

FISCAL Q2

2026 Earnings Conference Call

May 6, 2026



The power behind your mission

Key Reminders and Non-GAAP Definitions

- Organic sales represents the change in sales excluding the impact of acquisitions, divestitures and foreign currency.
- Segment margin is calculated based on earnings before interest, taxes and amortization ("EBITA"). Adjusted segment EBITA excludes items such as mark-to-market adjustments and restructuring and impairment costs, amongst other discrete or one-time items. Refer to the appendix for details of adjusting items.
- Earnings before interest and taxes ("EBIT") represents income from continuing operations, excluding restructuring and impairment costs, AFFF related settlement costs and insurance recoveries, gains or losses on divestitures, and net mark-to-market gains and losses related to pension and postretirement plans and restricted asbestos investments
- Operating leverage is defined as the ratio of the change in adjusted EBIT for the period, divided by the corresponding change in net revenues
- Free cash flow conversion is calculated as cash provided by operating activities, less capital expenditures, and divided by net income. Adjusted free cash flow conversion excludes the impact of JC Capital financing activity, the AFFF related settlements and recoveries, prepaid IP license royalties, and discontinuing our factoring program.
- For further information on the calculation of non-GAAP measures and a reconciliation of these non-GAAP measures, refer to the footnotes of the Company's earnings release.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS/NON-GAAP FINANCIAL INFORMATION

Johnson Controls International plc cautionary statement regarding forward-looking statements

Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond its control, that could cause its actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the ability to develop or acquire new products and technologies that achieve market acceptance and meet applicable quality and regulatory requirements; the ability to manage general economic, business and capital market conditions, including the impacts of trade restrictions, recessions, economic downturns and global price inflation; the ability to manage macroeconomic and geopolitical volatility, including changes to laws or policies governing foreign trade, including tariffs, economic sanctions, foreign exchange and capital controls, import/export controls or other trade restrictions as well as any associated supply chain disruptions; the ability to execute on Johnson Controls’ operating model and drive organizational improvement; the ability to innovate and adapt to emerging technologies, ideas and trends in the marketplace, including the incorporation of technologies such as artificial intelligence; fluctuations in the cost and availability of public and private financing for customers; the ability to manage disruptions caused by international conflicts, including Russia and Ukraine and the ongoing conflicts in the Middle East; the ability to successfully execute and complete portfolio simplification actions, as well as the possibility that the expected benefits of such actions will not be realized or will not be realized within the expected time frame; managing the risks and impacts of potential and actual security breaches, cyberattacks, privacy breaches or data breaches, maintaining and improving the capacity, reliability and security of Johnson Controls’ enterprise information technology infrastructure; the ability to manage the lifecycle cybersecurity risk in the development, deployment and operation of Johnson Controls’ digital platforms and services; fluctuations in currency exchange rates; the ability to hire and retain senior management and other key personnel; changes or uncertainty in laws, regulations, rates, policies, or interpretations that impact business operations or tax status; the ability to adapt to global climate change, climate change regulation and successfully meet Johnson Controls’ public sustainability commitments; the outcome of litigation and governmental proceedings; the risk of infringement or expiration of intellectual property rights; the ability to manage disruptions caused by catastrophic or geopolitical events, such as natural disasters, armed conflict, political change, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions; the tax treatment of recent portfolio transactions; significant transaction costs and/or unknown liabilities associated with such transactions; labor shortages, work stoppages, union negotiations, labor disputes and other matters associated with the labor force; and the cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Johnson Controls business is included in the section entitled “Risk Factors” in Johnson Controls Annual Report on Form 10-K for the fiscal year filed with the SEC, which is available at www.sec.gov and www.johnsoncontrols.com under the “Investors” tab, and such factors may be updated from time to time in Johnson Controls filings with the SEC, which are or will be accessible on the SEC’s website at www.sec.gov. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

Non-GAAP financial information

This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include restructuring and impairment costs, net mark-to-market adjustments, certain transaction / separation costs, water systems AFFF settlement charges and AFFF insurance recoveries, transformation costs, gain on divestiture, and discrete tax items. Financial information regarding organic revenue growth, EBIT, adjusted EBIT, adjusted segment EBITA, adjusted segment EBITA margin, adjusted Corporate expense, net debt/EBITDA, adjusted cash provided by operating activities from continuing operations, adjusted free cash flow, adjusted free cash flow conversion and adjusted net income from continuing operations are also presented, which are non-GAAP performance measures. Management believes that, when considered together with unadjusted amounts, these non-GAAP measures are useful to investors in understanding period-over-period operating results and business trends of Johnson Controls. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. For further information on the calculation of the non-GAAP measures and a reconciliation of these non-GAAP measures, refer to the footnotes of the Company’s earnings release.

CEO Summary

Building on Q1 momentum with strong Q2 execution

- Organic sales growth of 6%, led by strength in Applied HVAC
- Adjusted EBIT margin expanded 310 basis points to 15.5%
- Adjusted EPS up 45%

Sustained order growth driving record backlog levels

- Orders grew 30%, reflecting strong customer demand, led by Americas up 40%
- Record backlog grew 26% to \$20B, enhancing revenue visibility

Winning with customers through system-level innovation

- Leadership across all five proprietary core chiller subsystems, combined with Metasys® and OpenBlue® digital capabilities, enables fully integrated, high-performance solutions
- System-level optimization is designed to deliver high-performance and high-capacity cooling and thermal management, while reducing energy consumption in the most demanding, mission-critical applications

Proprietary Business System is driving early momentum

- Leaders are actively embracing the Business System with more than 1,400 colleagues and 1,000 leaders across growth summits, workstreams, and capability-building sessions
- Defined a disciplined journey that is improving how we deliver for customers by addressing priority growth blockers, and better enabling our people, particularly at the frontline

Raising full-year 2026 guidance

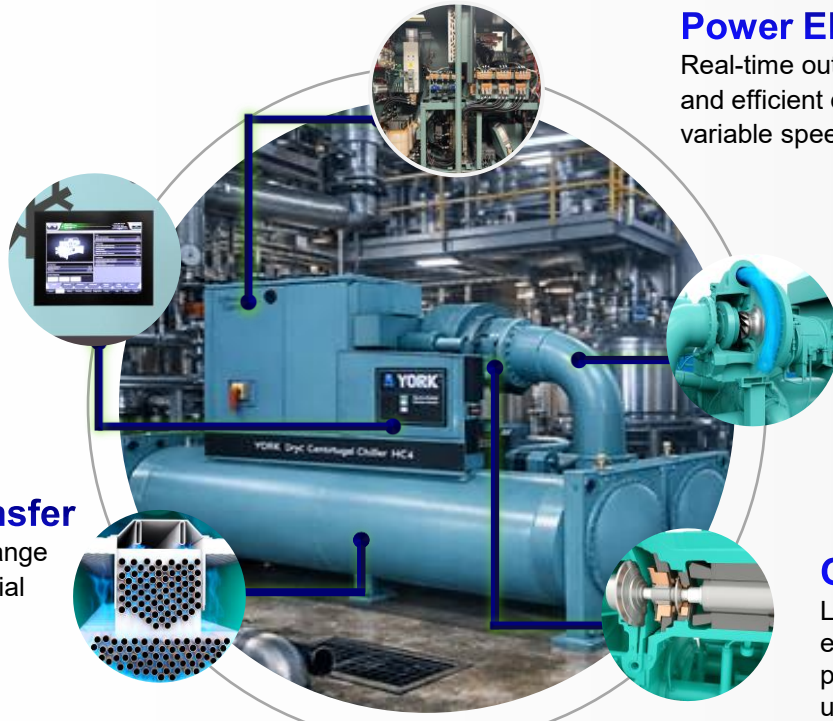
- Organic revenue growth expected to be ~6%
- Raising adjusted EPS guidance to ~\$4.85, representing ~30% growth year-over-year
- Expecting adjusted Free Cash Flow conversion of ~100%

* Organic Sales Growth, Adjusted EBIT Margin, Adjusted EPS, and Adjusted Free Cash Flow Conversion are non-GAAP measures and exclude special items. See footnotes for reconciliation.

Proprietary End-to-End Ownership Enables High-Precision Cooling— Without the Typical Energy Penalty

High-Performance Cooling for Mission-Critical Environments

Intelligent Controls
Real-time system optimization that improves reliability



Power Electronics
Real-time output control for rapid, precise, and efficient delivery of cooling through variable speed drive (VSD) operation

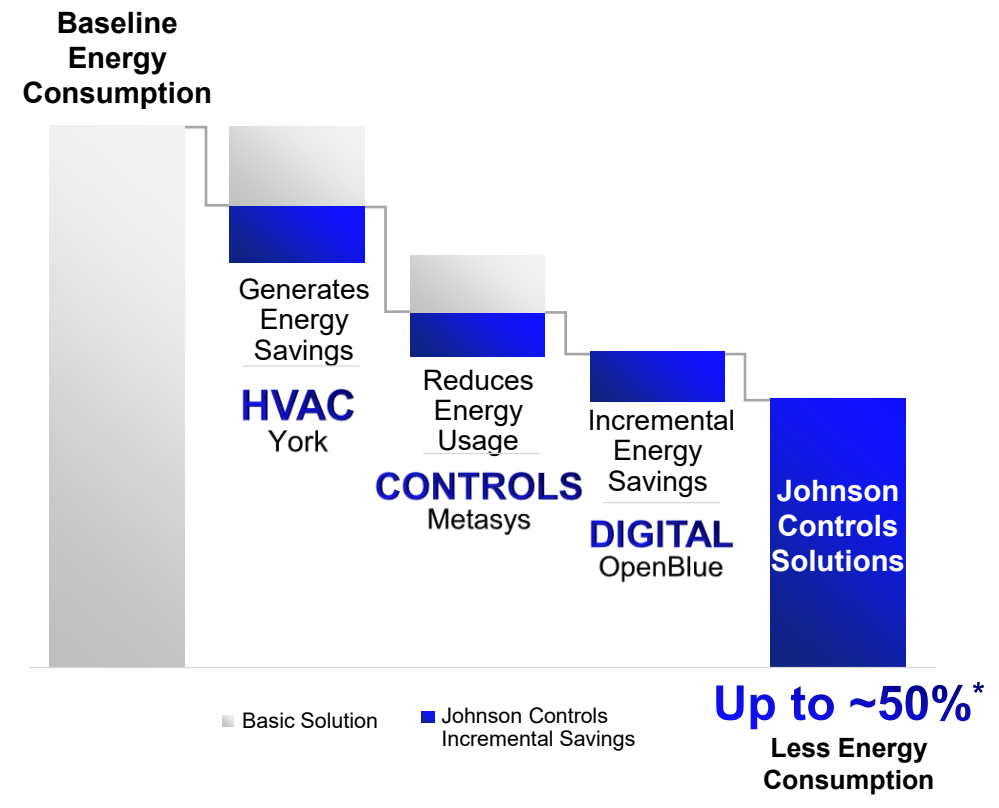
Aerodynamic Innovation
Custom compressor designs for application specific high-capacity cooling

Oil-Free Compression
Low-friction magnetic bearings enhance performance, enabling predictive maintenance and uptime

Thermal Transfer
Efficient heat exchange with reduced material and refrigerant use

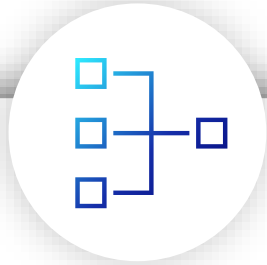
METASYS
Controls Platform

OpenBlue
Digital Platform



Reducing Energy Consumption

Winning With Customers and Building Capabilities with our Proprietary Business System



WHAT TO WORK ON

SIMPLIFY

80/20 operating model



HOW WE WORK - PROCESS

ACCELERATE

*Building on lean principles
"from weeks to days"*

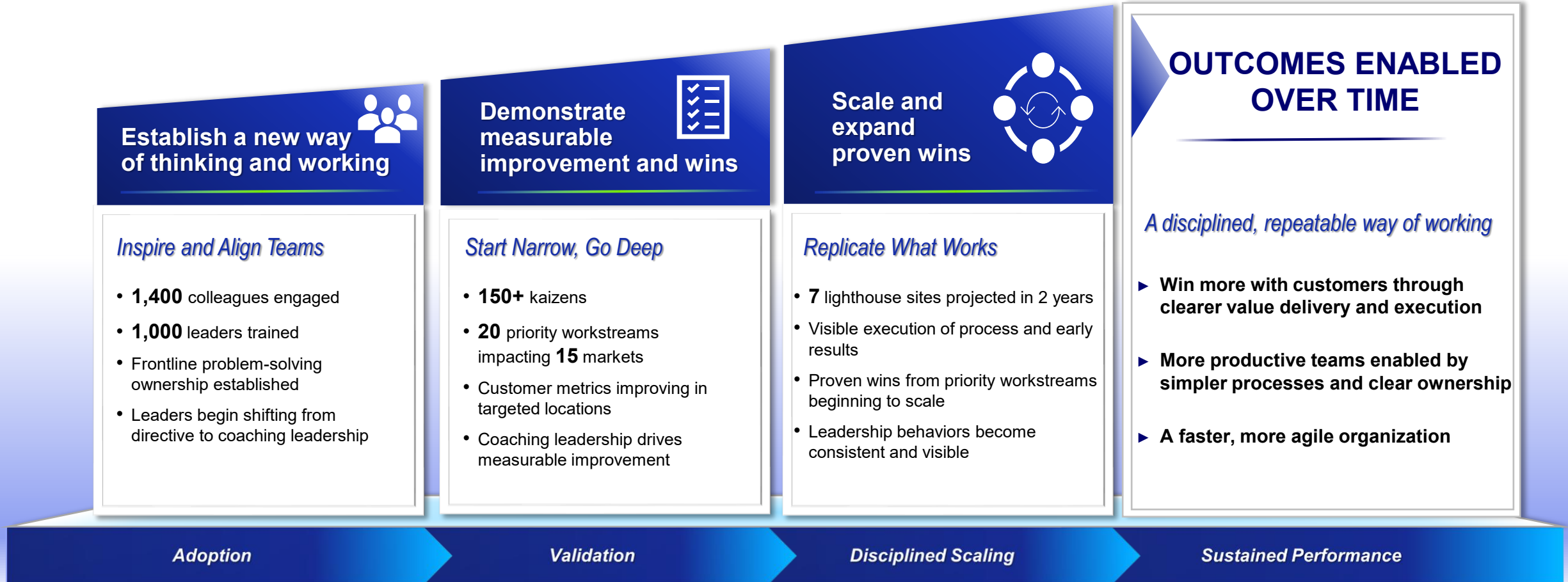


HOW WE AUGMENT

AMPLIFY

*Digitization and AI to scale
"from days to hours and minutes"*

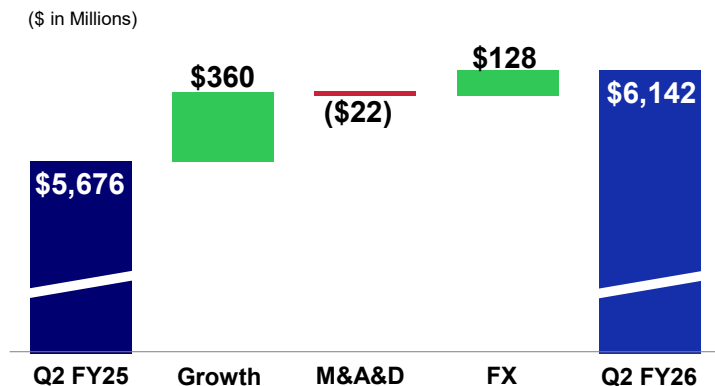
Business System: Winning with Customers and Our People



Total Enterprise³

Sales - Organic % Growth*

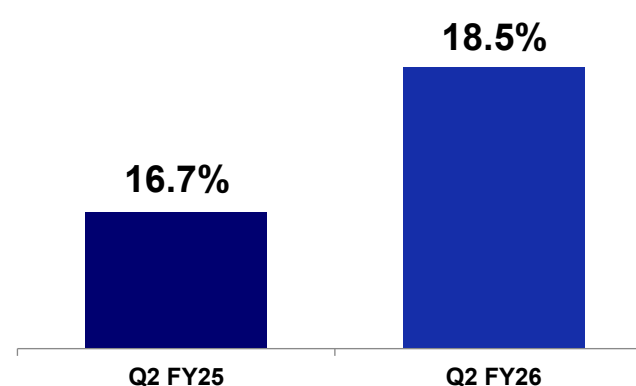
(\$ in Millions)



↑ 6%
YoY Organic Growth*

Systems	+6%
Service	+6%
- Applied ¹	+HSD
- F&S ²	+LSD

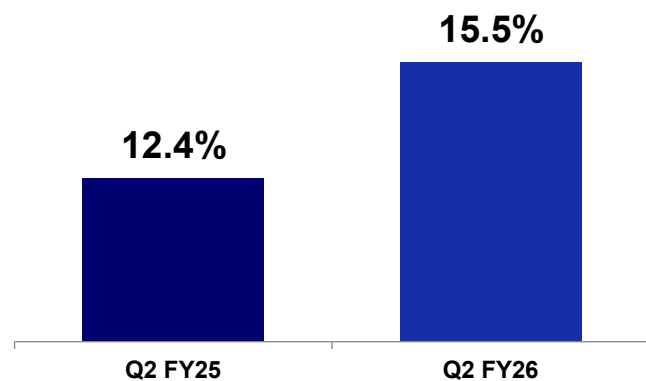
Adjusted Segment EBITA/Margin*



↑ 180bps
Adj. EBITA Margin* Expansion

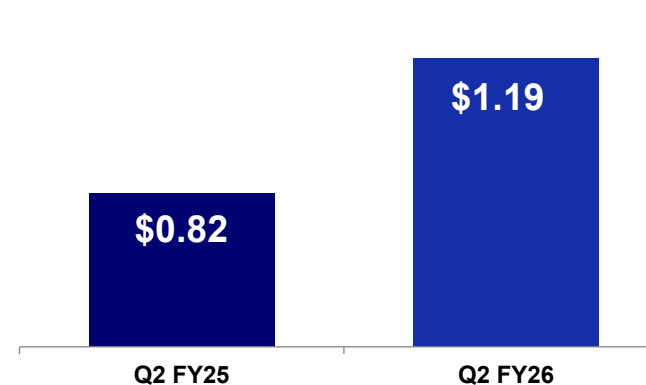
Net Growth	~\$135M
Productivity	~\$50M
Mix	~\$5M

Adjusted EBIT/Margin*



↑ 310bps
Adj. EBIT Margin* Expansion

Adjusted EPS*



↑ 45%
YoY Growth

* Organic Sales Growth, Adjusted Segment EBITA/Margin, Adjusted EBIT/Margin, and Adjusted EPS are non-GAAP measures and exclude special items. See footnotes for reconciliation.

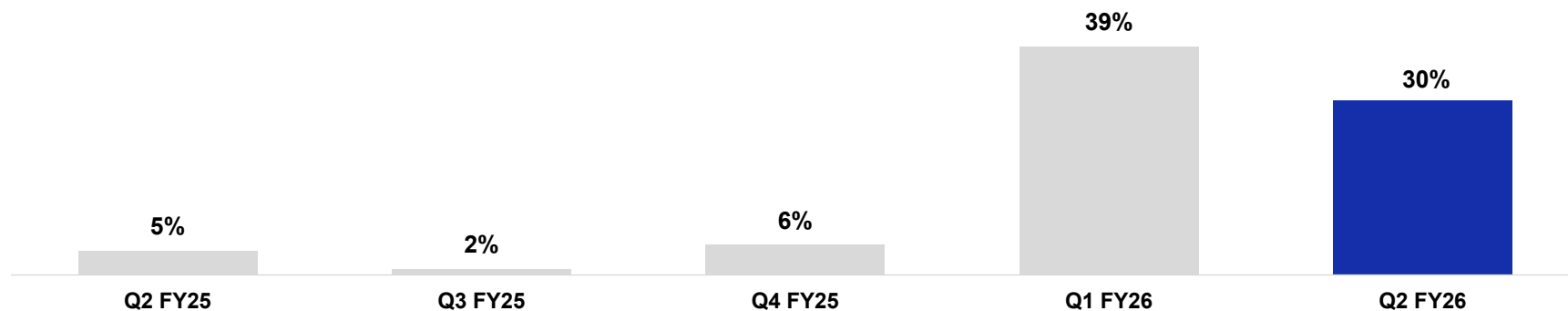
¹ Includes large commercial applied HVAC equipment, BMS, and Controls.

² Includes Retail.

³ Results are for Continuing Operations only

Solutions Orders and Backlog

Orders* - Organic % Growth

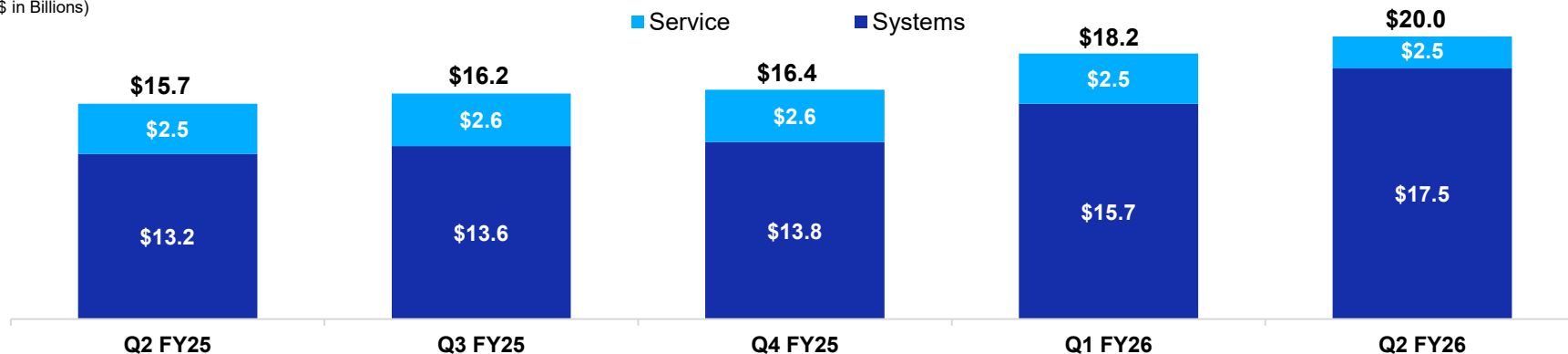


30%
YoY Organic Growth

Systems	+45%
Service	Flat

Backlog*

(\$ in Billions)



26%
YoY Organic Growth

Systems	+31%
Service	+3%

*Consists of orders and backlog for the Company's Solutions and Services businesses. Orders prior to Q1 FY26 exclude certain equipment-only sales for longer cycle projects. Excluding these sales, orders increased 31% in Q1 FY26 and 24% in Q2 FY26. The historical presentation of backlog has been restated to include this new category

Fiscal Q2 Results

Segment View

	Orders* Organic % Growth	Orders / Backlog* Comments	Sales Organic % YoY†	Sales Comments	Adj. Segment EBITA/Margin† Change YoY	Adj. Segment EBITA Comments
Americas	<p>↑ 40%</p> <p>4% Q2 FY25 40% Q2 FY26</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Systems +57% - Service +4% Backlog \$14.9B, +32% <ul style="list-style-type: none"> - Systems +37% - Service -2% 	<p>↑ 7%</p> <p>\$3.8B Q2 FY25 \$4.1B Q2 FY26</p>	<ul style="list-style-type: none"> Systems +5% Service +10% - Applied¹: +HSD - F&S²: +MSD 	<p>↑ 100bps</p> <p>18.5% Q2 FY25 19.5% Q2 FY26 \$709 \$802</p>	<ul style="list-style-type: none"> Net Growth: ~\$100M
EMEA	<p>↑ 11%</p> <p>13% Q2 FY25 11% Q2 FY26</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Systems +26% - Service -8% Backlog \$3.2B, +13% <ul style="list-style-type: none"> - Systems +13% - Service +14% 	<p>↑ 1%</p> <p>\$1.2B Q2 FY25 \$1.3B Q2 FY26</p>	<ul style="list-style-type: none"> Systems +3% Service -1% - Applied¹: (HSD) - F&S²: (LSD) 	<p>↑ 370bps</p> <p>11.2% Q2 FY25 14.9% Q2 FY26 \$135 \$191</p>	<ul style="list-style-type: none"> Productivity: ~\$40M Net Growth: ~\$10M FX: ~\$5M
APAC	<p>↑ 4%</p> <p>0% Q2 FY25 4% Q2 FY26</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Systems +6% - Service +2% Backlog \$1.9B, +14% <ul style="list-style-type: none"> - Systems +14% - Service +6% 	<p>↑ 13%</p> <p>\$0.6B Q2 FY25 \$0.7B Q2 FY26</p>	<ul style="list-style-type: none"> Systems +18% Service +2% - Applied¹: +>20% - F&S²: (MSD) 	<p>↑ 350bps</p> <p>16.3% Q2 FY25 19.8% Q2 FY26 \$104 \$146</p>	<ul style="list-style-type: none"> Net Growth: ~\$20M Productivity: ~\$20M

* Consists of orders and backlog for the Company's Solutions and Services businesses. Orders prior to Q1 FY26 exclude certain equipment-only sales for longer cycle projects. Excluding these sales, orders increased 37% in the Americas, decreased 6% in EMEA, and increased 5% in APAC in Q2 FY26. The historical presentation of backlog has been restated to include this new category

† Organic Sales Growth and Adjusted Segment EBITA/Margin are non-GAAP measures and exclude special items. See footnotes for reconciliation.

¹ Includes large commercial applied HVAC equipment, BMS, and Controls.

² Includes Retail.

Balance Sheet and Adjusted Free Cash Flow

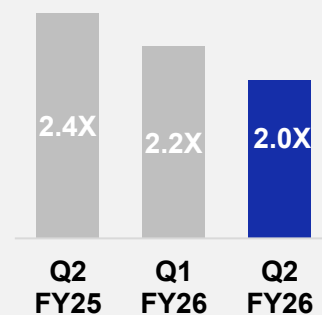
Disciplined Capital Allocation

Capital Structure (\$ billions)	Q2 FY25	Q1 FY26	Q2 FY26	
Short-term debt and current portion of long-term debt	\$1.8	\$1.0	\$0.9	
Long-term debt	\$8.2	\$8.7	\$8.6	
Total debt	\$10.0	\$9.7	\$9.5	
Less: cash and cash equivalents	\$0.8	\$0.6	\$0.7	
Net debt*	\$9.2	\$9.1	\$8.8	
Adj. Free Cash Flow* (\$ billions)	Q2 FY25	Q2 FY26	YTD FY25	YTD FY26
Free Cash Flow	\$0.5	\$0.6	\$0.6	\$1.1
Less: JC Capital Free Cash Flow	-	-	(\$0.1)	-
Less: AFFF Settlement Payments and related insurance recoveries	-	\$0.1	(\$0.4)	\$0.2
Reported Adj. Free Cash Flow*	\$0.5	\$0.5	\$1.1	\$0.9

Debt and liquidity

- **86% fixed** rate debt
- **3.6%** weighted avg interest rate
- **~\$0.7B** cash position
- BBB+/Baa1 credit rating (S&P/Moody's)¹
- \$2.5B undrawn credit facilities
- Target Net Debt/EBITDA **~2.0-2.5X**

Net Debt / EBITDA*



*Non-GAAP measures. See footnotes for reconciliation.

*Adjusted free cash is a non-GAAP measures. Refer to footnotes for reconciliation.

¹The security ratings set forth above are issued by unaffiliated third-party rating agencies and are not a recommendation to buy, sell or hold securities. The ratings may be subject to revision or withdrawal by the assigning rating organization at any time.

Introducing Q3 and Raising Fiscal '26 Full Year Guidance

	Q3'26	FY'26
Organic Revenue*	Up ~6%	Up ~6% (previous: Up ~MSD)
Operating Leverage*	~45%	~50%
Adjusted EPS*	~\$1.28	~\$4.85 (previous: ~\$4.70)
Adjusted Free Cash Flow Conversion*		~100%

Appendix



Additional FY 2026 Guidance Items

	Q3'26	FY'26
Adjusted Corporate Expense*	~\$95M	~\$390M
Amortization Expense	~\$85M	~\$345M
NFC	~\$80M	~\$285M
Tax Rate	~17%	~17%
Shares	~609M	~610M

*Adjusted Corporate expense is a non-GAAP measure that includes certain stranded costs from divestiture transactions to be addressed by multi-year restructuring program. See footnotes for reconciliation

Consolidated Financial Results

(\$ in Millions, except earnings per share)	Q2 FY25 GAAP	Q2 FY26 GAAP	Q2 FY25* NON-GAAP	Q2 FY26* NON-GAAP	% Change NON-GAAP
Sales	\$5,676	\$6,142	\$5,676	\$6,142	8%
Gross profit (% of sales)	\$2,069 36.5%	\$2,262 36.8%	\$2,069 36.5%	\$2,262 36.8%	9%
SG&A expenses	\$1,427	\$1,401	\$1,369	\$1,313	-4%
Restructuring and impairment costs	\$62	\$57	-	-	-
Equity income	\$1	\$1	\$1	\$1	-
EBIT*	\$581	\$805	\$701	\$950	36%
Net financing charges	\$80	\$67	\$80	\$67	-16%
Income from continuing operations before income taxes	\$501	\$738	\$621	\$883	42%
Income tax provision	\$26	\$126	\$74	\$150	103%
Income from continuing operations	\$475	\$612	\$547	\$733	34%
Income from discontinued operations, net of tax	\$51	\$4	\$88	\$4	NM
Net income	\$526	\$616	\$635	\$737	16%
Income from continuing operations attributable to non-controlling interests	\$2	\$3	\$2	\$3	NM
Income from discontinued operations attributable to non-controlling interests	\$46	-	\$46	-	NM
Net income attributable to Johnson Controls	\$478	\$613	\$587	\$734	25%
Income from continuing operations	\$473	\$609	\$545	\$730	34%
Income from discontinued operations	\$5	\$4	\$42	\$4	NM
Diluted EPS continuing ops	\$0.71	\$0.99	\$0.82	\$1.19	45%
Diluted EPS discontinued ops	\$0.01	\$0.01	\$0.06	\$0.01	NM
Total EPS	\$0.72	\$1.00	\$0.88	\$1.20	36%

Special Items

(\$ in Millions, except EPS)

Three Months Ended March 31	Net income (Expense)		EPS impact	
	2025	2026	2025	2026
Net mark-to-market adjustments	\$(13)	\$(14)	\$(0.02)	\$(0.02)
Restructuring & impairment costs	\$(62)	\$(57)	\$(0.09)	\$(0.09)
Water systems AFFF insurance recoveries	\$8	\$1	\$0.01	-
Transaction/separation costs	\$(7)	\$(13)	\$(0.01)	\$(0.02)
Transformation costs	\$(46)	\$(62)	\$(0.07)	\$(0.10)
Related tax impact	\$12	\$24	\$0.02	\$0.04
Discrete tax expense	\$36	-	\$0.05	-
Total*	\$(72)	\$(121)	\$(0.11)	\$(0.20)

IR Contacts

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FINANCIAL STATEMENTS

Johnson Controls International plc Consolidated Statements of Income

(in millions, except per share data; unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Net sales				
Products and systems	\$ 4,199	\$ 3,865	\$ 8,091	\$ 7,550
Services	1,943	1,811	3,848	3,552
	<u>6,142</u>	<u>5,676</u>	<u>11,939</u>	<u>11,102</u>
Cost of sales				
Products and systems	2,788	2,523	5,436	4,979
Services	1,092	1,084	2,167	2,128
	<u>3,880</u>	<u>3,607</u>	<u>7,603</u>	<u>7,107</u>
Gross profit	2,262	2,069	4,336	3,995
Selling, general and administrative expenses	1,401	1,427	2,622	2,826
Restructuring and impairment costs	57	62	144	95
Net financing charges	67	80	126	166
Equity income	1	1	2	1
Income from continuing operations before income taxes	738	501	1,446	909
Income tax provision	126	26	278	73
Income from continuing operations	612	475	1,168	836
Income (loss) from discontinued operations, net of tax	4	51	(27)	141
Net income	616	526	1,141	977
Income attributable to noncontrolling interests				
Continuing operations	3	2	4	—
Discontinued operations	—	46	—	80
Net income attributable to Johnson Controls	<u>\$ 613</u>	<u>\$ 478</u>	<u>\$ 1,137</u>	<u>\$ 897</u>
Income (loss) attributable to Johnson Controls				
Continuing operations	\$ 609	\$ 473	\$ 1,164	\$ 836
Discontinued operations	4	5	(27)	61
Total	<u>\$ 613</u>	<u>\$ 478</u>	<u>\$ 1,137</u>	<u>\$ 897</u>
Basic earnings (loss) per share attributable to Johnson Controls				
Continuing operations	\$ 1.00	\$ 0.72	\$ 1.90	\$ 1.27
Discontinued operations	0.01	0.01	(0.04)	0.09
Total	<u>\$ 1.01</u>	<u>\$ 0.73</u>	<u>\$ 1.86</u>	<u>\$ 1.36</u>
Diluted earnings (loss) per share attributable to Johnson Controls				
Continuing operations	\$ 0.99	\$ 0.71	\$ 1.90	\$ 1.26
Discontinued operations	0.01	0.01	(0.04)	0.09
Total	<u>\$ 1.00</u>	<u>\$ 0.72</u>	<u>\$ 1.86</u>	<u>\$ 1.35</u>

Johnson Controls International plc
Condensed Consolidated Statements of Financial Position
(in millions; unaudited)

	March 31, 2026	September 30, 2025
Assets		
Cash and cash equivalents	\$ 698	\$ 379
Accounts receivable - net	6,614	6,269
Inventories	1,933	1,820
Current assets held for sale	21	14
Other current assets	1,725	1,680
Current assets	<u>10,991</u>	<u>10,162</u>
Property, plant and equipment - net	2,096	2,193
Goodwill	16,547	16,633
Other intangible assets - net	3,484	3,613
Noncurrent assets held for sale	120	140
Other noncurrent assets	5,116	5,198
Total assets	<u>\$ 38,354</u>	<u>\$ 37,939</u>
Liabilities and Equity		
Short-term debt	\$ 882	\$ 723
Current portion of long-term debt	28	566
Accounts payable	3,610	3,614
Accrued compensation and benefits	822	1,268
Deferred revenue	2,845	2,470
Current liabilities held for sale	21	12
Other current liabilities	2,397	2,288
Current liabilities	<u>10,605</u>	<u>10,941</u>
Long-term debt	8,613	8,591
Pension and postretirement benefit obligations	189	211
Noncurrent liabilities held for sale	24	9
Other noncurrent liabilities	5,380	5,233
Noncurrent liabilities	<u>14,206</u>	<u>14,044</u>
Shareholders' equity attributable to Johnson Controls	13,518	12,927
Noncontrolling interests	25	27
Total equity	<u>13,543</u>	<u>12,954</u>
Total liabilities and equity	<u>\$ 38,354</u>	<u>\$ 37,939</u>

Consolidated Statements of Cash Flows

(in millions; unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Operating Activities of Continuing Operations				
Income from continuing operations:				
Attributable to Johnson Controls	\$ 609	\$ 473	\$ 1,164	\$ 836
Attributable to noncontrolling interests	3	2	4	—
Total	612	475	1,168	836
Adjustments to reconcile net income to cash provided by operating activities of continuing operations:				
Depreciation and amortization	169	202	333	395
Pension and postretirement benefits	(16)	(21)	(28)	(37)
Deferred income taxes	(18)	(53)	3	(107)
Noncash restructuring and impairment charges	44	25	104	33
Equity-based compensation	32	31	66	59
Gain on business divestiture	(3)	6	(73)	6
Other - net	24	18	25	26
Changes in assets and liabilities:				
Accounts receivable	(460)	(191)	(389)	93
Inventories	(28)	(12)	(140)	(27)
Other assets	9	(42)	97	(213)
Restructuring reserves	(23)	(5)	(26)	(3)
Accounts payable and accrued liabilities	238	180	63	(227)
Accrued income taxes	92	(63)	80	(35)
Cash provided by operating activities from continuing operations	672	550	1,283	799
Investing Activities of Continuing Operations				
Capital expenditures	(68)	(94)	(148)	(210)
Divestiture of businesses, net of cash divested	2	(4)	209	1
Other - net	17	(14)	(20)	(8)
Cash provided (used) by investing activities from continuing operations	(49)	(112)	41	(217)
Financing Activities of Continuing Operations				
Net proceeds from borrowings with maturities less than three months	251	346	65	358
Proceeds from debt	200	—	316	1,369
Repayments of debt	(538)	(502)	(639)	(1,096)
Stock repurchases and retirements	(215)	(330)	(215)	(660)
Payment of cash dividends	(244)	(245)	(489)	(490)
Employee equity-based compensation withholding taxes	(11)	(2)	(60)	(31)
Other - net	(9)	58	(8)	76
Cash used by financing activities from continuing operations	(566)	(675)	(1,030)	(474)
Discontinued Operations				
Cash provided (used) by operating activities	(31)	49	(98)	47
Cash used by investing activities	—	(17)	—	(27)
Cash used by financing activities	—	(65)	—	(65)
Cash used by discontinued operations	(31)	(33)	(98)	(45)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	118	(169)	123	(15)
Change in cash, cash equivalents and restricted cash held for sale	(4)	(1)	(4)	3
Increase (decrease) in cash, cash equivalents and restricted cash	140	(440)	315	51
Cash, cash equivalents and restricted cash at beginning of period	573	1,258	398	767
Cash, cash equivalents and restricted cash at end of period	713	818	713	818
Less: Restricted cash	15	23	15	23
Cash and cash equivalents at end of period	<u>\$ 698</u>	<u>\$ 795</u>	<u>\$ 698</u>	<u>\$ 795</u>

FOOTNOTES

1. Sale of Residential and Light Commercial HVAC Business

In July 2025, the Company sold its Residential and Light Commercial ("R&LC") HVAC business, including the North America Ducted business and the global Residential joint venture with Hitachi Global Life Solutions, Inc. ("Hitachi"), of which Johnson Controls owned 60% and Hitachi owned 40%. The R&LC HVAC business met the criteria to be classified as a discontinued operation and, as a result, its historical financial results are reflected in the consolidated financial statements as a discontinued operation.

2. Non-GAAP Measures

The Company reports various non-GAAP measures in this earnings release and the related earnings presentation. Non-GAAP measures should be considered in addition to, and not as replacements for, the most comparable GAAP measures. Refer to the following footnotes for further information on the calculations of the non-GAAP measures and reconciliations of the non-GAAP measures to the most comparable GAAP measures.

Organic sales

Organic sales growth excludes the impact of acquisitions, divestitures and foreign currency. Management believes organic sales growth is useful to investors in understanding period-over-period sales results and trends.

Cash flow

Management believes free cash flow and adjusted free cash flow measures are useful to investors in understanding the strength of the Company and its ability to generate cash. These non-GAAP measures can also be used to evaluate the Company's ability to generate cash flow from operations and the impact that this cash flow has on its liquidity. Management also believes adjusted free cash flows are useful to investors in understanding period-over-period cash flows, cash trends and ongoing cash flows of the Company.

Adjusted free cash flow and adjusted free cash flow conversion are non-GAAP measures which exclude the impacts of the following:

- JC Capital cash flows primarily include activity associated with finance/notes receivables and inventory and/or capital expenditures related to lease arrangements. JC Capital net income is primarily related to interest income on the finance/notes receivable and profit recognized on arrangements with sales-type lease components.
- The impact of the accounts receivables factoring program which was discontinued in March 2024.
- Cash payments related to the water systems AFFF settlement and cash receipts for AFFF-related insurance recoveries.
- Prepayment of royalty fees associated with certain IP licensed to divested businesses.
- Discrete tax payments are non-recurring tax settlements for certain non-US jurisdictions.

Adjusted financial measures

Adjusted financial measures are non-GAAP measures that are derived by excluding certain amounts from the corresponding financial measures determined in accordance with GAAP. The determination of the excluded amounts is a matter of management judgment and depends upon the nature and variability of the underlying expense or income amounts and other factors.

As detailed in the tables included in footnotes four through seven, the following items were excluded from certain financial measures:

- **Net mark-to-market adjustments** are the result of adjusting restricted asbestos investments and pension and postretirement plan assets to their current market value. These adjustments may have a favorable or unfavorable impact on results.
- **Restructuring and impairment costs** represents restructuring costs attributable to Johnson Controls including costs associated with exit plans or other restructuring plans that will have a more significant impact on the underlying cost structure of the organization. Impairment costs primarily relate to write-downs of goodwill, intangible assets and assets held for sale to their fair value.
- **Water systems AFFF settlement and insurance recoveries** include amounts related to a settlement with a nationwide class of public water systems concerning the use of AFFF manufactured and sold by a subsidiary of the Company, and AFFF-related insurance recoveries.
- **Transaction/separation costs** include costs associated with significant mergers and acquisitions.
- **Transformation costs** represent incremental expenses incurred in association with strategic growth initiatives and cost saving opportunities in order to realize the benefits of portfolio simplification and the Company's lifecycle solutions strategy.
- **ERP asset - accelerated depreciation** represents a change in ERP strategy within the EMEA segment, which led to certain assets being abandoned and the useful lives reduced.
- **Earn-out adjustments** relate to earn-out liabilities associated with certain significant acquisitions and may have a favorable or unfavorable impact on results.
- **Loss (gain) on divestiture** relates to the sale of the ADT Mexico Security and ADTi businesses.
- **EMEA joint venture loss** relates to certain non-recurring losses associated with the equity method accounting of a joint venture company.
- **Discrete tax items, net** includes the net impact of discrete tax items within the period, including the following types of items: changes in estimates associated with valuation allowances, changes in estimates associated with reserves for uncertain tax positions, withholding taxes recorded upon changes in indefinite re-investment assertions for businesses to be disposed of and impacts from statutory rate changes.
- **Related tax impact** includes the tax impact of the various excluded items.

Management believes the exclusion of these items is useful to investors due to the unusual nature and/or magnitude of the amounts. When considered together with unadjusted amounts, adjusted financial measures are useful to investors in understanding period-over-period operating results, business trends and ongoing operations of the Company. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes.

Operating leverage

Operating leverage is defined as the ratio of the change in adjusted EBIT for the period, divided by the corresponding change in net revenues. Management believes operating leverage is a useful metric to reflect enterprise value creation, capturing the impact of scale and cost discipline across the organization.

Debt ratios

Management believes that net debt to adjusted EBITDA, a non-GAAP measure, is useful to understanding the Company's financial condition as the ratio provides an overview of the extent to which the Company relies on external debt financing for its funding and also is a measure of risk to its shareholders.

3. Sales

The following tables detail the changes in sales from continuing operations attributable to organic growth, foreign currency, acquisitions, divestitures and other (unaudited):

Net sales (in millions)	Three Months Ended March 31			
	Americas	EMEA	APAC	Total
Net sales - 2025	\$ 3,837	\$ 1,201	\$ 638	\$ 5,676
Base year adjustments				
Divestitures and other	—	(22)	—	(22)
Foreign currency	24	89	15	128
Adjusted base net sales	3,861	1,268	653	5,782
Organic growth	260	14	86	360
Net sales - 2026	\$ 4,121	\$ 1,282	\$ 739	\$ 6,142
Growth %:				
Net sales	7 %	7 %	16 %	8 %
Organic growth	7 %	1 %	13 %	6 %

Net sales (in millions)	Six Months Ended March 31			
	Americas	EMEA	APAC	Total
Net sales - 2025	\$ 7,464	\$ 2,358	\$ 1,280	\$ 11,102
Base year adjustments				
Divestitures and other	—	(37)	—	(37)
Foreign currency	30	154	16	200
Adjusted base net sales	7,494	2,475	1,296	11,265
Acquisitions	—	3	—	3
Organic growth	470	65	136	671
Net sales - 2026	\$ 7,964	\$ 2,543	\$ 1,432	\$ 11,939
Growth %:				
Net sales	7 %	8 %	12 %	8 %
Organic growth	6 %	3 %	10 %	6 %

Products and systems revenue

(in millions)

Three Months Ended March 31

	Americas	EMEA	APAC	Total
Products and systems revenue - 2025	\$ 2,711	\$ 721	\$ 433	\$ 3,865
Base year adjustments				
Divestitures and other	—	1	—	1
Foreign currency	20	57	11	88
Adjusted products and systems revenue	2,731	779	444	3,954
Organic growth	144	20	81	245
Products and systems revenue - 2026	<u>\$ 2,875</u>	<u>\$ 799</u>	<u>\$ 525</u>	<u>\$ 4,199</u>
Growth %:				
Products and systems revenue	6 %	11 %	21 %	9 %
Organic growth	5 %	3 %	18 %	6 %

Products and systems revenue

(in millions)

Six Months Ended March 31

	Americas	EMEA	APAC	Total
Products and systems revenue - 2025	\$ 5,247	\$ 1,421	\$ 882	\$ 7,550
Base year adjustments				
Divestitures and other	—	1	—	1
Foreign currency	27	102	12	141
Adjusted products and systems revenue	5,274	1,524	894	7,692
Acquisitions	—	3	—	3
Organic growth	241	34	121	396
Products and systems revenue - 2026	<u>\$ 5,515</u>	<u>\$ 1,561</u>	<u>\$ 1,015</u>	<u>\$ 8,091</u>
Growth %:				
Products and systems revenue	5 %	10 %	15 %	7 %
Organic growth	5 %	2 %	14 %	5 %

Service revenue

(in millions)

Three Months Ended March 31

	Americas	EMEA	APAC	Total
Service revenue - 2025	\$ 1,126	\$ 480	\$ 205	\$ 1,811
Base year adjustments				
Divestitures and other	—	(23)	—	(23)
Foreign currency	4	32	4	40
Adjusted base service revenue	1,130	489	209	1,828
Organic growth	116	(6)	5	115
Service revenue - 2026	\$ 1,246	\$ 483	\$ 214	\$ 1,943

Growth %:

Service revenue	11 %	1 %	4 %	7 %
Organic growth	10 %	(1)%	2 %	6 %

Service revenue

(in millions)

Six Months Ended March 31

	Americas	EMEA	APAC	Total
Service revenue - 2025	\$ 2,217	\$ 937	\$ 398	\$ 3,552
Base year adjustments				
Divestitures and other	—	(38)	—	(38)
Foreign currency	3	52	4	59
Adjusted base service revenue	2,220	951	402	3,573
Organic growth	229	31	15	275
Service revenue - 2026	\$ 2,449	\$ 982	\$ 417	\$ 3,848

Growth %:

Service revenue	10 %	5 %	5 %	8 %
Organic growth	10 %	3 %	4 %	8 %

4. Cash Flow, Free Cash Flow and Free Cash Flow Conversion

The following table includes operating cash flow conversion, free cash flow and free cash flow conversion (unaudited):

(in millions)	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Cash provided by operating activities from continuing operations	\$ 672	\$ 550	\$ 1,283	\$ 799
Income from continuing operations attributable to Johnson Controls	609	473	1,164	836
Operating cash flow conversion	110 %	116 %	110 %	96 %
Cash provided by operating activities from continuing operations	\$ 672	\$ 550	\$ 1,283	\$ 799
Capital expenditures	(68)	(94)	(148)	(210)
Free cash flow (non-GAAP)	\$ 604	\$ 456	\$ 1,135	\$ 589
Income from continuing operations attributable to Johnson Controls	\$ 609	\$ 473	\$ 1,164	\$ 836
Free cash flow conversion from net income (non-GAAP)	99 %	96 %	98 %	70 %

The following table includes adjusted free cash flow and adjusted free cash flow conversion (unaudited):

(in millions)	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Free cash flow (non-GAAP)	\$ 604	\$ 456	\$ 1,135	\$ 589
Adjustments:				
JC Capital cash used by operating activities	6	11	(25)	77
Water systems AFFF settlement cash payments and insurance recoveries	(84)	(11)	(158)	386
Prepaid IP royalties for divested businesses	—	—	(29)	—
Impact from discontinued factoring program	—	7	—	14
Discrete tax payments	—	—	31	—
Adjusted free cash flow (non-GAAP)	\$ 526	\$ 463	\$ 954	\$ 1,066
Adjusted net income attributable to JCI (non-GAAP)	\$ 730	\$ 545	\$ 1,277	\$ 971
JC Capital net (income) loss	(11)	9	(4)	4
Adjusted net income attributable to JCI, excluding JC Capital (non-GAAP)	\$ 719	\$ 554	\$ 1,273	\$ 975
Adjusted free cash flow conversion (non-GAAP)	73 %	84 %	75 %	109 %

5. EBIT, Segment Profitability and Corporate Expense

The following table reconciles income from continuing operations before income taxes to EBIT and adjusted EBIT.

(in millions; unaudited)	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Income from continuing operations:				
Attributable to Johnson Controls	\$ 609	\$ 473	\$ 1,164	\$ 836
Attributable to noncontrolling interests	3	2	4	—
Income from continuing operations	612	475	1,168	836
Less: Income tax provision ⁽¹⁾	126	26	278	73
Income before income taxes	738	501	1,446	909
Net financing charges	67	80	126	166
EBIT	<u>\$ 805</u>	<u>\$ 581</u>	<u>\$ 1,572</u>	<u>\$ 1,075</u>
EBIT margin	13.1 %	10.2 %	13.2 %	9.7 %
Adjusting items:				
Net mark-to-market adjustments	(14)	(13)	(12)	(14)
Restructuring and impairment costs	(57)	(62)	(144)	(95)
Water systems AFFF insurance recoveries	1	8	131	12
Transaction/separation costs	(13)	(7)	(25)	(18)
Transformation costs	(62)	(46)	(117)	(79)
Gain on divestiture	—	—	70	—
Adjusted EBIT (non-GAAP)	<u>\$ 950</u>	<u>\$ 701</u>	<u>\$ 1,669</u>	<u>\$ 1,269</u>
Adjusted EBIT margin (non-GAAP)	15.5 %	12.4 %	14.0 %	11.4 %

⁽¹⁾ Adjusted income tax provision excludes the related tax impacts of pre-tax adjusting items.

The following tables reconcile Segment EBIT to Segment EBITA (non-GAAP) as reported and reconcile Segment EBIT and Segment EBITA (non-GAAP) as reported to adjusted Segment EBIT and Segment EBITA (non-GAAP) and adjusted Segment EBIT and Segment EBITA (non-GAAP) margin (unaudited):

(in millions)	Three Months Ended March 31					
	Americas		EMEA		APAC	
	2026	2025	2026	2025	2026	2025
Sales	\$4,121	\$3,837	\$1,282	\$1,201	\$ 739	\$ 638
Segment EBIT	705	616	179	117	143	101
Amortization	77	91	7	18	3	3
Segment EBITA (non-GAAP)	782	707	186	135	146	104
Adjusting items:						
Transformation costs	20	2	5	—	—	—
Adjusted Segment EBIT (non-GAAP)	725	618	184	117	143	101
Adjusted Segment EBITA (non-GAAP)	802	709	191	135	146	104
Segment EBIT margin %	17.1 %	16.1 %	14.0 %	9.7 %	19.4 %	15.8 %
Adjusted Segment EBIT margin % (non-GAAP)	17.6 %	16.1 %	14.4 %	9.7 %	19.4 %	15.8 %
Segment EBITA margin % (non-GAAP)	19.0 %	18.4 %	14.5 %	11.2 %	19.8 %	16.3 %
Adjusted Segment EBITA margin % (non-GAAP)	19.5 %	18.5 %	14.9 %	11.2 %	19.8 %	16.3 %

(in millions)	Six Months Ended March 31					
	Americas		EMEA		APAC	
	2026	2025	2026	2025	2026	2025
Sales	\$7,964	\$7,464	\$2,543	\$2,358	\$1,432	\$1,280
Segment EBIT	1,249	1,110	330	233	256	186
Amortization	153	186	14	38	7	8
Segment EBITA (non-GAAP)	1,402	1,296	344	271	263	194
Adjusting items:						
Transformation costs	32	2	11	—	—	—
Adjusted Segment EBIT (non-GAAP)	1,281	1,112	341	233	256	186
Adjusted Segment EBITA (non-GAAP)	1,434	1,298	355	271	263	194
Segment EBIT margin %	15.7 %	14.9 %	13.0 %	9.9 %	17.9 %	14.5 %
Adjusted Segment EBIT margin % (non-GAAP)	16.1 %	14.9 %	13.4 %	9.9 %	17.9 %	14.5 %
Segment EBITA margin % (non-GAAP)	17.6 %	17.4 %	13.5 %	11.5 %	18.4 %	15.2 %
Adjusted Segment EBITA margin % (non-GAAP)	18.0 %	17.4 %	14.0 %	11.5 %	18.4 %	15.2 %

The following table reconciles adjusted Segment EBITA (non-GAAP) to adjusted Segment EBITA margin (non-GAAP) (unaudited):

(in millions)	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Adjusted Segment EBITA (non-GAAP)				
Americas	\$ 802	\$ 709	\$ 1,434	\$ 1,298
EMEA	191	135	355	271
APAC	146	104	263	194
Sales	6,142	5,676	11,939	11,102
Adjusted Segment EBITA margin (non-GAAP)	18.5 %	16.7 %	17.2 %	15.9 %

The following table reconciles Corporate expense from continuing operations as reported to the comparable adjusted amounts (unaudited):

(in millions)	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Corporate expense (GAAP)	\$ 152	\$ 186	\$ 308	\$ 357
Adjusting items:				
Transaction/separation costs	(13)	(7)	(25)	(18)
Transformation costs	(37)	(44)	(74)	(77)
Adjusted Corporate expense (non-GAAP)	\$ 102	\$ 135	\$ 209	\$ 262

6. Net Income and Diluted Earnings Per Share

The following tables reconcile net income from continuing operations attributable to JCI and diluted earnings per share from continuing operations as reported to the comparable adjusted amounts (unaudited):

(in millions, except per share)	Three Months Ended March 31			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2026	2025	2026	2025
As reported (GAAP)	\$ 609	\$ 473	\$ 0.99	\$ 0.71
Adjusting items:				
Net mark-to-market adjustments	14	13	0.02	0.02
Restructuring and impairment costs	57	62	0.09	0.09
Water systems AFFF insurance recoveries	(1)	(8)	—	(0.01)
Transaction/separation costs	13	7	0.02	0.01
Transformation costs	62	46	0.10	0.07
Discrete tax items	—	(36)	—	(0.05)
Related tax impact	(24)	(12)	(0.04)	(0.02)
Adjusted (non-GAAP)*	\$ 730	\$ 545	\$ 1.19	\$ 0.82

* May not sum due to rounding

(in millions, except per share)	Six Months Ended March 31			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2026	2025	2026	2025
As reported (GAAP)	\$ 1,164	\$ 836	\$ 1.90	\$ 1.26
Adjusting items:				
Net mark-to-market adjustments	12	14	0.02	0.02
Restructuring and impairment costs	144	95	0.23	0.14
Water systems AFFF insurance recoveries	(131)	(12)	(0.21)	(0.02)
Transaction/separation costs	25	18	0.04	0.03
Transformation costs	117	79	0.19	0.12
Gain on divestiture	(70)	—	(0.11)	—
Discrete tax items	11	(36)	0.02	(0.05)
Related tax impact	5	(23)	0.01	(0.03)
Adjusted (non-GAAP)*	\$ 1,277	\$ 971	\$ 2.08	\$ 1.46

* May not sum due to rounding

The following table reconciles the denominators used to calculate basic and diluted earnings per share (in millions; unaudited):

	Three Months Ended March 31		Six Months Ended March 31	
	2026	2025	2026	2025
Weighted average shares outstanding				
Basic weighted average shares outstanding	612	659	612	661
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2	2	2	2
Diluted weighted average shares outstanding	614	661	614	663

7. Debt Ratios

The following table includes continuing operations and details net debt to income before income taxes and net debt to adjusted EBITDA (unaudited):

(in millions)	March 31, 2026	December 31, 2025	March 31, 2025
Short-term debt	\$ 882	\$ 436	\$ 1,261
Current portion of long-term debt	28	568	558
Long-term debt	8,613	8,701	8,167
Total debt	9,523	9,705	9,986
Less: cash and cash equivalents	698	552	795
Net debt	<u>\$ 8,825</u>	<u>\$ 9,153</u>	<u>\$ 9,191</u>
Last twelve months income before income taxes	\$ 2,506	\$ 2,269	\$ 2,582
Net debt to income before income taxes	<u>3.5x</u>	<u>4.0x</u>	<u>3.6x</u>
Last twelve months adjusted EBITDA (non-GAAP)	\$ 4,325	\$ 4,109	\$ 3,779
Net debt to adjusted EBITDA (non-GAAP)	<u>2.0x</u>	<u>2.2x</u>	<u>2.4x</u>

The following table reconciles income from continuing operations to adjusted EBIT and adjusted EBITDA (unaudited):

(in millions)	Twelve Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Income from continuing operations	\$ 2,056	\$ 1,919	\$ 2,225
Income tax provision	450	350	357
Income before income taxes	2,506	2,269	2,582
Net financing charges	279	292	332
EBIT	2,785	2,561	2,914
Adjusting items:			
Net mark-to-market adjustments	4	3	4
Restructuring and impairment costs	595	600	330
Water systems AFFF insurance recoveries	(158)	(165)	(379)
Earn-out adjustments	—	—	(61)
Transaction/separation costs	46	40	45
Transformation costs	218	202	79
ERP asset - accelerated depreciation	102	102	—
Loss (gain) on divestiture	(70)	(70)	42
EMEA joint venture loss	—	—	17
Adjusted EBIT (non-GAAP)	3,522	3,273	2,991
Depreciation and amortization	803	836	788
Adjusted EBITDA (non-GAAP)	<u>\$ 4,325</u>	<u>\$ 4,109</u>	<u>\$ 3,779</u>

8. Income Taxes

After adjusting for certain non-recurring items, the Company's effective tax rate for continuing operations was approximately 17% for the three and six months ending March 31, 2026 and approximately 12% for the three and six months ending March 31, 2025.