Fiscal Q2 2022 Earnings Conference Call

May 4, 2022

The power behind **your mission**

Johnson Controls

Forward Looking & Cautionary Statements / Non-GAAP Financial Information

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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, capital market and geopolitical conditions, including global price inflation, shortages impacting the availability of raw materials and component products and the current conflict between Russia and Ukraine; 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 strength of the U.S. or other economies; changes or uncertainty in laws, regulations, rates, policies or interpretations that impact Johnson Controls business operations or tax status; the ability to develop or acquire new products and technologies that achieve market acceptance and meet applicable regulatory requirements; 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 risk of infringement or expiration of intellectual property rights; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions; the outcome of litigation and governmental proceedings; 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; fluctuations in currency exchange rates; 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 2021 fiscal year filed with the SEC on November 15, 2021, 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 transaction costs and other nonrecurring items, Silent-Aire earn-out adjustment, charges associated with the suspension of operations in Russia, Power Solutions divestiture reserve adjustment and discrete tax items. Financial information regarding organic sales, adjusted sales, EBIT, EBIT margin, total segment EBITA, adjusted segment EBITA, adjusted segment EBITA margin, adjusted Corporate expense, free cash flow, free cash flow conversion, net debt and net debt/EBITDA 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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Capitalizing on our Vectors of Growth in a Challenging Environment

- Our value proposition is resonating with customers, translating into robust demand and a record backlog with strong margins
  - ✓ Continued outperformance in our shorter cycle Global Products segment
  - ✓ Digitization at the center of our strategy…making good progress
  - ✓ Traction on key vectors of growth: decarbonization, smart buildings and healthy buildings
- On track to deliver ~$230M in productivity savings in FY22
- Effective capital allocation
- Addressing near-term supply chain disruptions impacting our ability to convert demand in our longer-cycle North America solutions business

NORTH AMERICA SOLUTIONS

Temporary Challenges Impacting Backlog Conversion

Our value proposition is resonating with our NA customers

- Order growth **+13%**
  (2-year stack +18%)
- Backlog growth **+14%**
- Service Order growth **+7%**
- Sustainability Infrastructure Orders **+16%**
  (2-year stack +60%)
- Healthy Buildings/IAQ Orders **+85%**

Component shortages impacting our ability to achieve full margin potential in Service and Install:

1 Supply Chain Disruptions

- Install: component shortages impacting ability to complete projects, including margin rich later phases
- Service: component shortages impacting conversion of L&M service activity
- Labor inefficiencies due to project delays and multiple site visits

2 Cost Absorption Impact

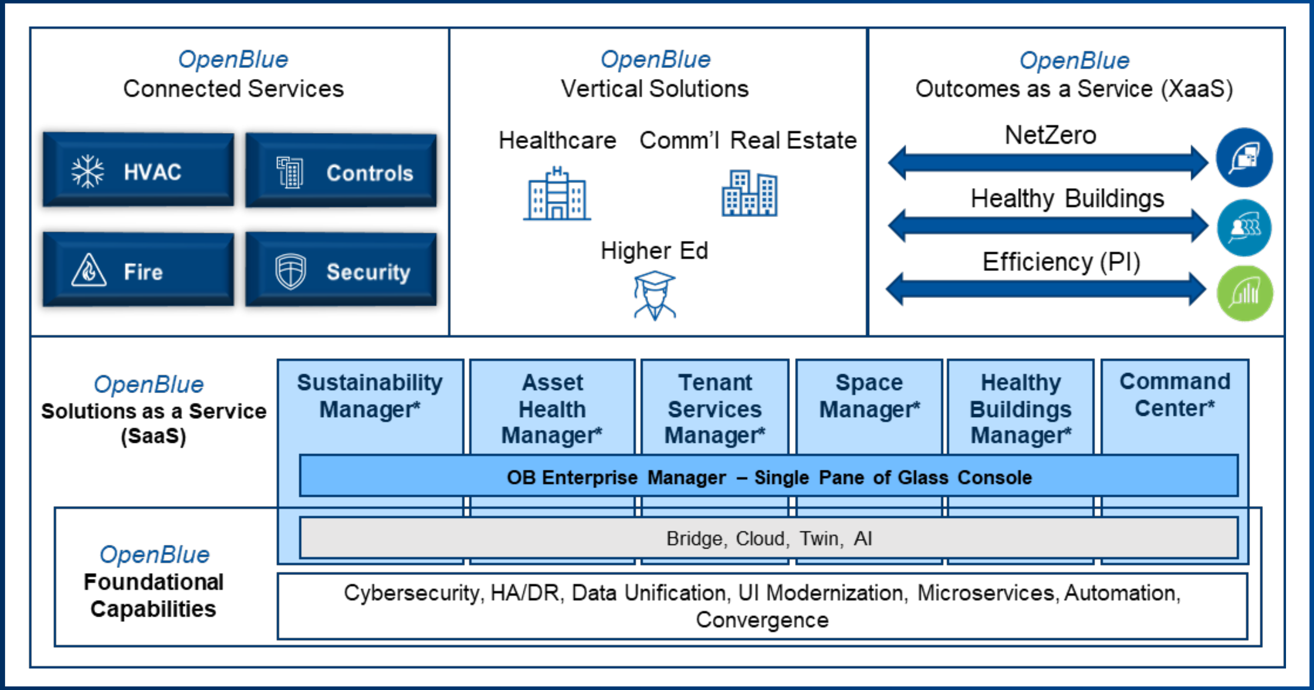
- Reduced volume resulting in lower absorption of cost base
- Order growth (+13%) outpacing revenue growth (+6%)
- Higher selling expense as a % of sales

Total profit impact of ~$40M in the quarter

Supply chain challenges expected to improve in H2; Well positioned for FY23

DIGITALIZING THE PORTFOLIO

OpenBlue is at the Center of Our Enterprise Strategy



Integrated platform enables agile software development & continuous deployments:

- Modern, containerized architecture
- Multi-cloud and on-prem deployment
- Intelligent edge with AI and zero-trust security
- AI-infused digital solutions supporting fault detection, sustainability, and healthy buildings

MAJOR LAUNCHES *(FQ2/FQ3)*

*Open**Blue*** Gateway

Communication device that **connects JCI and non-JCI devices at the edge**. Ability to connect OT devices with Foghorn Edge AI and Zero Trust security

*Open**Blue*** Connected Chillers

Leverages the Gateway to **collect data from both JCI and non-JCI chillers** to detect alerts leading to proactive maintenance, optimization settings and averting unplanned shutdowns

*Open**Blue***
Chiller Vibrational Analysis

Real-time chiller vibrational analysis at the edge leveraging Foghorn AI to detect anomalies and send alerts to avert catastrophic failure

*Open**Blue*** NetZero Advisor

JCI's first digital offering allowing companies to **manage their Scope 1 and Scope 2** emissions as part of the NetZero-as-a-Service offering

*Open**Blue*** Connected Controls

Coming Soon

JCI's first offering fully integrating Metasys with OpenBlue; a **disruptive offering that increases the intelligence of building** automation systems by infusing AI

ACCELERATING DIGITAL SERVICE TRANSFORMATION

Service Growth Flywheel Accelerated by Digital

1 $160B Global Service Market[1]

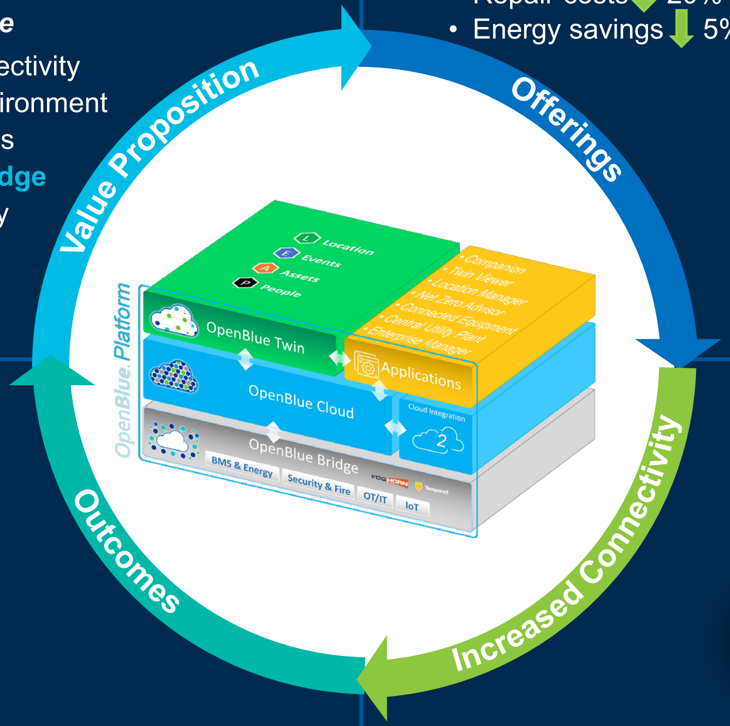
- ✓ Highly fragmented… 1,000s of players
- ✓ Secular trends driving the need for outcome-based solutions (NetZero, IAQ, etc.)
- ✓ Digital technology enables outcomes & competitive advantage
- ✓ Our installed base, direct footprint, and technology advantage give us ***unparalleled leverage*** for digital growth

2 Johnson Controls Well Positioned

The JCI Digital Advantage

- **Vendor-agnostic** connectivity
- **Multi-tenant cloud** environment
- **Digital twin** data models
- Intelligent **connected edge**
- **Zero trust** cybersecurity

Start



Connected Services (e.g., chillers)

- Uptime ↑ 50%
- Repair costs ↓ 20%
- Energy savings ↓ 5%

Outcomes as a Service

- Net Zero
- Indoor Air Quality
- Space Mgmt
- Cooling & Heating

Tailored solutions for target verticals

- Healthcare
- Government
- Education
- CRE

500bps/year increase in Attach Rate

3-4X increase in $ / Customer

5-600 bps reduction in Attrition

(e.g., connected chillers)

3X increase in connectivity

3 Delivering Results

Q2 SERVICE ORDERS
+10%

Q2 SERVICE REVENUE
+8%

Q2 ATTACH RATE
+130bps

Q2 DIGITAL SERVICES
+7%

Increased Attach Rate + Increased Connectivity + Digital Services & Apps − Lower Attrition = >$2B REVENUE OPPORTUNITY BY 2024

Sources: 1) Dodge, Navigant, CBRE, JCI Analysis

VECTORS OF GROWTH: DECARBONIZATION

Leading in Sustainability – Providing a Path to Net Zero

1 $240B Global Decarbonization Market Opportunity (through 2035)[1]

Energy price pressures including inflationary environment[2] are fueling sustainability action

- Renewed focus on **efficiency & grid resiliency**
- Heightened concerns regarding **fuel/energy sources**
- Prioritizing **energy security**
- **Paybacks** more attractive

IEA and the **European Commission** have proposed separate plans/actions to **reduce dependency on Russian fossil fuels** (REPowerEU)

United Nations: Finance gaps are slowing recovery and sustainable development[3]

Johnson Controls as-a-service offerings remove barriers to sustainability action

2 Johnson Controls Well Positioned

Game-changing top talent

Top sustainability and renewables leaders, sellers, engineers and installers from target global markets choosing JCI because of our strategy and ability to deliver.

Consistent global delivery

Training and scaling systems, tools, processes for consistent global energy efficiency delivery.

Design. Digitalize. Deploy.

Finalizing ESG Advisory go-to-market partnerships – expected to be announced Q3.

Full commercialization of net zero capabilities

Delivering holistic approach or the next best step for customer and JCI facilities along the 8-step journey to achieve sustainability targets.

IONICBlue SUSTAINABILITY AS A SERVICE

A joint venture between Apollo & Johnson Controls

OpenBlue

Net Zero Buildings as a Service

3 Delivering Results

YTD ORDERS

~$450M

UNFACTORED PIPELINE

~$7.1B+

COMMERCIAL, INDUSTRIAL, HEALTHCARE	
8	Multi-national customer selections
+47%	YoY Increase in Avg Deal Size
+32%	YoY Number of Opportunities

Sources: 1) Energy Information Administration, Guidehouse, Urban Green Council, Rocky Mountain Institute, JCI analysis Represents incremental opportunity; majority of total opportunity is retrofit. Remainder is onsite renewables and advisory services 2) Marquette Associates. *Russia and Ukraine: All Eyes on Energy*. February 15, 2022. 3) United Nations Inter-agency Task Force on Financing for Development. *Bridging the Finance Divide: Financing for Sustainable Development Report 2022.* April 4, 2022.

VECTORS OF GROWTH: HEALTHY BUILDINGS

Leading Health, Wellness & Productivity in the Built Environment

1 $10-15B Healthy Buildings Opportunity[1]

White House and EPA announced **“Clean Air in Buildings Challenge”** on 3/17

White House committed $500M to K-12 school districts to deliver **healthy, productive learning environments**

Rising global governmental support for **ventilation, filtration & UV disinfection investments**, including E.U.

2 Johnson Controls Well Positioned

OpenBlue Indoor Air Quality as a Service (IAQaaS) released FQ2

- ✓ 30+ global opportunities in pipeline
- ✓ ~4x typical Healthy Buildings service contract value

Key Win: Ecorse Public Schools (Michigan, USA)

- ✓ Federal relief funds leveraged to enhance IAQ & student productivity
- ✓ IsoClean® HEPA air purifiers connected to Metasys® BAS to optimize health & energy consumption

3 Delivering Results

HEALTHY BUILDINGS PIPELINE

$1B+ Unfactored ⬆

$300M+ Factored ⬆

FQ2 HEALTHY BUILDINGS ORDERS

~$150M, +32% YoY

YTD HEALTHY BUILDINGS ORDERS

~$265M, +38% YoY

Sources: 1) CleanTech Research & Markets, Guidehouse, JCI analysis

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NOTABLE AWARDS

Honored to be Recognized as an ESG Leader

Top Score from the Human Rights Campaign Foundation

- Achieved a score of 100% in the Foundation’s 2022 Corporate Equality Index
- Designated as one of the **Best Places to Work for LGBTQ+ Equality**

CDP Supplier Engagement Leader

- Earned a position on CDP’s prestigious Supplier Engagement Leader list joining the **top 8% of companies** who disclosed to the full climate questionnaire
- Highlights our efforts to engage with suppliers to reduce emissions across our value chain, enabling the transition to a sustainable economy

S&P Global Sustainability Industry Leader

- Companies within the **top 15% of each industry** and achieved the strongest improvement in their industry, are awarded an Industry Mover Sustainability Award.

FT Climate Leaders List

- Recognized as a **climate leader in Europe** for the second consecutive year, being among those companies that have achieved the greatest reduction in emissions intensity
- Demonstrates our leadership in reducing Scope 1 and 2 emissions, and underscores our **commitment to achieving net zero by 2040**

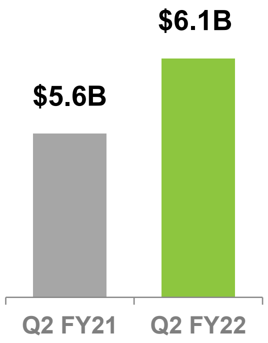
Katie McGinty Named Top Woman in Sustainability

- Sustainability Magazine’s inaugural list of the “**Top 100 Women in Sustainability**”, celebrating the rise of women in the corporate world and the rising adoption of sustainability

FISCAL Q2 FINANCIAL SUMMARY*

Continued Growth…Navigating a Challenging Environment

Sales

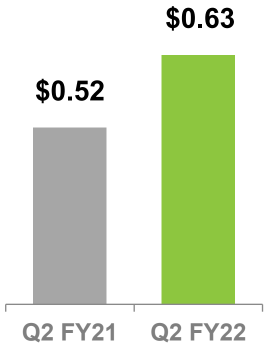


+9%

ORGANIC SALES GROWTH

- \+ Price +6% / Volume +3%
- \+ Field Solutions +7%; Service +8%
- \+ Global Products +14%

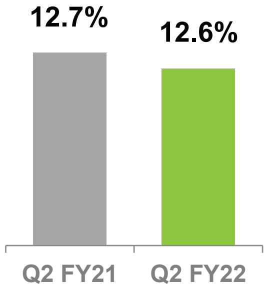
Adjusted EPS



+21%

- \+ Improved profitability
- \+ Favorable below the line items
- \+ Lower share count

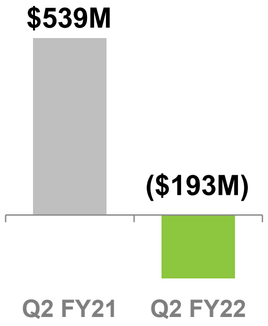
Segment EBITA Margin



Down 10bps

- \+ Segment EBITA +8%; +10% organically
- \+ Volume leverage
- \+ Benefit of SG&A & COGS actions
- \- Price/Cost & Supply chain/Labor inefficiencies ~(160bps) HW YoY

Free Cash Flow



-44% Conversion

- \- Higher Trade Working Capital vs. prior year
- \- Higher Capex vs. prior year
- \- Absence of COVID-related tailwinds

*All figures other than sales are adjusted and/or non-GAAP. Non-GAAP figures exclude special items. See footnotes for reconciliation.

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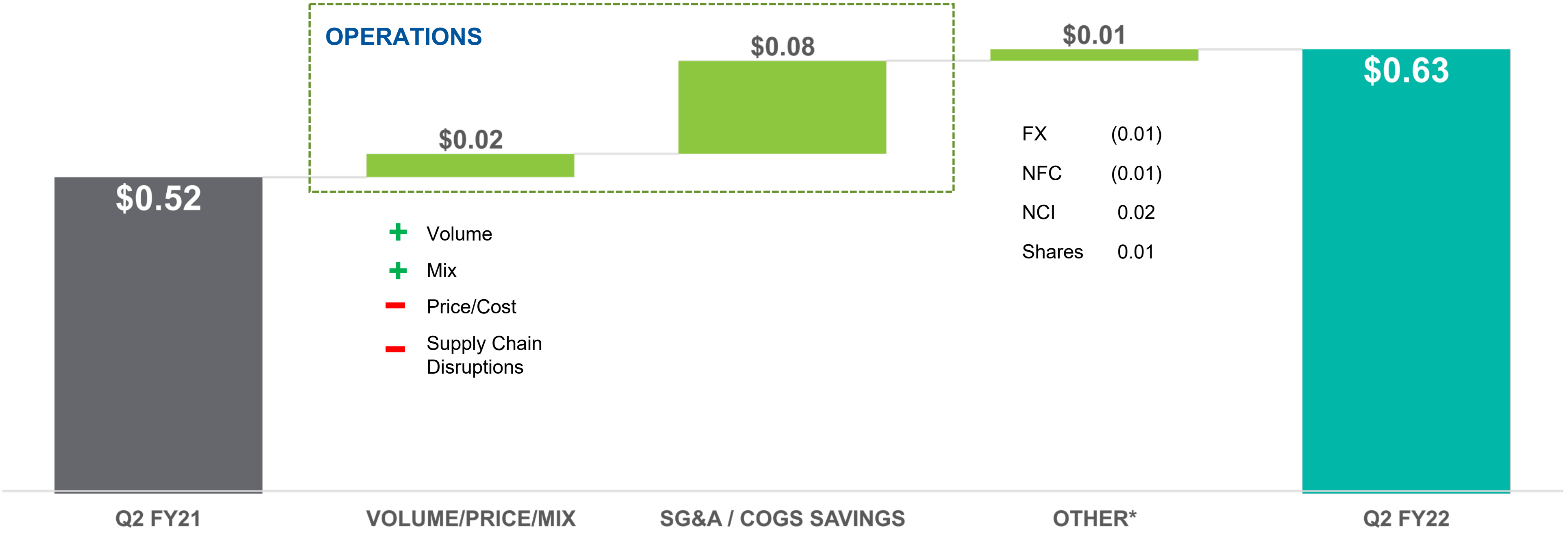
FISCAL Q2 EPS BRIDGE* (CONTINUING OPERATIONS)

Strong Operational Performance



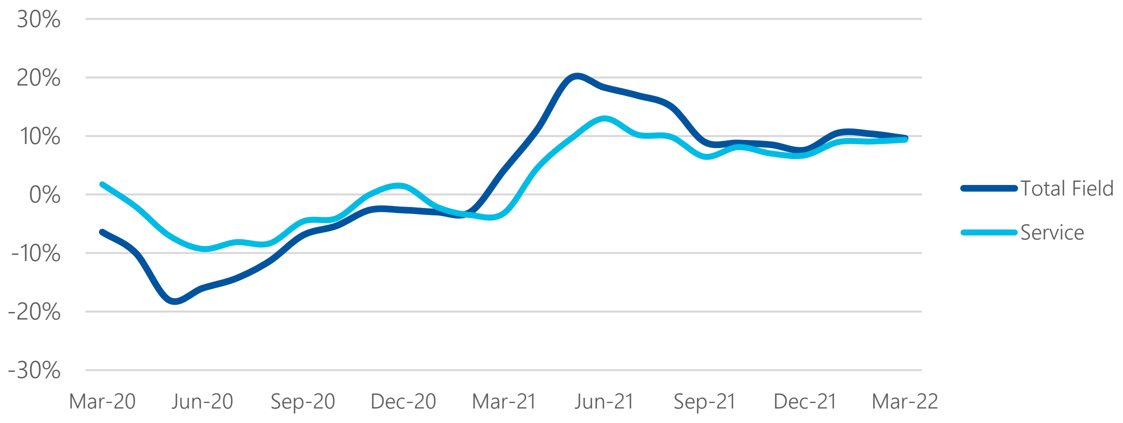
Underlying Incrementals, Excluding Price/Cost & Supply Chain Disruptions ~36%

*Non-GAAP EPS from continuing operations, excluding special items. See footnotes for reconciliation. Other items may not sum due to rounding

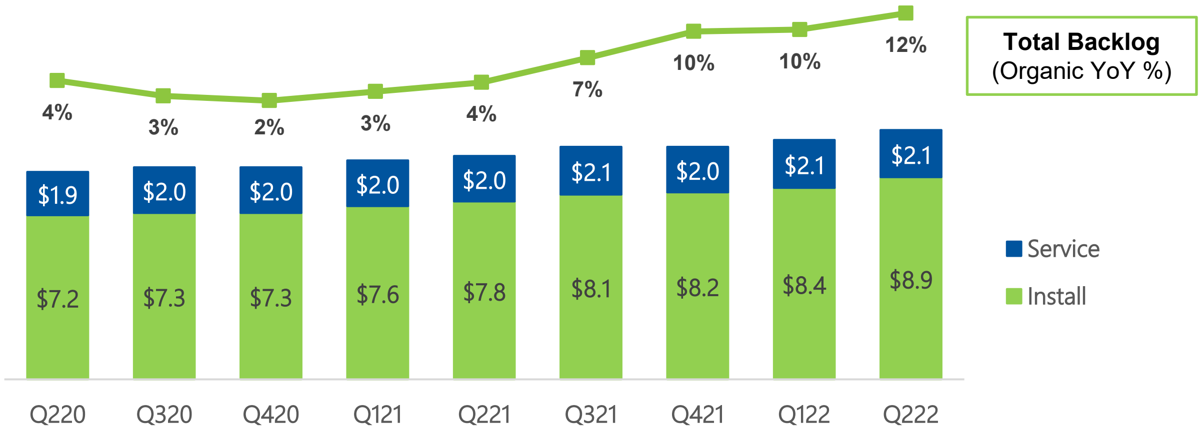
ORDER VELOCITY

Order Momentum Continues & Backlog Remains at Record Levels

Trailing 3-mo Field Orders (YoY % Chg)



Backlog ($, billions; proforma for prospective service/install shift)



- **Trailing 3-month Field Orders +11% YoY**
  - Service orders +10%
  - Install orders +11%
- 2-year Stack +15% (vs. +5% in FQ1)

- Field backlog of $10.9B, +12%
- Service backlog +3%; growth across all segments
- Install backlog +14%; led by order activity in NA & EMEALA
- Global Products 3rd party backlog $2.1B, +>50% YoY

FISCAL Q2 SEGMENT RESULTS*

Capitalizing on Strong Demand

($M)	**Sales** *Organic % YoY*	**EBITA Margin** *Change YoY*	**Comments**
North America	**$2,227** *+6%*	**10.6%** *(210bps)*	▪ Service +7% / Install +5% ▪ Strong demand for Applied HVAC & Controls equipment and service ▪ Significant headwinds from supply chain disruptions, material/labor availability, and operational inefficiencies ▪ Orders +13%; Backlog $6.9B, +14% YoY
EMEALA	**$958** *+8%*	**9.4%** *Flat*	▪ Service +11% / Install +5% ▪ Continued recovery in Fire & Security platforms ▪ Favorable volume/mix and positive price/cost offset by supply chain disruptions ▪ Orders +8%; Backlog $2.2B, +9% YoY
Asia Pac	**$623** *+7%*	**11.9%** *(40bps)*	▪ Service +6% / Install +7% ▪ China continues to lead other regions, sales up nearly 20% ▪ Margin impacted by negative price/cost and install/service and geographic mix ▪ Orders +8%; Backlog $1.8B, +5% YoY
Global Products	**$2,290** *+14%*	**16.1%** *+170bps*	▪ Broad-based strength across the portfolio; Includes ~10ppts of price ▪ Strong demand for Resi & Commercial HVAC equipment ▪ Favorable volume/mix and higher absorption offset price/cost headwind ▪ 3rd Party Backlog of $2.1B, +>50% YoY
Total Segment	**$6,098** *+9%*	**12.6%** *(10bps)*	▪ Field: Service +8% / Install +6%; Products +14% ▪ Order momentum continuing to build; strong growth in service ▪ Ongoing inflation, component availability & labor constraints ▪ Field orders +11%; Field backlog $10.9B, +12% YoY

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

FISCAL Q2 SEGMENT END MARKET PERFORMANCE*

Broad Based Growth, Strong Price Realization

Organic Sales % Change	% of FY21 Sales	North America	EMEALA	Asia PAC	Global Products	Consolidated JCI
Applied[1]	33%	+LDD	+LSD	+low-teens	+mid-teens[2]	+LDD
Light Commercial[3]	8%				+high-teens	+high-teens
Commercial HVAC	41%				+high-teens	+low-teens
NA Residential	4%				+>25%	+>25%
ROW Residential	9%				+LDD	+LDD
Residential HVAC	13%				+mid-teens	+mid-teens
Fire & Security[4]	39%	+LSD	+LDD	(MSD)	+LDD	+MSD
Sustainability Infrastructure	3%	+LSD				+LSD
Industrial Refrigeration	4%		+MSD		(LDD)	+LSD
Total	**100%**	**+6%**	**+8%**	**+7%**	**+14%**	**+9%**

Underlying End Market Demand Continues To Improve

[1] Includes large commercial applied HVAC equipment, BMS & Controls
[2] Represents indirect sales of chiller and air handling equipment
[3] Includes global unitary and VRF equipment
[4] Includes Retail

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

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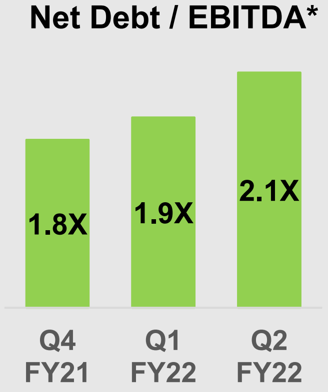
BALANCE SHEET & FREE CASH FLOW*

Disciplined Capital Allocation

Capital Structure ($ millions)	Q4 FY21	Q1 FY22	Q2 FY22
Short-term debt and current portion of long-term debt	$234	$612	$2,284
Long-term debt	7,506	7,437	7,366
Total debt	**7,740**	**8,049**	**9,650**
Less: cash and cash equivalents	1,336	1,207	1,787
Net debt*	**$6,404**	**$6,842**	**$7,863**

DEBT & LIQUIDITY

- **93% fixed** rate debt
- **2.9%** weighted avg interest rate
- **~$1.8B** cash position
- BBB+/Baa2 credit rating (S&P/Moody's)[1]
- ~$3B undrawn credit facilities
- Target Net Debt/EBITDA ~**2.0-2.5X**



Free Cash Flow ($ millions)	Q2 FY21	Q2 FY22	H1 FY21	H1 FY22
Cash from operating activities	$645	$(68)	$1,160	$324
Capital expenditures	(106)	(125)	(197)	(260)
Reported FCF*	**$539**	**$(193)**	**$963**	**$64**

FREE CASH FLOW

- Q2 Cash from Operating Activities down YoY due to temporary tax credit/other COVID tailwinds in FQ2 '21 and higher working capital required to support growth
- Trade Working Capital % of Sales **down 50 bps YoY to 8.6%**
- Capex spend **up 18% YoY in Q2**

[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 figures. See footnotes for reconciliation.

Outlook Impacted by Temporary Supply Chain Challenges

FY 2022 Commentary

- Underlying market is continuing to improve
- Supply chain constraints / highly inflationary environment expected to continue
  - Price/cost positive on EBITA
  - Price/cost & supply chain disruptions ~150bps YoY headwind Segment EBITA margin
- SG&A / COGS net savings of $230M
- Free cash flow conversion ~90%
- Disciplined capital allocation
  - ~$1.4B of share repurchases
  - M&A pipeline accelerating

	FQ3	FY22
Organic Revenue	+HSD	+8 to +10% (unchanged)
Segment EBITA Margin	(80) to (100)bps	0 to (30)bps (+50-60bps previously)
Adjusted EPS	$0.82 – $0.87	$2.95 – $3.05 ($3.22 – $3.32 previously)
Weighted-Average Shares	~695M	~700M (~704M previously)

Revising EPS Guidance to $2.95 to $3.05

11 to 15% Increase YOY

* Non-GAAP excludes special items.

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Appendix

Additional FY 2022 Guidance Items

	Prior	Current
FX Headwind	Rev: ~($300M) / EPS: ~($0.03)	Rev: ~($400M) / EPS: ~($0.05)
Corporate Expense	$280 – $290M	$280 - $290M
Amortization Expense	~$450M	~$410M
NFC	$230 – $240M	$220 – $230M
Tax Rate	~13.5%	~13.5%
NCI	$240 – $265M	$235 – $245M
Shares	~704M	~700M

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

FISCAL Q2 2022

Consolidated Financial Results (Continuing Operations)

($ in millions, except earnings per share)	Q2 FY21 GAAP	Q2 FY22 GAAP	Q2 FY21* NON-GAAP	Q2 FY22* NON-GAAP	% Change NON-GAAP
Sales	$5,594	$6,098	$5,594	$6,098	9%
Gross profit	1,943	1,957	1,894	1,977	4%
% of sales	*34.7%*	*32.1%*	*33.9%*	*32.4%*	
SG&A expenses	1,253	1,454	1,413	1,411	0%
Restructuring & impairment costs	96	384	-	-	
Equity income	56	42	56	42	(25%)
EBIT	650	161	537	608	13%
EBIT margin	***11.6%***	***2.6%***	***9.6%***	***10.0%***	
Net financing charges	44	51	44	51	16%
Income before income taxes	606	110	493	557	13%
Income tax provision	209	58	66	75	14%
Net income	397	52	427	482	13%
Income attributable to noncontrolling interests	54	41	54	41	(24%)
Net income attributable to JCI	$343	$11	$373	$441	18%
Diluted EPS	**$0.48**	**$0.02**	**$0.52**	**$0.63**	21%

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

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FISCAL Q2 2022

Special Items (Continuing Operations)

$ In millions, except EPS

Q2 FY22	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax/NCI Income (Expense)	EPS Impact
Mark-to-market adjustments	$(89)	$21	$-	$(68)	$(0.10)
Restructuring & impairment costs	(384)	7	-	(377)	(0.54)
Acquisition related items	(6)	1	-	(5)	(0.01)
Silent-Aire earn-out adjustment	43	-	-	43	0.06
Charges associated with suspension of operations in Russia	(11)	1	-	(10)	(0.01)
Discrete income tax items	-	(13)	-	(13)	(0.02)
Total*	**$(447)**	**$17**	**$-**	**$(430)**	**$(0.61)**

Q2 FY21	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax/NCI Income (Expense)	EPS Impact
Mark-to-market adjustments	$209	$(53)	$-	$156	$0.22
Restructuring & impairment costs	(96)	15	-	(81)	(0.11)
Discrete income tax items	-	(105)	-	(105)	(0.15)
Total	**$113**	**$(143)**	**$-**	**$(30)**	**$(0.04)**

*Totals may not sum due to rounding

FY21 Re-casted Segment Results

- Effective at the start of fiscal 2022, our Marine business, which was previously reported across Asia Pacific, Global Products and EMEALA, is now managed and reported under our EMEALA segment

- The table has been re-cast for this change

	Q1FY21 Actual	Organic Growth	Q2FY21 Actual	Organic Growth	Q3FY21 Actual	Organic Growth	Q4FY21 Actual	Organic Growth	FY21 Actual	Organic Growth
BT&S - North America	2,034	-6%	2,092	-4%	2,212	8%	2,347	4%	8,685	0%
BT&S - EMEALA	948	-6%	934	-1%	1,001	16%	1,001	1%	3,884	2%
BT&S - APAC	604	-7%	594	9%	703	14%	715	7%	2,616	6%
BT&S - Global Products	1,755	-2%	1,974	7%	2,428	21%	2,332	8%	8,489	9%
Buildings	5,341	-5%	5,594	1%	6,344	15%	6,395	5%	23,674	4%
		Margin		Margin		Margin		Margin		Margin
BT&S - North America	255	12.5%	266	12.7%	326	14.7%	357	15.2%	1,204	13.9%
BT&S - EMEALA	98	10.3%	88	9.4%	105	10.5%	110	11.0%	401	10.3%
BT&S - APAC	77	12.7%	73	12.3%	84	11.9%	110	15.4%	344	13.1%
BT&S - Global Products	212	12.1%	284	14.4%	512	21.1%	441	18.9%	1,449	17.1%
Segment EBITA	**642**	**12.0%**	**711**	**12.7%**	**1,027**	**16.2%**	**1,018**	**15.9%**	**3,398**	**14.4%**
Amortization of Intangibles	(104)		(104)		(109)		(108)		(425)	
Corporate	(67)		(70)		(70)		(83)		(290)	
EBIT	**471**	**8.8%**	**537**	**9.6%**	**848**	**13.4%**	**827**	**12.9%**	**2,683**	**11.3%**
Net Financing Charges	(59)		(44)		(56)		(47)		(206)	
Income before Tax	412		493		792		780		2,477	
Tax	(56)		(66)		(107)		(105)		(334)	
Tax Rate	13.6%		13.4%		13.5%		13.5%		13.5%	
Non-Controlling Interest	(45)		(54)		(87)		(47)		(233)	
Net Income	**311**		**373**		**598**		**628**		**1,910**	
EPS	**0.43**		**0.52**		**0.83**		**0.88**		**2.65**	
Shares	726.5		721.3		719.7		717.0		721.1	

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

Johnson Controls

FY21 Proforma Service Revenue

In Q1FY22, the Company began reporting certain retrofit projects in EMEALA and APAC as products and systems revenue on a prospective basis as they have evolved to be more aligned with other install offerings. The below table provides proforma amounts for FY21 to reflect the exclusion of these retrofit projects for the periods presented.

Revenue	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21
Total Service: Proforma	$1,377	$1,398	$1,467	$1,521	$5,763
*Organic Growth**	*(2%)*	*0%*	*+11%*	*+4%*	*+3%*
EMEALA Service: Proforma	$417	$407	$427	$433	$1,684
*Organic Growth**	*(1%)*	*(2%)*	*+13%*	*(2%)*	*+2%*
APAC Service: Proforma	$168	$171	$183	$184	$706
*Organic Growth**	*(1%)*	*+1%*	*+11%*	*+1%*	*+3%*

*Non-GAAP excludes special items.

Johnson Controls

Well on Our Way to FY24 Targets

Building Long-Term Shareholder Value

MSD+ Sales Growth
- Accelerated service growth
- Above market product growth
- Secular trends

250 to 300bps Of Margin Expansion
- Strong leverage
- SG&A / COGS program

100% FCF Conversion
- Continued improvement in WC as % of sales
- Disciplined capex

~$8B In Capital Deployment Potential
- Organic re-investment
- Attractive dividend
- Share repurchase
- M&A

Double Digit Adjusted EPS Growth
- Revenue growth
- Accelerated margin expansion
- Capital deployment

FY22 through FY24

Targeting 1 To 2 Points of Top-Line Growth From M&A

Note: Non-GAAP excludes special items.

Johnson Controls

Johnson Controls

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JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net sales	$ 6,098	$ 5,594
Cost of sales	4,141	3,651
Gross profit	1,957	1,943
Selling, general and administrative expenses	(1,454)	(1,253)
Restructuring and impairment costs	(384)	(96)
Net financing charges	(51)	(44)
Equity income	42	56
Income from continuing operations before income taxes	110	606
Income tax provision	58	209
Income from continuing operations	52	397
Income from discontinued operations, net of tax	-	-
Net income	52	397
Less: Income from continuing operations attributable to noncontrolling interests	41	54
Less: Income from discontinued operations attributable to noncontrolling interests	-	-
Net income attributable to JCI	$ 11	$ 343
Income from continuing operations	$ 11	$ 343
Income from discontinued operations	-	-
Net income attributable to JCI	$ 11	$ 343
Diluted earnings per share from continuing operations	$ 0.02	$ 0.48
Diluted earnings per share from discontinued operations	-	-
Diluted earnings per share	$ 0.02	$ 0.48
Diluted weighted average shares	702.7	721.3
Shares outstanding at period end	695.7	716.7

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Net sales	$ 11,960	$ 10,935
Cost of sales	8,112	7,264
Gross profit	3,848	3,671
Selling, general and administrative expenses	(2,823)	(2,547)
Restructuring and impairment costs	(433)	(96)
Net financing charges	(104)	(103)
Equity income	112	114
Income from continuing operations before income taxes	600	1,039
Income tax provision	129	270
Income from continuing operations	471	769
Income from discontinued operations, net of tax	-	124
Net income	471	893
Less: Income from continuing operations attributable to noncontrolling interests	79	99
Less: Income from discontinued operations attributable to noncontrolling interests	-	-
Net income attributable to JCI	$ 392	$ 794
Income from continuing operations	$ 392	$ 670
Income from discontinued operations	-	124
Net income attributable to JCI	$ 392	$ 794
Diluted earnings per share from continuing operations	$ 0.56	$ 0.93
Diluted earnings per share from discontinued operations	-	0.17
Diluted earnings per share	$ 0.56	$ 1.10
Diluted weighted average shares	706.2	723.9
Shares outstanding at period end	695.7	716.7

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	March 31, 2022	September 30, 2021
ASSETS		
Cash and cash equivalents	$ 1,787	$ 1,336
Accounts receivable - net	5,689	5,613
Inventories	2,515	2,057
Assets held for sale	386	-
Other current assets	1,235	992
Current assets	11,612	9,998
Property, plant and equipment - net	3,103	3,228
Goodwill	18,029	18,335
Other intangible assets - net	4,889	5,549
Investments in partially-owned affiliates	1,073	1,066
Noncurrent assets held for sale	1,079	156
Other noncurrent assets	3,206	3,558
Total assets	$ 42,991	$ 41,890
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 2,284	$ 234
Accounts payable and accrued expenses	4,809	4,754
Liabilities held for sale	326	-
Other current liabilities	4,235	4,110
Current liabilities	11,654	9,098
Long-term debt	7,366	7,506
Other noncurrent liabilities	6,055	6,533
Noncurrent liabilities held for sale	228	-
Shareholders' equity attributable to JCI	16,536	17,562
Noncontrolling interests	1,152	1,191
Total liabilities and equity	$ 42,991	$ 41,890

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating Activities		
Net income from continuing operations attributable to JCI	$ 11	$ 343
Income from continuing operations attributable to noncontrolling interests	41	54
Net income from continuing operations	52	397
Adjustments to reconcile net income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	208	212
Pension and postretirement benefit expense (income)	31	(253)
Pension and postretirement contributions	(35)	(8)
Equity in earnings of partially-owned affiliates, net of dividends received	38	(55)
Deferred income taxes	(65)	84
Non-cash restructuring and impairment costs	361	54
Other - net	(8)	(7)
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(231)	(57)
Inventories	(243)	(113)
Other assets	(143)	(20)
Restructuring reserves	(38)	10
Accounts payable and accrued liabilities	156	419
Accrued income taxes	(151)	(18)
Cash provided (used) by operating activities from continuing operations	(68)	645
Investing Activities		
Capital expenditures	(125)	(106)
Acquisition of businesses, net of cash acquired	(16)	(10)
Business divestitures, net of cash divested	-	8
Other - net	27	26
Cash used by investing activities from continuing operations	(114)	(82)
Financing Activities		
Increase (decrease) in short and long-term debt - net	1,666	(13)
Stock repurchases and retirements	(509)	(315)
Payment of cash dividends	(239)	(187)
Dividends paid to noncontrolling interests	(118)	(101)
Proceeds from the exercise of stock options	5	102
Cash paid to acquire a noncontrolling interest	-	(14)
Employee equity-based compensation withholding taxes	(2)	(8)
Other - net	(2)	4
Cash provided (used) by financing activities from continuing operations	801	(532)
Discontinued Operations		
Net cash used by operating activities	-	(1)
Net cash used by investing activities	-	-
Net cash used by financing activities	-	-
Net cash flows used by discontinued operations	-	(1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(21)	20
Changes in cash held for sale	-	-
Increase in cash, cash equivalents and restricted cash	$ 598	$ 50

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Operating Activities		
Net income from continuing operations attributable to JCI	$ 392	$ 670
Income from continuing operations attributable to noncontrolling interests	79	99
Net income from continuing operations	471	769
Adjustments to reconcile net income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	432	419
Pension and postretirement benefit income	(51)	(299)
Pension and postretirement contributions	(76)	(25)
Equity in earnings of partially-owned affiliates, net of dividends received	20	(107)
Deferred income taxes	(97)	25
Non-cash restructuring and impairment costs	361	54
Other - net	(7)	(32)
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(306)	167
Inventories	(619)	(211)
Other assets	(206)	(90)
Restructuring reserves	(19)	(24)
Accounts payable and accrued liabilities	489	510
Accrued income taxes	(68)	4
Cash provided by operating activities from continuing operations	324	1,160
Investing Activities		
Capital expenditures	(260)	(197)
Acquisition of businesses, net of cash acquired	(124)	(10)
Business divestitures, net of cash divested	16	19
Other - net	36	69
Cash used by investing activities from continuing operations	(332)	(119)
Financing Activities		
Increase (decrease) in short and long-term debt - net	2,059	(33)
Stock repurchases and retirements	(1,035)	(661)
Payment of cash dividends	(430)	(377)
Proceeds from the exercise of stock options	13	133
Dividends paid to noncontrolling interests	(118)	(101)
Cash paid to acquire a noncontrolling interest	-	(14)
Employee equity-based compensation withholding taxes	(49)	(29)
Other - net	4	3
Cash provided (used) by financing activities from continuing operations	444	(1,079)
Discontinued Operations		
Net cash used by operating activities	(4)	(37)
Net cash used by investing activities	-	-
Net cash used by financing activities	-	-
Net cash flows used by discontinued operations	(4)	(37)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	46	9
Changes in cash held for sale	-	-
Increase (decrease) in cash, cash equivalents and restricted cash	$ 478	$ (66)

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 from continuing operations before income taxes and noncontrolling interests, excluding general corporate expenses, intangible asset amortization, net financing charges, restructuring and impairment costs, charges attributable to the suspension of operations in Russia, Silent-Aire earn-out adjustment, and the net mark-to-market adjustments related to restricted asbestos investments and pension and postretirement plans. The financial results shown below are for continuing operations and exclude the Power Solutions business. Historical information has been re-cast for changes in the composition of reportable segments effective October 1, 2021, to present the comparative periods on a consistent basis.

(in millions; unaudited)	Three Months Ended March 31,				Six Months Ended March 31,			
	2022		2021		2022		2021	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales (1)								
Building Solutions North America	$ 2,227	$ 2,227	$ 2,092	$ 2,092	$ 4,379	$ 4,379	$ 4,126	$ 4,126
Building Solutions EMEA/LA	958	958	934	934	1,917	1,917	1,882	1,882
Building Solutions Asia Pacific	623	623	594	594	1,298	1,298	1,198	1,198
Global Products	2,290	2,290	1,974	1,974	4,366	4,366	3,729	3,729
Net sales	$ 6,098	$ 6,098	$ 5,594	$ 5,594	$ 11,960	$ 11,960	$ 10,935	$ 10,935
Segment EBITA (1)								
Building Solutions North America	$ 235	$ 235	$ 266	$ 266	$ 485	$ 485	$ 521	$ 521
Building Solutions EMEA/LA	79	90	88	88	183	194	186	186
Building Solutions Asia Pacific	74	74	73	73	142	142	150	150
Global Products	412	369	284	284	713	670	496	496
Segment EBITA	800	768	711	711	1,523	1,491	1,353	1,353
Corporate expenses	(60)	(60)	(70)	(70)	(130)	(130)	(137)	(137)
Amortization of intangible assets (2)	(106)	(100)	(104)	(104)	(224)	(211)	(208)	(208)
Net mark-to-market adjustments (3)	(89)	-	209	-	(32)	-	230	-
Restructuring and impairment costs (4)	(384)	-	(96)	-	(433)	-	(96)	-
EBIT (5)	161	608	650	537	704	1,150	1,142	1,008
EBIT margin	2.6%	10.0%	11.6%	9.6%	5.9%	9.6%	10.4%	9.2%
Net financing charges	(51)	(51)	(44)	(44)	(104)	(104)	(103)	(103)
Income from continuing operations before income taxes	110	557	606	493	600	1,046	1,039	905
Income tax provision (6)	(58)	(75)	(209)	(66)	(129)	(141)	(270)	(122)
Income from continuing operations	52	482	397	427	471	905	769	783
Income from continuing operations attributable to noncontrolling interests (7)	(41)	(41)	(54)	(54)	(79)	(84)	(99)	(99)
Net income from continuing operations attributable to JCI	$ 11	$ 441	$ 343	$ 373	$ 392	$ 821	$ 670	$ 684

(1) The Company's press release contains financial information regarding adjusted net sales, segment EBITA, adjusted segment EBITA and adjusted segment EBITA margins, which are non-GAAP performance measures. The Company's definition of adjusted net sales and adjusted segment EBITA excludes special items because these costs 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 income from continuing operations is shown earlier within this footnote. For the three months and six months ended March 31, 2022 and 2021, there were no items excluded from the calculation of adjusted net sales. The following is the three months ended March 31, 2022 and 2021 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		Global Products		Consolidated JCI plc	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment EBITA as reported	$ 235	$ 266	$ 79	$ 88	$ 74	$ 73	$ 412	$ 284	$ 800	$ 711
Segment EBITA margin as reported	10.6%	12.7%	8.2%	9.4%	11.9%	12.3%	18.0%	14.4%	13.1%	12.7%
Adjusting items:										
Silent-Aire earn-out adjustment	-	-	-	-	-	-	(43)	-	(43)	-
Charges attributable to the suspension of operations in Russia	-	-	11	-	-	-	-	-	11	-
Adjusted segment EBITA	$ 235	$ 266	$ 90	$ 88	$ 74	$ 73	$ 369	$ 284	$ 768	$ 711
Adjusted segment EBITA margin	10.6%	12.7%	9.4%	9.4%	11.9%	12.3%	16.1%	14.4%	12.6%	12.7%

The following is the six months ended March 31, 2022 and 2021 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		Global Products		Consolidated JCI plc	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment EBITA as reported	$ 485	$ 521	$ 183	$ 186	$ 142	$ 150	$ 713	$ 496	$ 1,523	$ 1,353
Segment EBITA margin as reported	11.1%	12.6%	9.5%	9.9%	10.9%	12.5%	16.3%	13.3%	12.7%	12.4%
Adjusting items:										
Silent-Aire earn-out adjustment	-	-	-	-	-	-	(43)	-	(43)	-
Charges attributable to the suspension of operations in Russia	-	-	11	-	-	-	-	-	11	-
Adjusted segment EBITA	$ 485	$ 521	$ 194	$ 186	$ 142	$ 150	$ 670	$ 496	$ 1,491	$ 1,353
Adjusted segment EBITA margin	11.1%	12.6%	10.1%	9.9%	10.9%	12.5%	15.3%	13.3%	12.5%	12.4%

(2) Adjusted amortization of intangible assets for the three months ended March 31, 2022 excludes $6 million of nonrecurring intangible asset amortization related to Silent-Aire purchase accounting. Adjusted amortization of intangible assets for the six months ended March 31, 2022 excludes $13 million of nonrecurring intangible asset amortization related to Silent-Aire purchase accounting.

(3) The three months ended March 31, 2022 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $89 million. The six months ended March 31, 2022 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $32 million. The three months ended March 31, 2021 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $209 million. The six months ended March 31, 2021 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $230 million.

(4) Restructuring and impairment costs for the three months ended March 31, 2022 of $384 million are excluded from the adjusted non-GAAP results. Restructuring and impairment costs for the six months ended March 31, 2022 of $433 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs for the three and six months ended March 31, 2022 are related primarily to the impairment of assets associated with a business classified as held for sale, workforce reductions and other asset impairments. Restructuring and impairment costs for the three and six months ended March 31, 2021 of $96 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs for the three and six months ended March 31, 2021, are related primarily to workforce reductions and asset impairments.

(5) Management defines earnings before interest and taxes (EBIT) as income (loss) from continuing operations before net financing charges, income taxes and noncontrolling interests. EBIT is a non-GAAP performance measure. Management believes this non-GAAP measure is useful to investors in understanding the ongoing operations and business trends of the Company. A reconciliation of EBIT to income from continuing operations is shown earlier within this footnote.

(6) Adjusted income tax provision for the three months ended March 31, 2022 excludes tax benefits related to net mark-to-market adjustments of $21 million, restructuring and impairment costs of $7 million, Silent-Aire nonrecurring intangible asset amortization of $1 million and charges related to the suspension of operations in Russia of $1 million, partially offset by tax provisions related to APB23 adjustments attributable to a business classified as held for sale of $13 million. Adjusted income tax provision for the six months ended March 31, 2022 excludes tax benefits related to restructuring and impairment costs of $14 million, net mark-to-market adjustments of $7 million, Silent-Aire nonrecurring intangible asset amortization of $3 million and charges related to the suspension of operations in Russia of $1 million, partially offset by tax provisions related to APB23 adjustments attributable to a business classified as held for sale of $13 million. Adjusted income tax provision for the three months ended March 31, 2021 excludes tax provisions related to a Mexico valuation allowance adjustment of $105 million and net mark-to-market adjustments of $53 million, partially offset by tax benefits related to restructuring and impairment costs of $15 million. Adjusted income tax provision for the six months ended March 31, 2021 excludes tax provisions related to a Mexico valuation allowance adjustment of $105 million and net mark-to-market adjustments of $58 million, partially offset by tax benefits related to restructuring and impairment costs of $15 million.

(7) Adjusted income from continuing operations attributable to noncontrolling interests for the six months ended March 31, 2022 excludes $5 million impact from restructuring and impairment costs.

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 include net mark-to-market adjustments, restructuring and impairment costs, Silent-Aire transaction costs and other nonrecurring costs, Silent-Aire earn-out adjustment, charges related to the suspension of operations in Russia, Power Solutions divestiture reserve adjustment, and discrete tax items. The Company excludes these items because they are not considered to be directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are 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 from Continuing Operations		Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended March 31,		Three Months Ended March 31,		Six Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021	2022	2021	2022	2021
Earnings per share as reported for JCI plc	$ 0.02	$ 0.48	$ 0.02	$ 0.48	$ 0.56	$ 1.10	$ 0.56	$ 0.93
Adjusting items:								
Net mark-to-market adjustments	0.13	(0.29)	0.13	(0.29)	0.05	(0.32)	0.05	(0.32)
Related tax impact	(0.03)	0.07	(0.03)	0.07	(0.01)	0.08	(0.01)	0.08
Restructuring and impairment costs	0.55	0.13	0.55	0.13	0.61	0.13	0.61	0.13
Related tax impact	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
NCI impact of restructuring and impairment costs	-	-	-	-	(0.01)	-	(0.01)	-
Power Solutions divestiture reserve adjustment	-	-	-	-	-	(0.21)	-	-
Related tax impact	-	-	-	-	-	0.04	-	-
Silent-Aire transaction costs and other nonrecurring costs	0.01	-	0.01	-	0.02	-	0.02	-
Silent-Aire earn-out adjustment	(0.06)	-	(0.06)	-	(0.06)	-	(0.06)	-
Charges attributable to the suspension of operations in Russia	0.01	-	0.01	-	0.01	-	0.01	-
Discrete tax items	0.02	0.15	0.02	0.15	0.02	0.15	0.02	0.15
Adjusted earnings per share for JCI plc*	$ 0.63	$ 0.52	$ 0.63	$ 0.52	$ 1.16	$ 0.94	$ 1.16	$ 0.94

* 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 March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Weighted average shares outstanding for JCI plc				
Basic weighted average shares outstanding	699.1	717.1	701.8	720.1
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	3.6	4.2	4.4	3.8
Diluted weighted average shares outstanding	702.7	721.3	706.2	723.9

The Company has presented forward-looking statements regarding adjusted corporate expense, adjusted EPS, organic revenue, adjusted EBITA margin and free cash flow conversion, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts, expenses, or income from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP financial measures are 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, including but not limited to the high variability of the net mark-to-market adjustments and the effect of foreign currency exchange fluctuations. Our fiscal 2022 full year and third quarter guidance for organic revenue also 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 all of the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on the Company's third quarter and full year 2022 GAAP financial results.

3. Organic Growth Reconciliation

The components of the change in net sales for the three months ended March 31, 2022 versus the three months ended March 31, 2021, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Three Months Ended March 31, 2021	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended March 31, 2021	Acquisitions		Organic Growth		Net Sales for the Three Months Ended March 31, 2022	
Building Solutions North America	$ 2,092	$ -	-	$ -	-	$ 2,092	$ 4	-	$ 131	6%	$ 2,227	6%
Building Solutions EMEA/LA	934	(8)	-1%	(45)	-5%	881	7	1%	70	8%	958	3%
Building Solutions Asia Pacific	594	-	-	(17)	-3%	577	9	2%	37	7%	623	5%
Total field	3,620	(8)	-	(62)	-2%	3,550	20	1%	238	7%	3,808	5%
Global Products	1,974	-	-	(48)	-2%	1,926	98	5%	266	14%	2,290	16%
Total net sales	$ 5,594	$ (8)	-	$ (110)	-2%	$ 5,476	$ 118	2%	$ 504	9%	$ 6,098	9%

The components of the change in net sales for the six months ended March 31, 2022 versus the six months ended March 31, 2021, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Six Months Ended March 31, 2021	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Six Months Ended March 31, 2021	Acquisitions		Organic Growth		Net Sales for the Six Months Ended March 31, 2022	
Building Solutions North America	$ 4,126	$ -	-	$ 6	-	$ 4,132	$ 9	-	$ 238	6%	$ 4,379	6%
Building Solutions EMEA/LA	1,882	(9)	-	(67)	-4%	1,806	15	1%	96	5%	1,917	2%
Building Solutions Asia Pacific	1,198	(1)	-	(23)	-2%	1,174	18	2%	106	9%	1,298	8%
Total field	7,206	(10)	-	(84)	-1%	7,112	42	1%	440	6%	7,594	5%
Global Products	3,729	-	-	(71)	-2%	3,658	204	6%	504	14%	4,366	17%
Total net sales	$ 10,935	$ (10)	-	$ (155)	-1%	$ 10,770	$ 246	2%	$ 944	9%	$ 11,960	9%

The Company's earnings presentation presents organic growth for each of the periods re-casted as a result of changes in the composition of reportable segments effective October 1, 2021. The components of the change in adjusted net sales, including organic growth, are shown below for the three months ended December 31, 2020 versus the three months ended December 31, 2019, the three months ended March 31, 2021 versus the three months ended March 31, 2020, the three months ended June 30, 2021 versus the three months ended June 30, 2020, the three months ended September 30, 2021 versus the three months ended September 30, 2020, and the twelve months ended September 30, 2021 versus the twelve months ended September 30, 2020 (unaudited).

(in millions)	Adjusted Net Sales for the Three Months Ended December 31, 2019	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended December 31, 2019	Acquisitions		Organic Growth		Adjusted Net Sales for the Three Months Ended December 31, 2020	
Building Solutions North America	$ 2,167	$ -	-	$ 3	-	$ 2,170	$ -	-	$ (136)	-6%	$ 2,034	-6%
Building Solutions EMEA/LA	970	-	-	24	2%	994	9	1%	(55)	-6%	948	-2%
Building Solutions Asia Pacific	620	(2)	-	28	5%	646	-	-	(42)	-7%	604	-3%
Total field	3,757	(2)	-	55	1%	3,810	9	-	(233)	-6%	3,586	-5%
Global Products	1,819	(71)	-4%	35	2%	1,783	-	-	(28)	-2%	1,755	-4%
Total net sales	$ 5,576	$ (73)	-1%	$ 90	2%	$ 5,593	$ 9	-	$ (261)	-5%	$ 5,341	-4%

(in millions)	Adjusted Net Sales for the Three Months Ended March 31, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended March 31, 2020	Acquisitions		Organic Growth		Adjusted Net Sales for the Three Months Ended March 31, 2021	
Building Solutions North America	$ 2,175	$ -	-	$ 13	1%	$ 2,188	$ -	-	$ (96)	-4%	$ 2,092	-4%
Building Solutions EMEA/LA	891	-	-	44	5%	935	4	-	(5)	-1%	934	5%
Building Solutions Asia Pacific	518	(2)	-	29	6%	545	-	-	49	9%	594	15%
Total field	3,584	(2)	-	86	2%	3,668	4	-	(52)	-1%	3,620	1%
Global Products	1,860	(62)	-3%	49	3%	1,847	-	-	127	7%	1,974	6%
Total net sales	$ 5,444	$ (64)	-1%	$ 135	2%	$ 5,515	$ 4	-	$ 75	1%	$ 5,594	3%

(in millions)	Adjusted Net Sales for the Three Months Ended June 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended June 30, 2020	Acquisitions		Organic Growth		Adjusted Net Sales for the Three Months Ended June 30, 2021	
Building Solutions North America	$ 2,020	$ -	-	$ 21	1%	$ 2,041	$ -	-	$ 171	8%	$ 2,212	10%
Building Solutions EMEA/LA	795	-	-	60	8%	855	10	1%	136	16%	1,001	26%
Building Solutions Asia Pacific	579	(3)	-1%	40	7%	616	-	-	87	14%	703	21%
Total field	3,394	(3)	-	121	4%	3,512	10	-	394	11%	3,916	15%
Global Products	1,949	(54)	-3%	44	2%	1,939	80	4%	409	21%	2,428	25%
Total net sales	$ 5,343	$ (57)	-1%	$ 165	3%	$ 5,451	$ 90	2%	$ 803	15%	$ 6,344	19%

(in millions)	Adjusted Net Sales for the Three Months Ended September 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended September 30, 2020	Acquisitions		Organic Growth		Adjusted Net Sales for the Three Months Ended September 30, 2021	
Building Solutions North America	$ 2,243	$ -	-	$ 12	1%	$ 2,255	$ 4	-	$ 88	4%	$ 2,347	5%
Building Solutions EMEA/LA	957	-	-	17	2%	974	14	1%	13	1%	1,001	5%
Building Solutions Asia Pacific	651	(2)	-	18	3%	667	-	-	48	7%	715	10%
Total field	3,851	(2)	-	47	1%	3,896	18	-	149	4%	4,063	6%
Global Products	2,103	(79)	-4%	10	-	2,034	132	6%	166	8%	2,332	11%
Total net sales	$ 5,954	$ (81)	-1%	$ 57	1%	$ 5,930	$ 150	3%	$ 315	5%	$ 6,395	7%

(in millions)	Adjusted Net Sales for the Twelve Months Ended September 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Twelve Months Ended September 30, 2020	Acquisitions		Organic Growth		Adjusted Net Sales for the Twelve Months Ended September 30, 2021	
Building Solutions North America	$ 8,605	$ -	-	$ 49	1%	$ 8,654	$ 4	-	$ 27	-	$ 8,685	1%
Building Solutions EMEA/LA	3,613	-	-	145	4%	3,758	37	1%	89	2%	3,884	8%
Building Solutions Asia Pacific	2,368	(9)	-	115	5%	2,474	-	-	142	6%	2,616	10%
Total field	14,586	(9)	-	309	2%	14,886	41	-	258	2%	15,185	4%
Global Products	7,731	(266)	-3%	138	2%	7,603	212	3%	674	9%	8,489	10%
Total net sales	$ 22,317	$ (275)	-1%	$ 447	2%	$ 22,489	$ 253	1%	$ 932	4%	$ 23,674	6%

The organic growth reconciliations presented earlier within this footnote contain financial information regarding adjusted net sales. The following is the reconciliation of net sales as re-casted to adjusted net sales for the three months ended December 31, 2020 and 2019, the three months ended March 31, 2021 and 2020, the three months ended June 30, 2021 and 2020, the three months ended September 30, 2021 and 2020, and the twelve months ended September 30, 2021 and 2020 (unaudited):

	Three Months Ended								Twelve Months Ended	
	December 31,		March 31,		June 30,		September 30,		September 30,	
(in millions)	2020	2019	2021	2020	2021	2020	2021	2020	2021	2020
Net sales as re-casted										
Building Solutions North America	$ 2,034	$ 2,167	$ 2,092	$ 2,175	$ 2,212	$ 2,020	$ 2,347	$ 2,243	$ 8,685	$ 8,605
Building Solutions EMEA/LA	948	970	934	891	1,001	795	1,001	957	3,884	3,613
Building Solutions Asia Pacific	604	620	594	518	703	579	715	651	2,616	2,368
Global Products	1,755	1,819	1,974	1,860	2,425	1,949	2,329	2,103	8,483	7,731
Net sales as re-casted	5,341	5,576	5,594	5,444	6,341	5,343	6,392	5,954	23,668	22,317
Adjusting items (1)										
Building Solutions North America	-	-	-	-	-	-	-	-	-	-
Building Solutions EMEA/LA	-	-	-	-	-	-	-	-	-	-
Building Solutions Asia Pacific	-	-	-	-	-	-	-	-	-	-
Global Products	-	-	-	-	3	-	3	-	6	-
Adjusting items	-	-	-	-	3	-	3	-	6	-
Adjusted net sales										
Building Solutions North America	2,034	2,167	2,092	2,175	2,212	2,020	2,347	2,243	8,685	8,605
Building Solutions EMEA/LA	948	970	934	891	1,001	795	1,001	957	3,884	3,613
Building Solutions Asia Pacific	604	620	594	518	703	579	715	651	2,616	2,368
Global Products	1,755	1,819	1,974	1,860	2,428	1,949	2,332	2,103	8,489	7,731
Adjusted net sales	$ 5,341	$ 5,576	$ 5,594	$ 5,444	$ 6,344	$ 5,343	$ 6,395	$ 5,954	$ 23,674	$ 22,317

(1) Adjusting items to net sales relate to nonrecurring Silent-Aire purchase accounting impacts.

The Company's earnings presentation presents service revenue and organic growth for the three months ended March 31, 2022. The components of the change in service revenue, including organic growth, are shown below (unaudited):

(in millions)	Proforma Service Revenue for the Three Months Ended March 31, 2021	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended March 31, 2021	Acquisitions		Organic Growth		Service Revenue for the Three Months Ended March 31, 2022	
Building Solutions North America	$ 820	$ -	-	$ (1)	-	$ 819	$ 4	-	$ 61	7%	$ 884	8%
Building Solutions EMEA/LA	407	(8)	-2%	(20)	-5%	379	1	-	42	11%	422	4%
Building Solutions Asia Pacific	171	-	-	(8)	-5%	163	2	1%	10	6%	175	2%
Total field	1,398	(8)	-1%	(29)	-2%	1,361	7	1%	113	8%	1,481	6%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total net sales	$ 1,398	$ (8)	-1%	$ (29)	-2%	$ 1,361	$ 7	1%	$ 113	8%	$ 1,481	6%

The Company's earnings presentation presents proforma service revenue and organic growth for the three months ended December 31, 2020, the three months ended March 31, 2021, the three months ended June 30, 2021, the three months ended September 30, 2021, and the twelve months ended September 30, 2021. The components of the change in proforma service revenue, including organic growth, for each period for which proforma financial information is presented are shown below (unaudited).

(in millions)	Proforma Service Revenue for the Three Months Ended December 31, 2019	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended December 31, 2019	Acquisitions		Organic Growth		Proforma Service Revenue for the Three Months Ended December 31, 2020	
Building Solutions North America	$ 811	$ -	-	$ 1	-	$ 812	$ -	-	$ (20)	-2%	$ 792	-2%
Building Solutions EMEA/LA	414	-	-	5	1%	419	3	1%	(5)	-1%	417	1%
Building Solutions Asia Pacific	165	(2)	-1%	7	4%	170	-	-	(2)	-1%	168	2%
Total field	1,390	(2)	-	13	1%	1,401	3	-	(27)	-2%	1,377	-1%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,390	$ (2)	-	$ 13	1%	$ 1,401	$ 3	-	$ (27)	-2%	$ 1,377	-1%

(in millions)	Proforma Service Revenue for the Three Months Ended March 31, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended March 31, 2020	Acquisitions		Organic Growth		Proforma Service Revenue for the Three Months Ended March 31, 2021	
Building Solutions North America	$ 818	$ -	-	$ 4	-	$ 822	$ -	-	$ (2)	-	$ 820	-
Building Solutions EMEA/LA	396	-	-	16	4%	412	2	-	(7)	-2%	407	3%
Building Solutions Asia Pacific	160	(2)	-1%	11	7%	169	-	-	2	1%	171	7%
Total field	1,374	(2)	-	31	2%	1,403	2	-	(7)	-	1,398	2%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,374	$ (2)	-	$ 31	2%	$ 1,403	$ 2	-	$ (7)	-	$ 1,398	2%

(in millions)	Proforma Service Revenue for the Three Months Ended June 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended June 30, 2020	Acquisitions		Organic Growth		Proforma Service Revenue for the Three Months Ended June 30, 2021	
Building Solutions North America	$ 770	$ -	-	$ 9	1%	$ 779	$ -	-	$ 78	10%	$ 857	11%
Building Solutions EMEA/LA	349	-	-	26	7%	375	4	1%	48	13%	427	22%
Building Solutions Asia Pacific	156	(3)	-2%	12	8%	165	-	-	18	11%	183	17%
Total field	1,275	(3)	-	47	4%	1,319	4	-	144	11%	1,467	15%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,275	$ (3)	-	$ 47	4%	$ 1,319	$ 4	-	$ 144	11%	$ 1,467	15%

(in millions)	Proforma Service Revenue for the Three Months Ended September 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended September 30, 2020	Acquisitions		Organic Growth		Proforma Service Revenue for the Three Months Ended September 30, 2021	
Building Solutions North America	$ 835	$ -	-	$ 4	-	$ 839	$ 3	-	$ 62	7%	$ 904	8%
Building Solutions EMEA/LA	435	-	-	6	1%	441	1	-	(9)	-2%	433	-
Building Solutions Asia Pacific	180	(2)	-1%	4	2%	182	-	-	2	1%	184	2%
Total field	1,450	(2)	-	14	1%	1,462	4	-	55	4%	1,521	5%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,450	$ (2)	-	$ 14	1%	$ 1,462	$ 4	-	$ 55	4%	$ 1,521	5%

(in millions)	Proforma Service Revenue for the Twelve Months Ended September 30, 2020	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Twelve Months Ended September 30, 2020	Acquisitions		Organic Growth		Proforma Service Revenue for the Twelve Months Ended September 30, 2021	
Building Solutions North America	$ 3,234	$ -	-	$ 18	1%	$ 3,252	$ 3	-	$ 118	4%	$ 3,373	4%
Building Solutions EMEA/LA	1,594	-	-	53	3%	1,647	10	1%	27	2%	1,684	6%
Building Solutions Asia Pacific	661	(9)	-1%	34	5%	686	-	-	20	3%	706	7%
Total field	5,489	(9)	-	105	2%	5,585	13	-	165	3%	5,763	5%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 5,489	$ (9)	-	$ 105	2%	$ 5,585	$ 13	-	$ 165	3%	$ 5,763	5%

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. Free cash flow is defined as cash provided by operating activities less capital expenditures. Free cash flow conversion is defined as free cash flow divided by adjusted net income attributable to JCI. 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 months and six months ended March 31, 2022 and 2021 reconciliation of free cash flow and free cash flow conversion for continuing operations (unaudited):

	Three Months Ended		Six Months Ended	
(in millions)	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cash provided (used) by operating activities from continuing operations	$ (68)	$ 645	$ 324	$ 1,160
Capital expenditures	(125)	(106)	(260)	(197)
Reported free cash flow	$ (193)	$ 539	$ 64	$ 963
Adjusted net income from continuing operations attributable to JCI	$ 441	$ 373	$ 821	$ 684
Adjusted free cash flow conversion	-44%	144%	8%	141%

5. Net Debt to EBITDA

The Company provides financial information regarding net debt to adjusted EBITDA, which is a non-GAAP performance measure. The Company believes the total net debt to adjusted EBITDA ratio is useful to understanding the Company's financial condition as it provides a review of the extent to which the Company relies on external debt financing for its funding and is a measure of risk to its shareholders. The following is the March 31, 2022 calculation of net debt to adjusted EBITDA (unaudited):

(in millions)	March 31, 2022
Short-term debt and current portion of long-term debt	$ 2,284
Long-term debt	7,366
Total debt	9,650
Less: cash and cash equivalents	1,787
Total net debt	$ 7,863
Last twelve months adjusted EBITDA	$ 3,660
Total net debt to adjusted EBITDA	2.1x

The following is the last twelve months ended March 31, 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 March 31, 2022
Income from continuing operations	$ 1,448
Income tax provision	727
Net financing charges	207
EBIT	2,382
Adjusting items:	
Net mark-to-market adjustments	(140)
Restructuring and impairment costs	579
Silent-Aire transaction and other nonrecurring costs	36
Silent-Aire earn-out adjustment	(43)
Charges attributable to the suspension of operations in Russia	11
Adjusted EBIT (1)	2,825
Depreciation and amortization	835
Adjusted EBITDA (1)	$ 3,660

(1) The Company's definition of adjusted EBIT and adjusted EBITDA excludes special items because these costs 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. Trade Working Capital as a Percentage of Net Sales

The Company provides financial information regarding trade working capital as a percentage of net sales, which is a non-GAAP performance measure. Trade working capital is defined as current assets less current liabilities, excluding cash, short-term debt, the current portion of long-term debt, the current portion of assets and liabilities held for sale, accrued compensation and benefits, and other current assets and liabilities. Management believes this non-GAAP measure, which excludes financing-related items, non-trade related items and businesses to be divested, is a more useful measurement of the Company's operating performance. The following is the March 31, 2022 and March 31, 2021 calculation of trade working capital as a percentage of net sales (unaudited):

(in millions)	March 31, 2022	March 31, 2021
Current assets	$ 11,612	$ 10,204
Current liabilities	(11,654)	(8,740)
Total working capital	(42)	1,464
Less: cash and cash equivalents	(1,787)	(1,883)
Less: assets held for sale	(386)	-
Less: other current assets	(1,235)	(1,160)
Add: short-term debt	2,044	248
Add: current portion of long-term debt	240	196
Add: accrued compensation and benefits	708	817
Add: liabilities held for sale	326	-
Add: other current liabilities	2,264	2,352
Trade working capital	$ 2,132	$ 2,034
Last twelve months net sales	$ 24,693	$ 22,232
Trade working capital as a percentage of net sales	8.6%	9.1%

7. 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, charges related to the suspension of operations in Russia and discrete tax items for the three and six months ending March 31, 2022 and March 31, 2021 is approximately 13.5%.

8. Restructuring and Impairment Costs

The three months ended March 31, 2022 include restructuring and impairment costs of $384 million related primarily to the impairment of assets associated with a business classified as held for sale, workforce reductions and other asset impairments. The six months ended March 31, 2022 include restructuring and impairment costs of $433 million related primarily to the impairment of assets associated with a business classified as held for sale, workforce reductions and other asset impairments. The three and six months ended March 31, 2021 include restructuring and impairment costs of $96 million related primarily to workforce reductions and asset impairments.