

FISCAL Q3
**2025 Earnings
Conference Call**

July 29, 2025



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: Johnson Controls 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 of Johnson Controls to manage general economic, business and capital market conditions, including the impacts of trade restrictions, recessions, economic downturns and global price inflation; Johnson Controls ability to develop or acquire new products and technologies that achieve market acceptance and meet applicable quality and regulatory requirements; the ability of Johnson Controls to execute on its operating model and drive organizational improvement; Johnson Controls 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; 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 Johnson Controls customers; the ability to manage disruptions caused by international conflicts, including Russia and Ukraine and the ongoing conflicts in the Middle East; 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 Johnson Controls 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; Johnson Controls 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, cyber incident costs, warehouse fire loss, certain earnout liability adjustments, water systems AFFF settlement charges and AFFF insurance recoveries, loss on divestitures, product quality issue costs, one-time EMEA joint venture losses, 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.

Key Reminders and Non-GAAP Definitions

- Fiscal year 2025 guidance is being provided on a continuing operations basis, excluding the results of the Residential & Light Commercial (“R&LC”) business, which is classified as a discontinued operation.
- 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.
- Free cash flow conversion is a non-GAAP measure 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 legal settlement, 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.

CEO Summary

Results driven by execution and continued growth

- Organic sales growth of 6% with broad-based strength
- Adjusted Segment EBITA margin expanded 20 basis points to 17.6%
- Adjusted EPS up 11%
- Strong free cash flow

Bolstered growth with consistent orders and record backlog

- Orders grew 2%; Americas growth offset by China softness
- Backlog grew 11% to \$14.6B

Building the foundation to win

- Developing business system to simplify, accelerate, and scale
- Sharpen focus on what matters most to the customer
- Lean principles being deployed to address growth blockers

Raising Guidance

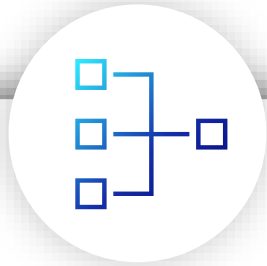
- Updating FY adjusted EPS guidance to \$3.65 to \$3.68
- Expect adjusted free cash flow conversion of >100%

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

140 years
powering
your mission

Johnson
Controls 

Winning With Customers and Operating With the Right Business System



WHAT TO WORK ON

SIMPLIFY

80/20 operating model



HOW WE WORK - PROCESS

ACCELERATE

Building lean principles



HOW WE AUGMENT

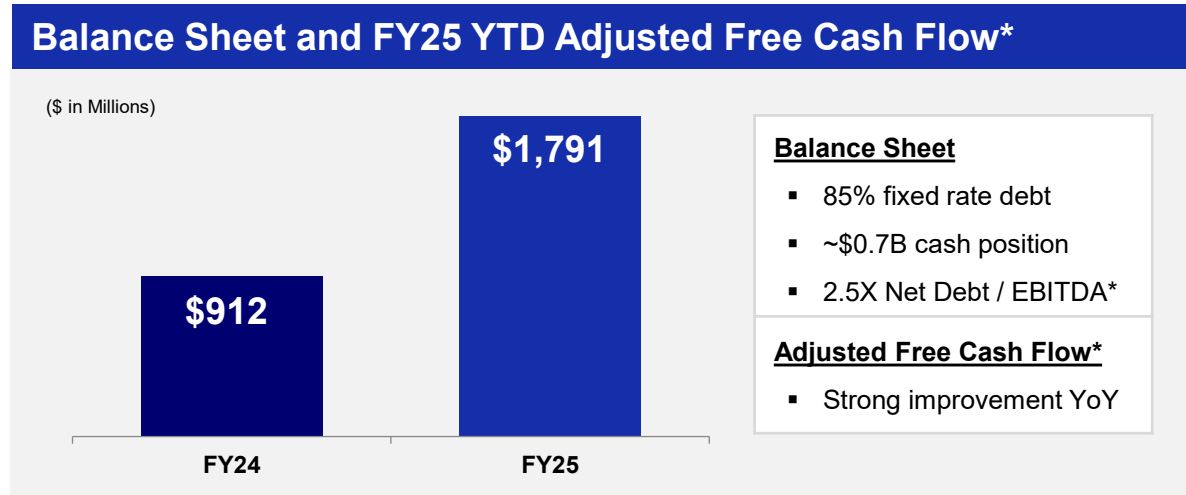
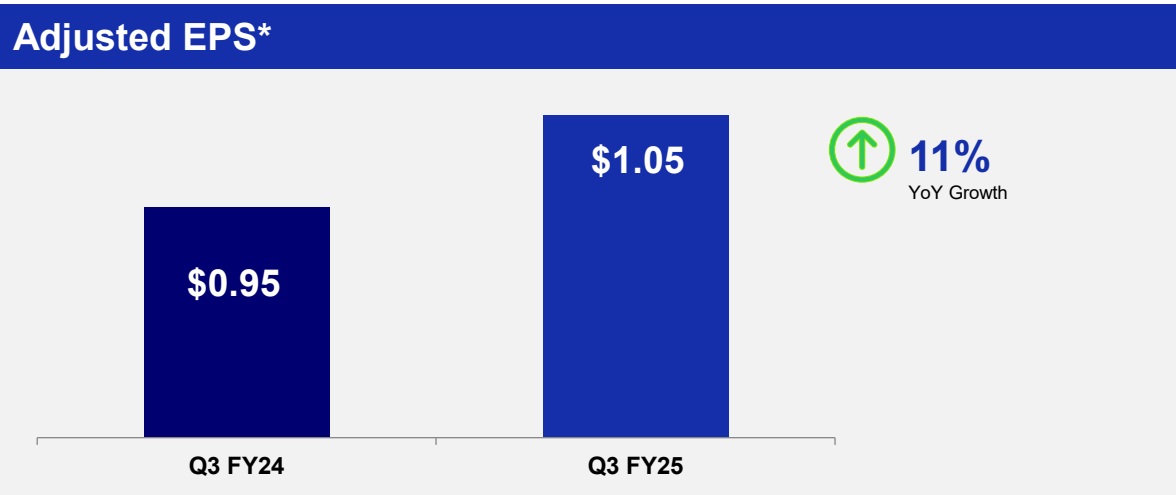
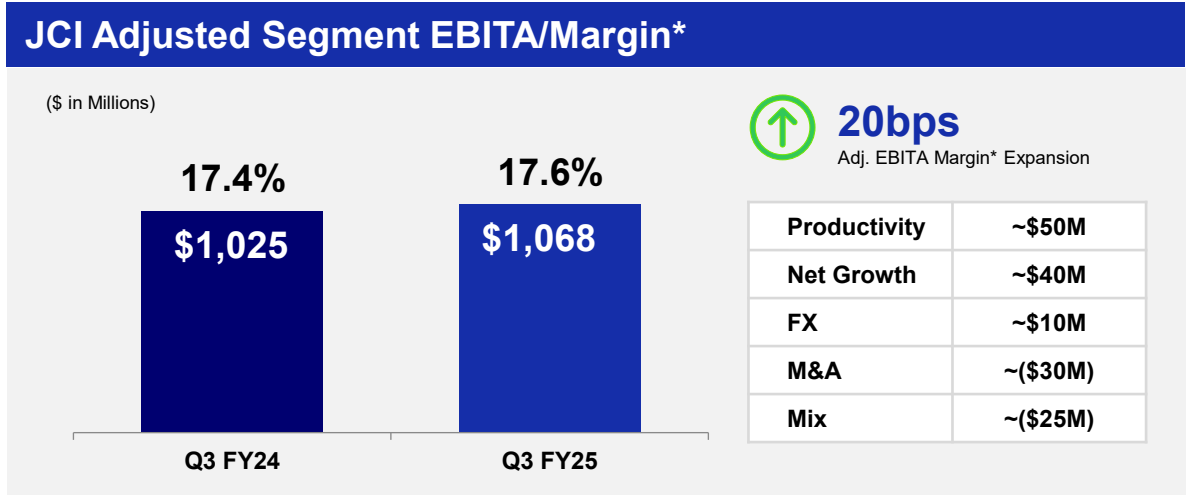
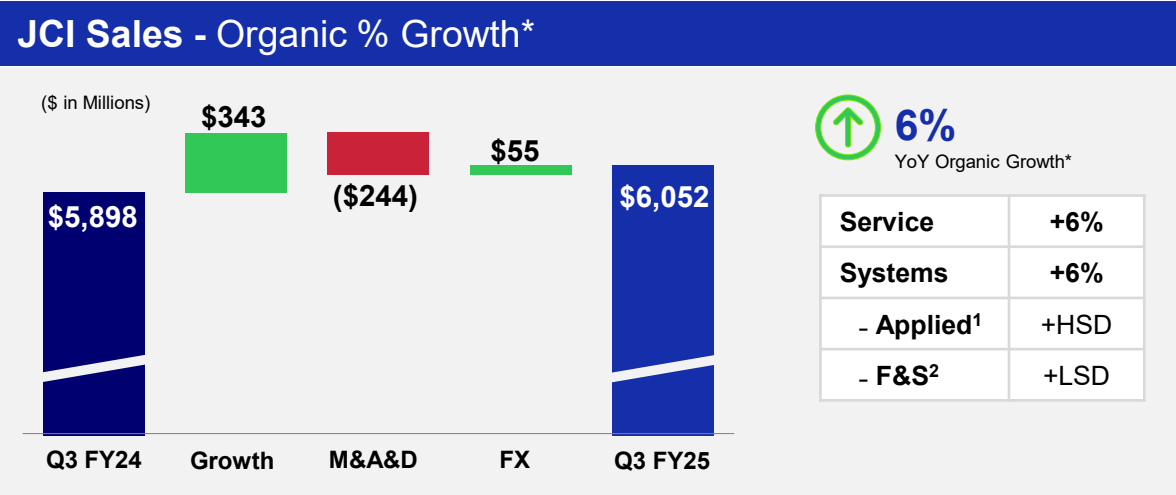
SCALE

Digitization and AI to scale learnings and successes

Inspiration from world class proven business systems

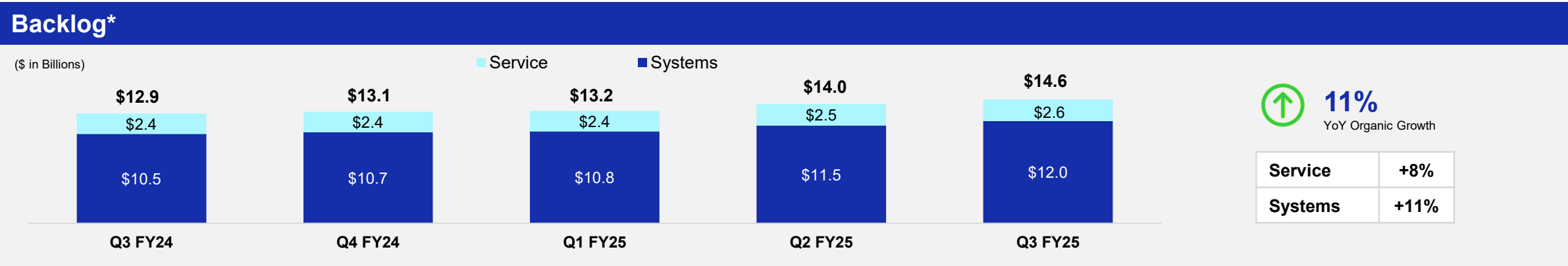
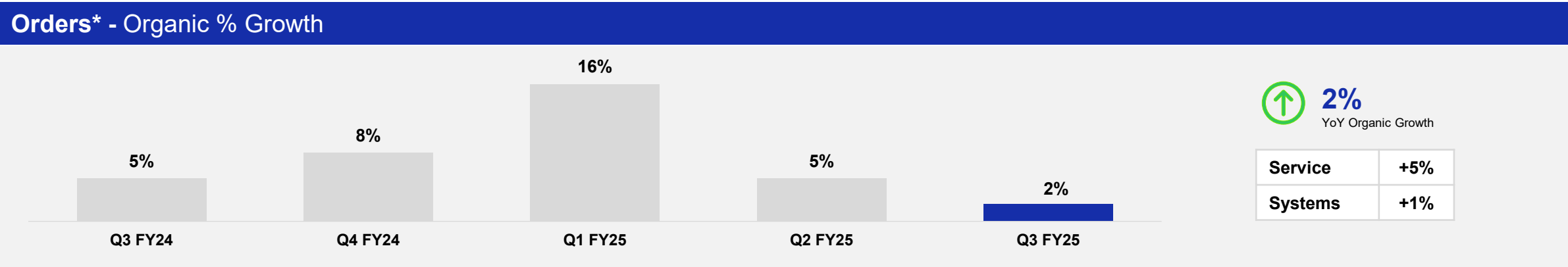
Fiscal Q3 Results

JCI Enterprise



6 * Organic Sales Growth, Adjusted Segment EBITA/Margin, Adjusted Free Cash Flow, Net Debt / EBITDA, and Adjusted EPS are non-GAAP measures and exclude special items. See footnotes for reconciliation.

JCI Solutions Orders and Backlog



* Consists of orders and backlog for the Company's Systems and Service based businesses

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>5% 5%</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Service +3% - Systems +6% Backlog \$10.3B, +10% <ul style="list-style-type: none"> - Service +7% - Systems +11% 	<p>\$4.0B \$4.0B</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Service +4% Systems +8% - Applied¹: +HSD - F&S²: +LSD 	<p>18.4% 18.5%</p> <p>\$743 \$746</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Net Growth: ~\$40M Productivity: ~\$15M M&A: ~(\$30M) Mix: ~(\$25M)
EMEA	<p>11% 2%</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Service +6% - Systems -1% Backlog \$2.6B, +9% <ul style="list-style-type: none"> - Service +13% - Systems +8% 	<p>\$1.2B \$1.3B</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Service +8% Systems +1% - Applied¹: +HSD - F&S²: +LSD 	<p>13.1% 14.1%</p> <p>\$154 \$179</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Net Growth: ~\$15M Productivity: ~\$5M FX: ~\$5M
APAC	<p>-2% -8%</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Orders <ul style="list-style-type: none"> - Service +11% - Systems -16% Backlog \$1.7B, +14% <ul style="list-style-type: none"> - Service +5% - Systems +15% 	<p>\$0.7B \$0.7B</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Service +11% Systems +3% - Applied¹: +LDD - F&S²: (LSD) 	<p>18.7% 19.4%</p> <p>\$128 \$143</p> <p>Q3 FY24 Q3 FY25</p>	<ul style="list-style-type: none"> Productivity: ~\$30M Net Growth: ~(\$15M)

* Consists of orders and backlog for the Company's Systems and Service based businesses

† 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.

Introducing Q4 and Raising Fiscal '25 Full Year Guidance (Continuing Operations)

	Q4'25	FY'25
Organic Revenue*	Up ~LSD	Up ~MSD (unchanged)
Adjusted Segment EBITA Margin*	~18.6%	Up ~90bps (unchanged)
Adjusted EPS*	\$1.14 to \$1.17	\$3.65 to \$3.68 (previous: ~\$3.60)
Adjusted Free Cash Flow Conversion*		>100% (previous ~100%)

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

Appendix



Additional FY 2025 Guidance Items (Continuing Operations)

	Q4'25	FY25
Corporate Expense*	~\$85M	~\$440M
Amortization Expense	~\$115M	~\$460M
NFC	~\$80M	~\$325M
Tax Rate	~12%	~12%
Shares	~656M	~660M

*Adjusted Corporate expense includes certain stranded costs from divestiture transactions to be addressed by multi-year restructuring program

Balance Sheet and Adjusted Free Cash Flow

Disciplined Capital Allocation

Capital Structure (\$ billions)	Q3 FY24	Q2 FY25	Q3 FY25	
Short-term debt and current portion of long-term debt	\$2.5	\$1.8	\$1.8	
Long-term debt	\$7.9	\$8.2	\$8.4	
Total debt	\$10.4	\$10.0	\$10.3	
Less: cash and cash equivalents	\$0.9	\$0.8	\$0.7	
Net debt*	\$9.5	\$9.2	\$9.6	
Adj. Free Cash Flow* (\$ billions)	Q3 FY24	Q3 FY25	YTD FY24	YTD FY25
Free cash flow	\$0.6	\$0.7	(\$0.1)	\$1.3
Less: JC Capital free cash flow	-	-	(\$0.1)	(\$0.1)
Less: AFFF Settlement Payments and related insurance recoveries	(\$0.3)	-	(\$0.3)	(\$0.4)
Less: Impact of discontinuation of factoring programs	-	-	(\$0.6)	-
Reported Adj. Free Cash Flow*	\$0.9	\$0.7	\$0.9	\$1.8

*Non-GAAP measures. See footnotes for reconciliation.

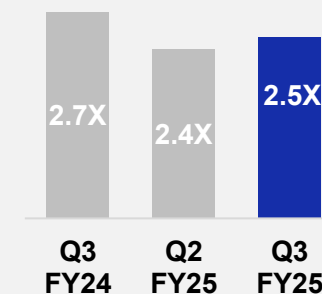
*Adjusted free cash flow and net debt / EBITDA are non-GAAP measures. Refer to footnotes for reconciliation. During the three months ended March 31, 2024, the Company discontinued its receivables factoring program. Effective January 1, 2024, the Company has excluded the impact of the discontinuation of its accounts receivables factoring programs from the calculation of adjusted free cash flow.

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.

Debt and liquidity

- **85% fixed** rate debt
- **3.6%** weighted avg interest rate
- **~\$0.7B** cash position
- BBB+/Baa1 credit rating (S&P/Moody's)¹
- ~\$3B undrawn credit facilities
- Target Net Debt/EBITDA **~2.0-2.5X**

Net Debt / EBITDA*



Consolidated Financial Results

(\$ in Millions, except earnings per share)	Q3 FY24 GAAP	Q3 FY25 GAAP	Q3 FY24* NON-GAAP	Q3 FY25* NON-GAAP	% Change NON-GAAP
Sales	\$5,898	\$6,052	\$5,898	\$6,052	3%
Gross profit (% of sales)	\$2,109 35.8%	\$2,246 37.1%	\$2,109 35.8%	\$2,246 37.1%	7%
SG&A expenses	\$895	\$1,417	\$1,303	\$1,385	6%
Restructuring and impairment costs	\$103	\$51	-	-	-
Equity income (loss)	\$(16)	\$4	\$(16)	4	NM
EBIT*	\$1,095	\$782	\$790	\$865	10%
Net financing charges	\$70	\$77	\$70	\$77	10%
Income from continuing operations before income taxes	\$1,025	\$705	\$720	\$788	9%
Income tax provision (benefit)	\$174	\$87	\$82	\$95	16%
Income from continuing operations	\$851	\$618	\$638	\$693	9%
Income from discontinued operations, net of tax	\$201	\$160	\$210	\$181	-14%
Net income	\$1,052	\$778	\$848	\$874	3%
Income (loss) from continuing operations attributable to non-controlling interests	\$ (1)	\$ -	\$ (1)	\$ -	NM
Income from discontinued operations attributable to non-controlling interests	\$78	\$77	\$80	\$78	-3%
Net income attributable to Johnson Controls	\$975	\$701	\$769	\$796	4%
Income from continuing operations	\$852	\$618	\$639	\$693	9%
Income from discontinued operations	\$123	\$83	\$130	\$103	-21%
Diluted EPS continuing ops	\$1.27	\$0.94	\$0.95	\$1.05	11%
Diluted EPS discontinued ops	\$0.18	\$0.13	\$0.19	\$0.16	-16%
Total EPS	\$1.45	\$1.07	\$1.14	\$1.21	6%

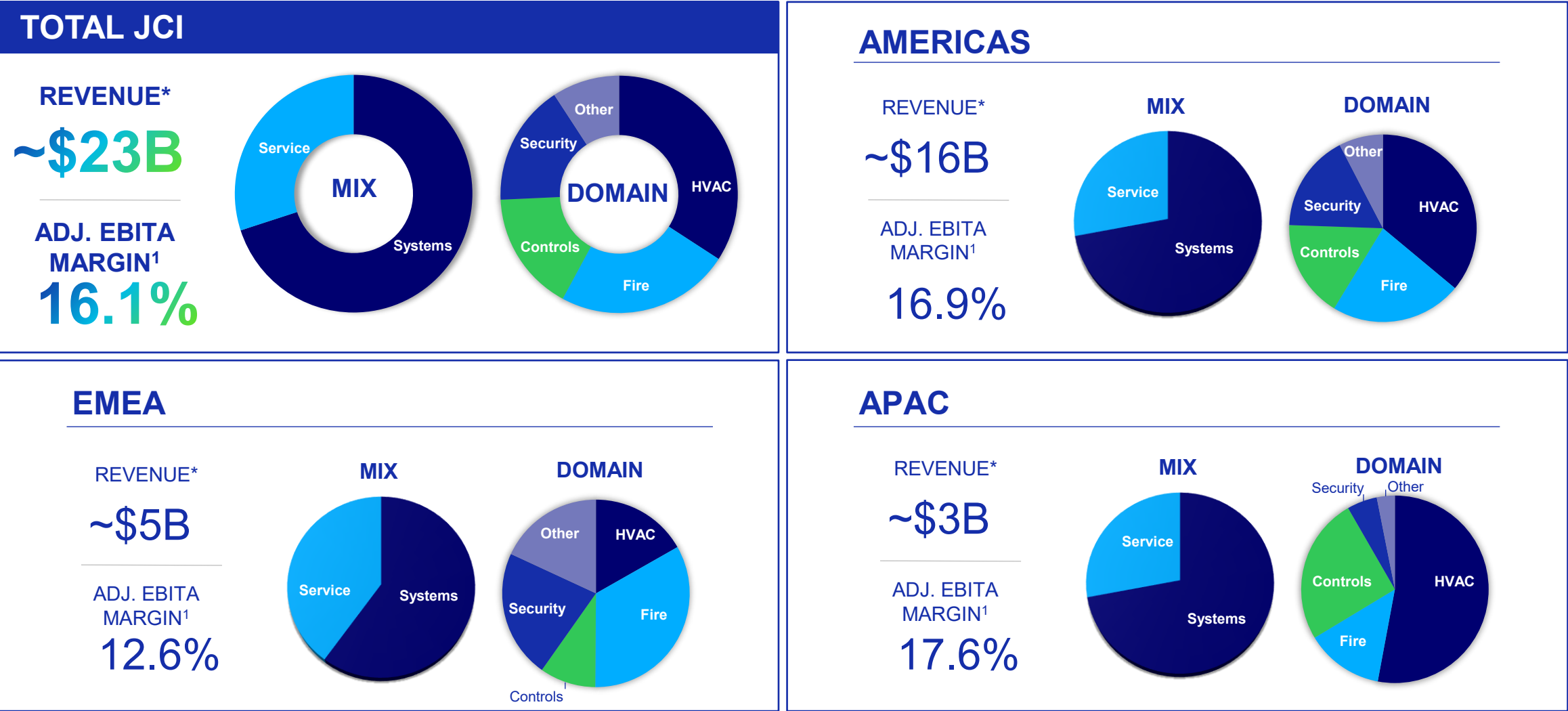
*Non-GAAP excludes special items. See footnotes for reconciliation.

Special Items

(\$ in Millions, except EPS)

Three Months Ended June 30	Net income (Expense)		EPS impact	
	2024	2025	2024	2025
Net mark-to-market adjustments	\$5	\$21	\$0.01	\$0.03
Earn-out adjustments	\$61	-	\$0.09	-
Restructuring and impairment costs	\$(103)	\$(51)	\$(0.15)	\$(0.08)
Water systems AFFF insurance recoveries	\$351	\$1	\$0.52	-
Transaction/separation costs	\$(9)	\$(9)	\$(0.01)	\$(0.01)
Transformation costs	-	\$(45)	-	\$(0.07)
Related tax impact	\$(92)	\$8	\$(0.14)	\$0.01
Total*	\$213	\$(75)	\$0.32	\$(0.11)

A Comprehensive Portfolio of Lifecycle Solutions



*Represents FY24 Sales from Continuing Operations.
¹ Adjusted Segment EBITA/Margin is a non-GAAP measure and excludes special items. See footnotes for reconciliation.

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- The first building automation system
- The first air-conditioned commercial building
- The first automatic sprinkler
- The first security panel with a remote arming keypad



140 years
powering
your mission



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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,	
	2025	2024	2025	2024
Net sales				
Products and systems	\$ 4,122	\$ 4,089	\$ 11,672	\$ 11,576
Services	1,930	1,809	5,482	5,128
	<u>6,052</u>	<u>5,898</u>	<u>17,154</u>	<u>16,704</u>
Cost of sales				
Products and systems	2,656	2,698	7,635	7,805
Services	1,150	1,091	3,278	3,090
	<u>3,806</u>	<u>3,789</u>	<u>10,913</u>	<u>10,895</u>
Gross profit	2,246	2,109	6,241	5,809
Selling, general and administrative expenses	1,417	895	4,243	4,293
Restructuring and impairment costs	51	103	146	377
Net financing charges	77	70	243	246
Equity income (loss)	4	(16)	5	(19)
Income from continuing operations before income taxes	705	1,025	1,614	874
Income tax provision	87	174	160	1
Income from continuing operations	618	851	1,454	873
Income from discontinued operations, net of tax	160	201	301	349
Net income	778	1,052	1,755	1,222
Income (loss) attributable to noncontrolling interests				
Continuing operations	—	(1)	—	2
Discontinued operations	77	78	157	148
Net income attributable to Johnson Controls	<u>\$ 701</u>	<u>\$ 975</u>	<u>\$ 1,598</u>	<u>\$ 1,072</u>
Income attributable to Johnson Controls				
Continuing operations	\$ 618	\$ 852	\$ 1,454	\$ 871
Discontinued operations	83	123	144	201
Total	<u>\$ 701</u>	<u>\$ 975</u>	<u>\$ 1,598</u>	<u>\$ 1,072</u>
Basic earnings per share attributable to Johnson Controls				
Continuing operations	\$ 0.94	\$ 1.27	\$ 2.21	\$ 1.28
Discontinued operations	0.13	0.18	0.22	0.30
Total	<u>\$ 1.07</u>	<u>\$ 1.45</u>	<u>\$ 2.43</u>	<u>\$ 1.58</u>
Diluted earnings per share attributable to Johnson Controls				
Continuing operations	\$ 0.94	\$ 1.27	\$ 2.20	\$ 1.28
Discontinued operations	0.13	0.18	0.22	0.30
Total	<u>\$ 1.07</u>	<u>\$ 1.45</u>	<u>\$ 2.42</u>	<u>\$ 1.58</u>

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

	June 30, 2025	September 30, 2024
Assets		
Cash and cash equivalents	\$ 731	\$ 606
Accounts receivable - net	6,151	6,051
Inventories	1,829	1,774
Current assets held for sale	1,993	1,595
Other current assets	1,145	1,153
Current assets	<u>11,849</u>	<u>11,179</u>
Property, plant and equipment - net	2,455	2,403
Goodwill	16,709	16,725
Other intangible assets - net	3,856	4,130
Noncurrent assets held for sale	3,174	3,210
Other noncurrent assets	5,350	5,048
Total assets	<u>\$ 43,393</u>	<u>\$ 42,695</u>
Liabilities and Equity		
Short-term debt	\$ 1,277	\$ 953
Current portion of long-term debt	570	536
Accounts payable	3,421	3,389
Accrued compensation and benefits	1,070	1,048
Deferred revenue	2,428	2,160
Current liabilities held for sale	1,662	1,431
Other current liabilities	1,922	2,438
Current liabilities	<u>12,350</u>	<u>11,955</u>
Long-term debt	8,446	8,004
Pension and postretirement benefit obligations	179	217
Noncurrent liabilities held for sale	398	405
Other noncurrent liabilities	4,975	4,753
Long-term liabilities	<u>13,998</u>	<u>13,379</u>
Shareholders' equity attributable to Johnson Controls	15,830	16,098
Noncontrolling interests	1,215	1,263
Total equity	<u>17,045</u>	<u>17,361</u>
Total liabilities and equity	<u>\$ 43,393</u>	<u>\$ 42,695</u>

Consolidated Statements of Cash Flows

(in millions; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Operating Activities of Continuing Operations				
Income from continuing operations attributable to Johnson Controls	\$ 618	\$ 852	\$ 1,454	\$ 871
Income (loss) from continuing operations attributable to noncontrolling interests	—	(1)	—	2
Income from continuing operations	618	851	1,454	873
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	190	201	585	624
Pension and postretirement income and contributions	(15)	(18)	(52)	(49)
Deferred income taxes	(39)	16	(146)	(403)
Noncash restructuring and impairment charges	23	80	56	333
Equity-based compensation	48	27	107	81
Other - net	(24)	(69)	8	(106)
Changes in assets and liabilities:				
Accounts receivable	(172)	18	(79)	(491)
Inventories	(52)	(50)	(79)	(185)
Other assets	(76)	(370)	(289)	(560)
Restructuring reserves	5	(21)	2	(81)
Accounts payable and accrued liabilities	258	(23)	31	179
Accrued income taxes	23	11	(12)	1
Cash provided by operating activities from continuing operations	787	653	1,586	216
Investing Activities of Continuing Operations				
Capital expenditures	(94)	(89)	(304)	(299)
Other - net	9	(1)	2	13
Cash used by investing activities from continuing operations	(85)	(90)	(302)	(286)
Financing Activities of Continuing Operations				
Net proceeds (payments) from borrowings with maturities less than three months	(75)	(840)	283	703
Proceeds from debt	—	859	775	1,281
Repayments of debt	—	(275)	(502)	(438)
Stock repurchases and retirements	(310)	(402)	(970)	(876)
Payment of cash dividends	(243)	(249)	(733)	(753)
Proceeds from the exercise of stock options	4	13	109	33
Employee equity-based compensation withholding taxes	(2)	(2)	(33)	(26)
Other - net	(11)	(34)	(40)	(114)
Cash used by financing activities from continuing operations	(637)	(930)	(1,111)	(190)
Discontinued Operations				
Cash provided by operating activities	208	368	255	356
Cash used by investing activities	(25)	(9)	(52)	(24)
Cash used by financing activities	(109)	(69)	(174)	(132)
Cash provided by discontinued operations	74	290	29	200
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(201)	10	(216)	29
Change in cash, cash equivalents and restricted cash held for sale	—	1	3	2
Decrease in cash, cash equivalents and restricted cash	(62)	(66)	(11)	(29)
Cash, cash equivalents and restricted cash at beginning of period	818	954	767	917
Cash, cash equivalents and restricted cash at end of period	756	888	756	888
Less: Restricted cash	25	30	25	30
Cash and cash equivalents at end of period	<u>\$ 731</u>	<u>\$ 858</u>	<u>\$ 731</u>	<u>\$ 858</u>

FOOTNOTES

1. Sale of Residential and Light Commercial HVAC Business

The Company signed a definitive agreement in July 2024 to sell its Residential and Light Commercial ("R&LC") HVAC business, which includes the North America Ducted businesses and the global Residential joint venture with Hitachi Global Life Solutions, Inc. ("Hitachi"), of which Johnson Controls owns 60% and Hitachi owns 40%. The R&LC HVAC business, which was previously reported in the Global Products segment prior to the Company's resegmentation, meets 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, and assets and liabilities were reclassified as held for sale for all periods presented. Unless otherwise noted, all activities and amounts reported in the following footnotes include only continuing operations of the Company and exclude activities and amounts related to the R&LC HVAC business.

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 footnotes three through eight 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.
- Effective January 1, 2024, the Company has excluded the impact of discontinuing its accounts receivables factoring programs from adjusted free cash flow and adjusted free cash flow conversion. The Company has also re-baselined the prior year adjusted free cash flow measures to present a more comparative measure without the impact of factoring.
- Cash payments related to the water systems AFFF settlement and cash receipts for AFFF-related insurance recoveries.

Adjusted financial measures

Adjusted financial measures include adjusted segment EBITA, adjusted segment EBITA margin, adjusted net income, adjusted earnings per share, adjusted EBIT, adjusted EBITDA and adjusted corporate expenses. These non-GAAP measures 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 five through eight, 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, net of NCI** 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.
- **Earn-out adjustments** relate to earn-out liabilities associated with certain significant acquisitions and may have a favorable or unfavorable impact on results.
- **Cyber incident costs** primarily represent expenses, net of insurance recoveries, associated with the response to, and remediation of, a cybersecurity incident which occurred in September 2023.
- **Product quality costs** are costs related to a product quality issue that is unusual due to the magnitude of the expected cost to remediate in comparison to typical product quality issues experienced by the Company.
- **Loss on divestiture** relates to the sale of the ADTi business.
- **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, impacts from statutory rate changes, and the recording of significant tax credits.
- **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.

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 June 30				Nine Months Ended June 30			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Net sales - 2024	\$ 4,035	\$ 1,177	\$ 686	\$ 5,898	\$ 11,341	\$ 3,440	\$ 1,923	\$ 16,704
Base year adjustments								
Divestitures and other	(243)	(7)	—	(250)	(714)	(12)	—	(726)
Foreign currency	(9)	52	12	55	(40)	(2)	(5)	(47)
Adjusted base net sales	3,783	1,222	698	5,703	10,587	3,426	1,918	15,931
Acquisitions	—	6	—	6	—	18	—	18
Organic growth	259	45	39	343	919	187	99	1,205
Net sales - 2025	<u>\$ 4,042</u>	<u>\$ 1,273</u>	<u>\$ 737</u>	<u>\$ 6,052</u>	<u>\$ 11,506</u>	<u>\$ 3,631</u>	<u>\$ 2,017</u>	<u>\$ 17,154</u>

Growth %:

Net sales	— %	8 %	7 %	3 %	1 %	6 %	5 %	3 %
Organic growth	7 %	4 %	6 %	6 %	9 %	5 %	5 %	8 %

Products and systems revenue

(in millions)	Three Months Ended June 30				Nine Months Ended June 30			
	America	EMEA	APAC	Total	America	EMEA	APAC	Total
Products and systems revenue - 2024	\$ 2,887	\$ 710	\$ 492	\$ 4,089	\$ 8,114	\$ 2,086	\$ 1,376	\$ 11,576
Base year adjustments								
Divestitures and other	(243)	(7)	—	(250)	(714)	(12)	—	(726)
Foreign currency	(8)	42	10	44	(30)	18	(3)	(15)
Adjusted products and systems revenue	2,636	745	502	3,883	7,370	2,092	1,373	10,835
Acquisitions	—	4	—	4	—	13	—	13
Organic growth	211	7	17	235	724	72	28	824
Products and systems revenue - 2025	<u>\$ 2,847</u>	<u>\$ 756</u>	<u>\$ 519</u>	<u>\$ 4,122</u>	<u>\$ 8,094</u>	<u>\$ 2,177</u>	<u>\$ 1,401</u>	<u>\$ 11,672</u>

Growth %:

Products and systems	(1)%	6 %	5 %	1 %	— %	4 %	2 %	1 %
Organic growth	8 %	1 %	3 %	6 %	10 %	3 %	2 %	8 %

Service revenue (in millions)	Three Months Ended June 30				Nine Months Ended June 30			
	America	EMEA	APAC	Total	America	EMEA	APAC	Total
Service revenue - 2024	\$ 1,148	\$ 467	\$ 194	\$ 1,809	\$ 3,227	\$ 1,354	\$ 547	\$ 5,128
Base year adjustments								
Foreign currency	(1)	10	2	11	(10)	(20)	(2)	(32)
Adjusted base service revenue	1,147	477	196	1,820	3,217	1,334	545	5,096
Acquisitions	—	2	—	2	—	5	—	5
Organic growth	48	38	22	108	195	115	71	381
Service revenue - 2025	<u>\$ 1,195</u>	<u>\$ 517</u>	<u>\$ 218</u>	<u>\$ 1,930</u>	<u>\$ 3,412</u>	<u>\$ 1,454</u>	<u>\$ 616</u>	<u>\$ 5,482</u>
Growth %:								
Service revenue	4 %	11 %	12 %	7 %	6 %	7 %	13 %	7 %
Organic growth	4 %	8 %	11 %	6 %	6 %	9 %	13 %	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,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Cash provided by operating activities from continuing operations	\$ 787	\$ 653	\$ 1,586	\$ 216
Income from continuing operations attributable to Johnson Controls	618	852	1,454	871
Operating cash flow conversion	<u>127 %</u>	<u>77 %</u>	<u>109 %</u>	<u>25 %</u>
Cash provided by operating activities from continuing operations	787	653	1,586	216
Capital expenditures	(94)	(89)	(304)	(299)
Free cash flow (non-GAAP)	<u>\$ 693</u>	<u>\$ 564</u>	<u>\$ 1,282</u>	<u>\$ (83)</u>
Income from continuing operations attributable to Johnson Controls	618	852	1,454	871
Free cash flow conversion from net income (non-GAAP)	112 %	66 %	88 %	*

* Measure not meaningful

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

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Free cash flow (non-GAAP)	\$ 693	\$ 564	\$ 1,282	\$ (83)
Adjustments:				
JC Capital cash used by operating activities	34	50	111	170
Water systems AFFF settlement cash payments and insurance recoveries	(3)	243	383	243
Impact from discontinuation of factoring programs	1	—	15	—
Adjusted free cash flow (non-GAAP)	725	857	1,791	330
Prior year impact from factoring programs	—	48	—	582
Re-baselined adjusted free cash flow (non-GAAP)	\$ 725	\$ 905	\$ 1,791	\$ 912
Adjusted net income attributable to JCI (non-GAAP)	\$ 693	\$ 639	\$ 1,664	\$ 1,425
JC Capital net income	(8)	(3)	(4)	(8)
Adjusted net income attributable to JCI, excluding JC Capital (non-GAAP)	\$ 685	\$ 636	\$ 1,660	\$ 1,417
Adjusted free cash flow conversion (non-GAAP)	106 %	142 %	108 %	64 %

5. EBITA, EBIT and Corporate Expense

The Company evaluates the performance of its business units primarily on segment EBITA. The following table includes continuing operations (unaudited):

(in millions)	Three Months Ended June 30,				Nine Months Ended June 30,			
	Actual		Adjusted (Non-GAAP)		Actual		Adjusted (Non-GAAP)	
	2025	2024	2025	2024	2025	2024	2025	2024
<u>Segment EBITA</u>								
Americas	\$ 742	\$ 804	\$ 746	\$ 743	\$ 2,038	\$ 1,853	\$ 2,044	\$ 1,811
EMEA	177	154	179	154	448	397	450	401
APAC	143	128	143	128	337	320	337	323
<u>EBIT (non-GAAP)</u>								
Income from continuing operations:								
Attributable to Johnson Controls	\$ 618	\$ 852	\$ 693	\$ 639	\$ 1,454	\$ 871	\$ 1,664	\$ 1,425
Attributable to noncontrolling interests	—	(1)	—	(1)	—	2	—	2
Income from continuing operations	618	851	693	638	1,454	873	1,664	1,427
Less: Income tax provision ⁽¹⁾	87	174	95	82	160	1	227	187
Income before income taxes	705	1,025	788	720	1,614	874	1,891	1,614
Net financing charges	77	70	77	70	243	246	243	246
EBIT (non-GAAP)	\$ 782	\$ 1,095	\$ 865	\$ 790	\$ 1,857	\$ 1,120	\$ 2,134	\$ 1,860

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

The following tables include the reconciliations of segment EBITA as reported to adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Three Months Ended June 30,					
	Americas		EMEA		APAC	
	2025	2024	2025	2024	2025	2024
Sales	\$4,042	\$4,035	\$1,273	\$1,177	\$ 737	\$ 686
Segment EBITA	\$ 742	\$ 804	\$ 177	\$ 154	\$ 143	\$ 128
Adjusting items:						
Transformation costs	4	—	2	—	—	—
Earn-out adjustments	—	(61)	—	—	—	—
Adjusted segment EBITA (non-GAAP)	<u>\$ 746</u>	<u>\$ 743</u>	<u>\$ 179</u>	<u>\$ 154</u>	<u>\$ 143</u>	<u>\$ 128</u>
Segment EBITA Margin %	18.4 %	19.9 %	13.9 %	13.1 %	19.4 %	18.7 %
Adjusted segment EBITA Margin % (non-GAAP)	18.5 %	18.4 %	14.1 %	13.1 %	19.4 %	18.7 %

(in millions)	Nine Months Ended June 30,					
	Americas		EMEA		APAC	
	2025	2024	2025	2024	2025	2024
Sales	\$11,506	\$11,341	\$3,631	\$3,440	\$2,017	\$1,923
Segment EBITA	\$2,038	\$1,853	\$ 448	\$ 397	\$ 337	\$ 320
Adjusting items:						
Transformation costs	6	—	2	—	—	—
Earn-out adjustments	—	(68)	—	—	—	—
Product quality costs	—	26	—	4	—	3
Adjusted segment EBITA (non-GAAP)	<u>\$2,044</u>	<u>\$1,811</u>	<u>\$ 450</u>	<u>\$ 401</u>	<u>\$ 337</u>	<u>\$ 323</u>
Segment EBITA Margin %	17.7 %	16.3 %	12.3 %	11.5 %	16.7 %	16.6 %
Adjusted segment EBITA Margin % (non-GAAP)	17.8 %	16.0 %	12.4 %	11.7 %	16.7 %	16.8 %

(in millions)	Year Ended September 30, 2024		
	Americas	EMEA	APAC
Sales	\$ 15,606	\$ 4,620	\$ 2,726
Segment EBITA	\$ 2,679	\$ 561	\$ 478
Adjusting items:			
Earn-out adjustments	(68)	—	—
Product quality costs	26	4	3
EMEA joint venture loss	—	17	—
Adjusted segment EBITA (non-GAAP)	<u>\$ 2,637</u>	<u>\$ 582</u>	<u>\$ 481</u>
Segment EBITA Margin %	17.2 %	12.1 %	17.5 %
Adjusted segment EBITA Margin % (non-GAAP)	16.9 %	12.6 %	17.6 %

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

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Corporate expense (GAAP)	\$ 141	\$ 128	\$ 498	\$ 359
Adjusting items:				
Transaction/separation costs	(9)	(9)	(27)	(14)
Transformation costs	(39)	—	(116)	—
Cyber incident costs	—	—	—	(27)
Adjusted corporate expense (non-GAAP)	<u>\$ 93</u>	<u>\$ 119</u>	<u>\$ 355</u>	<u>\$ 318</u>

6. Net Income and Diluted Earnings Per Share

The following tables reconcile 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 June 30,			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2025	2024	2025	2024
As reported (GAAP)	\$ 618	\$ 852	\$ 0.94	\$ 1.27
Adjusting items:				
Net mark-to-market adjustments	(21)	(5)	(0.03)	(0.01)
Earn-out adjustments	—	(61)	—	(0.09)
Restructuring and impairment costs, net of NCI	51	103	0.08	0.15
Water systems AFFF insurance recoveries	(1)	(351)	—	(0.52)
Transaction/separation costs	9	9	0.01	0.01
Transformation costs	45	—	0.07	—
Related tax impact	(8)	92	(0.01)	0.14
Adjusted (non-GAAP)*	<u>\$ 693</u>	<u>\$ 639</u>	<u>\$ 1.05</u>	<u>\$ 0.95</u>

* May not sum due to rounding

(in millions, except per share)	Nine Months Ended June 30,			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2025	2024	2025	2024
As reported (GAAP)	\$ 1,454	\$ 871	\$ 2.20	\$ 1.28
Adjusting items:				
Net mark-to-market adjustments	(7)	(42)	(0.01)	(0.06)
Earn-out adjustments	—	(68)	—	(0.10)
Restructuring and impairment costs, net of NCI	146	377	0.22	0.56
Water systems AFFF settlement	—	750	—	1.11
Water systems AFFF insurance recoveries	(13)	(351)	(0.02)	(0.52)
Product quality costs	—	33	—	0.05
Transaction/separation costs	27	14	0.04	0.02
Transformation costs	124	—	0.19	—
Cyber incident costs	—	27	—	0.04
Discrete tax items	(36)	(57)	(0.05)	(0.08)
Related tax impact	(31)	(129)	(0.05)	(0.19)
Adjusted (non-GAAP)*	<u>\$ 1,664</u>	<u>\$ 1,425</u>	<u>\$ 2.52</u>	<u>\$ 2.10</u>

* 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,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Weighted average shares outstanding				
Basic weighted average shares outstanding	655.4	670.3	\$ 658.9	\$ 676.7
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2.0	2.5	2.2	1.9
Diluted weighted average shares outstanding	657.4	672.8	661.1	678.6

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, 2025	March 31, 2025	June 30, 2024
Short-term debt	\$ 1,277	\$ 1,261	\$ 1,523
Current portion of long-term debt	570	558	998
Long-term debt	8,446	8,167	7,867
Total debt	10,293	9,986	10,388
Less: cash and cash equivalents	\$ 731	795	858
Net debt	\$ 9,562	\$ 9,191	\$ 9,530
Last twelve months income before income taxes	\$ 2,262	\$ 2,582	\$ 1,270
Net debt to income before income taxes	4.2x	3.6x	7.5x
Last twelve months adjusted EBITDA (non-GAAP)	\$ 3,843	\$ 3,779	\$ 3,496
Net debt to adjusted EBITDA (non-GAAP)	2.5x	2.4x	2.7x

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

	Twelve Months Ended		
(in millions)	June 30, 2025	March 31, 2025	June 30, 2024
Income from continuing operations	\$ 1,992	\$ 2,225	\$ 1,361
Income tax provision (benefit)	270	357	(91)
Income before income taxes	2,262	2,582	1,270
Net financing charges	339	332	302
EBIT	2,601	2,914	1,572
Adjusting items:			
Net mark-to-market adjustments	(12)	4	69
Restructuring and impairment costs	279	330	588
Water systems AFFF settlement	—	—	750
Water systems AFFF insurance recoveries	(29)	(379)	(351)
Earn-out adjustments	—	(61)	(68)
Transaction/separation costs	44	45	35
Transformation costs	124	79	—
Cyber incident costs	—	—	27
Product quality costs	—	—	33
Loss on divestiture	42	42	—
EMEA joint venture loss	17	17	—
Adjusted EBIT (non-GAAP)	3,066	2,991	2,655
Depreciation and amortization	777	788	841
Adjusted EBITDA (non-GAAP)	\$ 3,843	\$ 3,779	\$ 3,496

8. Income Taxes

The Company's effective tax rate before consideration of certain excluded items was approximately 12.0% for the three and nine months ending June 30, 2025 and 11.4% and 11.6% for the three and nine months ending June 30, 2024, respectively.