Carrier

Q2 2023 EARNINGS CONFERENCE CALL

July 27, 2023

Cautionary Statement

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. These forward-looking statements are intended to provide management's current expectations or plans for Carrier's future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident," "scenario" and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to revised outlook and guidance, future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, Carrier's plans with respect to its indebtedness and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see Carrier's reports on Forms 10-K, 10-Q and 8-K filed with or furnished to the U.S. Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Carrier assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Q2 2023 Summary

Sales	$5,992M *Organic* +6% Y/Y*
Adjusted Operating Profit*	$964M *+12% Y/Y*
Adjusted EPS*	$0.79 *+13% Y/Y*
Free Cash Flow*	$310M

Highlights

HVAC and Fire and Security sales up 9% organically

Refrigeration down as expected; container volume up sequentially

Continued double-digit aftermarket growth; up mid-teens YTD

Backlog up ~30% on two-year stack**

Volume, price/cost and Toshiba Carrier Corporation performance ahead of expectations

Strong first-half performance; raising full-year revenue, adj. operating margin and adj. EPS guidance range

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*See appendix for additional information regarding non-GAAP measures
**Excludes NORESCO, Chubb, and Toshiba Carrier Corporation

Sustainability and Healthy Building Leadership

Sustainability Leadership	• NA residential heat pump sales up double-digits YTD • European commercial heat pump sales up over 20% in Q2 • In Europe, electric transport units up over 2X in Q2
Healthy Building Leadership	• Pipeline over ~$1.6B; up more than 2X Y/Y • K-12 orders up ~20% in Q2 • K-12 pipeline up ~60% Y/Y

ESG Leadership

- ✓ ~50% of HVAC* and Transport Refrigeration sales related to clean technology
- ✓ ~212m metric tons of greenhouse gas emissions avoided from products sold and avoided food waste; tracking to over 1 gigaton reduction by 2030
- ✓ Reduced GHG emissions intensity in our factories by 8%, energy intensity by 21%, and water withdrawal by 11% in 2022
- ✓ Tracking to carbon neutral operations by 2030
- ✓ Named an ESG Industry Top-Rated Company by Sustainalytics
- ✓ Published 2023 ESG report and disclosed sustainability progress through the CDP

Secular trends continuing to drive sustained growth

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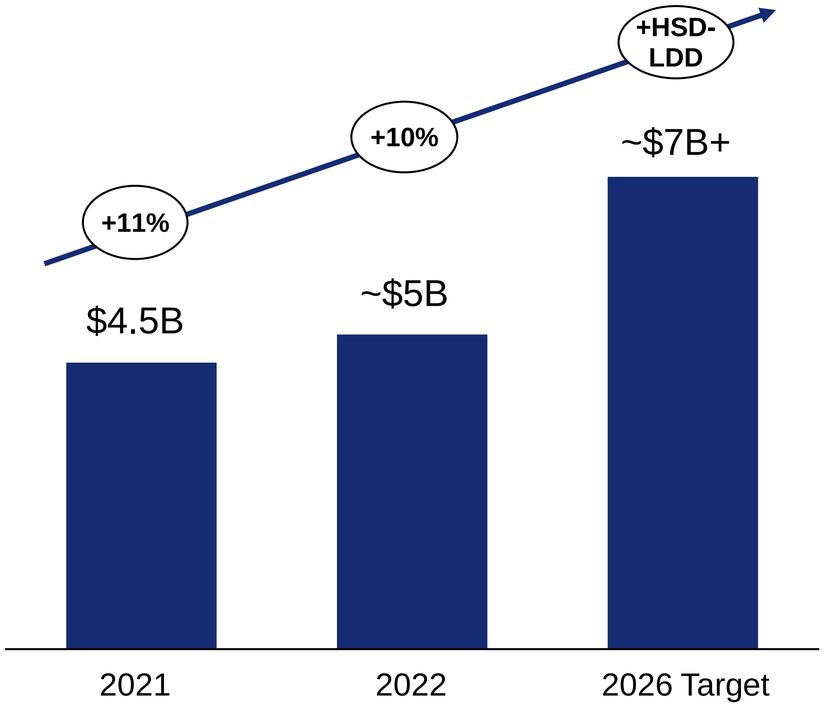
*Excludes Toshiba Carrier Corporation

Digitally-Enabled Aftermarket Solutions

Aftermarket Sales Outlook



Aftermarket Highlights

Double-digit aftermarket growth in Q2; up mid-teens YTD

Abound being implemented across Carrier facilities and serving as a compelling proof-point with large scale customers

Secured key win with Ocean Network Express for Lynx subscriptions; on track for significant year-over-year Lynx subscription growth

On-track for ~80K chillers under long-term agreements by year-end 2023

Increased chiller attachment rate to mid-40s in Q2 2023

Expected double-digit aftermarket growth in 2023; positioned to outpace the market going forward

Portfolio Transformation Update

Viessmann Climate Solutions

- ✓ Integration planning progressing well; anticipate to close around year-end
- ✓ Tremendous team, culture, technology, channel
- ✓ Underlying business executing well; sales up ~20% YTD with strong margin expansion
  - ✓ On track for ~€4B of revenue and ~€0.7B of EBITDA* in 2023
- ✓ Confident in ~€200M cost synergies; quantifying additional topline synergy opportunities

Fire & Security and Commercial Refrigeration

- ✓ Dedicated teams progressing business exits
- ✓ Expect to be in the market for commercial refrigeration (now including Profoid mechanical systems), security, and industrial fire over the next few months
- ✓ Residential and commercial fire businesses to follow

Moving with speed while ensuring value maximization

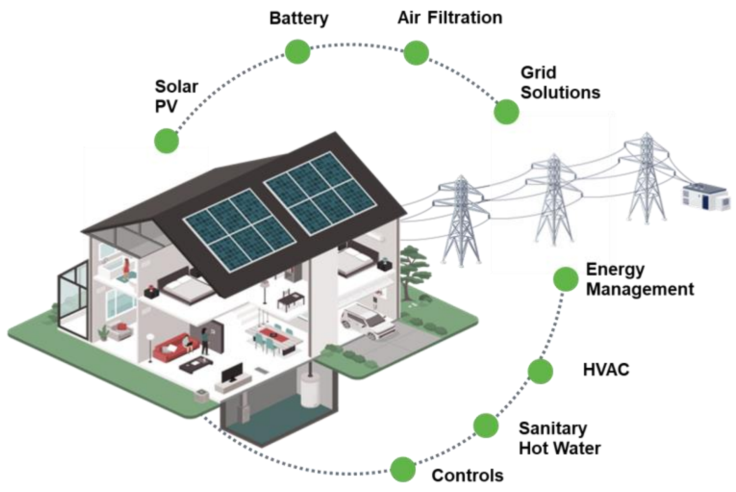
*See appendix for additional information regarding non-GAAP measures

Carrier: A Global Climate Champion

Higher growth, higher impact

	Americas	Europe	Asia Pacific
Commercial HVAC	Carrier	Carrier	Carrier
Residential and Light Commercial HVAC	Carrier	Carrier VIESMANN Climate Solutions *	Carrier TOSHIBA Carrier GIWEE 积微
Transport Refrigeration	Carrier	Carrier	Carrier

Complete Energy Management Solutions



Differentiated, sustainable solutions for generations to come

*The transaction with Viessmann Climate Solutions is subject to customary closing conditions, including receipt of specified regulatory approvals, and is expected to close around year-end

Q2 2023 Results

	Q2 2023	Q2 2022	Y/Y
Sales	$5,992M	$5,211M	15%
Organic sales*			6%
Acquisitions			10%
Divestitures			(1%)
Adjusted operating profit*	$964M	$862M	12%
Adjusted operating margin*	16.1%**	16.5%	(40 bps)
Adjusted effective tax rate*	23.3%	22.9%	
Adjusted EPS*	$0.79	$0.70	13%
Free cash flow*	$310M	($34M)	

*See appendix for additional information regarding non-GAAP measures
**Includes ~100 bps negative impact from consolidation of Toshiba Carrier Corporation (TCC)

Q2 2023 HVAC Results

	Q2 2023	Y/Y
Sales	$4,216M	24%
Organic sales*		9%
Acquisitions / divestitures, net		16%
FX		(1%)
Adjusted operating profit*	$791M	29%
Adjusted operating margin*	18.8%	70 bps

Carrier China agreed on a contract with Canadian Solar for 19 AquaEdge® 19XRE water-cooled centrifugal chillers for manufacturing capacity of 14GW solar cells and 4GW modules for Canadian Solar's Thailand facility to meet the growing demand for sustainable energy in Southeast Asia. Over the past 22 years, Canadian Solar has successfully delivered around 88 GW of premium-quality, solar photovoltaic modules to customers across the world.

Highlights

Light commercial HVAC sales and backlog up over 60%

Commercial HVAC sales up high-teens

NA residential HVAC sales down MSD

Expanded adjusted operating margin Y/Y despite ~200 bps negative impact from Toshiba consolidation

TCC performing better than expected

*See appendix for additional information regarding non-GAAP measures

Toshiba Carrier Corp. Performance Update

- ✓ Closed August 2022; paid ~$900M for ~$90M incremental operating profit
- ✓ Fully integrated organizational model accelerating execution
- ✓ Strong financial performance driven by sales growth, price increases and synergies
- ✓ Strong momentum on synergy opportunities and realization

Key Financial Metrics

	Current Target	Initial Target
Synergies	~$200M *By year 5*	~$100M *By year 5*
Profitability	High-teens adjusted EBITDA* margin by year 5	Mid-teens adjusted EBITDA* margin by year 5

Successfully integrating and exceeding expectations

*See appendix for additional information regarding non-GAAP measures

Q2 2023 Refrigeration Results

	Q2 2023	Y/Y
Sales	$972M	(7%)
Organic sales*		(6%)
Acquisitions / divestitures, net		(1%)
Adjusted operating profit*	$119M	(22%)
Adjusted operating margin*	12.2%	(240) bps

Carrier's International Truck and Trailer business entered into an agreement with Brakes (A Sysco company), a foodservice wholesaler in the UK, for approximately 90 engineless transport units. Carrier Transicold's engineless, sustainable offerings are a meaningful part of reaching our 2030 ESG goals and helping our customers meet their own sustainability targets.

Highlights

Global Truck/Trailer sales up double-digits, orders up more than 40%

Container and Commercial Refrigeration sales and orders down as expected

Sequential growth in Container

Continued strong momentum for electric transport units

Expect to return to organic sales growth in H2 2023

*See appendix for additional information regarding non-GAAP measures

Q2 2023 Fire & Security Results

	Q2 2023	Y/Y
Sales	$932M	5%
Organic sales*		9%
FX		(1%)
Deconsolidation of KFI		(3%)
Adjusted operating profit*	$137M	1%
Adjusted operating margin*	14.7%	(50) bps

Marioff was selected to participate in the reconstruction of the world-renowned Notre Dame Cathedral in Paris following the devastating structural fire of 2019. The Marioff HI-FOG ® high-pressure water mist fire suppression system will be installed inside the roof to protect the framework from potential future fire hazards.

Highlights

Double-digit sales growth in Industrial Fire and Security

HSD sales growth in Commercial and Residential Fire

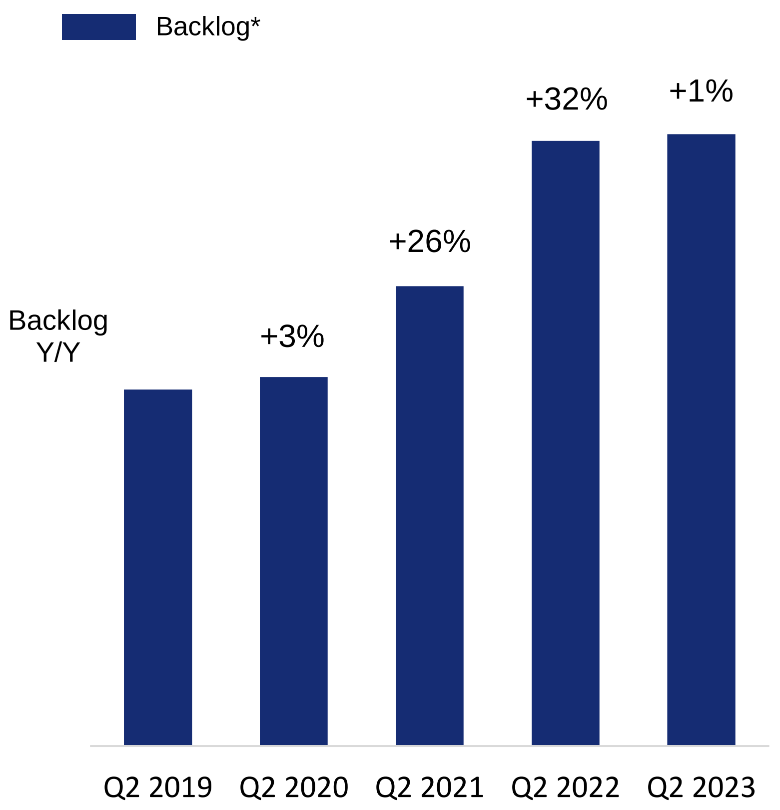
Margins improved sequentially

Price / cost positive

*See appendix for additional information regarding non-GAAP measures

Organic Order Trends

Backlog Trend*



Orders by Key Business Line	Q2 2023 (Y/Y)
HVAC**	(10%) – (5%)
Residential & Light Commercial	*(15%) – (10%)*
*Commercial HVAC***	*~(5%)*
Refrigeration	~10%
Transport Refrigeration	*15% - 20%*
Commercial Refrigeration	*(10%) – (5%)*
Fire & Security	
Fire & Security Products	*(10%) – (5%)*
Total Carrier**	~(5%)

Orders by Geography	Q2 2023
Americas**	(10%) – (5%)
EMEA	~(5%)
China	~15%
Asia excluding China	~(10%)

Backlog remains strong; normalizing lead times affecting year over year order comparison

*Excludes NORESCO, Chubb, and Toshiba Carrier Corp
**Excludes NORESCO

2023 Guidance

	Current Guidance	Prior Guidance
Sales	Over $22B Organic* up MSD *FX ~0%* *Acquisitions / Divestitures, net +~5%*	~$22B Organic* up LSD - MSD *FX ~0%* *Acquisitions +~6%*
Adjusted Operating Margin*	14.0% – 14.5% *Includes ~50 bps negative impact from TCC*	~14% *Includes ~50 bps negative impact from TCC*
Adjusted EPS*	$2.55 - $2.65	$2.50 - $2.60
Free Cash Flow*	~$1.9B	~$1.9B

Segment Adjusted Operating Margin*

	Current Guidance	Prior Guidance
HVAC	~16%	Over 15%
Refrigeration	~13%	~13%
Fire & Security	~15.5%	~15.5%

*See appendix for additional information regarding non-GAAP measures

Key Q2 Takeaways

- Solid 6% organic growth despite a residential HVAC decline
  - 9% organic growth in HVAC and Fire and Security
  - Aftermarket up double-digits
  - Secular trends continue to drive demand

- Full year price/cost equation improving to ~$300M and on-track for ~$300M gross productivity

- TCC performing ahead of expectations

- Viessmann combination and business exit timelines remain on-track

- Raising full year organic growth, adjusted operating margin and adjusted EPS guidance despite KFI deconsolidation

Performing while transforming

*See appendix for additional information regarding non-GAAP measures

APPENDIX

Use and Definitions of Non-GAAP Financial Measures

Carrier Global Corporation (“Carrier”) reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

Organic sales, adjusted operating profit, adjusted operating margin, incremental margins / earnings conversion, earnings before interest, taxes and depreciation and amortization (“EBITDA”), adjusted EBITDA, adjusted net income, adjusted earnings per share (“EPS”), adjusted interest expense, net, adjusted effective tax rate and net debt are non-GAAP financial measures.

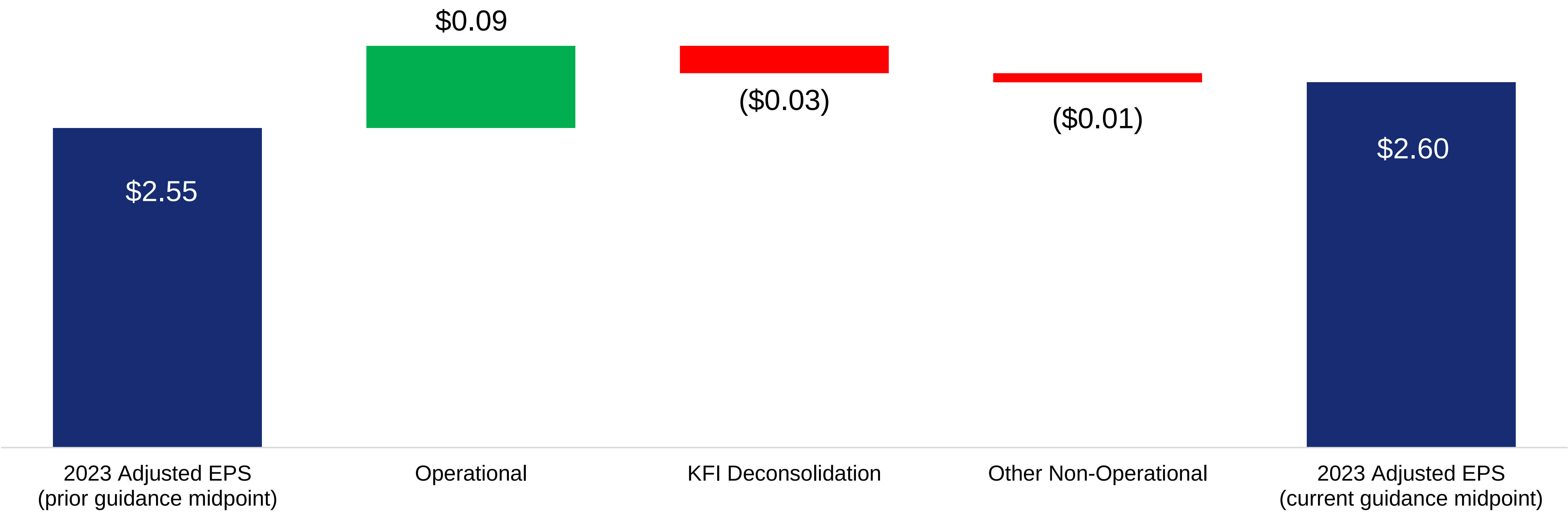
Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items of a nonoperational nature (hereinafter referred to as “other significant items”). Adjusted operating profit represents operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted operating margin represents adjusted operating profit as a percentage of net sales (a GAAP measure). Incremental margins / earnings conversion represents the year-over-year change in adjusted operating profit divided by the year-over-year change in net sales. EBITDA represents net income attributable to common shareholders (a GAAP measure), adjusted for interest income and expense, income tax expense, and depreciation and amortization. Adjusted EBITDA represents EBITDA, as calculated above, excluding non-service pension benefit, non-controlling interest in subsidiaries’ earnings from operations, restructuring costs and other significant items. Adjusted net income represents net income attributable to common shareowners (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted EPS represents diluted earnings per share (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted interest expense, net represents interest expense (a GAAP measure) and interest income (a GAAP measure), net excluding other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Net debt represents long-term debt (a GAAP measure) less cash and cash equivalents (a GAAP measure). For the business segments, when applicable, adjustments of operating profit and operating margins represent operating profit, excluding restructuring, amortization of acquired intangibles and other significant items.

Free cash flow is a non-GAAP financial measure that represents net cash flows provided by operating activities (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing Carrier’s ability to fund its activities, including the financing of acquisitions, debt service, repurchases of Carrier's common stock and distribution of earnings to shareowners.

Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price and may not be subject to penalty if cancelled.

When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, adjusted interest expense, net, adjusted effective tax rate, incremental margins/earnings conversion, EBITDA, adjusted EBITDA, adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected net sales, operating profit, operating margin, interest expense, effective tax rate, incremental operating margin, net income attributable to common shareowners, diluted EPS and net cash flows provided by operating activities) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, future restructuring costs, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

2023 Adjusted EPS* Guidance Bridge



*See appendix for additional information regarding non-GAAP measures

Additional Items

	Current Guidance	Prior Guidance
Shares outstanding (diluted)	850M – 855M	850M – 855M
Corporate expenses / eliminations	~$225M	~$200M
Adjusted interest expense, net*	~$185M - $195M	~$185M - $190M
Adjusted effective tax rate*	~23%	~23%
Non-service pension income / (expense)	~$0M	~$0M
Capital expenditures	~$400M	~$400M
Depreciation & amortization	~$550M	~$500M

*See appendix for additional information regarding non-GAAP measures

Carrier Q2 2023 vs 2022 Sales Reconciliation

Y/Y %

Three Months Ended June 30, 2023 Compared with Three Months Ended June 30, 2022

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	9 %	(1) %	16 %	— %	24 %
Refrigeration	(6) %	— %	(1) %	— %	(7) %
Fire & Security	9 %	(1) %	— %	(3) %	5 %
Consolidated	**6 %**	**— %**	**9 %**	**— %**	**15 %**

Six Months Ended June 30, 2023 Compared with Six Months Ended June 30, 2022

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	7 %	(1) %	17 %	— %	23 %
Refrigeration	(5) %	(1) %	(1) %	— %	(7) %
Fire & Security	9 %	(2) %	— %	(1) %	6 %
Consolidated	**5 %**	**(1)%**	**10 %**	**— %**	**14 %**

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See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

2023 Adjusted Operating Profit Reconciliation

(In millions)	(Unaudited) Three Months Ended June 30, 2023 HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	**$ 4,216**	**$ 972**	**$ 932**	**$ (128)**	**$ —**	**$ 5,992**
Segment operating profit	**$ 742**	**$ 112**	**$ (157)**	**$ (146)**	**$ (62)**	**$ 489**
Reported operating margin	*17.6 %*	*11.5 %*	*(16.8)%*			*8.2 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 3	$ 7	$ (1)	$ —	$ —	$ 9
Amortization of acquired intangibles	36	—	2	—	—	38
Acquisition step-up amortization (1)	10	—	—	—	—	10
Acquisition-related costs	—	—	—	—	14	14
Viessmann-related hedges	—	—	—	111	—	111
KFI deconsolidation	—	—	293	—	—	293
Total adjustments to operating profit	$ 49	$ 7	$ 294	$ 111	$ 14	$ 475
Adjusted operating profit	**$ 791**	**$ 119**	**$ 137**	**$ (35)**	**$ (48)**	**$ 964**
Adjusted operating margin	*18.8 %*	*12.2 %*	*14.7 %*			*16.1 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

2022 Adjusted Operating Profit Reconciliation

	(Unaudited)					
	Three Months Ended June 30, 2022					
(In millions)	**HVAC**	**Refrigeration**	**Fire & Security**	**Eliminations and Other**	**General Corporate Expenses**	**Carrier**
Net sales	**$ 3,388**	**$ 1,041**	**$ 887**	**$ (105)**	**$ —**	**$ 5,211**
Segment operating profit	**$ 585**	**$ 147**	**$ 134**	**$ (16)**	**$ (31)**	**$ 819**
Reported operating margin	*17.3 %*	*14.1 %*	*15.1 %*			*15.7 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 2	$ 6	$ 3	$ —	$ 2	$ 13
Amortization of acquired intangibles	4	—	1	—	—	5
Acquisition-related costs	—	—	—	—	7	7
Russia/Ukraine asset impairment	—	(1)	(3)	—	—	(4)
Charge resulting from legal matter	22	—	—	—	—	22
Total adjustments to operating profit	$ 28	$ 5	$ 1	$ —	$ 9	$ 43
Adjusted operating profit	**$ 613**	**$ 152**	**$ 135**	**$ (16)**	**$ (22)**	**$ 862**
Adjusted operating margin	*18.1 %*	*14.6 %*	*15.2 %*			*16.5 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

2023 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Six Months Ended June 30, 2023					
Net sales	**$ 7,838**	**$ 1,870**	**$ 1,801**	**$ (244)**	**$ —**	**$ 11,265**
Segment operating profit	**$ 1,177**	**$ 220**	**$ (64)**	**$ (184)**	**$ (105)**	**$ 1,044**
Reported operating margin	*15.0 %*	*11.8 %*	*(3.6)%*			*9.3 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 2	$ 10	$ 12	$ 2	$ —	$ 26
Amortization of acquired intangibles	73	—	4	—	—	77
Acquisition step-up amortization (1)	21	—	—	—	—	21
Acquisition-related costs	—	—	—	—	26	26
Viessmann-related hedges	—	—	—	111	—	111
TCC acquisition-related gain (2)	8	—	—	—	—	8
KFI deconsolidation	—	—	293	—	—	293
Total adjustments to operating profit	$ 104	$ 10	$ 309	$ 113	$ 26	$ 562
Adjusted operating profit	**$ 1,281**	**$ 230**	**$ 245**	**$ (71)**	**$ (79)**	**$ 1,606**
Adjusted operating margin	*16.3 %*	*12.3 %*	*13.6 %*			*14.3 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.
(2) The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

2022 Adjusted Operating Profit Reconciliation

	(Unaudited)					
	Six Months Ended June 30, 2022					
(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	**$ 6,358**	**$ 2,017**	**$ 1,705**	**$ (215)**	**$ —**	**$ 9,865**
Segment operating profit	**$ 1,055**	**$ 254**	**$ 1,352**	**$ (40)**	**$ (65)**	**$ 2,556**
Reported operating margin	*16.6 %*	*12.6 %*	*79.3 %*			*25.9 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 6	$ 6	$ 9	$ —	$ 2	$ 23
Amortization of acquired intangibles	8	—	2	—	—	10
Acquisition-related costs	—	—	—	—	13	13
Chubb gain	—	—	(1,112)	—	—	(1,112)
Russia/Ukraine asset impairment	—	4	1	—	—	5
Charge resulting from legal matter	22	—	—	—	—	22
Total adjustments to operating profit	$ 36	$ 10	$ (1,100)	$ —	$ 15	$ (1,039)
Adjusted operating profit	**$ 1,091**	**$ 264**	**$ 252**	**$ (40)**	**$ (50)**	**$ 1,517**
Adjusted operating margin	*17.2 %*	*13.1 %*	*14.8 %*			*15.4 %*

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

Q2 2023 EPS Reconciliation

	(Unaudited)											
	Three Months Ended June 30, 2023						Six Months Ended June 30, 2023					
(In millions, except per share amounts)	Reported	Adjustments		Adjusted			Reported	Adjustments		Adjusted		
Net sales	**$ 5,992**	**$ —**		**$ 5,992**			**$ 11,265**	**$ —**		**$ 11,265**		
Operating profit	$ 489	475	a	$ 964			$ 1,044	562	a	$ 1,606		
Operating margin	*8.2 %*			*16.1 %*			*9.3 %*			*14.3 %*		
Income from operations before income taxes	$ 422	496	a,b	$ 918			$ 931	583	a,b	$ 1,514		
Income tax expense	$ (189)	(25)	c	$ (214)			$ (311)	(43)	c	$ (354)		
Effective tax rate	*44.8 %*			*23.3 %*			*33.4 %*			*23.4 %*		
Net income attributable to common shareowners	**$ 199**	**$ 471**		**$ 670**			**$ 572**	**$ 540**		**$ 1,112**		
Summary of Adjustments:												
Restructuring costs		$ 9	a					$ 26	a			
Amortization of acquired intangibles		38	a					77	a			
Acquisition step-up amortization (1)		10	a					21	a			
Acquisition-related costs		14	a					26	a			
Viessmann-related hedges		111	a					111	a			
TCC acquisition-related gain (2)		—	a					8	a			
KFI deconsolidation		293	a					293	a			
Bridge loan financing costs		21	b					21	b			
Total adjustments		$ 496						$ 583				
Tax effect on adjustments above		$ (25)						$ (43)				
Total tax adjustments		$ (25)	c					$ (43)	c			
Shares outstanding - Diluted	850.9			850.9			851.5			851.5		
Earnings per share - Diluted	**$ 0.23**			**$ 0.79**			**$ 0.67**			**$ 1.31**		

(1) Amortization of the step-up to fair value of acquired inventory and backlog.
(2) The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Q2 2022 EPS Reconciliation

	(Unaudited)					
	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
(In millions, except per share amounts)	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	**$ 5,211**	**$ —**	**$ 5,211**	**$ 9,865**	**$ —**	**$ 9,865**
Operating profit	$ 819	43 a	$ 862	$ 2,556	(1,039) a	$ 1,517
Operating margin	*15.7 %*		*16.5 %*	*25.9 %*		*15.4 %*
Income from operations before income taxes	$ 757	43 a,b	$ 800	$ 2,445	(1,067) a,b	$ 1,378
Income tax expense	$ (170)	(13) c	$ (183)	$ (471)	195 c	$ (276)
Effective tax rate	*22.5 %*		*22.9 %*	*19.3 %*		*20.0 %*
Net income attributable to common shareowners	**$ 573**	**$ 30**	**$ 603**	**$ 1,952**	**$ (872)**	**$ 1,080**
Summary of Adjustments:						
Restructuring costs		$ 13 a			$ 23 a	
Amortization of acquired intangibles		5 a			10 a	
Acquisition-related costs		7 a			13 a	
Chubb gain		— a			(1,112) a	
Russia/Ukraine asset impairment		(4) a			5 a	
Charge resulting from legal matter		22 a			22 a	
Debt extinguishment (gain), net [(1)]		— b			(28) b	
Total adjustments		$ 43			$ (1,067)	
Tax effect on adjustments above		$ (8)			$ 200	
Tax specific adjustments		(5)			(5)	
Total tax adjustments		$ (13) c			$ 195 c	
Shares outstanding - Diluted	862.7		862.7	868.4		868.4
Earnings per share - Diluted	**$ 0.67**		**$ 0.70**	**$ 2.25**		**$ 1.24**

(1) The Company repurchased approximately $1.15 billion of aggregate principal senior notes on March 30, 2022 and recognized a net gain of $33 million and wrote-off $5 million of unamortized deferred financing costs in Interest (expense) income, net.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Free Cash Flow Reconciliation

(In millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
	(Unaudited)						
Net cash flows provided by (used in) operating activities	$ (202)	$ 32	$ 790	$ 1,123	$ 1,743	$ 120	$ 384
Less: Capital expenditures	56	66	91	140	353	70	74
Free cash flow	**$ (258)**	**$ (34)**	**$ 699**	**$ 983**	**$ 1,390**	**$ 50**	**$ 310**

Carrier

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Net Debt Reconciliation

(In millions)	(Unaudited) June 30, 2023	December 31, 2022
Long-term debt	$ 8,655	$ 8,702
Current portion of long-term debt	134	140
Less: Cash and cash equivalents	3,209	3,520
Net debt	**$ 5,580**	**$ 5,322**

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Amortization of Acquired Intangibles

	(Unaudited)				
(In millions)	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**FY 2022**
HVAC	$ 4	$ 4	$ 16	$ 22	$ 46
Fire & Security	1	1	1	1	4
Total Carrier	5	5	17	23	50
Associated tax effect	(1)	(1)	(7)	(4)	(13)
Net impact to adjusted results	**$ 4**	**$ 4**	**$ 10**	**$ 19**	**$ 37**

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures