

FISCAL Q4
**2025 Earnings
Conference Call**

November 5, 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: 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, 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

- 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.
- Operating leverage is defined as the ratio of the change in adjusted EBIT for the current period less the prior period divided by the change in net revenues for the current period less the prior period.
- 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 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

Delivered strong full-year performance

- Organic sales growth of 6% with broad-based strength
- Adjusted Segment EBITA margin expanded 100 basis points to 17.1%
- Adjusted EPS up 17%; successfully offset dilution from R&LC divestiture
- Continued strength in free cash flow conversion ending at 102%, validating our disciplined capital allocation

Sustained customer demand driving orders and record backlog

- Orders grew 7% for the year, with strong Americas performance offsetting softness in China
- Backlog grew 13% to ~\$15B, providing visibility into future growth

Strengthening operational fundamentals to deliver more predictable performance

- Advancing our proprietary business system – focused on simplifying, accelerating, & scaling execution through 80/20 and Lean principles; amplifying impact through digital and AI tools
- Strong early engagement with over 700 colleagues involved and 200 leaders trained globally

Powering future growth through technology innovation

- Expanded leadership in end-to-end thermal management with CDU platform launch and strategic investment in Accelsius to capture growth in advanced data center liquid cooling technologies
- Bringing ambient and waste heat recovery to real life applications to transform ‘free energy’ into security, carbon savings, and growth - announced one of Europe’s largest zero GWP ammonia refrigerant heat pump projects

Positioned for continued momentum in FY26

- Updating Long-Term Growth Algorithm, aligned with our value creation framework
- Initiating FY26 adjusted EPS guidance of ~\$4.55, representing over 20% growth
- Expecting 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



Consistent, Predictable Results

Outstanding Execution in 2025

	NOVEMBER 2024 GUIDANCE	JULY 2025 GUIDANCE	FY 2025 RESULTS
Organic Revenue*	Up ~MSD	Up ~MSD	Up 6%
Adjusted Segment EBITA Margin*	Up >50bps	Up ~90bps	Up 100bps
Adjusted EPS*	~\$3.40 to \$3.50	\$3.65 to \$3.68	\$3.76
FCF Conversion*	≥85%	>100%	102%

* Organic Revenue 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



Winning With Customers and Operating with the Right Business System

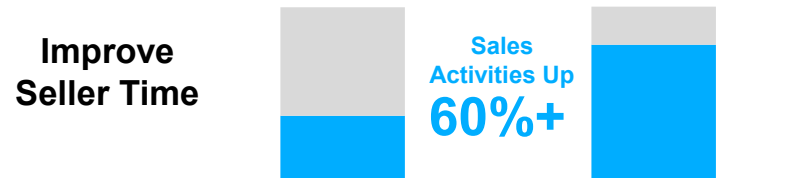


Problem Statement

Sales teams face **significant productivity barriers** due to inefficient and non-value-added processes

Current **delivery performance challenges** are impacting customer satisfaction and operational efficiency, requiring targeted improvements in lead time, backlog management, and delivery reliability

Results



Key Enablers

- ✓ **Advanced process improvements** through tool upgrades and removal of redundant approvals to accelerate sales cycle
- ✓ **Eliminated and reallocated non-selling tasks** to support structure and achieved 30% reduction in contract booking cycle time
- ✓ **Applied AI to overall sales process** of estimating and selection to reduce non-value added time for sellers

- ✓ **Implemented Kanban** with vendors to improve material availability and accelerate throughput
- ✓ **Reduced** order management and pre-manufacturing engineering changes to reduce cycle time

Powering Sustainable Performance Across Mission-Critical Systems



Datacenters *Enabling Scalable, Efficient Cooling for the AI Economy*

Coolant Distribution Unit (CDU) launch in September 2025

- Delivers efficient and scalable liquid cooling solutions from 500kW to 10MW
- ***Differentiated portfolio now addresses the full spectrum of data center thermal needs***

Strategic investment in Accelsius

- Positions Johnson Controls to support accelerated adoption of two-phase, direct-to-chip cooling for high-density environments
- Delivers OpEx savings over single-phase cooling solutions, reducing total cost of ownership

Decarbonization *Transforming Waste into Clean Energy for Cities*

Supplying sustainable heat to ~15,000 homes in Zürich

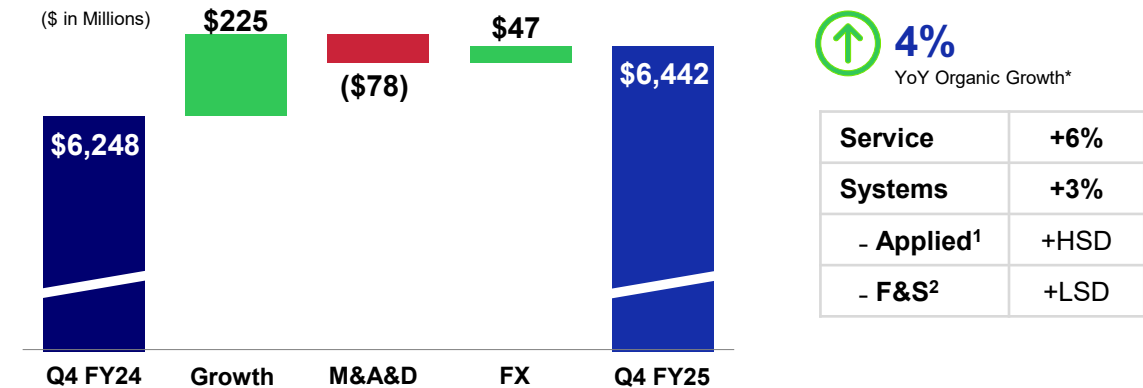
- One of Europe's largest heat pump projects using a **zero GWP** refrigerant
- Custom system with 42MW output, using unique compressor solution to boost efficiency by up to 30%
- ***Bringing waste heat recovery to real life application to transform urban energy systems across Europe***



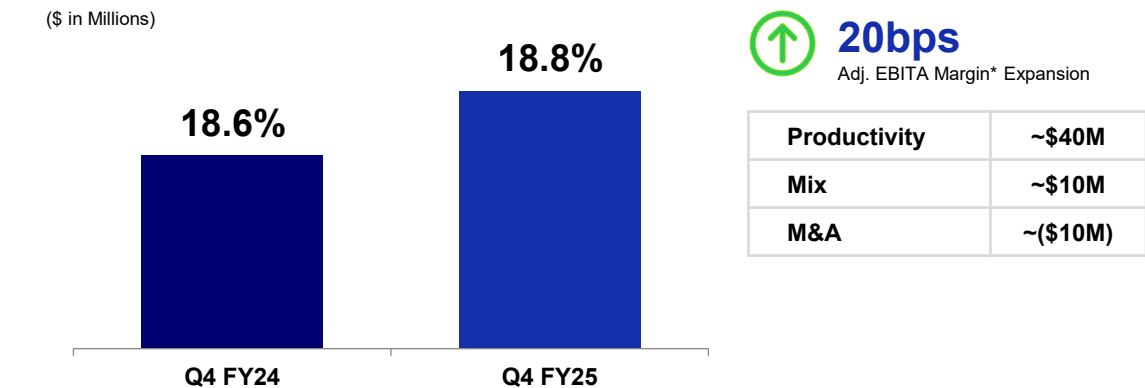
Fiscal Q4 Results

Total Enterprise³

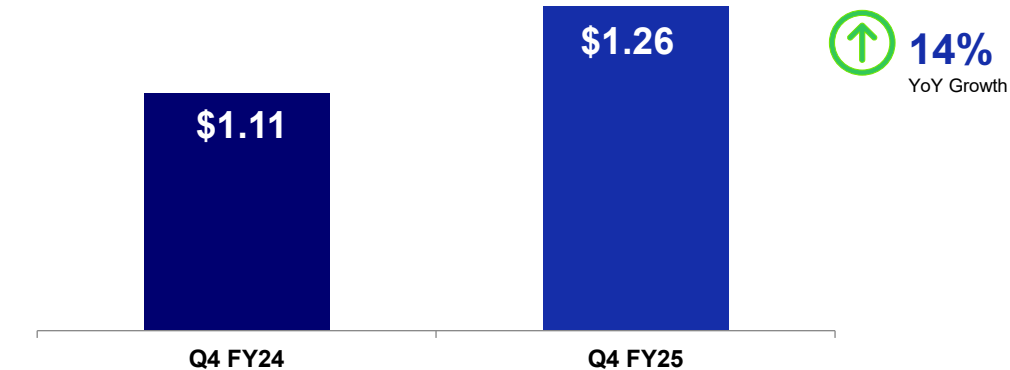
Sales - Organic % Growth*



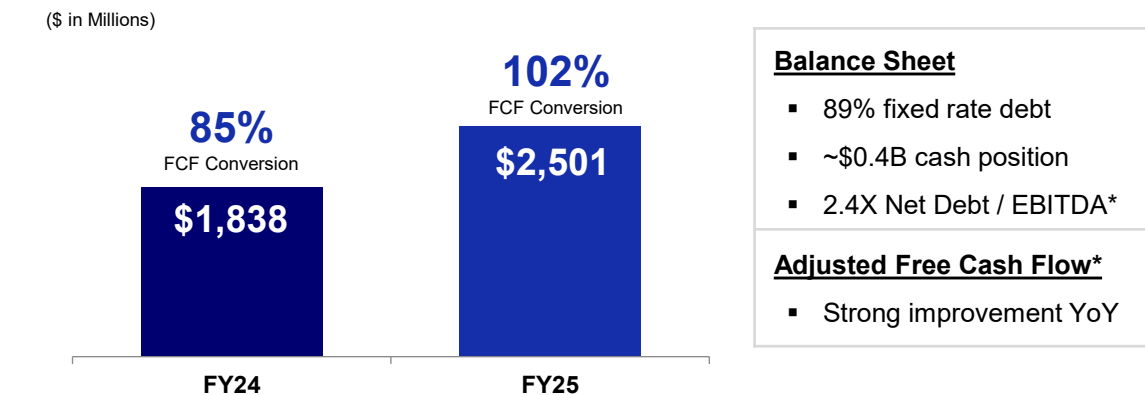
Adjusted Segment EBITA/Margin*



Adjusted EPS*



Balance Sheet and FY25 YTD Adjusted Free Cash Flow*



* 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.

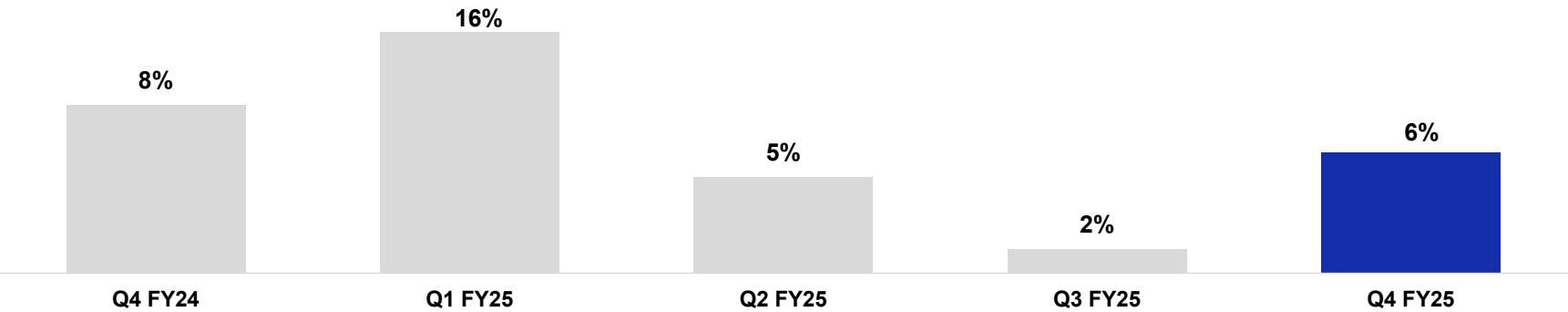
¹ Includes large commercial applied HVAC equipment, BMS, and Controls.

² Includes Retail.

³ Results are for Continuing Operations only

Solutions Orders and Backlog

Orders* - Organic % Growth

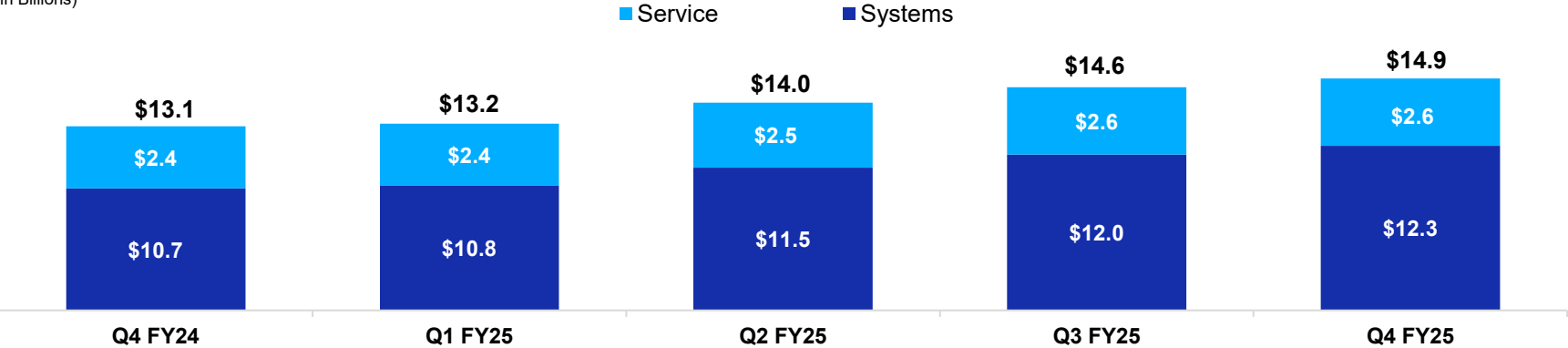


6%
YoY Organic Growth

Service	+6%
Systems	+7%

Backlog*

(\$ in Billions)



13%
YoY Organic Growth

Service	+9%
Systems	+14%

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

Fiscal Q4 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	7% 9% Q4 FY24 Q4 FY25	Orders - Service +3% - Systems +12% Backlog \$10.6B, +13% - Service +5% - Systems +15%	\$4.3B \$4.3B Q4 FY24 Q4 FY25	- Service +5% - Systems +3% - Applied¹: +HSD - F&S²: +LSD	19.4% 19.9% \$826 \$862 Q4 FY24 Q4 FY25	- Productivity: ~\$30M - Net Growth: ~\$20M - M&A: ~(\$10M)
EMEA	14% 3% Q4 FY24 Q4 FY25	Orders - Service +14% - Systems -6% Backlog \$2.5B, +12% - Service +22% - Systems +9%	\$1.2B \$1.3B Q4 FY24 Q4 FY25	- Service +7% - Systems +10% - Applied¹: +30% - F&S²: +MSD	15.3% 15.6% \$181 \$208 Q4 FY24 Q4 FY25	- Net Growth: ~\$20M - FX: ~\$10M
APAC	6% -1% Q4 FY24 Q4 FY25	Orders - Service +5% - Systems -4% Backlog \$1.8B, +17% - Service +1% - Systems +20%	\$0.8B \$0.8B Q4 FY24 Q4 FY25	- Service +8% - Systems -6% - Applied¹: +LSD - F&S²: (MSD)	19.7% 17.8% \$158 \$139 Q4 FY24 Q4 FY25	- Productivity: ~\$20M - Net Growth: ~(\$40M)

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

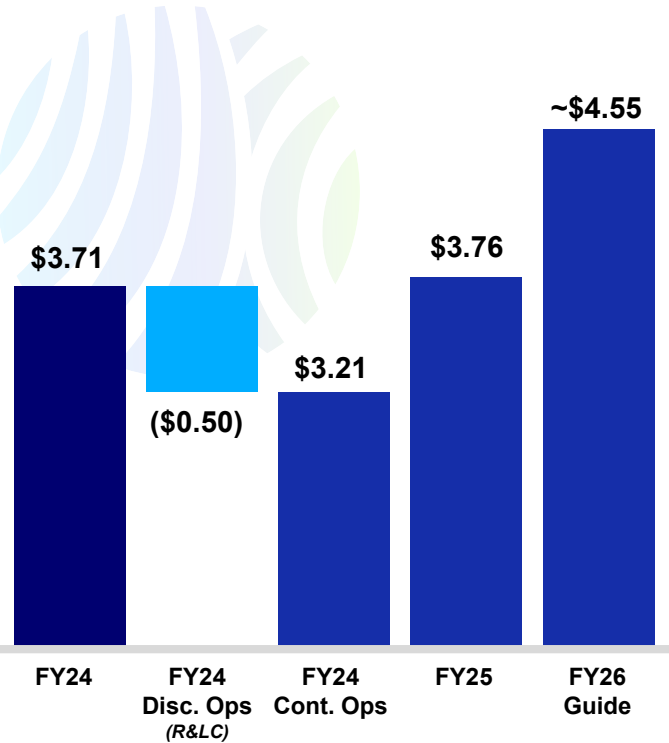
† Organic Sales Growth and Adjusted Segment EBITA/Margin are non-GAAP measures and exclude special items. See footnotes for reconciliation.

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

² Includes Retail.

Value Creation Framework

Long-Term Growth Algorithm



Organic Growth

Accelerate innovation and expand entitlement by leveraging leadership in decarbonization and mission-critical solutions

Operational Improvement

Drive margin expansion and productivity through continuous improvement, digital enablement, and scalable execution

Portfolio Management

Invest in growth technologies, optimize the portfolio, and allocate capital with discipline

LONG-TERM GROWTH ALGORITHM

Up ~MSD
Organic Growth %

~30%+
Operating Leverage

Double-Digit
Adjusted EPS Growth

~100%
Free Cash Flow Conversion

Disciplined Capital Allocation



Sustain and Drive Growth

**Prioritize investments
in organic growth,
aligned with strategy**



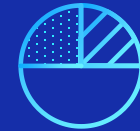
Committed to Investment Grade Rating

**Target 2.0 to 2.5x
leverage**



Return Capital

**Return cash to
shareholders through
dividends and share
repurchases**



Portfolio Optimization

**Create value by
shaping the portfolio
with selective
acquisitions and
strategic actions**

Introducing Q1 and Fiscal '26 Full Year Guidance

	Q1'26	FY'26
Organic Revenue*	Up ~3%	Up ~MSD
Operating Leverage*	~55%	~50%
Adjusted EPS*	~\$0.83	~\$4.55
Adjusted Free Cash Flow Conversion*		~100%

Appendix



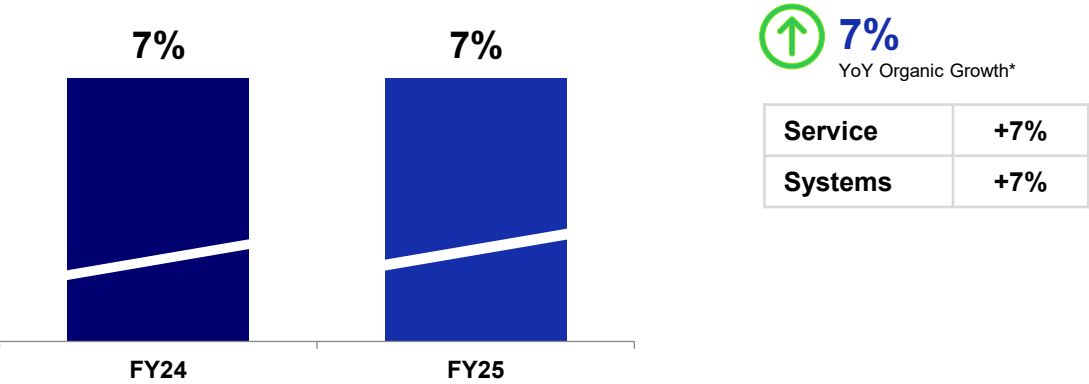
Additional FY 2026 Guidance Items

	Q1'26	FY'26
Corporate Expense*	~\$100M	~\$375M to \$400M
Amortization Expense	~\$85M	~\$340M
NFC	~\$75M	~\$320M
Tax Rate	~17%	~17%
Shares	~611M	~610M

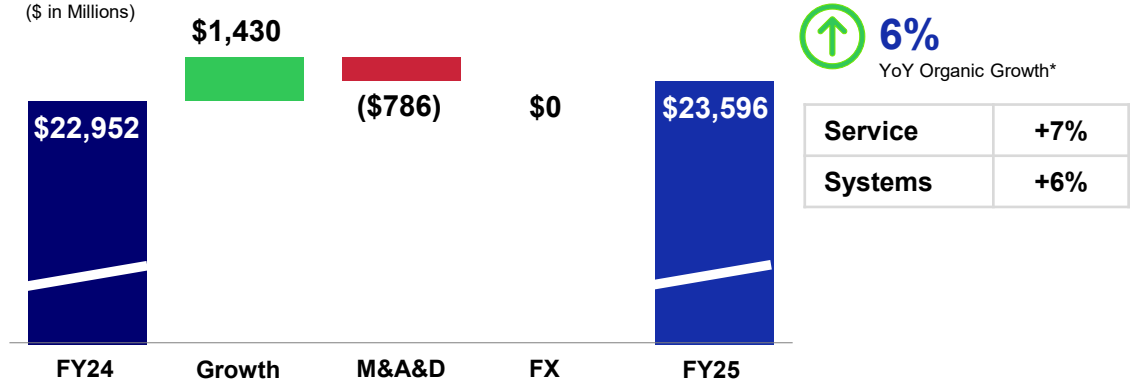
*Adjusted Corporate expense is a non-GAAP measure that includes certain stranded costs from divestiture transactions to be addressed by multi-year restructuring program. See footnotes for reconciliation

Strong Sales Growth and Margin Expansion in FY25

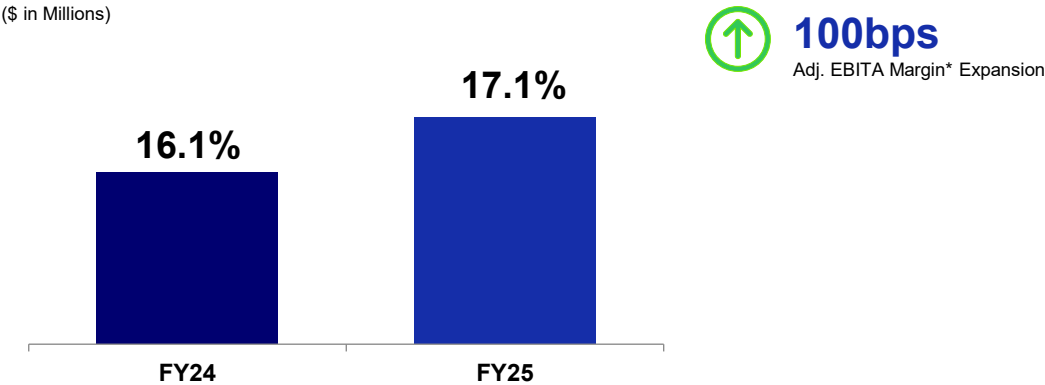
Orders* - Organic % Growth



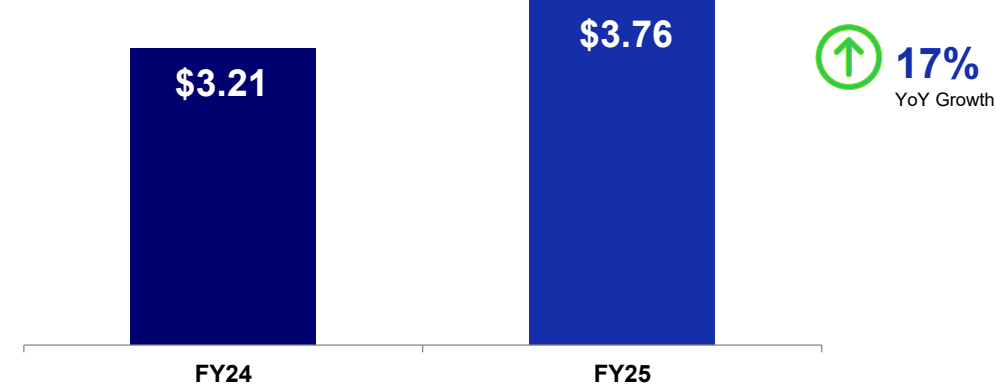
Sales - Organic % Growth*



Adjusted Segment EBITA/Margin*



Adjusted EPS*



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

Balance Sheet and Adjusted Free Cash Flow

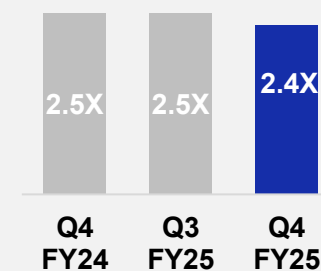
Disciplined Capital Allocation

Capital Structure (\$ billions)	Q4 FY24	Q3 FY25	Q4 FY25	
Short-term debt and current portion of long-term debt	\$1.5	\$1.9	\$1.3	
Long-term debt	\$8.0	\$8.4	\$8.6	
Total debt	\$9.5	\$10.3	\$9.9	
Less: cash and cash equivalents	\$0.6	\$0.7	\$0.4	
Net debt*	\$8.9	\$9.6	\$9.5	
Adj. Free Cash Flow* (\$ billions)	Q4 FY24	Q4 FY25	YTD FY24	YTD FY25
Free cash flow	\$1.2	\$0.8	\$1.1	\$2.1
Less: JC Capital free cash flow	-	-	(\$0.1)	(\$0.1)
Less: AFFF Settlement Payments and related insurance recoveries	\$0.3	-	-	(\$0.4)
Less: Impact of discontinuation of factoring programs	-	-	(\$0.6)	-
Less: York license prepayment receipt		\$0.2	-	\$0.2
Less: Discrete tax payments	-	(\$0.1)		(\$0.1)
Reported Adj. Free Cash Flow*	\$0.9	\$0.7	\$1.8	\$2.5

Debt and liquidity

- **89% fixed** rate debt
- **3.6%** weighted avg interest rate
- **~\$0.4B** 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)	Q4 FY24 GAAP	Q4 FY25 GAAP	Q4 FY24* NON-GAAP	Q4 FY25* NON-GAAP	% Change NON-GAAP
Sales	\$6,248	\$6,442	\$6,248	\$6,442	3%
Gross profit (% of sales)	\$2,268 36.3%	\$2,351 36.5%	\$2,270 36.3%	\$2,365 36.7%	4%
SG&A expenses	\$1,368	\$1,521	\$1,332	\$1,378	3%
Restructuring and impairment costs	\$133	\$400	-	-	-
Equity income (loss)	\$(23)	\$1	\$(6)	1	NM
EBIT*	\$744	\$431	\$932	\$988	6%
Net financing charges	\$96	\$76	\$96	\$76	-21%
Income from continuing operations before income taxes	\$648	\$355	\$836	\$912	9%
Income tax provision (benefit)	\$110	\$85	\$92	\$111	21%
Income from continuing operations	\$538	\$270	\$744	\$801	8%
Income from discontinued operations, net of tax	\$140	\$1,488	\$160	\$41	-74%
Net income	\$678	\$1,758	\$904	\$842	-7%
Income (loss) from continuing operations attributable to non-controlling interests	\$ 2	\$ 3	\$ 2	\$ 3	50%
Income from discontinued operations attributable to non-controlling interests	\$43	\$62	\$44	\$64	45%
Net income attributable to Johnson Controls	\$633	\$1,693	\$858	\$775	-10%
Income from continuing operations	\$536	\$267	\$742	\$798	8%
Income (loss) from discontinued operations	\$97	\$1,426	\$116	\$(23)	NM
Diluted EPS continuing ops	\$0.80	\$0.42	\$1.11	\$1.26	14%
Diluted EPS discontinued ops	\$0.15	\$2.25	\$0.17	\$(0.04)	NM
Total EPS	\$0.95	\$2.67	\$1.28	\$1.22	-5%

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

Special Items

(\$ in Millions, except EPS)

Three Months Ended September 30	Net income (Expense)		EPS impact	
	2024	2025	2024	2025
Net mark-to-market adjustments	\$5	\$(13)	\$0.01	\$(0.02)
Loss on divestiture	\$(42)	-	\$(0.06)	-
Restructuring	\$(66)	\$(42)	\$(0.10)	\$(0.07)
Impairment costs	\$(67)	\$(358)	\$(0.10)	\$(0.56)
Water systems AFFF insurance recoveries	\$16	\$26	\$0.02	\$0.04
Transaction/separation costs	\$(17)	\$(12)	\$(0.03)	\$(0.02)
EMEA joint venture loss	\$(17)	-	\$(0.03)	-
Transformation costs	-	\$(56)	-	\$(0.09)
ERP Asset – accelerated depreciation	-	\$(102)	-	\$(0.16)
Related tax impact	\$(18)	\$76	\$(0.03)	\$0.12
Discrete tax expense	-	\$(50)	-	\$(0.08)
Total*	\$(206)	\$(531)	\$(0.31)	\$(0.84)

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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



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FINANCIAL STATEMENTS

Johnson Controls International plc Consolidated Statements of Income

(in millions, except per share data; unaudited)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Net sales				
Products and systems	\$ 4,452	\$ 4,391	\$ 16,124	\$ 15,967
Services	1,990	1,857	7,472	6,985
	<u>6,442</u>	<u>6,248</u>	<u>23,596</u>	<u>22,952</u>
Cost of sales				
Products and systems	2,908	2,872	10,543	10,677
Services	1,183	1,108	4,461	4,198
	<u>4,091</u>	<u>3,980</u>	<u>15,004</u>	<u>14,875</u>
Gross profit	2,351	2,268	8,592	8,077
Selling, general and administrative expenses	1,521	1,368	5,764	5,661
Restructuring and impairment costs	400	133	546	510
Net financing charges	76	96	319	342
Equity income (loss)	<u>1</u>	<u>(23)</u>	<u>6</u>	<u>(42)</u>
Income from continuing operations before income taxes	355	648	1,969	1,522
Income tax provision	<u>85</u>	<u>110</u>	<u>245</u>	<u>111</u>
Income from continuing operations	270	538	1,724	1,411
Income from discontinued operations, net of tax	<u>1,488</u>	<u>140</u>	<u>1,789</u>	<u>489</u>
Net income	1,758	678	3,513	1,900
Less: Income attributable to noncontrolling interests	3	2	3	4
Income from discontinued operations attributable to noncontrolling interests	<u>62</u>	<u>43</u>	<u>219</u>	<u>191</u>
Net income attributable to Johnson Controls	<u>\$ 1,693</u>	<u>\$ 633</u>	<u>\$ 3,291</u>	<u>\$ 1,705</u>
Amounts attributable to Johnson Controls ordinary shareholders:				
Income from continuing operations	\$ 267	\$ 536	\$ 1,721	\$ 1,407
Income from discontinued operations	<u>1,426</u>	<u>97</u>	<u>1,570</u>	<u>298</u>
Net income	<u>\$ 1,693</u>	<u>\$ 633</u>	<u>\$ 3,291</u>	<u>\$ 1,705</u>
Basic earnings per share attributable to Johnson Controls				
Continuing operations	\$ 0.42	\$ 0.80	\$ 2.64	\$ 2.09
Discontinued operations	<u>2.26</u>	<u>0.15</u>	<u>2.40</u>	<u>0.44</u>
Total	<u>\$ 2.68</u>	<u>\$ 0.95</u>	<u>\$ 5.04</u>	<u>\$ 2.53</u>
Diluted earnings per share attributable to Johnson Controls				
Continuing operations	\$ 0.42	\$ 0.80	\$ 2.63	\$ 2.08
Discontinued operations	<u>2.25</u>	<u>0.15</u>	<u>2.40</u>	<u>0.44</u>
Total	<u>\$ 2.67</u>	<u>\$ 0.95</u>	<u>\$ 5.03</u>	<u>\$ 2.52</u>

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

	September 30, 2025	September 30, 2024
Assets		
Cash and cash equivalents	\$ 379	\$ 606
Accounts receivable - net	6,269	6,051
Inventories	1,820	1,774
Current assets held for sale	14	1,595
Other current assets	1,680	1,153
Current assets	<u>10,162</u>	<u>11,179</u>
Property, plant and equipment - net	2,193	2,403
Goodwill	16,633	16,725
Other intangible assets - net	3,613	4,130
Noncurrent assets held for sale	140	3,210
Other noncurrent assets	5,198	5,048
Total assets	<u><u>\$ 37,939</u></u>	<u><u>\$ 42,695</u></u>
Liabilities and Equity		
Short-term debt	\$ 723	\$ 953
Current portion of long-term debt	566	536
Accounts payable	3,614	3,389
Accrued compensation and benefits	1,268	1,048
Deferred revenue	2,470	2,160
Current liabilities held for sale	12	1,431
Other current liabilities	2,288	2,438
Current liabilities	<u>10,941</u>	<u>11,955</u>
Long-term debt	8,591	8,004
Pension and postretirement benefits	211	217
Noncurrent liabilities held for sale	9	405
Other noncurrent liabilities	5,233	4,753
Noncurrent liabilities	<u>14,044</u>	<u>13,379</u>
Shareholders' equity attributable to Johnson Controls	12,927	16,098
Noncontrolling interests	27	1,263
Total equity	<u>12,954</u>	<u>17,361</u>
Total liabilities and equity	<u><u>\$ 37,939</u></u>	<u><u>\$ 42,695</u></u>

Johnson Controls International plc
Consolidated Statements of Cash Flows
(in millions; unaudited)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Operating Activities of Continuing Operations				
Income from continuing operations attributable to Johnson Controls	\$ 267	\$ 536	\$ 1,721	\$ 1,407
Income from continuing operations attributable to noncontrolling interests	3	2	3	4
Net income	270	538	1,724	1,411
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	280	192	865	816
Pension and postretirement benefit expense (income)	19	(10)	(10)	(43)
Pension and postretirement contributions	(8)	10	(31)	(6)
Equity in earnings of partially-owned affiliates, net of dividends received	1	23	(2)	44
Deferred income taxes	341	—	195	(403)
Non-cash restructuring and impairment charges	371	78	427	411
Equity-based compensation expense	33	26	140	107
Other - net	(37)	15	(26)	(112)
Changes in assets and liabilities, excluding acquisitions and divestitures:				
Accounts receivable	(132)	(46)	(211)	(537)
Inventories	4	168	(75)	(17)
Other assets	(292)	78	(581)	(482)
Restructuring reserves	(1)	5	1	(76)
Accounts payable and accrued liabilities	663	466	694	645
Accrued income taxes	(544)	(191)	(556)	(190)
Cash provided by operating activities from continuing operations	968	1,352	2,554	1,568
Investing Activities of Continuing Operations				
Capital expenditures	(130)	(195)	(434)	(494)
Sale of property, plant and equipment	30	1	37	1
Acquisition of businesses, net of cash acquired	(1)	(4)	(10)	(3)
Business divestitures, net of cash divested	3	326	5	345
Other - net	(12)	(26)	(10)	(33)
Cash provided (used) by investing activities from continuing operations	(110)	102	(412)	(184)
Financing Activities of Continuing Operations				
Net proceeds (payments) from borrowings with maturities less than three months	(245)	(655)	38	48
Proceeds from debt	396	—	1,765	1,281
Repayments of debt	(552)	(486)	(1,648)	(924)
Stock repurchases and retirements	(5,021)	(370)	(5,991)	(1,246)
Payment of cash dividends	(243)	(247)	(976)	(1,000)
Other - net	(8)	—	28	(107)
Cash used by financing activities from continuing operations	(5,673)	(1,758)	(6,784)	(1,948)
Discontinued Operations				
Cash provided (used) by operating activities	(1,410)	174	(1,155)	530
Cash provided (used) by investing activities	6,598	(13)	6,546	(37)
Cash used by financing activities	(430)	—	(604)	(132)
Cash provided by discontinued operations	4,758	161	4,787	361
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(43)	30	(259)	59
Change in cash, cash equivalents and restricted cash held for sale	(258)	(8)	(255)	(6)
Decrease in cash, cash equivalents and restricted cash	(358)	(121)	(369)	(150)
Cash, cash equivalents and restricted cash at beginning of period	756	888	767	917
Cash, cash equivalents and restricted cash at end of period	398	767	398	767
Less: Restricted cash	19	161	19	161
Cash and cash equivalents at end of period	<u>\$ 379</u>	<u>\$ 606</u>	<u>\$ 379</u>	<u>\$ 606</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, which was previously reported in the Global Products segment prior to the Company's resegmentation, 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 Bosch in conjunction with the sale of our R&LC business.
- 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, 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.
- **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.
- **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.

Operating leverage

Operating leverage is defined as the ratio of the change in adjusted EBIT for the current period less the prior period, divided by the change in net revenues for the current period less the prior period. 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 September 30,				Twelve Months Ended September 30,			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Net sales - 2024	\$ 4,265	\$1,180	\$ 803	\$6,248	\$15,606	\$4,620	\$2,726	\$22,952
Base year adjustments								
Divestitures and other	(85)	—	—	(85)	(799)	(12)	—	(811)
Foreign currency	6	42	(1)	47	(34)	40	(6)	—
Adjusted base net sales	4,186	1,222	802	6,210	14,773	4,648	2,720	22,141
Acquisitions	—	7	—	7	—	25	—	25
Organic growth	139	108	(22)	225	1,058	295	77	1,430
Net sales - 2025	<u>\$ 4,325</u>	<u>\$1,337</u>	<u>\$ 780</u>	<u>\$6,442</u>	<u>\$15,831</u>	<u>\$4,968</u>	<u>\$2,797</u>	<u>\$23,596</u>
Growth %:								
Net sales	1 %	13 %	(3)%	3 %	1 %	8 %	3 %	3 %
Organic growth	3 %	9 %	(3)%	4 %	7 %	6 %	3 %	6 %

Products and systems revenue

(in millions)

Products and systems revenue - 2024

Base year adjustments

Divestitures and other

Foreign currency

Adjusted products and systems revenue

Acquisitions

Organic growth

Products and systems revenue - 2025

Growth %:

Products and systems

Organic growth

	Three Months Ended September 30,				Twelve Months Ended September 30,			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Products and systems revenue - 2024	\$3,092	\$ 703	\$ 596	\$4,391	\$11,206	\$2,789	\$1,972	\$15,967
Base year adjustments								
Divestitures and other	(85)	—	—	(85)	(799)	(12)	—	(811)
Foreign currency	7	20	1	28	(23)	38	(2)	13
Adjusted products and systems revenue	3,014	723	597	4,334	10,384	2,815	1,970	15,169
Acquisitions	—	6	—	6	—	19	—	19
Organic growth	79	71	(38)	112	803	143	(10)	936
Products and systems revenue - 2025	<u>\$3,093</u>	<u>\$ 800</u>	<u>\$ 559</u>	<u>\$4,452</u>	<u>\$11,187</u>	<u>\$2,977</u>	<u>\$1,960</u>	<u>\$16,124</u>
Growth %:								
Products and systems	— %	14 %	(6)%	1 %	— %	7 %	(1)%	1 %
Organic growth	3 %	10 %	(6)%	3 %	8 %	5 %	(1)%	6 %

Service revenue

(in millions)

Service revenue - 2024

Base year adjustments

Foreign currency

Adjusted base service revenue

Acquisitions

Organic growth

Service revenue - 2025

Growth %:

Service revenue

Organic growth

	Three Months Ended September 30,				Twelve Months Ended September 30,			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Service revenue - 2024	\$1,173	\$ 477	\$ 207	\$1,857	\$4,400	\$1,831	\$ 754	\$6,985
Base year adjustments								
Foreign currency	(1)	22	(2)	19	(11)	2	(4)	(13)
Adjusted base service revenue	1,172	499	205	1,876	4,389	1,833	750	6,972
Acquisitions	—	1	—	1	—	6	—	6
Organic growth	60	37	16	113	255	152	87	494
Service revenue - 2025	<u>\$1,232</u>	<u>\$ 537</u>	<u>\$ 221</u>	<u>\$1,990</u>	<u>\$4,644</u>	<u>\$1,991</u>	<u>\$ 837</u>	<u>\$7,472</u>
Growth %:								
Service revenue	5 %	13 %	7 %	7 %	6 %	9 %	11 %	7 %
Organic growth	5 %	7 %	8 %	6 %	6 %	8 %	12 %	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 September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Cash provided by operating activities from continuing operations	\$ 968	\$ 1,352	\$ 2,554	\$ 1,568
Income from continuing operations attributable to Johnson Controls	267	536	1,721	1,407
Operating cash flow conversion	<u>363%</u>	<u>252%</u>	<u>148%</u>	<u>111%</u>
Cash provided by operating activities from continuing operations	\$ 968	\$ 1,352	\$ 2,554	\$ 1,568
Capital expenditures	(130)	(195)	(434)	(494)
Free cash flow (non-GAAP)	<u>\$ 838</u>	<u>\$ 1,157</u>	<u>\$ 2,120</u>	<u>\$ 1,074</u>
Income from continuing operations attributable to Johnson Controls	\$ 267	\$ 536	\$ 1,721	\$ 1,407
Free cash flow conversion from net income (non-GAAP)	314%	216%	123 %	76 %

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

(in millions)	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Free cash flow (non-GAAP)	\$ 838	\$ 1,157	\$ 2,120	\$ 1,074
Adjustments:				
JC Capital cash used by operating activities	38	9	149	179
Water systems AFFF settlement cash payments and insurance recoveries	3	(257)	386	(14)
York license prepayment receipt	(240)	—	(240)	—
Discrete tax payments	71	—	71	—
Impact of discontinued factoring program	—	17	15	599
Adjusted free cash flow (non-GAAP)	<u>\$ 710</u>	<u>\$ 926</u>	<u>\$ 2,501</u>	<u>\$ 1,838</u>
Adjusted net income attributable to JCI (non-GAAP)	\$ 798	\$ 742	\$ 2,462	\$ 2,167
JC Capital net income	1	(8)	(3)	(16)
Adjusted net income attributable to JCI, excluding JC Capital (non-GAAP)	<u>\$ 799</u>	<u>\$ 734</u>	<u>\$ 2,459</u>	<u>\$ 2,151</u>
Adjusted free cash flow conversion (non-GAAP)	<u>89%</u>	<u>126%</u>	<u>102%</u>	<u>85 %</u>

5. Segment Profitability and Corporate Expense

The Company evaluates the performance of its business units on segment EBITA (primary) and segment EBIT (secondary).

(in millions; unaudited)	Three Months Ended September 30,				Twelve Months Ended September 30,			
	Actual		Adjusted (Non-GAAP)		Actual		Adjusted (Non-GAAP)	
	2025	2024	2025	2024	2025	2024	2025	2024
Segment EBITA								
Americas	\$ 844	\$ 826	\$ 862	\$ 826	2,882	\$ 2,679	\$ 2,906	\$ 2,637
EMEA	201	164	208	181	649	561	658	582
APAC	139	158	139	158	476	478	476	481
Corporate expenses	(269)	(131)	(124)	(114)	(767)	(490)	(479)	(432)
Amortization	(97)	(119)	(97)	(119)	(439)	(476)	(439)	(476)
Restructuring and impairment costs	(400)	(133)	—	—	(546)	(510)	—	—
Other	13	(21)	—	—	33	(378)	—	—
EBIT (non-GAAP)	<u>\$ 431</u>	<u>\$ 744</u>	<u>\$ 988</u>	<u>\$ 932</u>	<u>\$ 2,288</u>	<u>\$ 1,864</u>	<u>\$ 3,122</u>	<u>\$ 2,792</u>
Income from continuing operations:								
Attributable to Johnson Controls	\$ 267	\$ 536	\$ 798	\$ 742	\$ 1,721	\$ 1,407	\$ 2,462	\$ 2,167
Attributable to noncontrolling interests	3	2	3	2	3	4	3	4
Income from continuing operations	270	538	801	744	1,724	1,411	2,465	2,171
Less: Income tax provision ⁽¹⁾	85	110	111	92	245	111	338	279
Income before income taxes	355	648	912	836	1,969	1,522	2,803	2,450
Net financing charges	76	96	76	96	319	342	319	342
EBIT (non-GAAP)	<u>\$ 431</u>	<u>\$ 744</u>	<u>\$ 988</u>	<u>\$ 932</u>	<u>\$ 2,288</u>	<u>\$ 1,864</u>	<u>\$ 3,122</u>	<u>\$ 2,792</u>

⁽¹⁾ Adjusted income tax provision excludes the net tax impacts of pre-tax adjusting items and discrete tax 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 September 30,					
	Americas		EMEA		APAC	
	2025	2024	2025	2024	2025	2024
Sales	\$4,325	\$4,265	\$1,337	\$1,180	\$ 780	\$ 803
Segment EBITA	\$ 844	\$ 826	\$ 201	\$ 164	\$ 139	\$ 158
Adjusting items:						
Transformation costs	18	—	7	—	—	—
EMEA joint venture loss	—	—	—	17	—	—
Adjusted segment EBITA (non-GAAP)	<u>\$ 862</u>	<u>\$ 826</u>	<u>\$ 208</u>	<u>\$ 181</u>	<u>\$ 139</u>	<u>\$ 158</u>
Segment EBITA Margin %	19.5 %	19.4 %	15.0 %	13.9 %	17.8 %	19.7 %
Adjusted segment EBITA Margin % (non-GAAP)	19.9 %	19.4 %	15.6 %	15.3 %	17.8 %	19.7 %

(in millions)	Twelve Months Ended September 30,					
	Americas		EMEA		APAC	
	2025	2024	2025	2024	2025	2024
Sales	\$15,831	\$15,606	\$4,968	\$4,620	\$2,797	\$2,726
Segment EBITA	\$2,882	\$2,679	\$ 649	\$ 561	\$ 476	\$ 478
Adjusting items:						
Transformation costs	24	—	9	—	—	—
Earn-out adjustments	—	(68)	—	—	—	—
EMEA joint venture loss	—	—	—	17	—	—
Product quality costs	—	26	—	4	—	3
Adjusted segment EBITA (non-GAAP)	<u>\$2,906</u>	<u>\$2,637</u>	<u>\$ 658</u>	<u>\$ 582</u>	<u>\$ 476</u>	<u>\$ 481</u>
Segment EBITA Margin %	18.2 %	17.2 %	13.1 %	12.1 %	17.0 %	17.5 %
Adjusted segment EBITA Margin % (non-GAAP)	18.4 %	16.9 %	13.2 %	12.6 %	17.0 %	17.6 %

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

(in millions)	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Corporate expense (GAAP)	\$ 269	\$ 131	\$ 767	\$ 490
Adjusting items:				
Transaction/separation costs	(12)	(17)	(39)	(31)
Transformation costs	(31)	—	(147)	—
ERP asset - accelerated depreciation	(102)	—	(102)	—
Cyber incident costs	—	—	—	(27)
Adjusted corporate expense (non-GAAP)	<u>\$ 124</u>	<u>\$ 114</u>	<u>\$ 479</u>	<u>\$ 432</u>

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 September 30,			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2025	2024	2025	2024
As reported (GAAP)	\$ 267	\$ 536	\$ 0.42	\$ 0.80
Adjusting items:				
Net mark-to-market adjustments	13	(5)	0.02	(0.01)
Loss on divestiture	—	42	—	0.06
Restructuring and impairment costs, net of NCI	400	133	0.63	0.20
EMEA joint venture loss	—	17	—	0.03
Water systems AFFF insurance recoveries	(26)	(16)	(0.04)	(0.02)
Transaction/separation costs	12	17	0.02	0.03
ERP asset - accelerated depreciation	102	—	0.16	—
Transformation costs	56	—	0.09	—
Discrete tax items	50	—	0.08	—
Related tax impact	(76)	18	(0.12)	0.02
Adjusted (non-GAAP)*	<u>\$ 798</u>	<u>\$ 742</u>	<u>\$ 1.26</u>	<u>\$ 1.11</u>

* May not sum due to rounding

(in millions, except per share)	Twelve Months Ended September 30			
	Income from continuing operations attributable to JCI		Diluted earnings per share	
	2025	2024	2025	2024
As reported (GAAP)	\$ 1,721	\$ 1,407	\$ 2.63	\$ 2.08
Adjusting items:				
Net mark-to-market adjustments	6	(47)	0.01	(0.07)
Loss on divestiture	—	42	—	0.06
Earn-out adjustments	—	(68)	—	(0.10)
Restructuring and impairment costs, net of NCI	546	510	0.83	0.75
EMEA joint venture loss	—	17	—	0.03
Water systems AFFF settlement	—	750	—	1.11
Water systems AFFF insurance recoveries	(39)	(367)	(0.06)	(0.54)
Product quality costs	—	33	—	0.05
Transaction/separation costs	39	31	0.06	0.05
ERP asset - accelerated depreciation	102	—	0.16	—
Transformation costs	180	—	0.28	—
Cyber incident costs	—	27	—	0.04
Discrete tax items	(36)	(57)	(0.06)	(0.08)
Related tax impact	(57)	(111)	(0.07)	(0.17)
Adjusted (non-GAAP)*	<u>\$ 2,462</u>	<u>\$ 2,167</u>	<u>\$ 3.76</u>	<u>\$ 3.21</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 September 30,		Twelve Months Ended September 30,	
	2025	2024	2025	2024
Weighted average shares outstanding				
Basic weighted average shares outstanding	630.8	665.3	651.8	673.8
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2.6	2.8	2.3	2.2
Diluted weighted average shares outstanding	<u>633.4</u>	<u>668.1</u>	<u>654.1</u>	<u>676.0</u>

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)	September 30, 2025	June 30, 2025	September 30, 2024
Short-term debt	\$ 723	\$ 1,277	\$ 953
Current portion of long-term debt	566	570	536
Long-term debt	8,591	8,446	8,004
Total debt	9,880	10,293	9,493
Less: cash and cash equivalents	379	731	606
Net debt	<u>\$ 9,501</u>	<u>\$ 9,562</u>	<u>\$ 8,887</u>
Last twelve months income before income taxes	\$ 1,969	\$ 2,262	\$ 1,522
Net debt to income before income taxes	<u>4.8x</u>	<u>4.2x</u>	<u>5.8x</u>
Last twelve months adjusted EBITDA (non-GAAP)	\$ 3,987	\$ 3,843	\$ 3,608
Net debt to adjusted EBITDA (non-GAAP)	<u>2.4x</u>	<u>2.5x</u>	<u>2.5x</u>

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

(in millions)	Twelve Months Ended		
	September 30, 2025	June 30, 2025	September 30, 2024
Income from continuing operations	\$ 1,724	\$ 1,992	\$ 1,411
Income tax provision	245	270	111
Income before income taxes	1,969	2,262	1,522
Net financing charges	319	339	342
EBIT (non-GAAP)	2,288	2,601	1,864
Adjusting items:			
Net mark-to-market adjustments	6	(12)	(47)
Restructuring and impairment costs	546	279	510
Water systems AFFF settlement	—	—	750
Water systems AFFF insurance recoveries	(39)	(29)	(367)
Earn-out adjustments	—	—	(68)
Transaction/separation costs	39	44	31
Transformation costs	180	124	—
Cyber incident costs	—	—	27
Product quality costs	—	—	33
ERP asset - accelerated depreciation	102	—	—
Loss on divestiture	—	42	42
EMEA joint venture loss	—	17	17
Adjusted EBIT (non-GAAP)	3,122	3,066	2,792
Depreciation and amortization	865	777	816
Adjusted EBITDA (non-GAAP)	<u>\$ 3,987</u>	<u>\$ 3,843</u>	<u>\$ 3,608</u>

8. Income Taxes

After adjusting for certain non-recurring items, the Company's effective tax rate for continuing operations was approximately 12% for the twelve months ended September 30, 2025 and approximately 11% for the twelve months ended September 30, 2024.