidiaries)

	Page
Consolidated Balance Sheet, September 30, 2023 and 2022	29
Consolidated Statement of Operations, years ended September 30, 2023, 2022, and 2021	30
Consolidated Statement of Comprehensive Income, years ended September 30, 2023, 2022, and 2021	31
Consolidated Statement of Cash Flows, years ended September 30, 2023, 2022, and 2021	32
Consolidated Statement of Shareowners' Equity, years ended September 30, 2023, 2022, and 2021	33
Notes to Consolidated Financial Statements	34
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)	72

(2) Financial Statement Schedule for the years ended September 30, 2023, 2022, and 2021

	Page
Schedule II—Valuation and Qualifying Accounts	82

Schedules not filed herewith are omitted because of the absence of conditions under which they are required or because the information called for is shown in the consolidated financial statements or notes thereto.

(3) Exhibits

3-a	Restated Certificate of Incorporation of the Company, filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, is hereby incorporated by reference.
3-b	By-Laws of the Company, as amended and restated effective June 8, 2016, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K dated June 10, 2016, are hereby incorporated by reference.
4-a-1	Indenture dated as of December 1, 1996 between the Company and The Bank of New York Trust Company, N.A. (formerly JPMorgan Chase, successor to The Chase Manhattan Bank, successor to Mellon Bank, N.A.), as Trustee, filed as Exhibit 4-a to Registration Statement No. 333-43071, is hereby incorporated by reference.
4-a-2	Form of certificate for the Company's 6.70% Debentures due January 15, 2028, filed as Exhibit 4-b to the Company's Current Report on Form 8-K dated January 26, 1998, is hereby incorporated by reference.
4-a-3	Form of certificate for the Company's 5.20% Debentures due January 15, 2098, filed as Exhibit 4-c to the Company's Current Report on Form 8-K dated January 26, 1998, is hereby incorporated by reference.
4-a-4	Form of certificate for the Company's 6.25% Debentures due December 31, 2037, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated December 3, 2007, is hereby incorporated by reference.
4-a-5	Form of certificate for the Company's 2.05% Notes due March 1, 2020, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 17, 2015, is hereby incorporated by reference.
4-a-6	Form of certificate for the Company's 2.875% Notes due March 1, 2025, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated February 17, 2015, is hereby incorporated by reference.
4-a-7	Form of certificate for the Company's 3.50% Notes due March 1, 2029, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 1, 2019, is hereby incorporated by reference.
4-a-8	Form of certificate for the Company's 4.20% Notes due March 1, 2049, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated March 1, 2019, is hereby incorporated by reference.
4-a-9	Description of the Company's Securities filed as Exhibit 4-a-9 to the Company's Annual Report on Form 10-K for the year ended September 30, 2019, is hereby incorporated by reference.

4-a-10	Form of certificate for the Company's 0.35% Notes due August 15, 2023, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 17, 2021, is hereby incorporated by reference.
4-a-11	Form of certificate for the Company's 1.75% Notes due August 15, 2031, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated August 17, 2021, is hereby incorporated by reference.
4-a-12	Form of certificate for the Company's 2.80% Notes due August 15, 2061, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K dated August 17, 2021, is hereby incorporated by reference.
*10-a-1	Copy of the Company's 2003 Directors Stock Plan, filed as Exhibit 4-d to the Company's Registration Statement on Form S-8 (No. 333-101780), is hereby incorporated by reference.
*10-a-2	Memorandum of Amendments to the Company's 2003 Directors Stock Plan approved and adopted by the Board of Directors of the Company on April 25, 2003, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, is hereby incorporated by reference.
*10-a-3	Memorandum of Amendments to the Company's 2003 Directors Stock Plan approved and adopted by the Board of Directors of the Company on November 7, 2007, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2007, is hereby incorporated by reference.
*10-a-4	Memorandum of Amendments to the Company's 2003 Directors Stock Plan approved and adopted by the Board of Directors of the Company on September 3, 2008, filed as Exhibit 10-b-16 to the Company's Annual Report on Form 10-K for the year ended September 30, 2008, is hereby incorporated by reference.
*10-a-5	Form of Restricted Stock Unit Agreement under Section 6 of the Company's 2003 Director's Stock Plan, as amended, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, is hereby incorporated by reference.
*10-a-6	Copy of the Company's Directors Deferred Compensation Plan approved and adopted by the Board of Directors of the Company on November 5, 2008, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008, is hereby incorporated by reference.
*10-a-7	Summary of Non-Employee Director Compensation and Benefits as of October 1, 2021.
*10-b-1	Copy of the Company's 2012 Long-Term Incentives Plan, as amended and restated through February 2, 2016, filed as Exhibit 4-c to the Company's Registration Statement on Form S-8 (No. 333-209706), is hereby incorporated by reference.
*10-b-2	Form of Stock Option Agreement under the Company's 2012 Long-Term Incentives Plan for options granted to executive officers of the Company after December 5, 2012, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, is hereby incorporated by reference.
*10-b-3	Form of Restricted Stock Agreement under the Company's 2012 Long-Term Incentives Plan for shares of restricted stock awarded to executive officers of the Company after December 5, 2012, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012 is hereby incorporated by reference.
*10-b-4	Form of Performance Share Agreement under the Company's 2012 Long-Term Incentives Plan for performance shares awarded to executive officers of the Company after December 5, 2012, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012 is hereby incorporated by reference.
*10-b-5	Form of Restricted Stock Agreement under the Company's 2012 Long-Term Incentives Plan for certain awards of shares of restricted stock to executive officers of the Company after October 29, 2019, filed as Exhibit 10-b-10 to the Company's Annual Report on Form 10-K for the year ended September 30, 2019, is hereby incorporated by reference.
*10-b-6	Copy of the Company's 2020 Long-Term Incentives Plan filed as Appendix A to the Company's Definitive Proxy Statement for the 2020 Annual Meeting of Shareowners is hereby incorporated by reference.
*10-b-7	Form of Restricted Stock Agreement under the Company's 2020 Long-Term Incentives Plan for certain awards of shares of restricted stock to executive officers of the Company filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, is hereby incorporated by reference.
*10-b-8	Form of Restricted Stock Unit Agreement under the Company's 2020 Long-Term Incentives Plan for certain awards of restricted stock units to executive officers of the Company, filed as Exhibit 10-b-13 to the Company's Annual Report on Form 10-K for the year ended September 30, 2020, is hereby incorporated by reference.
*10-b-9	Form of Global Restricted Stock Unit Agreement under the Company's 2020 Long-Term Incentives Plan for certain awards of restricted stock units to executive officers of the Company after December 9, 2020, filed as Exhibit 10-b-14 to the Company's Annual Report on Form 10-K for the year ended September 30, 2020, is hereby incorporated by reference.
*10-b-10	Form of Stock Option Agreement for U.S. Employees under the Company's 2020 Long-Term Incentives Plan for options awarded to executive officers of the Company after December 9, 2020, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020, is hereby incorporated by reference.
*10-b-11	Form of Restricted Stock Unit Agreement for U.S. Employees under the Company's 2020 Long-Term Incentives Plan for restricted stock units awarded to executive officers of the Company after December 9, 2020, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020, is hereby incorporated by reference.
*10-b-12	Form of Performance Share Agreement for U.S. Employees under the Company's 2020 Long-Term Incentives Plan for performance shares awarded to executive officers of the Company after December 9, 2020, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020, is hereby incorporated by reference.

*10-c-1	Copy of the Company's Deferred Compensation Plan, as amended and restated September 6, 2006, filed as Exhibit 10-f to the Company's Annual Report on Form 10-K for the year ended September 30, 2006, is hereby incorporated by reference.
*10-c-2	Memorandum of Proposed Amendment and Restatement of the Company's Deferred Compensation Plan approved and adopted by the Board of Directors of the Company on November 7, 2007, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2007, is hereby incorporated by reference.
*10-d-1	Copy of the Company's Incentive Compensation Plan effective October 1, 2020, filed as Exhibit 10-d-1 to the Company's Annual Report on Form 10-K for the year ended September 30, 2020, is hereby incorporated by reference.
*10-d-2	Copy of the Company's Annual Incentive Compensation Plan for Senior Executive Officers, as amended December 3, 2003, filed as Exhibit 10-i-1 to the Company's Annual Report for the year ended September 30, 2004, is hereby incorporated by reference.
*10-e-1	Change of Control Agreement dated as of September 30, 2022 between the Company and Blake D. Moret, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated October 21, 2022, is hereby incorporated by reference.
*10-e-2	Form of Change of Control Agreement between the Company and each of Nicholas C. Gangestad, Scott A. Genereux, Rebecca W. House, Frank Kulaszewicz, and certain other officers filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated October 21, 2022, is hereby incorporated by reference.
*10-e-3	Letter Agreement dated September 3, 2009 between Registrant and Theodore D. Crandall, filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated September 8, 2009, is hereby incorporated by reference.
*10-e-4	Letter Agreement dated July 1, 2016 between Registrant and Blake D. Moret, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, is hereby incorporated by reference.
*10-e-5	Letter Agreement dated February 7, 2017 between Registrant and Patrick P. Goris, filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, is hereby incorporated by reference.
*10-e-6	Letter Agreement dated March 1, 2021 between Registrant and Nicholas C. Gangestad
10-g-1	Agreement and Plan of Distribution dated as of December 6, 1996, among Rockwell International Corporation (renamed Boeing North American, Inc.), the Company (formerly named New Rockwell International Corporation), Allen-Bradley Company, Inc., Rockwell Collins, Inc., Rockwell Semiconductor Systems, Inc., Rockwell Light Vehicle Systems, Inc. and Rockwell Heavy Vehicle Systems, Inc., filed as Exhibit 10-b to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996, is hereby incorporated by reference.
10-g-2	Post-Closing Covenants Agreement dated as of December 6, 1996, among Rockwell International Corporation (renamed Boeing North American, Inc.), The Boeing Company, Boeing NA, Inc. and the Company (formerly named New Rockwell International Corporation), filed as Exhibit 10-c to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996, is hereby incorporated by reference.
10-g-3	Tax Allocation Agreement dated as of December 6, 1996, among Rockwell International Corporation (renamed Boeing North American, Inc.), the Company (formerly named New Rockwell International Corporation) and The Boeing Company, filed as Exhibit 10-d to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996, is hereby incorporated by reference.
10-h-1	Distribution Agreement dated as of September 30, 1997 by and between the Company and Meritor Automotive, Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated October 10, 1997, is hereby incorporated by reference.
10-h-2	Employee Matters Agreement dated as of September 30, 1997 by and between the Company and Meritor Automotive, Inc., filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated October 10, 1997, is hereby incorporated by reference.
10-h-3	Tax Allocation Agreement dated as of September 30, 1997 by and between the Company and Meritor Automotive, Inc., filed as Exhibit 2.3 to the Company's Current Report on Form 8-K dated October 10, 1997, is hereby incorporated by reference.
10-i-1	Distribution Agreement dated as of June 29, 2001 by and among the Company, Rockwell Collins, Inc. and Rockwell Scientific Company LLC, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated July 11, 2001, is hereby incorporated by reference.
10-i-2	Employee Matters Agreement dated as of June 29, 2001 by and among the Company, Rockwell Collins, Inc. and Rockwell Scientific Company LLC, filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated July 11, 2001, is hereby incorporated by reference.
10-i-3	Tax Allocation Agreement dated as of June 29, 2001 by and between the Company and Rockwell Collins, Inc., filed as Exhibit 2.3 to the Company's Current Report on Form 8-K dated July 11, 2001, is hereby incorporated by reference.
10-j-1	$1,500,000,000 Five-Year Credit Agreement dated as of June 29, 2022, among the Company, the Banks listed on the signature pages thereof and Bank of America, N.A., as Administrative Agent, filed as Exhibit 99 to the Company's Current Report on Form 8-K dated July 1, 2022, is hereby incorporated by reference.
10-k	Purchase and Sale Agreement dated as of August 24, 2005 by and between the Company and First Industrial Acquisitions, Inc., including the form of Lease Agreement attached as Exhibit I thereto, together with the First Amendment to Purchase and Sale Agreement dated as of September 30, 2005 and the Second Amendment to Purchase and Sale Agreement dated as of October 31, 2005, filed as Exhibit 10-p to the Company's Annual Report on Form 10-K for the year ended September 30, 2005, is hereby incorporated by reference.

10-l-1	Purchase Agreement, dated as of November 6, 2006, by and among Rockwell Automation, Inc., Rockwell Automation of Ohio, Inc., Rockwell Automation Canada Control Systems, Grupo Industrias Reliance S.A. de C.V., Rockwell Automation GmbH (formerly known as Rockwell International GmbH) and Baldor Electric Company, contained in the Company's Current Report on Form 8-K dated November 9, 2006, is hereby incorporated by reference.
10-l-2	First Amendment to Purchase Agreement dated as of January 24, 2007 by and among Rockwell Automation, Inc., Rockwell Automation of Ohio, Inc., Rockwell Automation Canada Control Systems, Grupo Industrias Reliance S.A. de C.V., Rockwell Automation GmbH and Baldor Electric Company, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, is hereby incorporated by reference.
10-m-1	Securities Purchase Agreement, dated June 11, 2018, between the Company and PTC Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 11, 2018, is hereby incorporated by reference.
10-m-2	Registration Rights Agreement dated July 19, 2018, between the Company and PTC Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated as July 20, 2018, is hereby incorporated by reference.
10-m-3	Amendment No. 1 to the Securities Purchase Agreement, dated May 11, 2021, between the Company and PTC Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 13, 2021, is hereby incorporated by reference.
10-m-4	Agreement and Plan of Merger, dated June 24, 2021, among Plex Systems Holdings Inc., the Company, Merger Sub and the Representative, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 25, 2021, is hereby incorporated by reference.
21	List of Subsidiaries of the Company.
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of Attorney authorizing certain persons to sign this Annual Report on Form 10-K on behalf of certain directors and officers of the Company.
31.1	Certification of Periodic Report by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Periodic Report by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Periodic Report by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Periodic Report by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Rockwell Automation, Inc. Executive Compensation Recoupment Policy.
101	Interactive Data Files.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* *Management contract or compensatory plan or arrangement.*

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ROCKWELL AUTOMATION, INC.

By /s/ NICHOLAS C. GANGESTAD
Nicholas C. Gangestad
Senior Vice President and
Chief Financial Officer

Dated: November 8, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 8th day of November 2023 by the following persons on behalf of the registrant and in the capacities indicated.

By /s/ NICHOLAS C. GANGESTAD
Nicholas C. Gangestad
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ TERRY L. RIESTERER
Terry L. Riesterer
Vice President and Controller
(Principal Accounting Officer)

Blake D. Moret*
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)
and Director

William P. Gipson*
Director

Alice L. Jolla*
Director

Steven R. Kalmanson*
Director

James P. Keane*
Director

Pam Murphy*
Director

Donald R. Parfet*
Director

Lisa A. Payne*
Director

Thomas W. Rosamilia*
Director

Robert W. Soderbery*
Director

Patricia A. Watson*
Director

*By /s/ REBECCA W. HOUSE
Rebecca W. House, Attorney-in-fact**

**By authority of powers of attorney filed herewith

SCHEDULE II

ROCKWELL AUTOMATION, INC.

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2022, AND 2021

		Additions			
(in millions)	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions[2]	Balance at End of Year
Description					
Year ended September 30, 2023					
Allowance for doubtful accounts[1]	$ 13.1	$ 8.5	$ 0.2	$ 5.0	$ 16.8
Valuation allowance for deferred tax assets[3]	23.1	66.4	1.5	1.9	89.1
Year ended September 30, 2022					
Allowance for doubtful accounts[1]	$ 13.2	$ 4.7	$ —	$ 4.8	$ 13.1
Valuation allowance for deferred tax assets	32.6	3.4	1.1	14.0	23.1
Year ended September 30, 2021					
Allowance for doubtful accounts[1]	$ 15.2	$ 3.1	$ 0.4	$ 5.5	$ 13.2
Valuation allowance for deferred tax assets	58.0	5.4	1.5	32.3	32.6

(1) Includes allowances for current and other long-term receivables.
(2) Consists of amounts written off for the allowance for doubtful accounts and adjustments resulting from our ability to utilize foreign tax credits, capital losses, or net operating loss carryforwards for which a valuation allowance had previously been recorded.
(3) Additions charged to costs and expenses includes $30.2 million attributable to non-controlling interests.

INDEX TO EXHIBITS*

Exhibit No.	Exhibit
21	List of Subsidiaries of the Company.
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of Attorney authorizing certain persons to sign this Annual Report on Form 10-K on behalf of certain directors and officers of the Company.
31.1	Certification of Periodic Report by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Periodic Report by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Periodic Report by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Periodic Report by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Rockwell Automation, Inc. Executive Compensation Recoupment Policy.
101	Interactive Data Files.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

** See Part IV, Item 15(a)(3) for exhibits incorporated by reference.*

EXHIBIT 31.1

CERTIFICATION

I, Blake D. Moret, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rockwell Automation, 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.

Date: November 8, 2023

/s/ BLAKE D. MORET

Blake D. Moret
President and Chief
Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Nicholas C. Gangestad, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rockwell Automation, 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.

Date: November 8, 2023

/s/ NICHOLAS C. GANGESTAD

Nicholas C. Gangestad
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC REPORT

I, Blake D. Moret, President and Chief Executive Officer of Rockwell Automation, Inc. (the "Company") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the year ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023

/s/ BLAKE D. MORET

Blake D. Moret
President and Chief
Executive Officer

EXHIBIT 32.2

CERTIFICATION OF PERIODIC REPORT

I, Nicholas C. Gangestad, Senior Vice President and Chief Financial Officer of Rockwell Automation, Inc. (the "Company") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the year ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023

/s/ NICHOLAS C. GANGESTAD

Nicholas C. Gangestad
Senior Vice President and
Chief Financial Officer

Rockwell Automation, Inc.
1201 South Second Street
Milwaukee, Wisconsin 53204, USA

www.rockwellautomation.com