FISCAL Q2

2023 Earnings Conference Call

May 5, 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 regulatory requirements; 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 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 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; 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

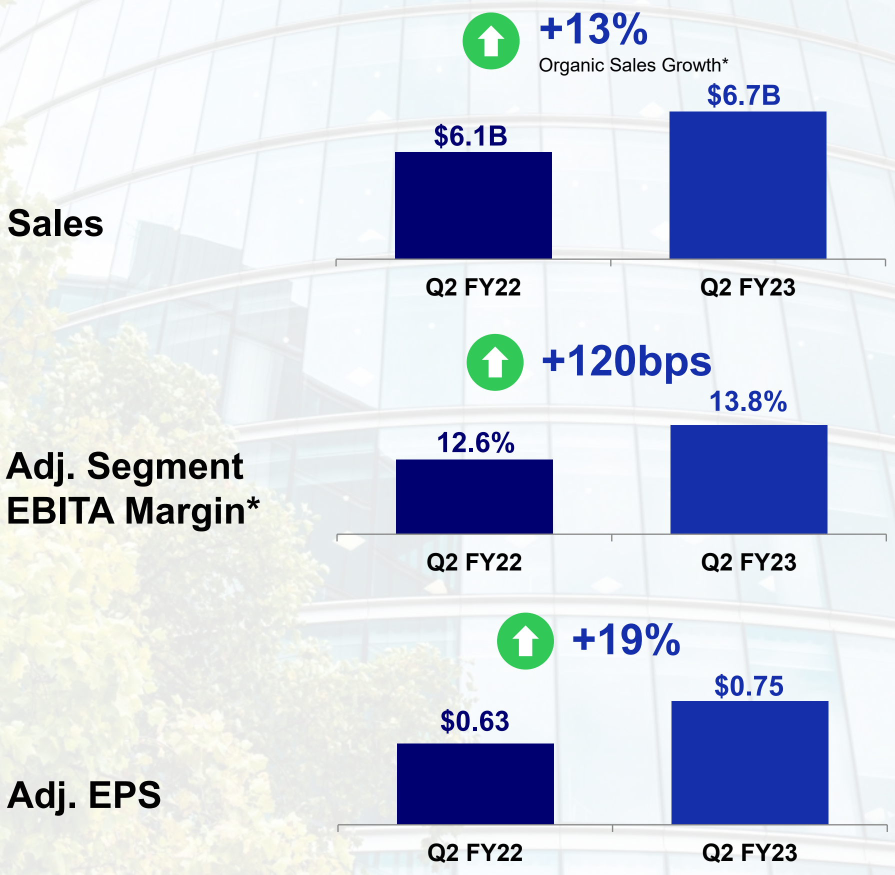
This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include restructuring and impairment costs, net mark-to-market adjustments, Silent-Aire other nonrecurring items, certain transaction / separation costs, Silent-Aire earn-out adjustment, charges attributable to the suspension of operations in Russia, and warehouse fire loss. 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, 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.

Fiscal Q2 Highlights

Strong Performance

- **Sales, Segment EBITA, and Adjusted EPS exceeded high end of guidance**
- **Building Solutions Orders up 8% as demand remained robust; Pipeline remains healthy**
- **Building Solutions Backlog grew 9% to $11.7B; Service Backlog up 15%**
- **On pace to meet our productivity plan of ~$340M in savings for FY23; realized ~$75M in savings for Q2**

Fiscal Q2 Financial Overview



*Organic Sales Growth and Adjusted Segment EBITA/Margin are non-GAAP. Non-GAAP figures exclude special items. See footnotes for reconciliation.
Non-GAAP EPS from continuing operations, excluding special items. See footnotes for reconciliation. Other items may not sum due to rounding.

Johnson Controls

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

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

Customer Segmentation

Serving Diverse Verticals with a Multi-Channel Presence

Indirect Channel

Direct Channel

Global Products ($9.4B*)

Applied HVAC

Light Commercial HVAC

Resi HVAC

Controls

Fire & Security

Industrial Refrigeration

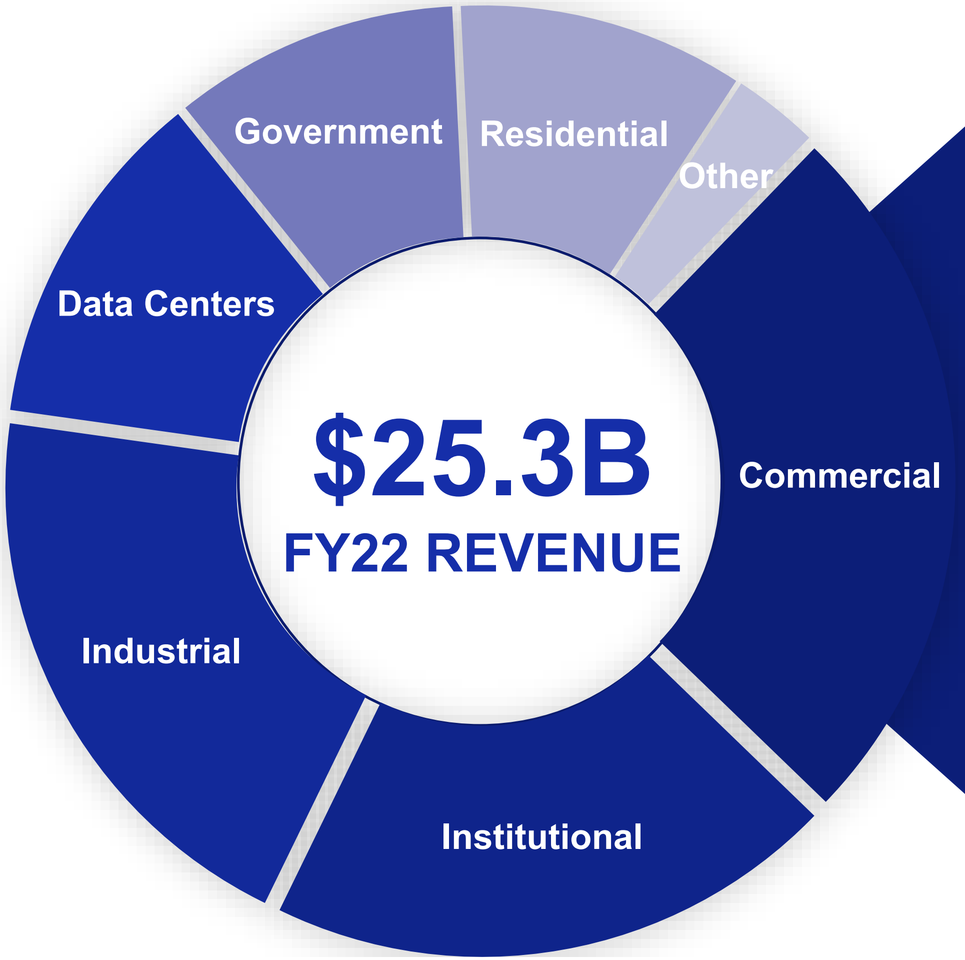
Building Solutions ($15.9B*)

North America *EMEALA* *APAC*

Equipment

Install

Service



- **Retail**
- **Lodging & Hospitality**
- **Office & Banks**
- **Warehouse**
- **Sports & Entertainment**

*Figures represent revenue for FY22

Vectors of Growth

Leading the Evolution of Smart, Healthy, and Sustainable Buildings

SERVICE

$160B opportunity[1]

	Q2'23
Service Orders:	~$1.7B, **+14%**
Organic Revenue*:	~$1.6B, **+11%**

DECARBONIZATION[2]

$240B opportunity[3]

	Q2'23
TTM Orders:	~$1B, **+11%**
Revenue:	~$200M, **+16%**
Pipeline[5]:	~$8B, **+13%**

HEALTHY BUILDINGS

$10B - $15B opportunity[4]

	Q2'23
TTM Orders:	~$550M, **+2%**
Pipeline[5]:	~$1.8B, **+69%**

Enabled by Digital

OpenBlue

Total Q2 revenue from connected devices:

~$1.2B, +HSD

Total chiller connections:

~13,685, +96% 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 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
4. CleanTech Research & Markets, Guidehouse; includes Install and Service; annual market size from 2021 through 2030
5. Unfactored pipeline

Notable Awards

Honored to be Recognized as an ESG Leader

Recognized as one of the World's Most Ethical Companies for the 16th time by Ethisphere

- Recognized as one of 135 honorees spanning 19 countries and across 48 industries with a focus on initiatives supporting a strong value chain

Recognized as one of America's Greatest Workplaces for Diversity by Newsweek

- Newsweek, in cooperation with Plant-A Insights Group, ranked Johnson Controls as one of the top scoring companies across a diverse list of 1,000 companies spanning across 34 different industries

Named to the Clean200 for the 8th consecutive year

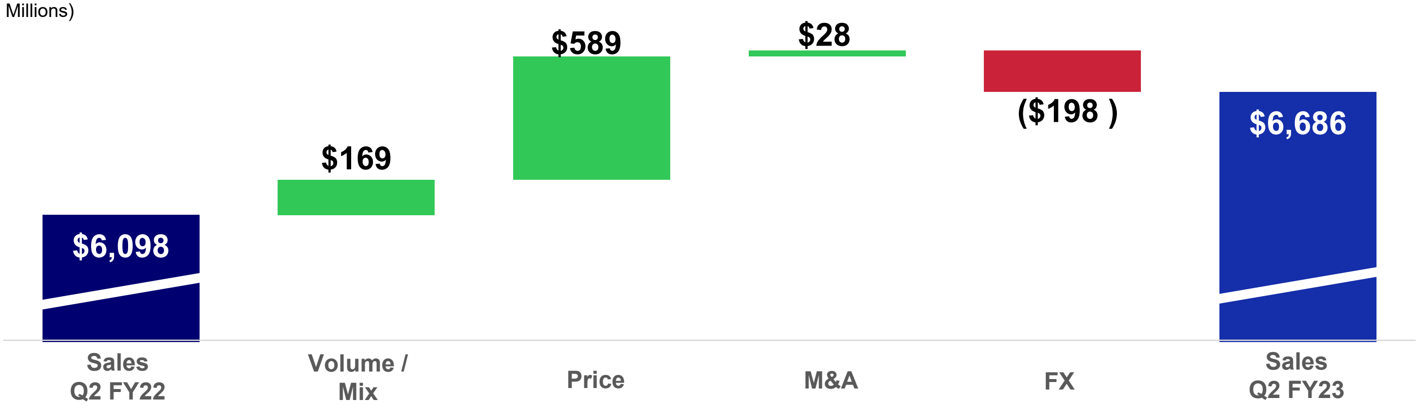
- Consistently ranked as one of 200 companies putting sustainability at the core of their business

Fiscal Q2 Results

Delivering on our Commitments

Total JCI Sales

($ in Millions)

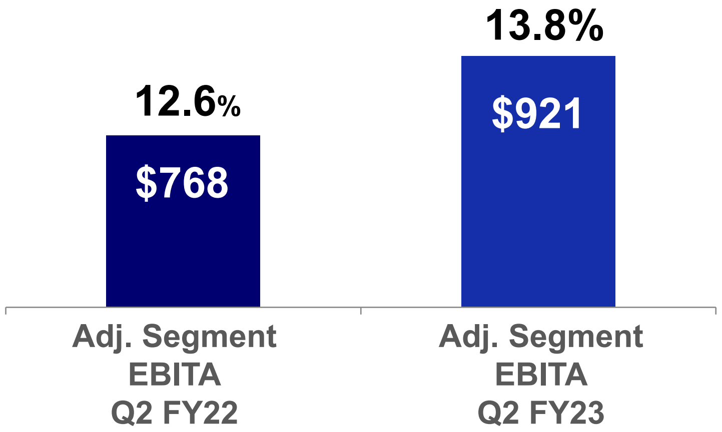


+13% Organic Sales Growth*

- Price +10% / Volume +3%
- FX headwind (3%)

Total JCI Adj. Segment EBITA/Margin

($ in Millions)



+120bps Adj. EBITA Margin* Expansion

- Positive price/cost: ~$170M
- Productivity benefits: ~$75M
- FX headwind: ~($25M)

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

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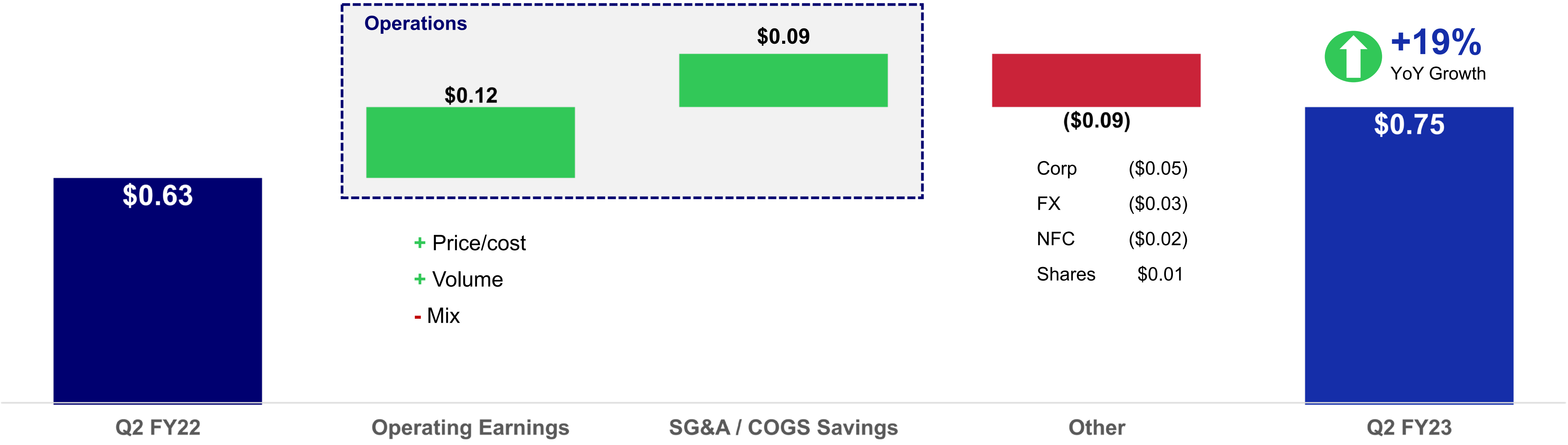
Fiscal Q2 Results

Delivering on our Commitments

EPS Bridge* (Continuing Operations)

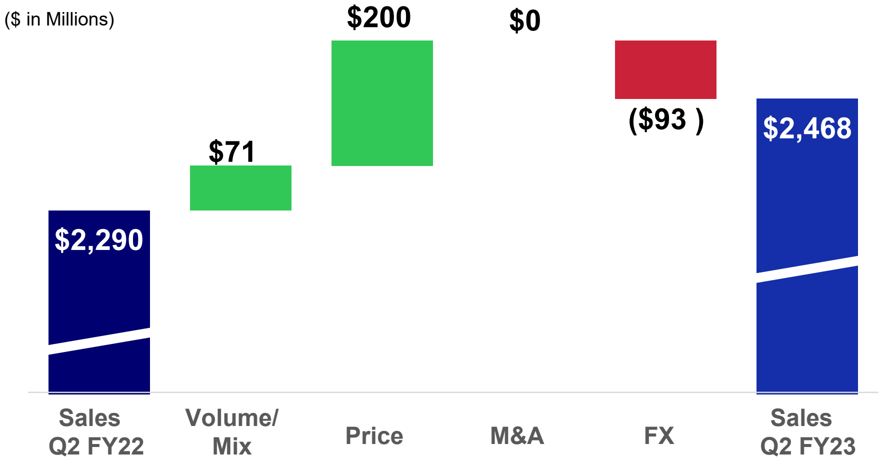


*Non-GAAP EPS from continuing operations, excluding special items. See footnotes for reconciliation. Other items may not sum due to rounding.

Fiscal Q2 Results

Global Products Performance

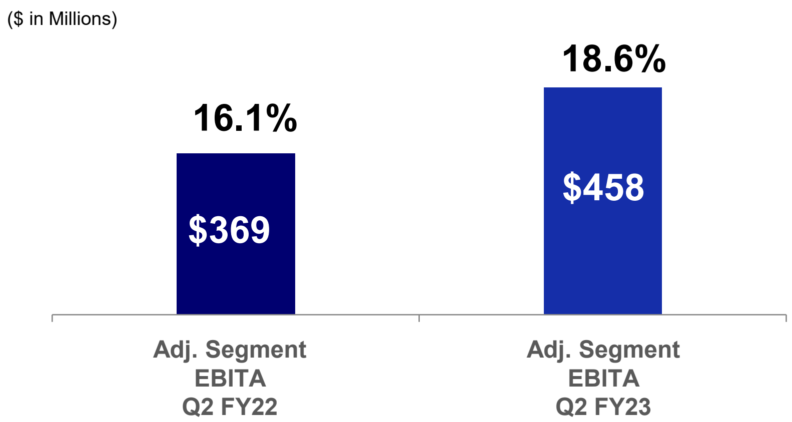
Global Products Sales



+12% Organic Sales Growth*

- Price +9% / Volume +3%
- Commercial HVAC[1] +20%
- Residential HVAC (LSD); NA Resi Applied (high-teens)
- Fire and Security +LDD
- Industrial Refrigeration +>50%
- 3rd party backlog of $2.3B, -1%

Global Products Adj. Segment EBITA/Margin



+250bps Adj. EBITA Margin* Expansion

- Positive price/cost: ~$85M
- Productivity benefits: ~$30M
- FX headwind: ~($10M)

*Organic Sales Growth and Adjusted Segment EBITA/Margin are non-GAAP. Non-GAAP figures 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.

Fiscal Q2 Results

Resilient Growth, Strong Price Realization

Organic Sales Growth* %	% of FY22 Sales	North America	EMEALA	Asia Pac	Global Products	Consolidated JCI
Applied[1]	33%	+high-teens	+mid-teens	+high-teens	+>25%[2]	+20%
Light Commercial[3]	9%				+high-teens	+high-teens
Commercial HVAC	42%				+>20%	+high-teens
NA Residential	5%				(high-teens)	(high-teens)
ROW Residential	8%				+LSD	+LSD
Residential HVAC	13%				(LSD)	(LSD)
Fire and Security[4]	38%	+LDD	+mid-teens	(LSD)	+LDD	+LDD
Sustainability Infrastructure	3%	+low-teens				+low-teens
Industrial Refrigeration	4%		+LSD		+>50%	+high-teens
Total	**100%**	**+14%**	**+12%**	**+15%**	**+12%**	**+13%**

[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 non-GAAP. Non-GAAP excludes special items. See footnotes for reconciliation.

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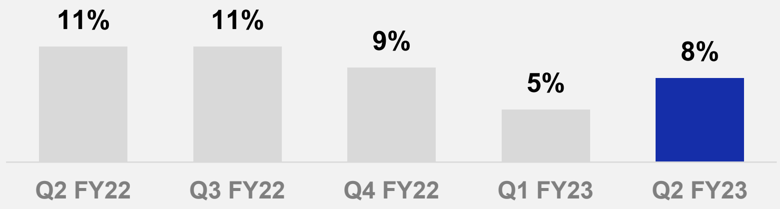
Fiscal Q2 Results

Building Solutions (Field) Performance

Building Solutions (Field) Orders - Organic % Growth

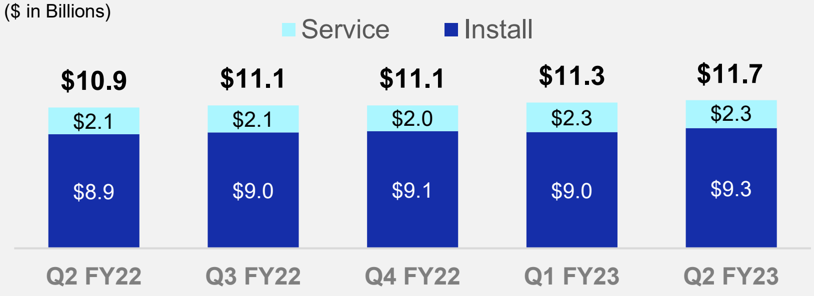


+8%
YoY Organic Growth

Service	+14%
Install	+5%

Building Solutions (Field) Backlog

($ in Billions)

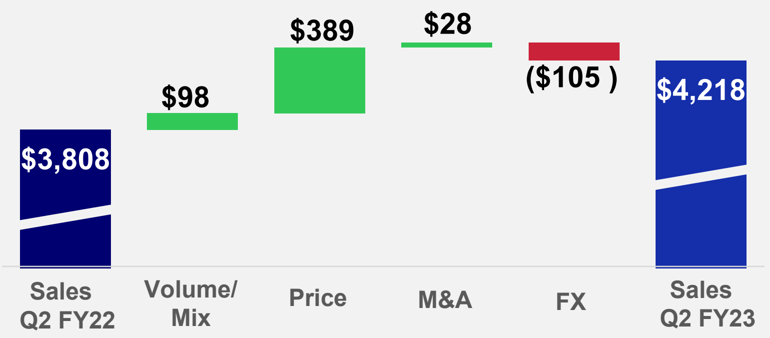


+9%
YoY Organic Growth

Service	+15%
Install	+8%

Building Solutions (Field) Sales

($ in Millions)



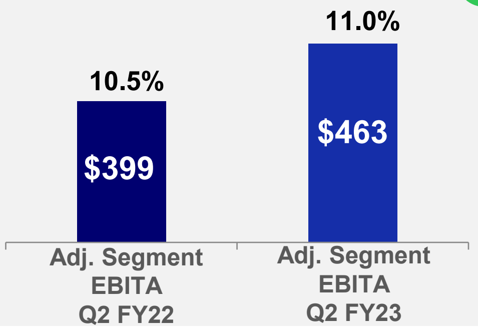
+13%
Organic Sales* Growth

Price +10% / Volume +3%

Service	+11%
Install	+15%

Building Solutions (Field) Adj. Segment EBITA/Margin

($ in Millions)



+50bps
Adj. EBITA Margin* Expansion

- Positive price/cost: ~$80M
- Productivity benefits: ~$40M
- FX headwind: ~($15M)

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

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Fiscal Q2 Results

Building Solutions (Field) 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	**+8%** YoY Organic Growth Q2 FY22: 13% Q2 FY23: 8%	▪ **Orders** - Service +14% - Install +5% ▪ **Backlog** $7.7B, +13% - Service +20% - Install +12%	**+14%** Organic Growth Q2 FY22: $2.2B Q2 FY23: $2.5B	▪ Service +9% ▪ Install +17% - Applied[1]: +high-teens - F&S[2]: +LDD - SI: +low-teens	**+190bps** Q2 FY22: $235 (10.6%) Q2 FY23: $315 (12.5%)	▪ Positive price/cost: ~$70M ▪ Productivity benefits: ~$35M
EMEALA	**+7%** YoY Organic Growth Q2 FY22: 8% Q2 FY23: 7%	▪ **Orders** - Service +13% - Install +3% ▪ **Backlog** $2.3B, +5% - Service +9% - Install +3%	**+12%** Organic Growth Q2 FY22: $1.0B Q2 FY23: $1.0B	▪ Service +12% ▪ Install +11% - Applied[1]: +mid-teens - F&S[2]: +mid-teens - IR: +LSD	**-270bps** Q2 FY22: $90 (9.4%) Q2 FY23: $69 (6.7%)	▪ Negative FX impacts ~($7M) ▪ YoY impacted by non-recurring items
APAC	**+9%** YoY Organic Growth Q2 FY22: 8% Q2 FY23: 9%	▪ **Orders** - Service +20% - Install +6% ▪ **Backlog** 1.7B, -3% - Service +4% - Install -4%	**+15%** Organic Growth Q2 FY22: $623M Q2 FY23: $667M	▪ Service +15% ▪ Install +15% - Applied[1]: +high-teens - F&S[2]: (LSD)	**-10bps** Q2 FY22: $74 (11.9%) Q2 FY23: $79 (11.8%)	▪ Positive price/cost: ~$12M ▪ Productivity benefits: ~$2M ▪ Negative FX impacts: ~($8M)

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

[1] Includes large commercial applied HVAC equipment, BMS and Controls

[2] Includes Retail

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Balance Sheet and Free Cash Flow

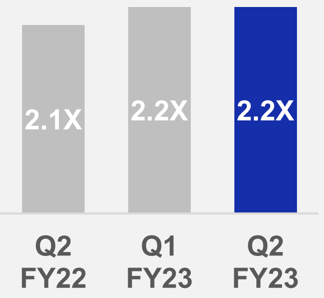
Disciplined Capital Allocation

Capital Structure ($ millions)	Q2 FY22	Q1 FY23	Q2 FY23
Short-term debt and current portion of long-term debt	$2,284	$1,963	$2,659
Long-term debt	7,366	7,784	7,832
Total debt	**9,650**	**9,747**	**10,491**
Less: cash and cash equivalents	1,787	1,509	1,975
Net debt*	**$7,863**	**$8,238**	**$8,516**

Debt and liquidity

- **94% fixed** rate debt
- **2.99%** weighted avg interest rate
- **~$2.0B** 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)	Q2 FY22	Q2 FY23	YTD FY22	YTD FY23
Cash from operating activities, excluding JC Capital	$(68)	$356	$324	$60
Capital expenditures, excluding JC Capital	(125)	(121)	(260)	(255)
Reported FCF*	**$(193)**	**$235**	**$64**	**$(195)**

Free cash flow*

- Sequential improvement
- Capex flat YTD
- DIOH improved sequentially
- Expect further inventory improvement in 2H

[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.

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.

Introducing Q3 Guidance and Raising Low End of FY Guide

FY 2023 commentary

- Higher margin backlog expected to continue converting in 2H
- Order pipeline remains healthy
- Value proposition continues to resonate with our customers
- Free cash flow conversion remains ~80% to 90%

	Q3 FY23	FY23
Organic revenue	~10%	~10% (previous +HSD to +LDD)
Adj. Segment EBITA margin	+120 to 130bps	+100 to 120bps (previous +90 to 120 bps)
Adjusted EPS	$1.01 - $1.03	$3.50 - $3.60 (previous $3.30 - $3.60)

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

Appendix

Additional FY 2023 guidance items

	FY23
Adjusted corporate expense*	~$350M
Amortization expense	~$415M
NFC	~$290M
Tax rate	~13.5%
NCI	~$200M
Shares	~687M

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

Fiscal Q2 2023

Consolidated financial results (continuing operations)

($ in millions, except earnings per share)	Q2 FY22 GAAP	Q2 FY23 GAAP	Q2 FY22* NON-GAAP	Q2 FY23* NON-GAAP	% Change NON-GAAP
Sales	$6,098	$6,686	$6,098	$6,686	10%
Gross profit (% of sales)	1,957 32.1%	2,241 33.5%	1,977 32.4%	2,245 33.6%	14%
SG&A expenses	1,454	1,579	1,411	1,579	12%
Restructuring and impairment costs	384	418	-	-	
Equity income	42	50	42	50	19%
EBIT	161	294	608	716	18%
EBIT margin	**2.6%**	**4.4%**	**10.0%**	**10.7%**	
Net financing charges	51	71	51	71	39%
Income before income taxes	110	223	557	645	16%
Income tax provision	58	49	75	87	16%
Net income	52	174	482	558	16%
Income attributable to non-controlling interests	41	41	41	41	-
Net income attributable to JCI	$11	$133	$441	$517	17%
Diluted EPS	**$0.02**	**$0.19**	**$0.63**	**$0.75**	**19%**

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

Fiscal Q2 2023

Special items (continuing operations)

($ in Millions, except EPS)

Q2 FY23	Pre-tax income (Expense)	Tax (Expense) benefit	NCI (Expense) income	After-tax/NCI income (Expense)	EPS impact
Mark-to-market adjustments	$(4)	$1	$-	$(3)	$0.01
Restructuring and impairment costs	(418)	35	-	(383)	0.56
Transaction / separation costs	(30)	2	-	(28)	0.04
Silent-Aire earn-out adjustment	30	-	-	30	(0.04)
Total*	**$(422)**	**$38**	**$-**	**$(384)**	**$0.56**

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)	$(0.10)
Restructuring and impairment costs	(384)	7	-	(377)	(0.54)
Acquisition related items	(6)	1	-	(5)	(0.01)
Silent-Aire earn-out adjustment	43	-	-	43	0.06
Charges associated with suspension of operations in Russia	(11)	1	-	(10)	(0.01)
Discrete income tax items	-	(13)	-	(13)	(0.02)
Total*	**$(447)**	**$17**	**$-**	**$(430)**	**$(0.61)**

*Totals may not sum due to rounding.

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,	
	2023	2022
Net sales	$ 6,686	$ 6,098
Cost of sales	4,445	4,141
Gross profit	2,241	1,957
Selling, general and administrative expenses	(1,579)	(1,454)
Restructuring and impairment costs	(418)	(384)
Net financing charges	(71)	(51)
Equity income	50	42
Income before income taxes	223	110
Income tax provision	49	58
Net income	174	52
Income attributable to noncontrolling interests	41	41
Net income attributable to JCI	$ 133	$ 11
Diluted earnings per share	$ 0.19	$ 0.02
Diluted weighted average shares	689.7	702.7
Shares outstanding at period end	686.1	695.7

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Six Months Ended March 31,	
	2023	2022
Net sales	$ 12,754	$ 11,960
Cost of sales	8,422	8,112
Gross profit	4,332	3,848
Selling, general and administrative expenses	(3,150)	(2,823)
Restructuring and impairment costs	(763)	(433)
Net financing charges	(138)	(104)
Equity income	112	112
Income before income taxes	393	600
Income tax provision	63	129
Net income	330	471
Income attributable to noncontrolling interests	79	79
Net income attributable to JCI	$ 251	$ 392
Diluted earnings per share	$ 0.36	$ 0.56
Diluted weighted average shares	690.0	706.2
Shares outstanding at period end	686.1	695.7

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	March 31, 2023	September 30, 2022
ASSETS		
Cash and cash equivalents	$ 1,975	$ 2,031
Accounts receivable - net	6,002	5,528
Inventories	3,048	2,510
Assets held for sale	446	387
Other current assets	1,285	1,229
Current assets	12,756	11,685
Property, plant and equipment - net	3,094	3,042
Goodwill	17,559	17,328
Other intangible assets - net	4,633	4,641
Investments in partially-owned affiliates	1,065	963
Noncurrent assets held for sale	378	751
Other noncurrent assets	3,935	3,748
Total assets	$ 43,420	$ 42,158
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 2,659	$ 1,534
Accounts payable and accrued expenses	5,095	5,219
Liabilities held for sale	316	236
Other current liabilities	4,333	4,250
Current liabilities	12,403	11,239
Long-term debt	7,832	7,426
Other noncurrent liabilities	6,048	6,029
Noncurrent liabilities held for sale	59	62
Shareholders' equity attributable to JCI	15,890	16,268
Noncontrolling interests	1,188	1,134
Total liabilities and equity	$ 43,420	$ 42,158

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Activities		
Net income attributable to JCI	$ 133	$ 11
Income attributable to noncontrolling interests	41	41
Net income	174	52
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	206	208
Pension and postretirement benefit expense	3	31
Pension and postretirement contributions	(17)	(35)
Equity in earnings of partially-owned affiliates, net of dividends received	1	38
Deferred income taxes	(76)	(65)
Non-cash restructuring and impairment costs	397	361
Other - net	(29)	(8)
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(272)	(231)
Inventories	(145)	(243)
Other assets	(101)	(143)
Restructuring reserves	(31)	(38)
Accounts payable and accrued liabilities	183	156
Accrued income taxes	21	(151)
Cash provided (used) by operating activities from continuing operations	314	(68)
Investing Activities		
Capital expenditures	(121)	(125)
Acquisition of businesses, net of cash acquired	(10)	(16)
Other - net	6	27
Cash used by investing activities from continuing operations	(125)	(114)
Financing Activities		
Increase in short and long-term debt - net	648	1,666
Stock repurchases and retirements	(93)	(509)
Payment of cash dividends	(240)	(239)
Dividends paid to noncontrolling interests	(62)	(118)
Employee equity-based compensation withholding taxes	(2)	(2)
Other - net	2	3
Cash provided by financing activities from continuing operations	253	801
Discontinued Operations		
Net cash used by operating activities	-	-
Net cash used by investing activities	-	-
Net cash used by financing activities	-	-
Net cash flows used by discontinued operations	-	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	22	(21)
Increase in cash, cash equivalents and restricted cash	$ 464	$ 598

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Six Months Ended March 31, 2023	Six Months Ended March 31, 2022
Operating Activities		
Net income attributable to JCI	$ 251	$ 392
Income attributable to noncontrolling interests	79	79
Net income	330	471
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	409	432
Pension and postretirement benefit income	(3)	(51)
Pension and postretirement contributions	(26)	(76)
Equity in earnings of partially-owned affiliates, net of dividends received	(55)	20
Deferred income taxes	(168)	(97)
Non-cash restructuring and impairment costs	691	361
Other - net	(26)	(7)
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(360)	(306)
Inventories	(493)	(619)
Other assets	(169)	(206)
Restructuring reserves	(18)	(19)
Accounts payable and accrued liabilities	(154)	489
Accrued income taxes	60	(68)
Cash provided by operating activities from continuing operations	18	324
Investing Activities		
Capital expenditures	(255)	(260)
Acquisition of businesses, net of cash acquired	(89)	(124)
Other - net	30	52
Cash used by investing activities from continuing operations	(314)	(332)
Financing Activities		
Increase in short and long-term debt - net	1,068	2,059
Stock repurchases and retirements	(247)	(1,035)
Payment of cash dividends	(481)	(430)
Dividends paid to noncontrolling interests	(72)	(118)
Employee equity-based compensation withholding taxes	(32)	(49)
Other - net	26	17
Cash provided by financing activities from continuing operations	262	444
Discontinued Operations		
Net cash used by operating activities	-	(4)
Net cash used by investing activities	-	-
Net cash used by financing activities	-	-
Net cash flows used by discontinued operations	-	(4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	46
Increase (decrease) in cash, cash equivalents and restricted cash	$ (26)	$ 478

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 March 31,				Six Months Ended March 31,			
	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	$ 315	$ 315	$ 235	$ 235	$ 582	$ 582	$ 485	$ 485
Building Solutions EMEA/LA	69	69	79	90	144	144	183	194
Building Solutions Asia Pacific	79	79	74	74	147	147	142	142
Global Products	488	458	412	369	870	880	713	670
Segment EBITA	951	921	800	768	1,743	1,753	1,523	1,491
Corporate expenses (2)	(131)	(101)	(60)	(60)	(240)	(183)	(130)	(130)
Amortization of intangible assets (3)	(104)	(104)	(106)	(100)	(208)	(208)	(224)	(211)
Net mark-to-market losses (4)	(4)	-	(89)	-	(1)	-	(32)	-
Restructuring and impairment costs (5)	(418)	-	(384)	-	(763)	-	(433)	-
EBIT (6)	294	716	161	608	531	1,362	704	1,150
EBIT margin (6)	4.4%	10.7%	2.6%	10.0%	4.2%	10.7%	5.9%	9.6%
Net financing charges	(71)	(71)	(51)	(51)	(138)	(138)	(104)	(104)
Income before income taxes	223	645	110	557	393	1,224	600	1,046
Income tax provision (7)	(49)	(87)	(58)	(75)	(63)	(165)	(129)	(141)
Net income	174	558	52	482	330	1,059	471	905
Income attributable to noncontrolling interests (8)	(41)	(41)	(41)	(41)	(79)	(79)	(79)	(84)
Net income attributable to JCI	$ 133	$ 517	$ 11	$ 441	$ 251	$ 980	$ 392	$ 821

(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. The following is the three months ended March 31, 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 Field		Global Products		Consolidated JCI plc	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment EBITA as reported	$ 315	$ 235	$ 69	$ 79	$ 79	$ 74	$ 463	$ 388	$ 488	$ 412	$ 951	$ 800
Segment EBITA margin as reported (9)	12.5%	10.6%	6.7%	8.2%	11.8%	11.9%	11.0%	10.2%	19.8%	18.0%	14.2%	13.1%
Adjusting items:												
Silent-Aire earn-out adjustment	-	-	-	-	-	-	-	-	(30)	(43)	(30)	(43)
Charges attributable to the suspension of operations in Russia	-	-	-	11	-	-	-	11	-	-	-	11
Adjusted segment EBITA	$ 315	$ 235	$ 69	$ 90	$ 79	$ 74	$ 463	$ 399	$ 458	$ 369	$ 921	$ 768
Adjusted segment EBITA margin (9)	12.5%	10.6%	6.7%	9.4%	11.8%	11.9%	11.0%	10.5%	18.6%	16.1%	13.8%	12.6%

The following is the six months ended March 31, 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 Field		Global Products		Consolidated JCI plc	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment EBITA as reported	$ 582	$ 485	$ 144	$ 183	$ 147	$ 142	$ 873	$ 810	$ 870	$ 713	$ 1,743	$ 1,523
Segment EBITA margin as reported	11.9%	11.1%	7.2%	9.5%	11.2%	10.9%	10.6%	10.7%	19.1%	16.3%	13.7%	12.7%
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	$ 582	$ 485	$ 144	$ 194	$ 147	$ 142	$ 873	$ 821	$ 880	$ 670	$ 1,753	$ 1,491
Adjusted segment EBITA margin	11.9%	11.1%	7.2%	10.1%	11.2%	10.9%	10.6%	10.8%	19.3%	15.3%	13.7%	12.5%

(2) Adjusted Corporate expenses for the three and six months ended March 31, 2023 excludes certain transaction/separation costs of $30 million and $57 million, respectively.

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

(4) Adjusted results for the three and six months ended March 31, 2023 exclude net mark-to-market losses on restricted asbestos investments and pension and postretirement plans of $4 million and $1 million, respectively. The three and six months ended March 31, 2022 exclude net mark-to-market losses on restricted asbestos investments and pension and postretirement plans of $89 million and $32 million, respectively.

(5) Adjusted results for the three and six months ended March 31, 2023 exclude restructuring and impairment costs of $418 million and $763 million, respectively. The restructuring actions and impairment costs for the three and six months ended March 31, 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 classified as held for sale and other asset impairments. Adjusted results for the three and six months ended March 31, 2022 exclude restructuring and impairment costs of $384 million and $433 million, respectively. 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.

(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 and six months ended March 31, 2023 excludes the net tax benefit of pre-tax adjusting items of $38 million and $102 million, respectively. Adjusted income tax provision for the three months ended March 31, 2022 excludes the net tax benefit of pre-tax adjusting items of $30 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 the net tax benefit of pre-tax adjusting items of $25 million, partially offset by tax provisions related to APB23 adjustments attributable to a business classified as held for sale of $13 million.

(8) 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.

(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 third 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 Three Months Ended March 31,		Net Income Attributable to JCI plc Six Months Ended March 31,	
	2023	2022	2023	2022
Earnings per share as reported for JCI plc	$ 0.19	$ 0.02	$ 0.36	$ 0.56
Adjusting items:				
Net mark-to-market adjustments	0.01	0.13	-	0.05
Related tax impact	-	(0.03)	-	(0.01)
Restructuring and impairment costs	0.61	0.55	1.11	0.61
Related tax impact	(0.05)	(0.01)	(0.13)	(0.02)
NCI impact of restructuring and impairment costs	-	-	-	(0.01)
Silent-Aire other nonrecurring costs	-	0.01	-	0.02
Transaction/separation costs	0.04	-	0.08	-
Related tax impact	-	-	(0.01)	-
Silent-Aire earn-out adjustment	(0.04)	(0.06)	(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	-	0.01
Discrete tax items	-	0.02	-	0.02
Adjusted earnings per share for JCI plc*	$ 0.75	$ 0.63	$ 1.42	$ 1.16

* 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,	
	2023	2022	2023	2022
Weighted average shares outstanding for JCI plc				
Basic weighted average shares outstanding	686.8	699.1	686.9	701.8
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2.9	3.6	3.1	4.4
Diluted weighted average shares outstanding	689.7	702.7	690.0	706.2

3. Organic Growth Reconciliation

The components of the change in net sales for the three months ended March 31, 2023 versus the three months ended March 31, 2022, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Three Months Ended March 31, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Three Months Ended March 31, 2022	Acquisitions		Organic Growth		Net Sales for the Three Months Ended March 31, 2023	
Building Solutions North America	$ 2,227	$ -	-	$ (14)	-1%	$ 2,213	$ 5	-	$ 302	14%	$ 2,520	13%
Building Solutions EMEA/LA	958	(4)	-	(50)	-5%	904	23	3%	104	12%	1,031	8%
Building Solutions Asia Pacific	623	-	-	(41)	-7%	582	-	-	85	15%	667	7%
Total field	3,808	(4)	-	(105)	-3%	3,699	28	1%	491	13%	4,218	11%
Global Products	2,290	-	-	(93)	-4%	2,197	-	-	271	12%	2,468	8%
Total net sales	$ 6,098	$ (4)	-	$ (198)	-3%	$ 5,896	$ 28	-	$ 762	13%	$ 6,686	10%

The components of the change in net sales for the six months ended March 31, 2023 versus the six months ended March 31, 2022, including organic growth, are shown below (unaudited):

(in millions)	Net Sales for the Six Months Ended March 31, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Net Sales for the Six Months Ended March 31, 2022	Acquisitions		Organic Growth		Net Sales for the Six Months Ended March 31, 2023	
Building Solutions North America	$ 4,379	$ -	-	$ (29)	-1%	$ 4,350	$ 12	-	$ 525	12%	$ 4,887	12%
Building Solutions EMEA/LA	1,917	(22)	-1%	(139)	-7%	1,756	43	2%	207	12%	2,006	5%
Building Solutions Asia Pacific	1,298	-	-	(112)	-9%	1,186	-	-	127	11%	1,313	1%
Total field	7,594	(22)	-	(280)	-4%	7,292	55	1%	859	12%	8,206	8%
Global Products	4,366	-	-	(218)	-5%	4,148	-	-	400	10%	4,548	4%
Total net sales	$ 11,960	$ (22)	-	$ (498)	-4%	$ 11,440	$ 55	-	$ 1,259	11%	$ 12,754	7%

The components of the change in total service revenue for the three months ended March 31, 2023 versus the three months ended March 31, 2022, including organic growth, are shown below (unaudited):

(in millions)	Service Revenue for the Three Months Ended March 31, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Three Months Ended March 31, 2022	Acquisitions		Organic Growth		Service Revenue for the Three Months Ended March 31, 2023	
Building Solutions North America	$ 884	$ -	-	$ (5)	-1%	$ 879	$ 6	1%	$ 81	9%	$ 966	9%
Building Solutions EMEA/LA	422	(1)	-	(24)	-6%	397	3	1%	49	12%	449	6%
Building Solutions Asia Pacific	175	-	-	(11)	-6%	164	-	-	24	15%	188	7%
Total field	1,481	(1)	-	(40)	-3%	1,440	9	1%	154	11%	1,603	8%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 1,481	$ (1)	-	$ (40)	-3%	$ 1,440	$ 9	1%	$ 154	11%	$ 1,603	8%

The components of the change in total service revenue for the six months ended March 31, 2023 versus the six months ended March 31, 2022, including organic growth, are shown below (unaudited):

(in millions)	Service Revenue for the Six Months Ended March 31, 2022	Base Year Adjustments - Divestitures and Other		Base Year Adjustments - Foreign Currency		Adjusted Base Service Revenue for the Six Months Ended March 31, 2022	Acquisitions		Organic Growth		Service Revenue for the Six Months Ended March 31, 2023	
Building Solutions North America	$ 1,737	$ -	-	$ (11)	-1%	$ 1,726	$ 12	1%	$ 144	8%	$ 1,882	8%
Building Solutions EMEA/LA	837	(12)	-1%	(65)	-8%	760	7	1%	105	14%	872	4%
Building Solutions Asia Pacific	349	-	-	(29)	-8%	320	-	-	41	13%	361	3%
Total field	2,923	(12)	-	(105)	-4%	2,806	19	1%	290	10%	3,115	7%
Global Products	-	-	-	-	-	-	-	-	-	-	-	-
Total service revenue	$ 2,923	$ (12)	-	$ (105)	-4%	$ 2,806	$ 19	1%	$ 290	10%	$ 3,115	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 six months ended March 31, 2023 and 2022 calculation of free cash flow (unaudited):

	Three Months Ended		Six Months Ended	
(in millions)	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash provided (used) by operating activities from continuing operations	$ 314	$ (68)	$ 18	$ 324
Less: JC Capital cash used by operating activities from continuing operations	(42)	-	(42)	-
Cash provided (used) by operating activities from continuing operations, excluding JC Capital	$ 356	$ (68)	$ 60	$ 324
Capital expenditures	$ (121)	$ (125)	$ (255)	$ (260)
Less: JC Capital capital expenditures	-	-	-	-
Capital expenditures, excluding JC Capital	$ (121)	$ (125)	$ (255)	$ (260)
Free cash flow	$ 235	$ (193)	$ (195)	$ 64

The following is the six months ended March 31, 2023 and 2022 calculation of free cash flow conversion from net income and free cash flow conversion (unaudited):

	Six Months Ended	
(in millions)	March 31, 2023	March 31, 2022
Net income attributable to JCI	$ 251	$ 392
Free cash flow conversion from net income	-78%	16%
Adjusted net income attributable to JCI	$ 980	$ 821
Less: JC Capital net income	8	-
Adjusted net income attributable to JCI, excluding JC Capital	$ 972	$ 821
Free cash flow conversion	-20%	8%

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 March 31, 2023, December 31, 2022, and March 31, 2022 calculation of net debt to income before income taxes and net debt to adjusted EBITDA (unaudited):

(in millions)	March 31, 2023	December 31, 2022	March 31, 2022
Short-term debt and current portion of long-term debt	$ 2,659	$ 1,963	$ 2,284
Long-term debt	7,832	7,784	7,366
Total debt	10,491	9,747	9,650
Less: cash and cash equivalents	1,975	1,509	1,787
Total net debt	$ 8,516	$ 8,238	$ 7,863
Last twelve months income before income taxes	$ 1,503	$ 1,390	$ 2,175
Total net debt to income before income taxes	5.7x	5.9x	3.6x
Last twelve months adjusted EBITDA	$ 3,895	$ 3,783	$ 3,660
Total net debt to adjusted EBITDA	2.2x	2.2x	2.1x

The following is the last twelve months ended March 31, 2023, December 31, 2022, and 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, 2023	Last Twelve Months Ended December 31, 2022	Last Twelve Months Ended March 31, 2022
Income from continuing operations	$ 1,582	$ 1,460	$ 1,448
Income tax provision (benefit)	(79)	(70)	727
Net financing charges	247	227	207
EBIT	1,750	1,617	2,382
Adjusting items:			
Net mark-to-market adjustments	(65)	20	(140)
Restructuring and impairment costs	1,051	1,017	579
Environmental remediation and related reserves adjustment	255	255	-
Silent-Aire other nonrecurring costs	-	6	36
Silent-Aire earn-out adjustment	(30)	(43)	(43)
Charges attributable to the suspension of operations in Russia	-	11	11
Warehouse fire loss	40	40	-
Transaction/separation costs	87	57	-
Adjusted EBIT (1)	3,088	2,980	2,825
Depreciation and amortization	807	803	835
Adjusted EBITDA (1)	$ 3,895	$ 3,783	$ 3,660

(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 six months ending March 31, 2023 and March 31, 2022 is approximately 13.5%.