Johnson Controls

Fiscal Q3

2026 Earnings Conference Call

July 29, 2026

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 year ended September 30, 2025 filed with the United States Securities and Exchange Commission ("SEC") on November 14, 2025, which is available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab. The description of certain of these risks is supplemented in Item 1A of Part II of Johnson Controls subsequently filed Quarterly Reports on Form 10-Q. The forward-looking statements included in this document 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

Q3 Execution Driving Accelerating Performance

10% Organic sales growth*
led by strength in Applied HVAC

17% Adjusted EBIT margin*
expanded 260 basis points

35% Adjusted EPS growth*
increased to $1.42

Record Backlog Supported by Strong Orders

27% Orders growth*
led by 40% Systems growth

37% Growth in Americas orders*
driven by data center demand

$21B Backlog*
grew 32% on sustained customer demand

Winning with Customers

High-growth end markets
where our technology differentiation matters most

Technology innovation
unlocking customer growth constraints

Manufacturing advantage
improving lead times, delivery, and quality

Lifecycle service
delivering uptime through unmatched field presence

Proprietary Business System That Turns Strategy Into Results

Simplify
focus on what matters most

Accelerate
remove waste and speed up execution
"from weeks to days"

Amplify
leverage digital and AI to scale
"from days to hours and minutes"

Raising Full-Year Guidance for 2026

~8% Organic revenue growth*
within our HSD growth algorithm

$5.05 Adjusted EPS*
~35% growth year-over-year

~100% Adjusted Free Cash Flow conversion*

* 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.

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Johnson Controls Has the Technology, Field Presence and Business System to Win

OUR COMPETITIVE ADVANTAGES
DEVELOPED OVER 140 YEARS

Unparalleled, Differentiated Technology Innovation

Comprehensive Global Field Presence

STRATEGIC DRIVERS ACCELERATING GROWTH

Prioritizing Where We Win

Strategic Pillars

AI / Data Centers • Mission Critical Environments • Decarbonization

Deploying Our Business System

How We Deliver Results

Standard Work • Problem Solving • Value Stream Mapping • Kaizen • Visual Daily Management

Fueling our Economic Engine

Growth Enablers

Differentiated Customer Value • Innovation • Manufacturing at Scale • Frontline Productivity

Early Proof Points Demonstrate What is Possible as the Business System Scales

Global Engineering Center

Innovating at the Cutting Edge

2x
innovation capacity

40%
faster speed to market on a key product

25-30%
cost reduction in key components

Manufacturing Site

Manufacturing at Scale

>4x
increased capacity of Computer Room Air Handler line

100%
on-time delivery, improved from ~43%

>30%
floor space reduction and 50% reduction in inventory

Local Market Office

Winning with Customers

2x
increase in customer-facing time

70%
reduction in time to engineer projects

30%
reduction in non-value-added time sourcing parts

LONG-TERM GROWTH ALGORITHM[1]

High Single-Digit
Organic Revenue Growth %

~30%+
Operating Leverage

Double-Digit
Adjusted EPS Growth

~95-100%
Adjusted Free Cash Flow Conversion

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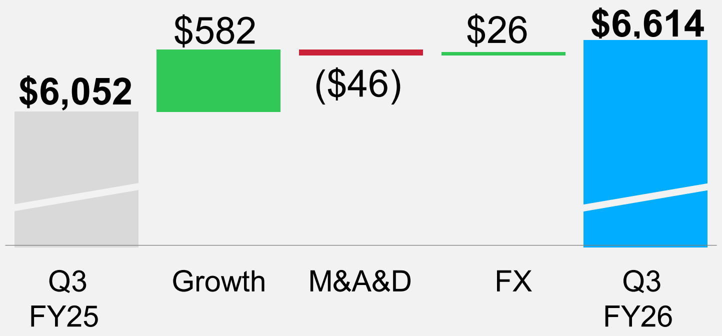
[1]Organic Sales Growth, Operating Leverage, Adjusted EPS, and Adjusted Free Cash Flow conversion are non-GAAP measures and exclude special items. See footnotes for additional details.

Total Enterprise[3]

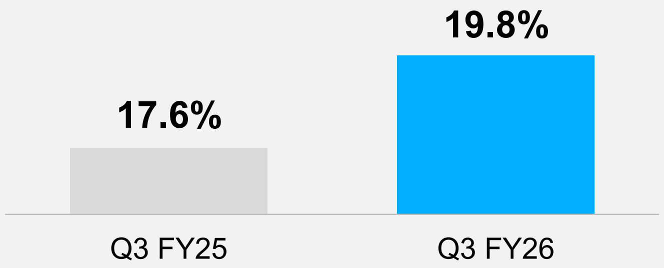
SALES — ORGANIC % GROWTH*,
($ IN MILLIONS)



10%
YoY Organic Growth*

Systems	Service
+11%	**+7%**
Applied[1]	F&S[2]
+high-teens	**Flat**

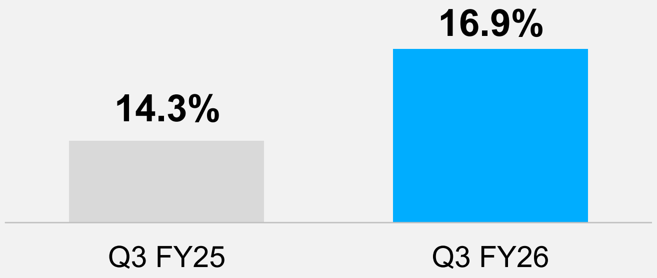
ADJUSTED SEGMENT EBITA/MARGIN*



220bps
Adj. EBITA Margin* Expansion

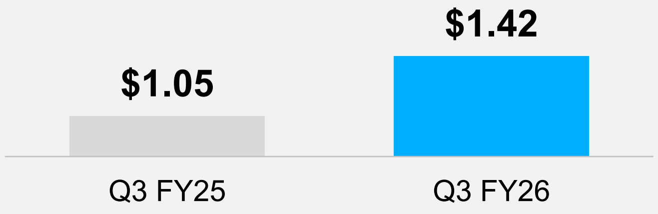
Net Growth	**~$215M**
Productivity	**~$35M**
Mix	**~$10M**
M&A	**~($30M)**

ADJUSTED EBIT/MARGIN*



260bps
Adj. EBIT Margin* Expansion

ADJUSTED EPS*



35%
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

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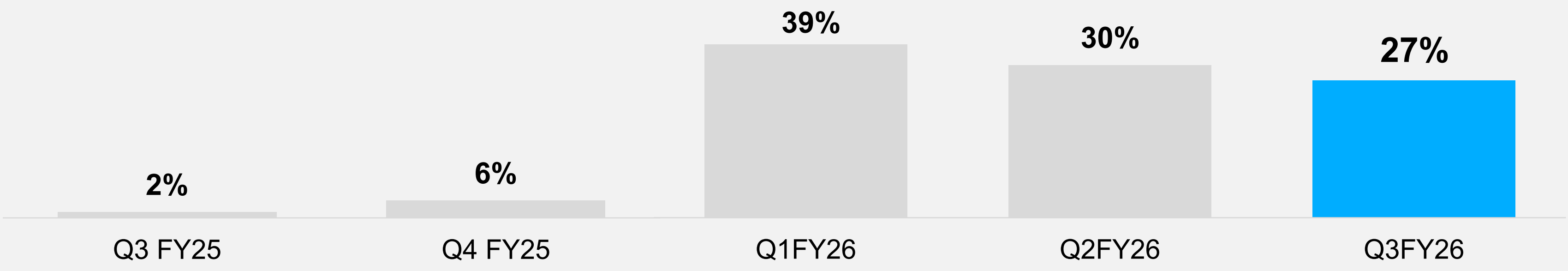
Solutions Orders and Backlog

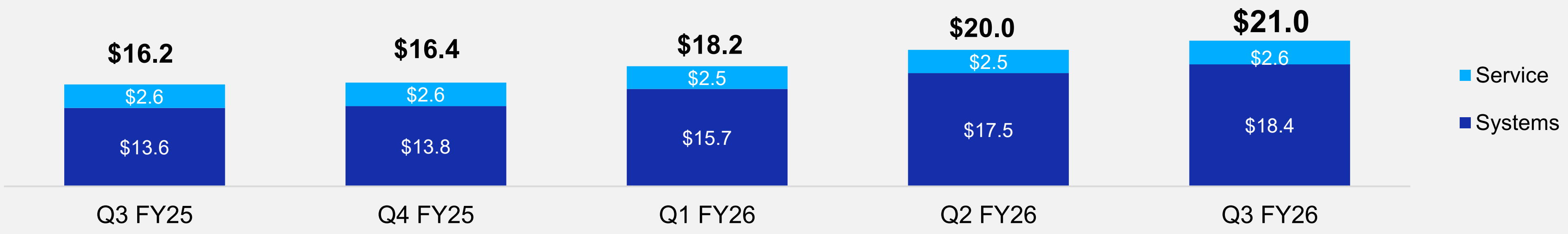
ORDERS* — *ORGANIC % GROWTH*



27%
YoY Organic Growth

Systems	Service
+40%	+4%

BACKLOG*
($ IN BILLIONS)



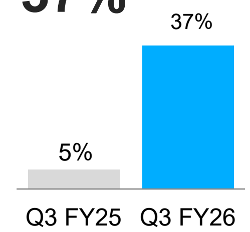
32%
YoY Organic Growth

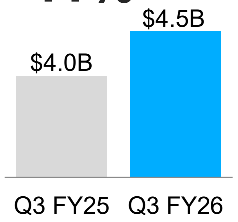
Systems	Service
+37%	+5%

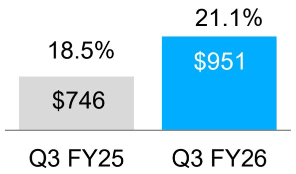
*Consists of orders and backlog for the Company's Solutions and Services businesses. Orders prior to Q1 FY26 exclude certain equipment-only sales for longer cycle projects. Excluding these sales, orders increased 31% in Q1 FY26 , 24% in Q2 FY26, and 25% in Q3 FY26. The historical presentation of backlog has been restated to include this new category

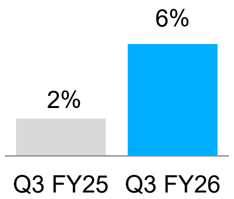
Segment View

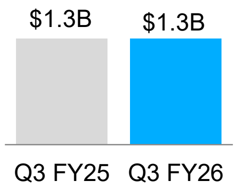
	Orders* *Organic % Growth*	Comments	Sales *Organic % YoY†*	Comments	Adj. Segment EBITA Margin† *Change YoY*	Comments
Americas	↑ 37%	**Orders** • Systems +55% • Service +4% **Backlog $15.9B, +40%** • Systems +47% • Service -1%	↑ 11%	**Systems** +12% **Service** +10% • Applied[1]: +high-teens • F&S[2]: +LSD	↑ 260bps	**Net Growth:** ~$185M **Productivity:** ~$20M
EMEA	↑ 6%	**Orders** • Systems +7% • Service +4% **Backlog $3.1B, +14%** • Systems +13% • Service +19%	↑ 1%	**Systems** +1% **Service** +1% • Applied[1]: Flat • F&S[2]: (MSD)	↑ 20bps	**Net Growth:** ~$20M **M&A:** ~($20M)
APAC	↑ 12%	**Orders** • Systems +17% • Service +1% **Backlog $2.0B, +12%** • Systems +12% • Service +9%	↑ 15%	**Systems** +20% **Service** +3% • Applied[1]: +20%	↑ 180bps	**Productivity:** ~$15M **Net Growth:** ~$10M **Mix:** ~$10M

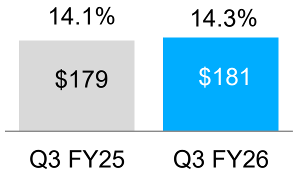


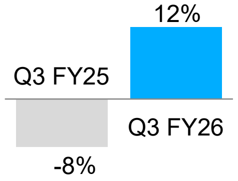


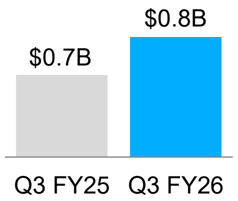


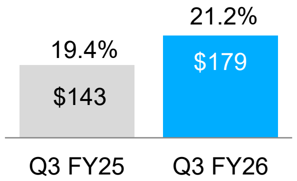












* Consists of orders and backlog for the Company's Solutions and Services businesses. Orders prior to Q1 FY26 exclude certain equipment-only sales for longer cycle projects. Excluding these sales, orders increased 33% in the Americas, increased 5% in EMEA, and increased 16% in APAC in Q3 FY26. The historical 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.

Disciplined Capital Allocation

Capital Structure ($ billions)	Q3 FY25	Q2 FY26	Q3 FY26
Short-term debt and current portion of long-term debt	$1.8	$0.9	$1.2
Long-term debt	$8.4	$8.6	$8.3
Total debt	$10.3	$9.5	$9.5
Less: cash and cash equivalents	$0.7	$0.7	$0.6
Net debt*	$9.6	$8.8	$8.9

Adj. Free Cash Flow* ($ billions)	Q3 FY25	Q3 FY26	YTD FY25	YTD FY26
Free Cash Flow	$0.7	$1.2	$1.3	$2.3
Less: JC Capital Free Cash Flow	—	—	($0.1)	—
Less: AFFF Settlement Payments and related insurance recoveries	—	—	($0.4)	$0.2
Reported Adj. Free Cash Flow*	$0.7	$1.2	$1.8	$2.1

DEBT AND LIQUIDITY

86%
fixed rate debt

3.6%
weighted avg interest rate

~$0.6B
cash position

BBB+/Baa1
credit rating (S&P/Moody's)[1]

$2.5B
undrawn credit facilities

~2.0-2.5X
Target Net Debt/EBITDA

NET DEBT / EBITDA*

*Non-GAAP measures. See footnotes for reconciliation.

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

1 The 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 Q4 and Raising Fiscal ‘26 Full Year Guidance

	Q4’26	FY’26
Organic Revenue*	Up 9% to 10%	Up ~8% (previous: Up ~6%)
Operating Leverage*	45% to 50%	45% to 50% (previous: ~50%)
Adjusted EPS*	~$1.55	~$5.05 (previous: ~$4.85)
Adjusted Free Cash Flow Conversion*		~100%

▪*Organic Sales Growth, Operating Leverage, Adjusted EPS, and Adjusted Free Cash Flow conversion are non-GAAP measures and exclude special items. See footnotes for additional details.

Appendix

Additional FY 2026 Guidance Items

	Q4'26	FY'26
Adjusted Corporate Expense*	~$90M	~$400M
Amortization Expense	~$90M	~$355M
NFC	~$85M	~$285M
Tax Rate	~17%	~17%
Shares	~605M	~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

Johnson Controls

Consolidated Financial Results

Fiscal Q3

($ in Millions, except earnings per share)	Q3 FY25 GAAP	Q3 FY26 GAAP	Q3 FY25* Non-GAAP	Q3 FY26* Non-GAAP	% Change Non-GAAP
Sales	$6,052	$6,614	$6,052	$6,614	9%
Gross profit (% of sales)	$2,246 37.1%	$2,474 37.4%	$2,246 37.1%	$2,474 37.4%	10%
SG&A expenses	$1,417	$1,407	$1,385	$1,354	-2%
Restructuring and impairment costs	$51	$80	—	—	—
Equity income	$4	$1	$4	$1	-75%
EBIT*	$782	$988	$865	$1,121	30%
Net financing charges	$77	$71	$77	$71	-8%
Income from continuing operations before income taxes	$705	$917	$788	$1,050	33%
Income tax provision	$87	$165	$95	$179	88%
Income from continuing operations	$618	$752	$693	$871	26%
Income from discontinued operations, net of tax	$160	—	$181	—	NM
Net income	$778	$752	$874	$871	—
Income from continuing operations attributable to non-controlling interests	—	$3	—	$3	NM
Income from discontinued operations attributable to non-controlling interests	$77	—	$78	—	NM
Net income attributable to Johnson Controls	$701	$749	$796	$868	9%
Income from continuing operations Income from discontinued operations	$618 $83	$749 —	$693 $103	$868 —	25% NM
Diluted EPS continuing ops Diluted EPS discontinued ops	$0.94 $0.13	$1.23 —	$1.05 $0.16	$1.42 —	35% NM
Total EPS	$1.07	$1.23	$1.21	$1.42	17%

▪*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

Johnson Controls

($ in Millions, except EPS)

Special Items

Three Months Ended June 30	Net income (Expense)		EPS impact	
	2025	2026	2025	2026
Net mark-to-market adjustments	$21	$28	$0.03	$0.05
Restructuring & impairment costs	$(51)	$(80)	$(0.08)	$(0.13)
Water systems AFFF insurance recoveries	$1	$17	—	$0.03
Transaction/separation costs	$(9)	$(18)	$(0.01)	$(0.03)
Transformation costs	$(45)	$(80)	$(0.07)	$(0.13)
Related tax impact	$8	$14	$0.01	$0.02
Total*	**$(75)**	**$(119)**	**$(0.11)**	**$(0.19)**

*Totals may not sum due to rounding.

Johnson Controls

FINANCIAL STATEMENTS

Johnson Controls International plc
Consolidated Statements of Income
(in millions, except per share data; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Net sales				
Products and systems	$ 4,596	$ 4,122	$ 12,687	$ 11,672
Services	2,018	1,930	5,866	5,482
	6,614	6,052	18,553	17,154
Cost of sales				
Products and systems	3,012	2,656	8,448	7,635
Services	1,128	1,150	3,295	3,278
	4,140	3,806	11,743	10,913
Gross profit	2,474	2,246	6,810	6,241
Selling, general and administrative expenses	1,407	1,417	4,029	4,243
Restructuring and impairment costs	80	51	224	146
Net financing charges	71	77	197	243
Equity income	1	4	3	5
Income from continuing operations before income taxes	917	705	2,363	1,614
Income tax provision	165	87	443	160
Income from continuing operations	752	618	1,920	1,454
Income (loss) from discontinued operations, net of tax	—	160	(27)	301
Net income	752	778	1,893	1,755
Income attributable to noncontrolling interests				
Continuing operations	3	—	7	—
Discontinued operations	—	77	—	157
Net income attributable to Johnson Controls	$ 749	$ 701	$ 1,886	$ 1,598
Income (loss) attributable to Johnson Controls				
Continuing operations	$ 749	$ 618	$ 1,913	$ 1,454
Discontinued operations	—	83	(27)	144
Total	$ 749	$ 701	$ 1,886	$ 1,598
Basic earnings (loss) per share attributable to Johnson Controls				
Continuing operations	$ 1.23	$ 0.94	$ 3.13	$ 2.21
Discontinued operations	—	0.13	(0.04)	0.22
Total	$ 1.23	$ 1.07	$ 3.09	$ 2.43
Diluted earnings (loss) per share attributable to Johnson Controls				
Continuing operations	$ 1.23	$ 0.94	$ 3.12	$ 2.20
Discontinued operations	—	0.13	(0.04)	0.22
Total	$ 1.23	$ 1.07	$ 3.08	$ 2.42

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

	June 30, 2026	September 30, 2025
Assets		
Cash and cash equivalents	$ 641	$ 379
Accounts receivable - net	6,970	6,269
Inventories	1,955	1,820
Current assets held for sale	4	14
Other current assets	1,711	1,680
Current assets	11,281	10,162
Property, plant and equipment - net	1,977	2,193
Goodwill	16,612	16,633
Other intangible assets - net	3,550	3,613
Noncurrent assets held for sale	225	140
Other noncurrent assets	5,114	5,198
Total assets	$ 38,759	$ 37,939
Liabilities and Equity		
Short-term debt	$ 865	$ 723
Current portion of long-term debt	311	566
Accounts payable	3,917	3,614
Accrued compensation and benefits	1,098	1,268
Deferred revenue	2,943	2,470
Current liabilities held for sale	5	12
Other current liabilities	2,144	2,288
Current liabilities	11,283	10,941
Long-term debt	8,299	8,591
Pension and postretirement benefit obligations	177	211
Noncurrent liabilities held for sale	34	9
Other noncurrent liabilities	5,451	5,233
Noncurrent liabilities	13,961	14,044
Shareholders’ equity attributable to Johnson Controls	13,482	12,927
Noncontrolling interests	33	27
Total equity	13,515	12,954
Total liabilities and equity	$ 38,759	$ 37,939

Consolidated Statements of Cash Flows

(in millions; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Operating Activities of Continuing Operations				
Income from continuing operations:				
Attributable to Johnson Controls	$ 749	$ 618	$ 1,913	$ 1,454
Attributable to noncontrolling interests	3	—	7	—
Total	752	618	1,920	1,454
Adjustments to reconcile net income to cash provided by operating activities of continuing operations:				
Depreciation and amortization	162	190	495	585
Pension and postretirement benefits	(11)	(15)	(39)	(52)
Deferred income taxes	(61)	(39)	(58)	(146)
Noncash restructuring and impairment charges	56	23	160	56
Equity-based compensation	29	48	95	107
(Gain) loss on business divestiture	(13)	—	(86)	6
Other - net	(23)	(24)	2	2
Changes in assets and liabilities:				
Accounts receivable	(368)	(172)	(757)	(79)
Inventories	(26)	(52)	(166)	(79)
Other assets	(35)	(76)	62	(289)
Restructuring reserves	1	5	(25)	2
Accounts payable and accrued liabilities	701	258	764	31
Accrued income taxes	125	23	205	(12)
Cash provided by operating activities from continuing operations	1,289	787	2,572	1,586
Investing Activities of Continuing Operations				
Capital expenditures	(95)	(94)	(243)	(304)
Acquisitions of businesses, net of cash acquired	(291)	(1)	(291)	(9)
Divestitures of businesses, net of cash divested	122	1	331	2
Other - net	(12)	9	(32)	9
Cash used by investing activities from continuing operations	(276)	(85)	(235)	(302)
Financing Activities of Continuing Operations				
Net proceeds (payments) from borrowings with maturities less than three months	(259)	(75)	(194)	283
Proceeds from debt	229	—	545	1,369
Repayments of debt	—	—	(639)	(1,096)
Stock repurchases and retirements	(635)	(310)	(850)	(970)
Payment of cash dividends	(245)	(243)	(734)	(733)
Employee equity-based compensation withholding taxes	(2)	(2)	(62)	(33)
Other - net	(4)	(7)	(12)	69
Cash used by financing activities from continuing operations	(916)	(637)	(1,946)	(1,111)
Discontinued Operations				
Cash (used) provided by operating activities	—	208	(98)	255
Cash used by investing activities	(155)	(25)	(155)	(52)
Cash used by financing activities	—	(109)	—	(174)
Cash (used) provided by discontinued operations	(155)	74	(253)	29
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	(201)	122	(216)
Change in cash, cash equivalents and restricted cash held for sale	4	—	—	3
Increase (decrease) in cash, cash equivalents and restricted cash	(55)	(62)	260	(11)
Cash, cash equivalents and restricted cash at beginning of period	713	818	398	767
Cash, cash equivalents and restricted cash at end of period	658	756	658	756
Less: Restricted cash	17	25	17	25
Cash and cash equivalents at end of period	$ 641	$ 731	$ 641	$ 731

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.

- **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	Three Months Ended June 30			
(in millions)	Americas	EMEA	APAC	Total
Net sales - 2025	$ 4,042	$ 1,273	$ 737	$ 6,052
Base year adjustments				
Divestitures and other	—	(41)	(5)	(46)
Foreign currency	8	15	3	26
Adjusted base net sales	4,050	1,247	735	6,032
Organic growth	454	17	111	582
Net sales - 2026	$ 4,504	$ 1,264	$ 846	$ 6,614
Growth %:				
Net sales	11 %	(1)%	15 %	9 %
Organic growth	11 %	1 %	15 %	10 %

Net sales	Nine Months Ended June 30			
(in millions)	Americas	EMEA	APAC	Total
Net sales - 2025	$ 11,506	$ 3,631	$ 2,017	$ 17,154
Base year adjustments				
Divestitures and other	—	(78)	(5)	(83)
Foreign currency	38	169	19	226
Adjusted base net sales	11,544	3,722	2,031	17,297
Acquisitions	—	3	—	3
Organic growth	924	82	247	1,253
Net sales - 2026	$ 12,468	$ 3,807	$ 2,278	$ 18,553
Growth %:				
Net sales	8 %	5 %	13 %	8 %
Organic growth	8 %	2 %	12 %	7 %

Products and systems revenue (in millions)	Three Months Ended June 30			
	Americas	EMEA	APAC	Total
Products and systems revenue - 2025	$ 2,847	$ 756	$ 519	$ 4,122
Base year adjustments				
Divestitures and other	—	(1)	(1)	(2)
Foreign currency	8	11	3	22
Adjusted products and systems revenue	2,855	766	521	4,142
Organic growth	339	11	104	454
Products and systems revenue - 2026	$ 3,194	$ 777	$ 625	$ 4,596
Growth %:				
Products and systems revenue	12 %	3 %	20 %	11 %
Organic growth	12 %	1 %	20 %	11 %

Products and systems revenue (in millions)	Nine Months Ended June 30			
	Americas	EMEA	APAC	Total
Products and systems revenue - 2025	$ 8,094	$ 2,177	$ 1,401	$ 11,672
Base year adjustments				
Divestitures and other	—	—	(1)	(1)
Foreign currency	35	113	15	163
Adjusted products and systems revenue	8,129	2,290	1,415	11,834
Acquisitions	—	3	—	3
Organic growth	580	45	225	850
Products and systems revenue - 2026	$ 8,709	$ 2,338	$ 1,640	$ 12,687
Growth %:				
Products and systems revenue	8 %	7 %	17 %	9 %
Organic growth	7 %	2 %	16 %	7 %

Service revenue	Three Months Ended June 30			
(in millions)	Americas	EMEA	APAC	Total
Service revenue - 2025	$ 1,195	$ 517	$ 218	$ 1,930
Base year adjustments				
Divestitures and other	—	(40)	(4)	(44)
Foreign currency	—	4	—	4
Adjusted base service revenue	1,195	481	214	1,890
Organic growth	115	6	7	128
Service revenue - 2026	$ 1,310	$ 487	$ 221	$ 2,018
Growth %:				
Service revenue	10 %	(6)%	1 %	5 %
Organic growth	10 %	1 %	3 %	7 %

Service revenue	Nine Months Ended June 30			
(in millions)	Americas	EMEA	APAC	Total
Service revenue - 2025	$ 3,412	$ 1,454	$ 616	$ 5,482
Base year adjustments				
Divestitures and other	—	(78)	(4)	(82)
Foreign currency	3	56	4	63
Adjusted base service revenue	3,415	1,432	616	5,463
Organic growth	344	37	22	403
Service revenue - 2026	$ 3,759	$ 1,469	$ 638	$ 5,866
Growth %:				
Service revenue	10 %	1 %	4 %	7 %
Organic growth	10 %	3 %	4 %	7 %

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 June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Cash provided by operating activities from continuing operations	$ 1,289	$ 787	$ 2,572	$ 1,586
Income from continuing operations attributable to Johnson Controls	749	618	1,913	1,454
Operating cash flow conversion	172 %	127 %	134 %	109 %
Cash provided by operating activities from continuing operations	$ 1,289	$ 787	$ 2,572	$ 1,586
Capital expenditures	(95)	(94)	(243)	(304)
Free cash flow (non-GAAP)	$ 1,194	$ 693	$ 2,329	$ 1,282
Income from continuing operations attributable to Johnson Controls	$ 749	$ 618	$ 1,913	$ 1,454
Free cash flow conversion from net income (non-GAAP)	159 %	112 %	122 %	88 %

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

(in millions)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Free cash flow (non-GAAP)	$ 1,194	$ 693	$ 2,329	$ 1,282
Adjustments:				
JC Capital cash provided (used) by operating activities	(8)	34	(33)	111
Water systems AFFF settlement cash payments and insurance recoveries	(7)	(3)	(165)	383
Prepaid IP royalties for divested businesses	—	—	(29)	—
Impact from discontinued factoring program	—	1	—	15
Discrete tax payments	—	—	31	—
Adjusted free cash flow (non-GAAP)	$ 1,179	$ 725	$ 2,133	$ 1,791
Adjusted net income attributable to JCI (non-GAAP)	$ 868	$ 693	$ 2,145	$ 1,664
JC Capital net (income) loss	26	(8)	22	(4)
Adjusted net income attributable to JCI, excluding JC Capital (non-GAAP)	$ 894	$ 685	$ 2,167	$ 1,660
Adjusted free cash flow conversion (non-GAAP)	132 %	106 %	98 %	108 %

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 June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Income from continuing operations:				
Attributable to Johnson Controls	$ 749	$ 618	$ 1,913	$ 1,454
Attributable to noncontrolling interests	3	—	7	—
Income from continuing operations	752	618	1,920	1,454
Less: Income tax provision (1)	165	87	443	160
Income before income taxes	917	705	2,363	1,614
Net financing charges	71	77	197	243
EBIT	$ 988	$ 782	$ 2,560	$ 1,857
EBIT margin	14.9 %	12.9 %	13.8 %	10.8 %
Adjusting items:				
Net mark-to-market adjustments	28	21	16	7
Restructuring and impairment costs	(80)	(51)	(224)	(146)
Water systems AFFF insurance recoveries	17	1	148	13
Transaction/separation costs	(18)	(9)	(43)	(27)
Transformation costs	(80)	(45)	(197)	(124)
Gain on divestiture	—	—	70	—
Adjusted EBIT (non-GAAP)	$ 1,121	$ 865	$ 2,790	$ 2,134
Adjusted EBIT margin (non-GAAP)	16.9 %	14.3 %	15.0 %	12.4 %

(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):

	Three Months Ended June 30,					
(in millions)	Americas		EMEA		APAC	
	2026	2025	2026	2025	2026	2025
Sales	$4,504	$4,042	$1,264	$1,273	$ 846	$ 737
Segment EBIT	847	654	172	159	171	139
Amortization	79	88	7	18	4	4
Segment EBITA (non-GAAP)	926	742	179	177	175	143
Adjusting items:						
Transformation costs	25	4	2	2	4	—
Adjusted Segment EBIT (non-GAAP)	872	658	174	161	175	139
Adjusted Segment EBITA (non-GAAP)	951	746	181	179	179	143
Segment EBIT margin %	18.8 %	16.2 %	13.6 %	12.5 %	20.2 %	18.9 %
Adjusted Segment EBIT margin % (non-GAAP)	19.4 %	16.3 %	13.8 %	12.6 %	20.7 %	18.9 %
Segment EBITA margin % (non-GAAP)	20.6 %	18.4 %	14.2 %	13.9 %	20.7 %	19.4 %
Adjusted Segment EBITA margin % (non-GAAP)	21.1 %	18.5 %	14.3 %	14.1 %	21.2 %	19.4 %

	Nine Months Ended June 30,					
(in millions)	Americas		EMEA		APAC	
	2026	2025	2026	2025	2026	2025
Sales	$12,468	$11,506	$3,807	$3,631	$2,278	$2,017
Segment EBIT	2,096	1,764	502	392	427	325
Amortization	232	274	21	56	11	12
Segment EBITA (non-GAAP)	2,328	2,038	523	448	438	337
Adjusting items:						
Transformation costs	57	6	13	2	4	—
Adjusted Segment EBIT (non-GAAP)	2,153	1,770	515	394	431	325
Adjusted Segment EBITA (non-GAAP)	2,385	2,044	536	450	442	337
Segment EBIT margin %	16.8 %	15.3 %	13.2 %	10.8 %	18.7 %	16.1 %
Adjusted Segment EBIT margin % (non-GAAP)	17.3 %	15.4 %	13.5 %	10.9 %	18.9 %	16.1 %
Segment EBITA margin % (non-GAAP)	18.7 %	17.7 %	13.7 %	12.3 %	19.2 %	16.7 %
Adjusted Segment EBITA margin % (non-GAAP)	19.1 %	17.8 %	14.1 %	12.4 %	19.4 %	16.7 %

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

(in millions)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Adjusted Segment EBITA (non-GAAP)				
Americas	$ 951	$ 746	$ 2,385	$ 2,044
EMEA	181	179	536	450
APAC	179	143	442	337
Sales	6,614	6,052	18,553	17,154
Adjusted Segment EBITA margin (non-GAAP)	19.8 %	17.6 %	18.1 %	16.5 %

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

(in millions)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Corporate expense (GAAP)	$ 167	$ 141	$ 475	$ 498
Adjusting items:				
Transaction/separation costs	(18)	(9)	(43)	(27)
Transformation costs	(49)	(39)	(123)	(116)
Adjusted Corporate expense (non-GAAP)	$ 100	$ 93	$ 309	$ 355

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):

	Three Months Ended June 30,			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
(in millions, except per share)	2026	2025	2026	2025
As reported (GAAP)	$ 749	$ 618	$ 1.23	$ 0.94
Adjusting items:				
Net mark-to-market adjustments	(28)	(21)	(0.05)	(0.03)
Restructuring and impairment costs	80	51	0.13	0.08
Water systems AFFF insurance recoveries	(17)	(1)	(0.03)	—
Transaction/separation costs	18	9	0.03	0.01
Transformation costs	80	45	0.13	0.07
Related tax impact	(14)	(8)	(0.02)	(0.01)
Adjusted (non-GAAP)*	$ 868	$ 693	$ 1.42	$ 1.05

** May not sum due to rounding*

(in millions, except per share)	Nine Months Ended June 30, Income from continuing operations attributable to JCI 2026	2025	Diluted earnings per share 2026	2025
As reported (GAAP)	$ 1,913	$ 1,454	$ 3.12	$ 2.20
Adjusting items:				
Net mark-to-market adjustments	(16)	(7)	(0.03)	(0.01)
Restructuring and impairment costs	224	146	0.37	0.22
Water systems AFFF insurance recoveries	(148)	(13)	(0.24)	(0.02)
Transaction/separation costs	43	27	0.07	0.04
Transformation costs	197	124	0.32	0.19
Gain on divestiture	(70)	—	(0.11)	—
Discrete tax items	11	(36)	0.02	(0.05)
Related tax impact	(9)	(31)	(0.01)	(0.05)
Adjusted (non-GAAP)*	$ 2,145	$ 1,664	$ 3.50	$ 2.52

** 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 June 30, 2026	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2026	Nine Months Ended June 30, 2025
Weighted average shares outstanding				
Basic weighted average shares outstanding	608	655	610	659
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2	2	2	2
Diluted weighted average shares outstanding	610	657	612	661

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)	June 30, 2026	March 31, 2026	June 30, 2025
Short-term debt	$ 865	$ 882	$ 1,277
Current portion of long-term debt	311	28	570
Long-term debt	8,299	8,613	8,446
Total debt	9,475	9,523	10,293
Less: cash and cash equivalents	641	698	731
Net debt	$ 8,834	$ 8,825	$ 9,562
Last twelve months income before income taxes	$ 2,718	$ 2,506	$ 2,262
Net debt to income before income taxes	3.3x	3.5x	4.2x
Last twelve months adjusted EBITDA (non-GAAP)	$ 4,553	$ 4,325	$ 3,843
Net debt to adjusted EBITDA (non-GAAP)	1.9x	2.0x	2.5x

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

	Twelve Months Ended		
(in millions)	June 30, 2026	March 31, 2026	June 30, 2025
Income from continuing operations	$ 2,190	$ 2,056	$ 1,992
Income tax provision	528	450	270
Income before income taxes	2,718	2,506	2,262
Net financing charges	273	279	339
EBIT	2,991	2,785	2,601
Adjusting items:			
Net mark-to-market adjustments	(3)	4	(12)
Restructuring and impairment costs	624	595	279
Water systems AFFF insurance recoveries	(174)	(158)	(29)
Transaction/separation costs	55	46	44
Transformation costs	253	218	124
ERP asset - accelerated depreciation	102	102	—
Loss (gain) on divestiture	(70)	(70)	42
EMEA joint venture loss	—	—	17
Adjusted EBIT (non-GAAP)	3,778	3,522	3,066
Depreciation and amortization	775	803	777
Adjusted EBITDA (non-GAAP)	$ 4,553	$ 4,325	$ 3,843

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 nine months ending June 30, 2026 and approximately 12% for the three and nine months ending June 30, 2025.