FISCAL Q3

2023 Earnings Conference Call

August 2, 2023

The power behind **your mission**

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 this communication, statements regarding Johnson Controls future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures, debt levels and market outlook are forward-looking statements. Words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "project" or "plan" and terms of similar meaning are also generally intended to identify forward-looking statements. 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 general economic, business and capital market conditions, including recessions and other economic downturns, the ability to manage macroeconomic and geopolitical volatility, including global price inflation, shortages impacting the availability of raw materials and component products and the conflict between Russia and Ukraine; the ability to develop or acquire new products and technologies that achieve market acceptance and meet applicable quality and regulatory requirements; the ability to innovate and adapt to emerging technologies, ideas and trends in the marketplace; the strength of the U.S. or other economies; fluctuations in currency exchange rates; changes or uncertainty in laws, regulations, rates, policies or interpretations that impact Johnson Controls business operations or tax status; changes to laws or policies governing foreign trade, including economic sanctions, increased tariffs or trade restrictions; maintaining 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; the outcome of litigation and governmental proceedings; the risk of infringement or expiration of intellectual property rights; Johnson Controls ability to manage the impacts of natural disasters, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic; the ability of Johnson Controls to drive organizational improvement; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions; the ability to hire and retain senior management and other key personnel; 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 2022 fiscal year filed with the SEC on November 15, 2022, which is available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab. The description of certain of these risks is supplemented in Item 1A of Part II of Johnson Controls subsequently filed Quarterly Reports on Form 10-Q. 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, Silent-Aire other nonrecurring items, certain transaction / separation costs, Silent-Aire earn-out adjustment, charges attributable to the suspension of operations in Russia, warehouse fire loss, and discrete tax items. Financial information regarding organic revenue growth, adjusted sales, EBIT, EBIT margin, adjusted EBIT, adjusted EBIT margin, total segment EBITA, adjusted segment EBITA, adjusted segment EBITA margin, adjusted Corporate expense, net debt/EBITDA, free cash flow, 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 attached footnotes.

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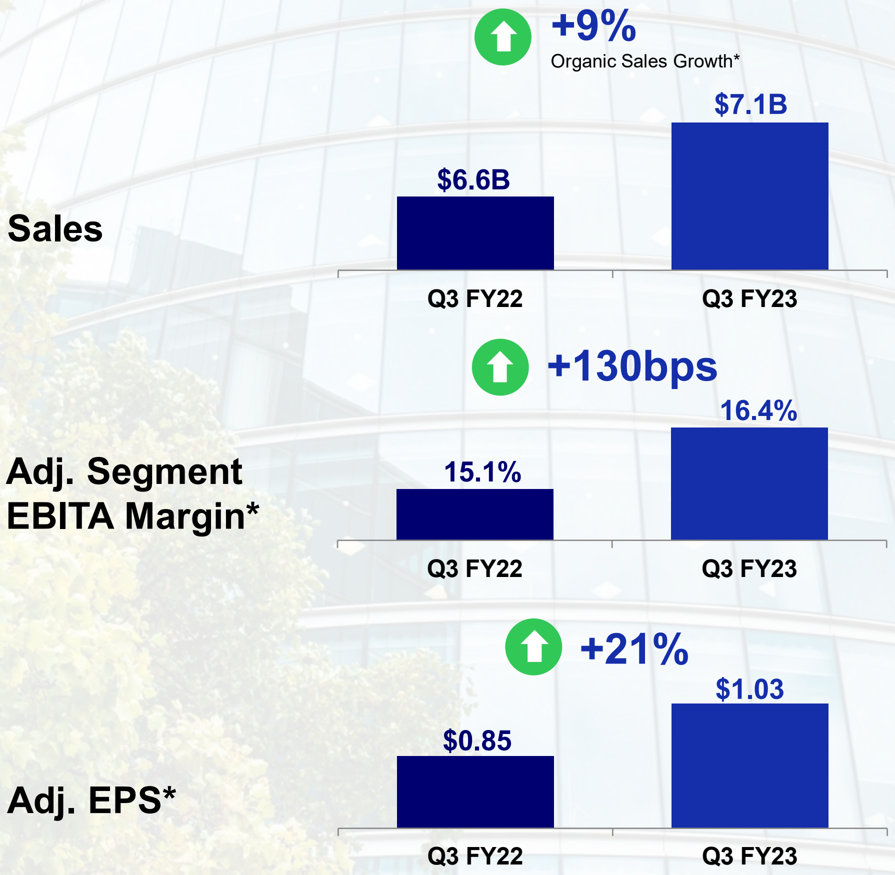
Fiscal Q3 Highlights and Summary

Strong Sales, Orders, and Backlog

- Solid Q3 financial results led by strong margin expansion and double-digit adjusted EPS growth
- Continued Service momentum led by 12% organic sales* and order growth
- Building Solutions Backlog grew 8% to $12.0B
- Commercial pipeline remains robust offsetting ongoing weakness in Residential
- Updating full year guidance; well positioned to drive growth and margin expansion in FY24

Fiscal Q3 Financial Overview



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

Leading the Evolution of Smart, Healthy, and Sustainable Buildings

SERVICE

$160B opportunity[1]

	Q3'23
Service Orders:	~$1.7B, **+12%**
Organic Revenue*:	~$1.7B, **+12%**

DECARBONIZATION

$240B opportunity[3]

	Q3'23
TTM Orders[2]:	~$1.1B, **+20%**
Heat Pump Revenue:	~$970M, **+MSD**

Enabled by Digital

OpenBlue

Total Q3 revenue from connected devices:

~$1.2B, +HSD

Total chiller connections:

~16,200, +91% YoY

*Organic revenue growth is a non-GAAP measure. Percentage is a YoY organic growth rate. See footnotes for reconciliation.
1. Dodge, Navigant, CBRE, JCI Analysis; annual market size from 2021 through 2024.
2. Decarbonization orders represents Sustainable Infrastructure results, a portion of the overall Decarbonization portfolio
3. Energy Information Administration, Guidehouse, Urban Green Council, Rocky Mountain Institute, JCI Analysis represents incremental opportunity; majority of total opportunity is retrofit. Remainder is rooftop solar and advisory services; total addressable market opportunity by 2035.

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FM:Systems Acquisition

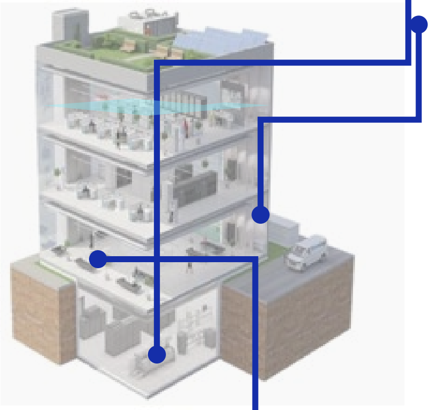
Accelerating Leadership in Smart Buildings

FM:Systems, a leading Digital Workplace Management Systems and IoT solutions provider

- **Strengthens** current **OpenBlue** offering, providing a one-stop solution that helps customers **advance** their **digital transformation journey**
- **Adds** cloud-based software as a service (SaaS) **digital workplace management capability** to OpenBlue portfolio
- **Over 1,200 customers** across more than **80 countries** with nearly **2.5 million active users**
- **Accelerates our differentiated position** to create smarter, healthier, more sustainable buildings

Integrated Workplace Management System (IWMS) Core Functionalities

- **Asset & maintenance management**
- **Space & facilities management**
- **Real estate portfolio management**
- **Sustainability & energy management**
- **Capital project management**
- **Occupant wellbeing & safety**



	OpenBlue	fm:systems
Employee & Visitor Experience		
Desk / Room Scheduling / Hoteling	✓	
Visitor Experience		✓
Construction: BIM Modeling / Editing		✓
Security & Safety: Remote Access Control		✓
Operational Outcomes		
Connected Assets: Building System Integration	✓	
Energy Mgmt: Fault Monitoring	✓	
Energy Mgmt: Commodity Metering	✓	
Energy Mgmt: Carbon Scope Emissions	✓	
Building Ops: Fault Monitoring	✓	
Building Ops: Work Order Mgmt.	✓	
Sensors (Occupancy, IAQ)		✓
Space Scenario Planning		✓
Space Utilization	✓	
Connected Services		
Connected Assets: HVAC / Chillers	✓	
Connected Assets: Controls	✓	
Connected Assets: Security	✓	

Value Creation Framework

Accelerating Our Strategy

Positioned to capture secular trends across sustainable and healthy buildings	Enhanced Products, Services, and Solutions through the adoption of OpenBlue	Driving margin expansion and executing on our productivity plan	Disciplined capital allocation

OpenBlue

Built on Our Strong Foundation of Operational Excellence and Culture of Leadership

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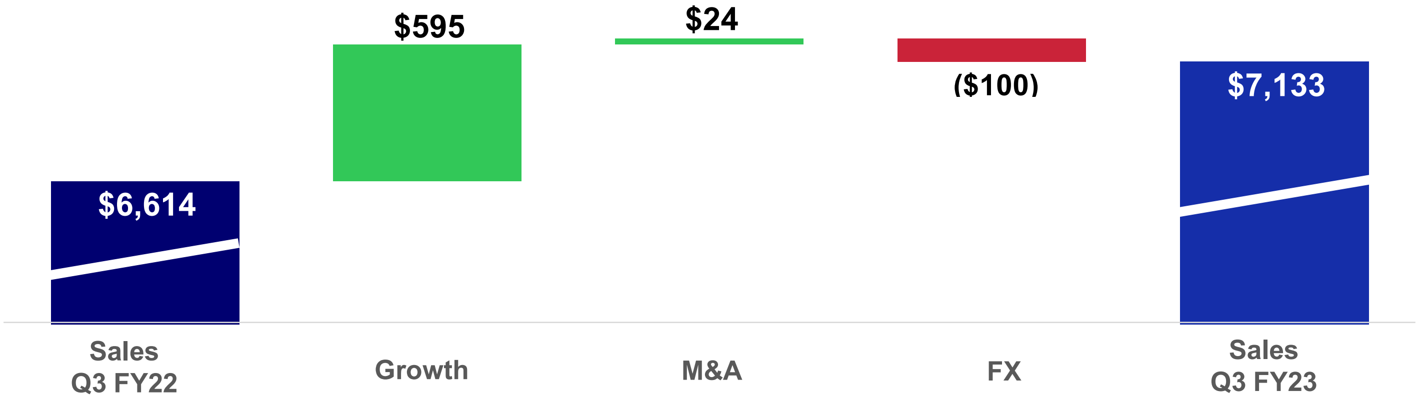
Fiscal Q3 Results

Delivering on our Commitments

Total JCI Sales

($ in Millions)

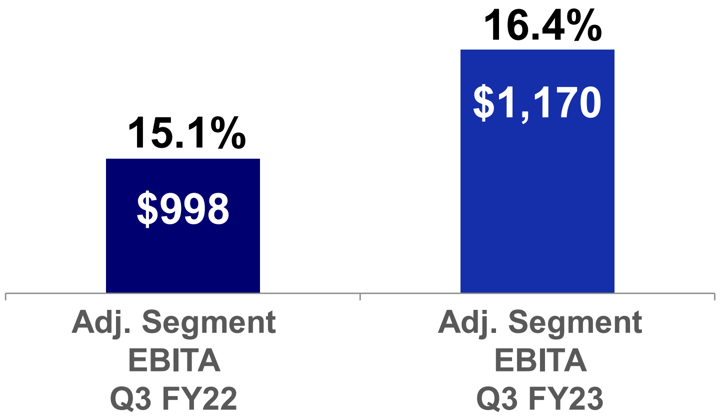


+9%
Organic Sales Growth*

- FX headwind (2%)

Total JCI Adj. Segment EBITA/Margin*

($ in Millions)



+130bps
Adj. EBITA Margin* Expansion

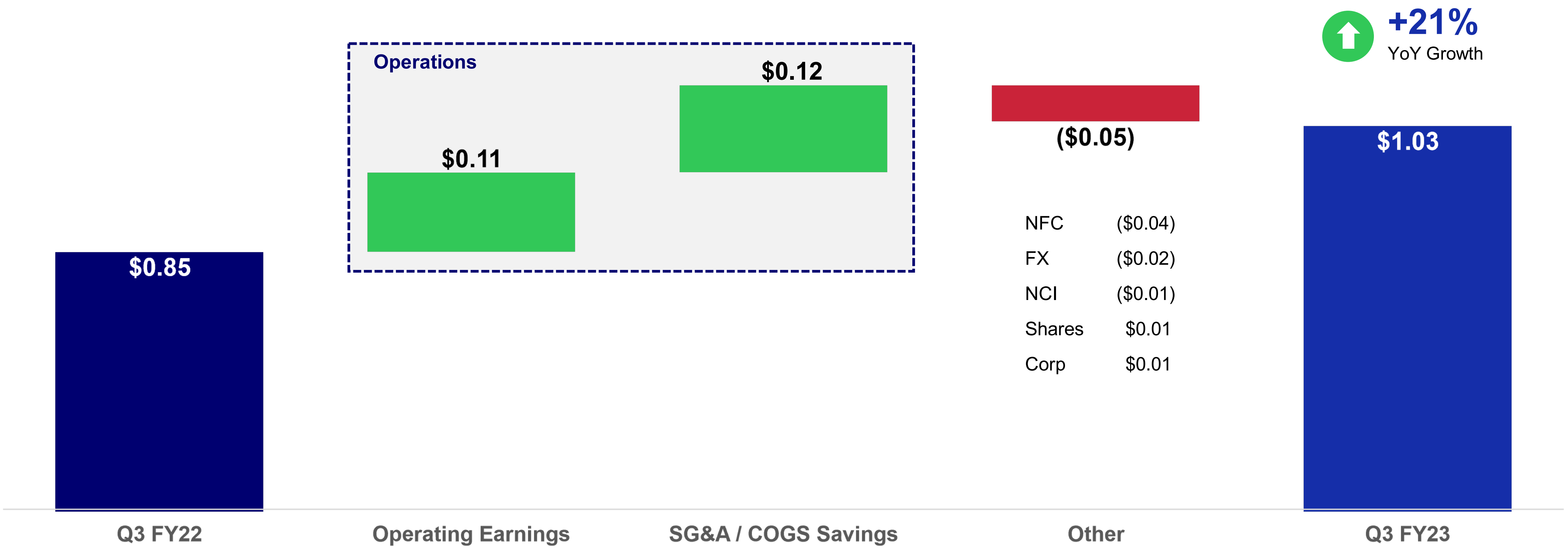
- Positive price/cost: ~$140M
- Productivity benefits: ~$100M
- FX headwind: ~($15M)

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

Fiscal Q3 Results

Delivering on our Commitments

Adjusted EPS Bridge* (Continuing Operations)



*Adjusted EPS from continuing operations, excluding special items, is a non-GAAP measure. See footnotes for reconciliation. Other items may not sum due to rounding.

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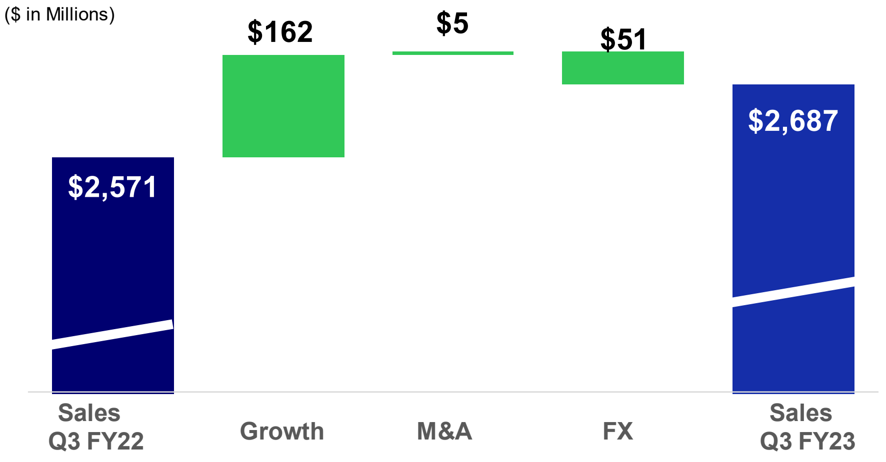
Fiscal Q3 Results

Global Products Performance

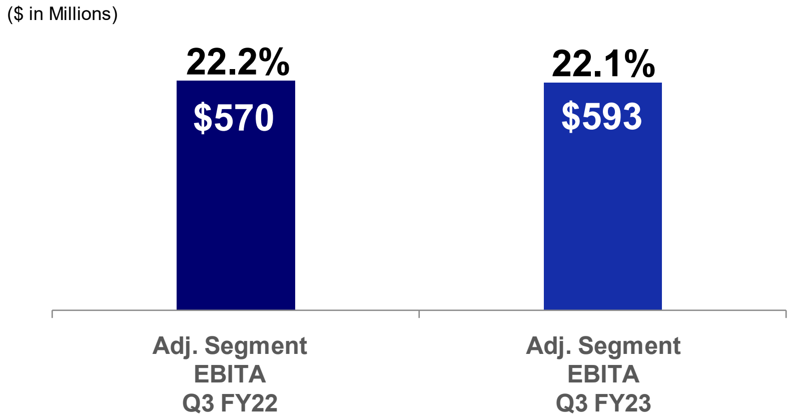
Global Products Sales



+6% Organic Sales Growth*

- Price +8% / Volume (2%)
- Commercial HVAC[1] +mid-teens
- Residential HVAC (LSD); NA Residential (mid-teens)
- Fire and Security +LSD
- Industrial Refrigeration +>20%
- 3rd party backlog of $2.5B, +8%

Global Products Adj. Segment EBITA/Margin*



-10bps Adj. EBITA Margin* Decline

- Positive price/cost: ~$55M
- Productivity benefits: ~$40M
- FX headwind: ~($10M)
- Absorption/mix ~($50M)

*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, global unitary and VRF equipment and represents indirect sales of chiller and air handling equipment.

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Fiscal Q3 Results

Resilient Growth, Strong Price Realization

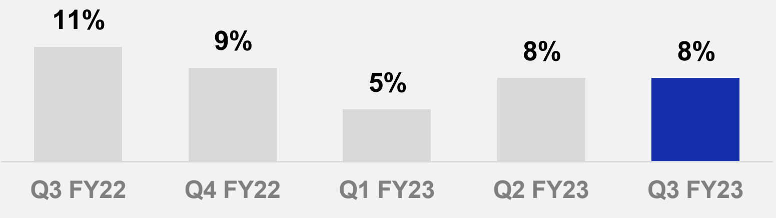
Organic Sales Growth* %	% of FY22 Sales	North America	EMEALA	Asia Pac	Global Products	Consolidated JCI
Applied[1]	33%	+low-teens	+HSD	+20%	+low-teens[2]	+low-teens
Light Commercial[3]	9%				+>20%	+>20%
Commercial HVAC	42%				+mid-teens	+mid-teens
NA Residential	5%				(mid-teens)	(mid-teens)
ROW Residential	8%				+LSD	+LSD
Residential HVAC	13%				(LSD)	(LSD)
Fire and Security[4]	38%	+HSD	+HSD	(LSD)	+LSD	+MSD
Sustainability Infrastructure	3%	+LSD				+LSD
Industrial Refrigeration	4%		+HSD		+>20%	+LDD
Total	**100%**	**+10%**	**+9%**	**+16%**	**+6%**	**+9%**

[1] Includes large commercial applied HVAC equipment, BMS and Controls.
[2] Represents indirect sales of chiller and air handling equipment.
[3] Includes global unitary and VRF equipment.
[4] Includes Retail.
*Organic Sales Growth is a non-GAAP measure. See footnotes for reconciliation.

Fiscal Q3 Results

Building Solutions Performance

Building Solutions Orders - Organic % Growth

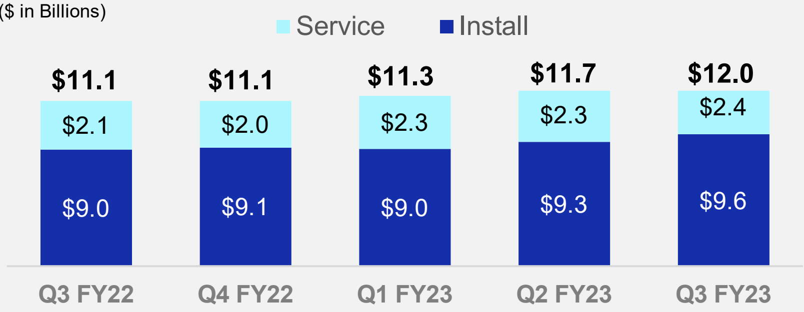


+8%
YoY Organic Growth

Service	+12%
Install	+6%

Building Solutions Backlog

($ in Billions)

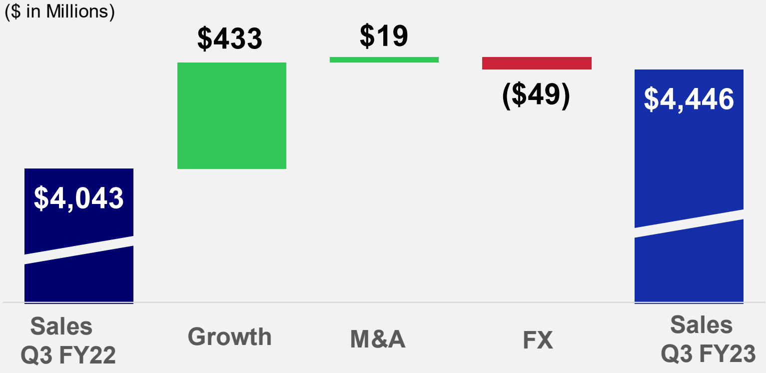


+8%
YoY Organic Growth

Service	+8%
Install	+8%

Building Solutions Sales

($ in Millions)

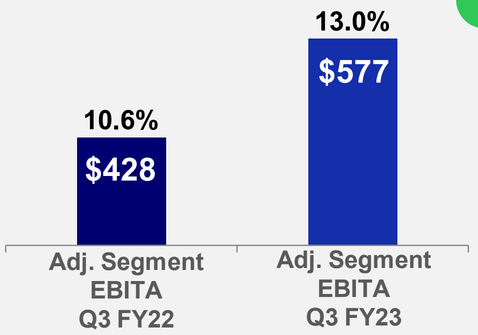


+11%
Organic Sales Growth*

Service	+12%
Install	+10%

Building Solutions Adj. Segment EBITA/Margin*

($ in Millions)



+240bps
Adj. EBITA Margin* Expansion

- Positive price/cost: ~$80M
- Productivity benefits: ~$60M
- FX headwind: ~($5M)

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

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Building Solutions Performance by Segment

	Orders *Organic % Growth*	Orders / Backlog Comments	Sales *Organic % YoY**	Sales Comments	Adj. Segment EBITA/Margin* *Change YoY*	Adj. Segment EBITA Comments
NA	+5% Q3 FY22: 15% Q3 FY23: 5%	▪ **Orders** - Service +8% - Install +4% ▪ **Backlog** $8.0B, +11% - Service +7% - Install +12%	+10% Q3 FY22: $2.4B Q3 FY23: $2.7B	▪ Service +9% ▪ Install +11% - Applied[1]: +low-teens - F&S[2]: +HSD - SI: +LSD	+370bps Q3 FY22: $260 (10.7%) Q3 FY23: $385 (14.4%)	▪ Positive price/cost: ~$80M ▪ Productivity benefits: ~$30M
EMEALA	+10% Q3 FY22: 8% Q3 FY23: 10%	▪ **Orders** - Service +19% - Install +4% ▪ **Backlog** $2.3B, +6% - Service +15% - Install +3%	+9% Q3 FY22: $1.0B Q3 FY23: $1.0B	▪ Service +15% ▪ Install +5% - Applied[1]: +HSD - F&S[2]: +HSD - IR: +HSD	-10bps Q3 FY22: $83 (8.7%) Q3 FY23: $90 (8.6%)	▪ Productivity benefits: ~$20M
APAC	+14% Q3 FY22: 2% Q3 FY23: 14%	▪ **Orders** - Service +15% - Install +13% ▪ **Backlog** 1.7B, +2% - Service (1%) - Install +2%	+16% Q3 FY22: $665M Q3 FY23: $736M	▪ Service +19% ▪ Install +14% - Applied[1]: +20% - F&S[2]: (LSD)	+110bps Q3 FY22: $85 (12.8%) Q3 FY23: $102 (13.9%)	▪ Positive price/cost: ~$10M ▪ Productivity benefits: ~$10M ▪ Negative FX impacts: ~($3M)

*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.

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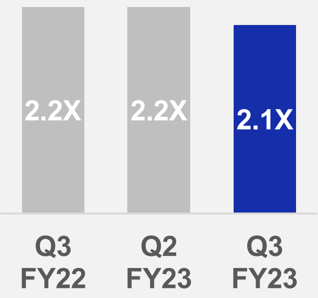
Disciplined Capital Allocation

Capital Structure ($ millions)	Q3 FY22	Q2 FY23	Q3 FY23
Short-term debt and current portion of long-term debt	$2,298	$2,659	$1,267
Long-term debt	$7,194	$7,832	$8,497
Total debt	**$9,492**	**$10,491**	**$9,764**
Less: cash and cash equivalents	$1,506	$1,975	$1,057
Net debt*	**$7,986**	**$8,516**	**$8,707**

Debt and liquidity

- **94.5% fixed** rate debt
- **3.12%** weighted avg interest rate
- **~$1.1B** cash position
- BBB+/Baa2 credit rating (S&P/Moody's)[1]
- ~$3B undrawn credit facilities
- Target Net Debt/EBITDA ~**2.0-2.5X**

Net Debt / EBITDA*



Free Cash Flow ($ millions)	Q3 FY22	Q3 FY23	YTD FY22	YTD FY23
Cash from operating activities, excluding JC Capital	$487	$852	$811	$912
Capital expenditures, excluding JC Capital	($170)	($111)	($430)	($366)
Reported FCF*	**$317**	**$741**	**$381**	**$546**

Free cash flow*

- Sequential improvement
- Capex declined 15% YTD
- DIOH improved sequentially 2 days
- Inventory improvement continues in Q4

[1] The security ratings set forth above are issued by unaffiliated third-party rating agencies and are not a recommendation to buy, sell or hold securities. The ratings may be subject to revision or withdrawal by the assigning rating organization at any time.
*Non-GAAP measures. See footnotes for reconciliation.

Effective January 1, 2023, the Company has excluded the impact of its financing entity, JC Capital, from the calculation of free cash flow. Management believes this provides a more true representation of the company's operational ability to convert cash, without the contrary impact from financing activities.

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Introducing Q4 and Updating Full Year Guidance

Q4 / FY 2023 Commentary

- Applied demand remains strong and Service continues to gain momentum
- Residential weaker and destocking expected in indirect channels for Fire & Security
- Order pipeline remains healthy
- Value proposition continues to resonate with our customers
- Free cash flow conversion ~70%*

	Q4 FY23	FY23
Organic revenue*	~+4%	~+HSD (previous ~10%)
Adj. Segment EBITA margin*	~+60bps	~+110bps (previous +100 to 120 bps)
Adjusted EPS*	~$1.10	~$3.55 (previous $3.50 - $3.60)

* Non-GAAP measures. Non-GAAP excludes special items.

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Appendix

Fiscal Q3 2023

Additional FY 2023 Guidance Items

	FY23
Adjusted corporate expense*	~$350M
Amortization expense	~$450M
NFC	~$290M
Tax rate	~13.5%
NCI	~$200M
Shares	~687M

*Non-GAAP measure. Non-GAAP excludes special items.

Fiscal Q3 2023

Consolidated Financial Results (Continuing Operations)

($ in Millions, except earnings per share)	Q3 FY22 GAAP	Q3 FY23 GAAP	Q3 FY22* NON-GAAP	Q3 FY23* NON-GAAP	% Change NON-GAAP
Sales	$6,614	$7,133	$6,614	$7,133	8%
Gross profit (% of sales)	$2,200 33.3%	$2,431 34.1%	$2,220 33.6%	$2,430 34.1%	9%
SG&A expenses	$1,589	$1,555	$1,474	$1,527	4%
Restructuring and impairment costs	$121	$81	-	-	
Equity income	$63	$78	$63	$78	24%
EBIT	$553	$873	$809	$981	21%
EBIT margin	**8.4%**	**12.2%**	**12.2%**	**13.8%**	
Net financing charges	$49	$80	$49	$80	63%
Income before income taxes	$504	$793	$760	$901	19%
Income tax provision (benefit)	$61	$(329)	$102	$122	20%
Net income	$443	$1,122	$658	$779	18%
Income attributable to non-controlling interests	$64	$73	$64	$73	14%
Net income attributable to JCI	$379	$1,049	$594	$706	19%
Diluted EPS	**$0.55**	**$1.53**	**$0.85**	**$1.03**	**21%**

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

Fiscal Q3 2023

Special Items (Continuing Operations)

($ in Millions, except EPS)

Q3 FY23	Pre-tax income (Expense)	Tax (Expense) benefit	NCI (Expense) income	After-tax/NCI income (Expense)	EPS impact
Mark-to-market adjustments	$17	$(4)	-	$13	$0.01
Restructuring and impairment costs	$(81)	$11	-	$(70)	$(0.10)
Transaction / separation costs	$(44)	$6	-	$(38)	$(0.05)
Discrete income tax items	-	$438	-	$438	$0.64
Total*	**$(108)**	**$451**	**-**	**$343**	**$0.50**

Q3 FY22	Pre-tax income (Expense)	Tax (Expense) benefit	NCI (Expense) income	After-tax/NCI income (Expense)	EPS impact
Mark-to-market adjustments	$(126)	$33	-	$(93)	$(0.13)
Restructuring and impairment costs	$(121)	$15	-	$(106)	$(0.15)
Transaction / separation costs	$(9)	$1	-	$(8)	$(0.01)
Discrete income tax items	-	$(8)	-	$(8)	$(0.01)
Total*	**$(256)**	**$41**	**-**	**$(215)**	**$(0.30)**

*Totals may not sum due to rounding.

Johnson Controls

IR Contacts

Jim Lucas
Vice President, Investor Relations
jim.lucas@jci.com

Michael Gates
Senior Director, Investor Relations
michael.j.gates@jci.com

www.johnsoncontrols.com

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended June 30,	
	2023	2022
Net sales	$ 7,133	$ 6,614
Cost of sales	4,702	4,414
Gross profit	2,431	2,200
Selling, general and administrative expenses	(1,555)	(1,589)
Restructuring and impairment costs	(81)	(121)
Net financing charges	(80)	(49)
Equity income	78	63
Income before income taxes	793	504
Income tax provision (benefit)	(329)	61
Net income	1,122	443
Income attributable to noncontrolling interests	73	64
Net income attributable to JCI	$ 1,049	$ 379
Diluted earnings per share	$ 1.53	$ 0.55
Diluted weighted average shares	686.2	694.9
Shares outstanding at period end	680.3	688.8

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Net sales	$ 19,887	$ 18,574
Cost of sales	13,124	12,526
Gross profit	6,763	6,048
Selling, general and administrative expenses	(4,705)	(4,412)
Restructuring and impairment costs	(844)	(554)
Net financing charges	(218)	(153)
Equity income	190	175
Income before income taxes	1,186	1,104
Income tax provision (benefit)	(266)	190
Net income	1,452	914
Income attributable to noncontrolling interests	152	143
Net income attributable to JCI	$ 1,300	$ 771
Diluted earnings per share	$ 1.89	$ 1.10
Diluted weighted average shares	688.8	702.4
Shares outstanding at period end	680.3	688.8

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	June 30, 2023	September 30, 2022
ASSETS		
Cash and cash equivalents	$ 1,057	$ 2,031
Accounts receivable - net	6,540	5,727
Inventories	3,092	2,665
Other current assets	1,317	1,262
Current assets	12,006	11,685
Property, plant and equipment - net	3,187	3,131
Goodwill	17,644	17,350
Other intangible assets - net	4,831	5,155
Investments in partially-owned affiliates	988	963
Other noncurrent assets	4,124	3,874
Total assets	$ 42,780	$ 42,158
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 1,267	$ 1,534
Accounts payable and accrued expenses	5,250	5,371
Other current liabilities	4,611	4,334
Current liabilities	11,128	11,239
Long-term debt	8,497	7,426
Other noncurrent liabilities	5,692	6,091
Shareholders' equity attributable to JCI	16,324	16,268
Noncontrolling interests	1,139	1,134
Total liabilities and equity	$ 42,780	$ 42,158

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Three Months Ended June 30,	
	2023	2022
Operating Activities		
Net income attributable to JCI	$ 1,049	$ 379
Income attributable to noncontrolling interests	73	64
Net income	1,122	443
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	212	201
Pension and postretirement benefit expense (income)	(20)	59
Pension and postretirement contributions	(12)	(7)
Equity in earnings of partially-owned affiliates, net of dividends received	28	(45)
Deferred income taxes	(102)	(144)
Non-cash restructuring and impairment costs	10	69
Other - net	14	39
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(307)	(331)
Inventories	110	(142)
Other assets	(45)	(70)
Restructuring reserves	50	17
Accounts payable and accrued liabilities	28	299
Accrued income taxes	(275)	99
Cash provided by operating activities from continuing operations	813	487
Investing Activities		
Capital expenditures	(111)	(170)
Acquisition of businesses, net of cash acquired	(171)	(112)
Other - net	20	26
Cash used by investing activities from continuing operations	(262)	(256)
Financing Activities		
Increase (decrease) in short and long-term debt - net	(681)	175
Stock repurchases and retirements	(366)	(392)
Payment of cash dividends	(248)	(244)
Dividends paid to noncontrolling interests	(77)	(3)
Other - net	(1)	49
Cash used by financing activities from continuing operations	(1,373)	(415)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(75)	(95)
Decrease in cash, cash equivalents and restricted cash	$ (897)	$ (279)

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Operating Activities		
Net income attributable to JCI	$ 1,300	$ 771
Income attributable to noncontrolling interests	152	143
Net income	1,452	914
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	621	633
Pension and postretirement benefit expense (income)	(23)	8
Pension and postretirement contributions	(38)	(83)
Equity in earnings of partially-owned affiliates, net of dividends received	(27)	(25)
Deferred income taxes	(270)	(241)
Non-cash restructuring and impairment costs	701	430
Other - net	(12)	32
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(667)	(637)
Inventories	(383)	(761)
Other assets	(214)	(276)
Restructuring reserves	33	(2)
Accounts payable and accrued liabilities	(127)	788
Accrued income taxes	(215)	31
Cash provided by operating activities from continuing operations	831	811
Investing Activities		
Capital expenditures	(366)	(430)
Acquisition of businesses, net of cash acquired	(260)	(236)
Other - net	50	78
Cash used by investing activities from continuing operations	(576)	(588)
Financing Activities		
Increase in short and long-term debt - net	387	2,234
Stock repurchases and retirements	(613)	(1,427)
Payment of cash dividends	(729)	(674)
Dividends paid to noncontrolling interests	(149)	(121)
Other - net	(7)	17
Cash provided (used) by financing activities from continuing operations	(1,111)	29
Discontinued Operations - Cash used by operating activities	-	(4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(67)	(49)
Increase (decrease) in cash, cash equivalents and restricted cash	$ (923)	$ 199

FOOTNOTES

1. Financial Summary

The Company evaluates the performance of its business units primarily on segment earnings before interest, taxes and amortization (EBITA), which represents income before income taxes and noncontrolling interests, excluding general corporate expenses, intangible asset amortization, net mark-to-market adjustments related to restricted asbestos investments and pension and postretirement plans, restructuring and impairment costs and net financing charges.

(in millions; unaudited)	Three Months Ended June 30,				Nine Months Ended June 30,			
	2023		2022		2023		2022	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Segment EBITA (1)								
Building Solutions North America	$ 385	$ 385	$ 260	$ 260	$ 967	$ 967	$ 745	$ 745
Building Solutions EMEA/LA	90	90	83	83	234	234	266	277
Building Solutions Asia Pacific	102	102	85	85	249	249	227	227
Global Products	593	593	570	570	1,463	1,473	1,283	1,240
Segment EBITA	1,170	1,170	998	998	2,913	2,923	2,521	2,489
Corporate expenses (2)	(122)	(78)	(96)	(87)	(362)	(261)	(226)	(217)
Amortization of intangible assets (3)	(111)	(111)	(102)	(102)	(319)	(319)	(326)	(313)
Net mark-to-market gains (losses) (4)	17	-	(126)	-	16	-	(158)	-
Restructuring and impairment costs (5)	(81)	-	(121)	-	(844)	-	(554)	-
EBIT (6)	873	981	553	809	1,404	2,343	1,257	1,959
EBIT margin (6)	12.2%	13.8%	8.4%	12.2%	7.1%	11.8%	6.8%	10.5%
Net financing charges	(80)	(80)	(49)	(49)	(218)	(218)	(153)	(153)
Income before income taxes	793	901	504	760	1,186	2,125	1,104	1,806
Income tax benefit (provision) (7)	329	(122)	(61)	(102)	266	(287)	(190)	(243)
Net income	1,122	779	443	658	1,452	1,838	914	1,563
Income attributable to noncontrolling interests (8)	(73)	(73)	(64)	(64)	(152)	(152)	(143)	(148)
Net income attributable to JCI	$ 1,049	$ 706	$ 379	$ 594	$ 1,300	$ 1,686	$ 771	$ 1,415

(1) The Company's press release contains financial information regarding total segment EBITA, adjusted segment EBITA and adjusted segment EBITA margins, which are non-GAAP performance measures. The Company's definition of adjusted segment EBITA excludes other non-recurring items that are not considered to be directly related to the underlying operating performance of its businesses. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

A reconciliation of segment EBITA to net income is shown earlier within this footnote. For the three months ended June 30, 2023 and 2022, there were no items excluded from the calculation of adjusted segment EBITA. The following is the nine months ended June 30, 2023 and 2022 reconciliation of segment EBITA and segment EBITA margin as reported to adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Solutions North America		Building Solutions EMEA/LA		Building Solutions Asia Pacific		Total Building Solutions		Global Products		Consolidated JCI plc	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment EBITA as reported	$ 967	$ 745	$ 234	$ 266	$ 249	$ 227	$ 1,450	$ 1,238	$ 1,463	$ 1,283	$ 2,913	$ 2,521
Segment EBITA margin as reported (9)	12.8%	10.9%	7.7%	9.3%	12.2%	11.6%	11.5%	10.6%	20.2%	18.5%	14.6%	13.6%
Adjusting items:												
Silent-Aire earn-out adjustment	-	-	-	-	-	-	-	-	(30)	(43)	(30)	(43)
Warehouse fire loss	-	-	-	-	-	-	-	-	40	-	40	-
Charges attributable to the suspension of operations in Russia	-	-	-	11	-	-	-	11	-	-	-	11
Adjusted segment EBITA	$ 967	$ 745	$ 234	$ 277	$ 249	$ 227	$ 1,450	$ 1,249	$ 1,473	$ 1,240	$ 2,923	$ 2,489
Adjusted segment EBITA margin (9)	12.8%	10.9%	7.7%	9.7%	12.2%	11.6%	11.5%	10.7%	20.4%	17.9%	14.7%	13.4%

(2) Adjusted Corporate expenses for the three and nine months ended June 30, 2023 excludes certain transaction/separation costs of $44 million and $101 million, respectively. Adjusted Corporate expenses for the three and nine months ended June 30, 2022 excludes $9 million of transaction/separation costs.

(3) Adjusted amortization of intangible assets for the nine months ended June 30, 2022 excludes nonrecurring intangible asset amortization related to Silent-Aire purchase accounting of $13 million.

(4) Adjusted results for the three and nine months ended June 30, 2023 exclude net mark-to-market gains on restricted asbestos investments and pension and postretirement plans of $17 million and $16 million, respectively. The three and nine months ended June 30, 2022 exclude net mark-to-market losses on restricted asbestos investments and pension and postretirement plans of $126 million and $158 million, respectively.

(5) Adjusted results for the three and nine months ended June 30, 2023 exclude restructuring and impairment costs of $81 million and $844 million, respectively. The restructuring actions and impairment costs for the three and nine months ended June 30, 2023 are related primarily to workforce reductions, impairment of goodwill attributable to the Company's Silent-Aire reporting unit, impairment of assets associated with businesses previously classified as held for sale and other asset impairments. Adjusted results for the three and nine months ended June 30, 2022 exclude restructuring and impairment costs of $121 million and $554 million, respectively. The restructuring actions and impairment costs for the three and nine months ended June 30, 2022 are related primarily to the impairment of assets associated with a business classified or previously classified as held for sale, workforce reductions and other asset impairments.

(6) Management defines earnings before interest and taxes (EBIT) as income before net financing charges, income taxes and noncontrolling interests. EBIT margin is defined as EBIT divided by net sales. EBIT and EBIT margin are non-GAAP performance measures. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company. A reconciliation of EBIT to net income is shown earlier within this footnote.

(7) Adjusted income tax provision for the three months ended June 30, 2023 excludes net tax benefits related to adjustments to reserves for uncertain tax positions of $438 million and the net tax effect of other pre-tax adjusting items of $13 million. Adjusted income tax provision for the nine months ended June 30, 2023 excludes net tax benefits related to adjustments to reserves for uncertain tax positions of $438 million and the net tax effect of other pre-tax adjusting items of $115 million. Adjusted income tax provision for the three and nine months ended June 30, 2022 excludes the net tax benefit of pre-tax adjusting items of $41 million and $53 million, respectively.

(8) Adjusted income from continuing operations attributable to noncontrolling interests for the nine months ended June 30, 2022 excludes $5 million impact from restructuring and impairment costs.

(9) Segment EBITA margin is defined as segment EBITA divided by segment net sales, as disclosed in the Company's press release.

The Company's press release and earnings presentation include forward-looking statements regarding organic revenue growth, adjusted segment EBITA margin improvement, free cash flow and adjusted EPS, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts excluded is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period and the high variability of certain amounts, such as mark-to-market adjustments. Organic revenue growth excludes the effect of acquisitions, divestitures and foreign currency. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on the Company’s fiscal 2023 fourth quarter and full year GAAP financial results.

2. Diluted Earnings Per Share Reconciliation

The Company's press release contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items shown in the table below are excluded because these items are not considered to be directly related to the underlying operating performance of the Company. Management believes this non-GAAP measure is useful to investors in understanding the ongoing operations and business trends of the Company.

A reconciliation of diluted earnings per share as reported to adjusted diluted earnings per share for the respective periods is shown below (unaudited):

	Net Income Attributable to JCI plc		Net Income Attributable to JCI plc	
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Earnings per share as reported for JCI plc	$ 1.53	$ 0.55	$ 1.89	$ 1.10
Adjusting items:				
Net mark-to-market adjustments	(0.02)	0.18	(0.02)	0.22
Related tax impact	0.01	(0.05)	-	(0.06)
Restructuring and impairment costs	0.12	0.17	1.23	0.79
Related tax impact	(0.02)	(0.02)	(0.14)	(0.04)
NCI impact of restructuring and impairment costs	-	-	-	(0.01)
Silent-Aire other nonrecurring costs	-	-	-	0.02
Transaction/separation costs	0.06	0.01	0.15	0.01
Related tax impact	(0.01)	-	(0.01)	-
Silent-Aire earn-out adjustment	-	-	(0.04)	(0.06)
Warehouse fire loss	-	-	0.06	-
Related tax impact	-	-	(0.01)	-
Charges attributable to the suspension of operations in Russia	-	-	-	0.01
Discrete tax items	(0.64)	0.01	(0.64)	0.03
Adjusted earnings per share for JCI plc*	$ 1.03	$ 0.85	$ 2.45	$ 2.01

* May not sum due to rounding

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Weighted average shares outstanding for JCI plc				
Basic weighted average shares outstanding	683.3	692.2	685.7	698.6
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2.9	2.7	3.1	3.8
Diluted weighted average shares outstanding	686.2	694.9	688.8	702.4

3. Organic Growth Reconciliation

The components of the change in net sales for the three months ended June 30, 2023 versus the three months ended June 30, 2022, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Three Months Ended June 30, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended June 30, 2022	Acquisitions		Organic Growth		Net Sales for the Three Months Ended June 30, 2023	
Building Solutions North America	$ 2,426	$ -	-	$ (12)	-	$ 2,414	$ 5	-	$ 246	10%	$ 2,665	10%
Building Solutions EMEA/LA	952	(4)	-	(2)	-	946	10	1%	89	9%	1,045	10%
Building Solutions Asia Pacific	665	-	-	(35)	-5%	630	8	1%	98	16%	736	11%
Total Building Solutions	4,043	(4)	-	(49)	-1%	3,990	23	1%	433	11%	4,446	10%
Global Products	2,571	-	-	(51)	-2%	2,520	5	-	162	6%	2,687	5%
Total net sales	$ 6,614	$ (4)	-	$ (100)	-2%	$ 6,510	$ 28	-	$ 595	9%	$ 7,133	8%

The components of the change in net sales for the nine months ended June 30, 2023 versus the nine months ended June 30, 2022, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Nine Months Ended June 30, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Nine Months Ended June 30, 2022	Acquisitions		Organic Growth		Net Sales for the Nine Months Ended June 30, 2023	
Building Solutions North America	$ 6,805	$ -	-	$ (41)	-1%	$ 6,764	$ 17	-	$ 771	11%	$ 7,552	11%
Building Solutions EMEA/LA	2,869	(27)	-1%	(141)	-5%	2,701	54	2%	296	11%	3,051	6%
Building Solutions Asia Pacific	1,963	-	-	(147)	-7%	1,816	8	-	225	12%	2,049	4%
Total Building Solutions	11,637	(27)	-	(329)	-3%	11,281	79	1%	1,292	11%	12,652	9%
Global Products	6,937	-	-	(269)	-4%	6,668	5	-	562	8%	7,235	4%
Total net sales	$ 18,574	$ (27)	-	$ (598)	-3%	$ 17,949	$ 84	-	$ 1,854	10%	$ 19,887	7%

The components of the change in total service revenue for the three months ended June 30, 2023 versus the three months ended June 30, 2022, including organic growth, are shown below (unaudited):

(in millions)	Service Revenue for the Three Months Ended June 30, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended June 30, 2022	Acquisitions		Organic Growth		Service Revenue for the Three Months Ended June 30, 2023	
Building Solutions North America	$ 945	$ -	-	$ (4)	-	$ 941	$ 5	1%	$ 83	9%	$ 1,029	9%
Building Solutions EMEA/LA	415	-	-	(7)	-2%	408	3	1%	63	15%	474	14%
Building Solutions Asia Pacific	172	-	-	(7)	-4%	165	3	2%	31	19%	199	16%
Total Building Solutions	1,532	-	-	(18)	-1%	1,514	11	1%	177	12%	1,702	11%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,532	$ -	-	$ (18)	-1%	$ 1,514	$ 11	1%	$ 177	12%	$ 1,702	11%

The components of the change in total service revenue for the nine months ended June 30, 2023 versus the nine months ended June 30, 2022, including organic growth, are shown below (unaudited):

(in millions)	Service Revenue for the Nine Months Ended June 30, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Nine Months Ended June 30, 2022	Acquisitions		Organic Growth		Service Revenue for the Nine Months Ended June 30, 2023	
Building Solutions North America	$ 2,682	$ -	-	$ (15)	-1%	$ 2,667	$ 17	1%	$ 227	9%	$ 2,911	9%
Building Solutions EMEA/LA	1,252	(12)	-1%	(72)	-6%	1,168	10	1%	168	14%	1,346	8%
Building Solutions Asia Pacific	521	-	-	(36)	-7%	485	3	1%	72	15%	560	7%
Total Building Solutions	4,455	(12)	-	(123)	-3%	4,320	30	1%	467	11%	4,817	8%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 4,455	$ (12)	-	$ (123)	-3%	$ 4,320	$ 30	1%	$ 467	11%	$ 4,817	8%

The components of the change in total install revenue for the three months ended June 30, 2023 versus the three months ended June 30, 2022, including organic growth, are shown below (unaudited):

(in millions)	Install Revenue for the Three Months Ended June 30, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Install Revenue for the Three Months Ended June 30, 2022	Acquisitions		Organic Growth		Install Revenue for the Three Months Ended June 30, 2023	
Building Solutions North America	$ 1,481	$ -	-	$ (8)	-1%	$ 1,473	$ -	-	$ 163	11%	$ 1,636	10%
Building Solutions EMEA/LA	537	(3)	-1%	5	1%	539	7	1%	25	5%	571	6%
Building Solutions Asia Pacific	493	-	-	(28)	-6%	465	5	1%	67	14%	537	9%
Total Building Solutions	2,511	(3)	-	(31)	-1%	2,477	12	-	255	10%	2,744	9%
Global Products	2,571	-	-	(51)	-2%	2,520	5	-	162	6%	2,687	5%
Total install revenue	$ 5,082	$ (3)	-	$ (82)	-2%	$ 4,997	$ 17	-	$ 417	8%	$ 5,431	7%

4. Free Cash Flow Conversion

The Company's press release contains financial information regarding free cash flow and free cash flow conversion, which are non-GAAP performance measures. We also present below free cash flow conversion from the GAAP measure of net income attributable to JCI. Effective January 1, 2023, the Company has excluded the impact of its financing entity, JC Capital, from the calculation of free cash flow. Management believes this provides a more true representation of the Company's operational ability to convert cash, without the contrary impact from financing activities. The impact on interim and annual periods prior to January 1, 2023 was not material. JC Capital cash flows that are excluded from the calculation of free cash flow primarily include activity associated with finance/notes receivables and inventory and/or capital expenditures related to lease arrangements. JC Capital net income that is excluded is primarily related to interest income on the finance/notes receivable and profit recognized on arrangements with sales-type lease components.

Free cash flow is defined as cash provided (used) by operating activities, excluding JC Capital, less capital expenditures, excluding JC Capital. Free cash flow conversion from net income is defined as free cash flow divided by net income attributable to JCI. Free cash flow conversion is defined as free cash flow divided by adjusted net income attributable to JCI, excluding JC Capital. Management believes these non-GAAP 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 our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

The following is the three and nine months ended June 30, 2023 and 2022 calculation of free cash flow (unaudited):

	Three Months Ended		Nine Months Ended	
(in millions)	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Cash provided by operating activities from continuing operations	$ 813	$ 487	$ 831	$ 811
Less: JC Capital cash used by operating activities from continuing operations	(39)	-	(81)	-
Cash provided by operating activities from continuing operations, excluding JC Capital	$ 852	$ 487	$ 912	$ 811
Capital expenditures	$ (111)	$ (170)	$ (366)	$ (430)
Less: JC Capital capital expenditures	-	-	-	-
Capital expenditures, excluding JC Capital	$ (111)	$ (170)	$ (366)	$ (430)
Free cash flow	$ 741	$ 317	$ 546	$ 381

The following is the nine months ended June 30, 2023 and 2022 calculation of free cash flow conversion from net income and free cash flow conversion (unaudited):

	Nine Months Ended	
(in millions)	June 30, 2023	June 30, 2022
Net income attributable to JCI	$ 1,300	$ 771
Free cash flow conversion from net income	42%	49%
Adjusted net income attributable to JCI	$ 1,686	$ 1,415
Less: JC Capital net income	12	-
Adjusted net income attributable to JCI, excluding JC Capital	$ 1,674	$ 1,415
Free cash flow conversion	33%	27%

5. Debt Ratios

The Company's earnings presentation provides financial information regarding net debt to adjusted EBITDA, which is a non-GAAP performance measure. We also present below net debt to income before income taxes. The Company believes these ratios are useful to understanding the Company's financial condition as they provide an overview of the extent to which the Company relies on external debt financing for its funding and are a measure of risk to its shareholders. The following is the June 30, 2023, March 31, 2023, and June 30, 2022 calculation of net debt to income before income taxes and net debt to adjusted EBITDA (unaudited):

(in millions)	June 30, 2023	March 31, 2023	June 30, 2022
Short-term debt and current portion of long-term debt	$ 1,267	$ 2,659	$ 2,298
Long-term debt	8,497	7,832	7,194
Total debt	9,764	10,491	9,492
Less: cash and cash equivalents	1,057	1,975	1,506
Total net debt	$ 8,707	$ 8,516	$ 7,986
Last twelve months income before income taxes	$ 1,792	$ 1,503	$ 1,910
Total net debt to income before income taxes	4.9x	5.7x	4.2x
Last twelve months adjusted EBITDA	$ 4,078	$ 3,895	$ 3,617
Total net debt to adjusted EBITDA	2.1x	2.2x	2.2x

The following is the last twelve months ended June 30, 2023, March 31, 2023, and June 30, 2022 reconciliation of income from continuing operations to adjusted EBIT and adjusted EBITDA, which are non-GAAP performance measures (unaudited):

(in millions)	Last Twelve Months Ended June 30, 2023	Last Twelve Months Ended March 31, 2023	Last Twelve Months Ended June 30, 2022
Income from continuing operations	$ 2,261	$ 1,582	$ 1,230
Income tax provision (benefit)	(469)	(79)	680
Net financing charges	278	247	200
EBIT	2,070	1,750	2,110
Adjusting items:			
Net mark-to-market adjustments	(208)	(65)	52
Restructuring and impairment costs	1,011	1,051	621
Environmental remediation and related reserves adjustment	255	255	-
Silent-Aire other nonrecurring costs	-	-	26
Silent-Aire earn-out adjustment	(30)	(30)	(43)
Charges attributable to the suspension of operations in Russia	-	-	11
Warehouse fire loss	40	40	-
Transaction/separation costs	122	87	9
Adjusted EBIT (1)	3,260	3,088	2,786
Depreciation and amortization	818	807	831
Adjusted EBITDA (1)	$ 4,078	$ 3,895	$ 3,617

(1) The Company's definition of adjusted EBIT and adjusted EBITDA excludes special items that are not considered to be directly related to the underlying operating performance of its businesses. Management believes this non-GAAP measure is useful to investors in understanding the ongoing operations and business trends of the Company.

6. Income Taxes

The Company's effective tax rate from continuing operations before consideration of net mark-to-market adjustments, restructuring and impairment costs, Silent-Aire nonrecurring intangible asset amortization and purchase accounting, charges attributable to the suspension of operations in Russia, discrete tax items, certain transaction/separation costs and warehouse fire loss for the three and nine months ending June 30, 2023 and June 30, 2022 is approximately 13.5%.