UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-39220

CARRIER GLOBAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**83-4051582**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418
(Address of principal executive offices, including zip code)
(561) 365-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	CARR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 16, 2023, there were 839,046,579 shares of Common Stock outstanding.

CARRIER GLOBAL CORPORATION

CONTENTS OF QUARTERLY REPORT ON FORM 10-Q

Three and Nine Months Ended September 30, 2023

Carrier Global Corporation and its subsidiaries' names, abbreviations thereof, logos and product and service designators are all either the registered or unregistered trademarks or trade names of Carrier Global Corporation and its subsidiaries. Names, abbreviations of names, logos and products and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners. As used herein, the terms "we," "us," "our," "the Company" or "Carrier," unless the context otherwise requires, mean Carrier Global Corporation and its subsidiaries. References to internet websites in this Form 10-Q are provided for convenience only. Information available through these websites is not incorporated by reference into this Form 10-Q.

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net sales				
Product sales	$ 5,081	$ 4,891	$ 15,122	$ 13,723
Service sales	650	560	1,874	1,593
Total Net sales	5,731	5,451	16,996	15,316
Costs and expenses				
Cost of products sold	(3,428)	(3,569)	(10,655)	(9,930)
Cost of services sold	(487)	(405)	(1,392)	(1,169)
Research and development	(157)	(143)	(447)	(390)
Selling, general and administrative	(831)	(624)	(2,336)	(1,839)
Total Costs and expenses	(4,903)	(4,741)	(14,830)	(13,328)
Equity method investment net earnings	75	63	171	222
Other income (expense), net	(258)	753	(648)	1,872
Operating profit	645	1,526	1,689	4,082
Non-service pension (expense) benefit	—	—	—	(2)
Interest (expense) income, net	(51)	(56)	(164)	(165)
Income from operations before income taxes	594	1,470	1,525	3,915
Income tax (expense) benefit	(213)	(138)	(524)	(609)
Net income from operations	381	1,332	1,001	3,306
Less: Non-controlling interest in subsidiaries' earnings from operations	24	20	72	42
Net income attributable to common shareowners	**$ 357**	**$ 1,312**	**$ 929**	**$ 3,264**
Earnings per share				
Basic	$ 0.43	$ 1.56	$ 1.11	$ 3.86
Diluted	**$ 0.42**	**$ 1.53**	**$ 1.09**	**$ 3.78**
Weighted-average number of shares outstanding				
Basic	838.7	839.6	836.6	846.1
Diluted	**854.7**	**856.5**	**852.7**	**864.3**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income from operations	$ 381	$ 1,332	$ 1,001	$ 3,306
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments arising during period	(246)	(645)	(255)	(1,195)
Pension and post-retirement benefit plan adjustments	—	2	—	2
Unrealized cash flow hedging gain (loss) arising during period	80	—	80	—
Chubb divestiture	—	—	—	(245)
Other comprehensive income (loss), net of tax	(166)	(643)	(175)	(1,438)
Comprehensive income (loss)	215	689	826	1,868
Less: Comprehensive income (loss) attributable to non-controlling interest	23	7	65	20
Comprehensive income (loss) attributable to common shareowners	**$ 192**	**$ 682**	**$ 761**	**$ 1,848**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions)	As of September 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	$ 3,902	$ 3,520
Accounts receivable, net	3,030	2,833
Contract assets, current	605	537
Inventories, net	2,562	2,640
Other assets, current	412	349
Total current assets	10,511	9,879
Future income tax benefits	712	612
Fixed assets, net	2,210	2,241
Operating lease right-of-use assets	577	642
Intangible assets, net	1,100	1,342
Goodwill	9,825	9,977
Pension and post-retirement assets	29	26
Equity method investments	1,166	1,148
Other assets	414	219
Total Assets	**$ 26,544**	**$ 26,086**
Liabilities and Equity		
Accounts payable	$ 2,887	$ 2,833
Accrued liabilities	2,832	2,610
Contract liabilities, current	496	449
Current portion of long-term debt	134	140
Total current liabilities	6,349	6,032
Long-term debt	8,651	8,702
Future pension and post-retirement obligations	337	349
Future income tax obligations	553	568
Operating lease liabilities	465	529
Other long-term liabilities	1,687	1,830
Total Liabilities	18,042	18,010
Commitments and contingent liabilities (Note 19)		
Equity		
Common stock	9	9
Treasury stock	(1,972)	(1,910)
Additional paid-in capital	5,517	5,481
Retained earnings	6,486	5,866
Accumulated other comprehensive loss	(1,856)	(1,688)
Non-controlling interest	318	318
Total Equity	8,502	8,076
Total Liabilities and Equity	**$ 26,544**	**$ 26,086**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance as of December 31, 2022	$ (1,688)	$ 9	$ (1,910)	$ 5,481	$ 5,866	$ 318	$ 8,076
Net income	—	—	—	—	373	14	387
Other comprehensive income (loss), net of tax	52	—	—	—	—	2	54
Shares issued under incentive plans, net	—	—	—	(9)	—	—	(9)
Stock-based compensation	—	—	—	22	—	—	22
Treasury stock repurchase	—	—	(62)	—	—	—	(62)
Balance as of March 31, 2023	**$ (1,636)**	**$ 9**	**$ (1,972)**	**$ 5,494**	**$ 6,239**	**$ 334**	**$ 8,468**
Net income	—	—	—	—	199	34	233
Other comprehensive income (loss), net of tax	(55)	—	—	—	—	(8)	(63)
Dividends declared on common stock [(1)]	—	—	—	—	(309)	—	(309)
Shares issued under incentive plans, net	—	—	—	(18)	—	—	(18)
Stock-based compensation	—	—	—	18	—	—	18
Dividends attributable to non-controlling interest	—	—	—	—	—	(41)	(41)
Balance as of June 30, 2023	**$ (1,691)**	**$ 9**	**$ (1,972)**	**$ 5,494**	**$ 6,129**	**$ 319**	**$ 8,288**
Net income	—	—	—	—	357	24	381
Other comprehensive income (loss), net of tax	(165)	—	—	—	—	(1)	(166)
Stock-based compensation	—	—	—	23	—	—	23
Dividends attributable to non-controlling interest	—	—	—	—	—	(2)	(2)
Sale of non-controlling interest	—	—	—	—	—	(22)	(22)
Balance as of September 30, 2023	**$ (1,856)**	**$ 9**	**$ (1,972)**	**$ 5,517**	**$ 6,486**	**$ 318**	**$ 8,502**

[(1)] Cash dividends declared were $0.37 per share for the three months ended June 30, 2023.

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance as of December 31, 2021	$ (989)	$ 9	$ (529)	$ 5,411	$ 2,865	$ 327	$ 7,094
Net income	—	—	—	—	1,379	8	1,387
Other comprehensive income (loss), net of tax	(308)	—	—	—	—	—	(308)
Shares issued under incentive plans, net	—	—	—	(17)	—	—	(17)
Stock-based compensation	—	—	—	21	—	—	21
Dividends attributable to non-controlling interest	—	—	—	—	—	(1)	(1)
Sale of non-controlling interest	—	—	—	—	—	(5)	(5)
Treasury stock repurchase	—	—	(741)	—	—	—	(741)
Balance as of March 31, 2022	**$ (1,297)**	**$ 9**	**$ (1,270)**	**$ 5,415**	**$ 4,244**	**$ 329**	**$ 7,430**
Net income	—	—	—	—	573	14	587
Other comprehensive income (loss), net of tax	(478)	—	—	—	—	(9)	(487)
Dividends declared on common stock [1]	—	—	—	—	(253)	—	(253)
Conversion of cash settled awards	—	—	—	6	—	—	6
Stock-based compensation	—	—	—	20	—	—	20
Dividends attributable to non-controlling interest	—	—	—	—	—	(38)	(38)
Treasury stock repurchase	—	—	(273)	—	—	—	(273)
Balance as of June 30, 2022	**$ (1,775)**	**$ 9**	**$ (1,543)**	**$ 5,441**	**$ 4,564**	**$ 296**	**$ 6,992**
Net income	—	—	—	—	1,312	20	1,332
Other comprehensive income (loss), net of tax	(630)	—	—	—	—	(13)	(643)
Stock-based compensation	—	—	—	17	—	—	17
Dividends attributable to non-controlling interest	—	—	—	—	—	(1)	(1)
Acquisition of non-controlling interest	—	—	—	5	—	22	27
Sale of non-controlling interest	—	—	—	—	—	(13)	(13)
Treasury stock repurchase	—	—	(248)	—	—	—	(248)
Balance as of September 30, 2022	**$ (2,405)**	**$ 9**	**$ (1,791)**	**$ 5,463**	**$ 5,876**	**$ 311**	**$ 7,463**

[1] Cash dividends declared were $0.30 per share for the three months ended June 30, 2022.

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Operating Activities		
Net income from operations	$ 1,001	$ 3,306
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	407	257
Deferred income tax provision	(151)	(107)
Stock-based compensation costs	63	58
Equity method investment net earnings	(171)	(222)
(Gain) loss on extinguishment of debt	—	(36)
(Gain) loss on sale of investments / deconsolidation	278	(1,844)
Changes in operating assets and liabilities		
Accounts receivable, net	(297)	(433)
Contract assets, current	(74)	(201)
Inventories, net	7	(492)
Other assets, current	(75)	(3)
Accounts payable and accrued liabilities	491	180
Contract liabilities, current	55	34
Defined benefit plan contributions	(17)	(10)
Distributions from equity method investments	45	55
Other operating activities, net	(17)	78
Net cash flows provided by (used in) operating activities	1,545	620
Investing Activities		
Capital expenditures	(236)	(213)
Investment in businesses, net of cash acquired	(69)	(472)
Dispositions of businesses	54	2,944
Settlement of derivative contracts, net	(66)	(202)
Kidde-Fenwal, Inc. deconsolidation	(134)	—
Other investing activities, net	20	(12)
Net cash flows provided by (used in) investing activities	(431)	2,045
Financing Activities		
Increase (decrease) in short-term borrowings, net	(35)	(125)
Issuance of long-term debt	14	421
Repayment of long-term debt	(15)	(1,185)
Repurchases of common stock	(62)	(1,261)
Dividends paid on common stock	(465)	(384)
Dividends paid to non-controlling interest	(46)	(22)
Other financing activities, net	(79)	(28)
Net cash flows provided by (used in) financing activities	(688)	(2,584)
Effect of foreign exchange rate changes on cash and cash equivalents	(45)	(115)
Net increase (decrease) in cash and cash equivalents and restricted cash	381	(34)
Cash, cash equivalents and restricted cash, beginning of period	3,527	3,025
Cash, cash equivalents and restricted cash, end of period	3,908	2,991
Less: restricted cash	6	6
Cash and cash equivalents, end of period	**$ 3,902**	**$ 2,985**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: DESCRIPTION OF THE BUSINESS

Carrier Global Corporation (the "Company") is a global leader in intelligent climate and energy solutions with a focus on providing differentiated, digitally-enabled lifecycle solutions to its customers. The Company's portfolio includes industry-leading brands such as Carrier, Toshiba, Automated Logic, Carrier Transicold, Kidde, Edwards and LenelS2 that offer innovative heating, ventilating, air conditioning ("HVAC"), refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable. The Company also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring. The Company's operations are classified into three segments: HVAC, Refrigeration and Fire & Security.

In the opinion of management, the accompanying Unaudited Condensed Consolidated Financial Statements contain all adjustments (which include normal recurring adjustments) necessary to state fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). The accompanying Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for 2022 filed with the SEC on February 7, 2023 (the "2022 Form 10-K").

NOTE 2: BASIS OF PRESENTATION

The Unaudited Condensed Consolidated Financial Statements include all accounts of the Company and its wholly-owned and majority-owned subsidiaries in which it has control. Inter-company accounts and transactions have been eliminated. Related party transactions between the Company and its equity method investees have not been eliminated. Non-controlling interest represents a non-controlling investor's interests in the results of subsidiaries that the Company controls and consolidates.

Planned Portfolio Transformation

On April 25, 2023, the Company announced that it entered into a Share Purchase Agreement (the “Agreement”) to acquire the climate solutions business (the "VCS Business") of Viessmann Group GmbH & Co. KG (“Viessmann”), a privately-held company, for approximately €12 billion. The VCS Business develops intelligent, integrated and sustainable technologies, including heat pumps, boilers, photovoltaic systems, home battery storage and digital solutions, primarily for residential customers in Europe. The transaction is expected to close around the end of 2023, subject to customary closing conditions and regulatory approvals. In addition, the Company also announced plans to exit its Fire & Security and Commercial Refrigeration businesses over the course of 2024. See Note 15 – Acquisitions and Note 16 - Divestitures for additional information.

Deconsolidation of Kidde-Fenwal, Inc.

On May 14, 2023, Kidde-Fenwal, Inc. ("KFI"), an indirect wholly-owned subsidiary of the Company, filed a petition for voluntary reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") in the United States Bankruptcy Court for the District of Delaware. KFI, an industrial fire detection and suppression business historically reported in the Company's Fire & Security segment, has indicated that it intends to use the bankruptcy process to explore strategic alternatives, including the sale of KFI as a going concern. KFI has further stated that, during the Chapter 11 process, KFI expects that there will be no significant interruptions to its business operations. As of the petition date, KFI was deconsolidated and its respective assets and liabilities were derecognized from the Company's Unaudited Condensed Consolidated Financial Statements. See Note 19 - Commitments and Contingent Liabilities for additional information.

Acquisition of Toshiba Carrier Corporation

On February 6, 2022, the Company entered into a binding agreement to acquire a majority ownership interest in Toshiba Carrier Corporation (“TCC”), a variable refrigerant flow ("VRF") and light commercial HVAC joint venture between Carrier and Toshiba Corporation. The acquisition was completed on August 1, 2022. As a result, the assets, liabilities and results of operations of TCC are consolidated in the accompanying Unaudited Condensed Consolidated Financial Statements as of the date of acquisition and reported within the Company's HVAC segment. Upon closing, Toshiba Corporation retained a 5% ownership interest in TCC. See Note 15 – Acquisitions for additional information.

Sale of Chubb Fire & Security Business

On July 26, 2021, the Company entered into a stock purchase agreement to sell its Chubb Fire and Security business ("Chubb") to APi Group Corporation ("APi"). Chubb, which was reported within the Company's Fire & Security segment, delivered essential fire safety and security solutions from design and installation to monitoring, service and maintenance across more than 17 countries around the globe. The sale of Chubb was completed on January 3, 2022 (the "Chubb Sale"). See Note 16 - Divestitures for additional information.

Separation from United Technologies

On April 3, 2020 (the Distribution Date"), United Technologies Corporation ("UTC"), since renamed RTX Corporation ("Raytheon Technologies Corporation" or "RTX"), completed the spin-off of Carrier into an independent, publicly traded company (the "Separation") through a pro-rata distribution (the "Distribution") on a one-for-one basis of all of the outstanding shares of common stock of Carrier to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date of the Distribution. In connection with the Separation, the Company issued an aggregate principal balance of $11.0 billion of debt and transferred approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, the Company received cash contributions totaling $590 million from UTC related to the Separation.

Recently Issued and Adopted Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative U.S. GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues Accounting Standards Updates ("ASU") to communicate changes to the codification. The Company considers the applicability and impact of all ASUs. ASUs pending adoption were assessed and determined to be either not applicable or are not expected to have a material impact on the accompanying Unaudited Condensed Consolidated Financial Statements.

NOTE 3: INVENTORIES, NET

Inventories are stated at the lower of cost or estimated net realizable value. Cost is primarily determined based on the first-in, first-out inventory method ("FIFO") or average cost methods, which approximates current replacement cost. However, certain subsidiaries use the last-in, first-out inventory method ("LIFO").

Inventories, net consisted of the following:

(In millions)	September 30, 2023	December 31, 2022
Raw materials	$ 782	$ 884
Work-in-process	260	230
Finished goods	1,520	1,526
Inventories, net	**$ 2,562**	**$ 2,640**

The Company performs periodic assessments utilizing customer demand, production requirements and historical usage rates to determine the existence of excess and obsolete inventory and records necessary provisions to reduce such inventories to the lower of cost or estimated net realizable value. Raw materials, work-in-process and finished goods are net of valuation reserves of $230 million and $190 million as of September 30, 2023 and December 31, 2022, respectively.

NOTE 4: GOODWILL AND INTANGIBLE ASSETS

The Company records goodwill as the excess of the purchase price over the fair value of the net assets acquired in a business combination. Goodwill is tested and reviewed annually for impairment on July 1 or whenever there is a material change in events or circumstances that indicates that the fair value of the reporting unit may be less than its carrying value.

The changes in the carrying amount of goodwill were as follows:

(In millions)	HVAC	Refrigeration	Fire & Security	Total
Balance as of December 31, 2022	**$ 6,392**	**$ 1,197**	**$ 2,388**	**$ 9,977**
Acquisitions / divestitures	—	(4)	—	(4)
Foreign currency translation	(91)	(16)	(41)	(148)
Balance as of September 30, 2023	**$ 6,301**	**$ 1,177**	**$ 2,347**	**$ 9,825**

Indefinite-lived intangible assets are tested and reviewed annually for impairment on July 1 or whenever there is a material change in events or circumstances that indicates that the fair value of the asset may be less than the carrying amount of the asset. All other intangible assets with finite useful lives are amortized over their estimated useful lives.

Identifiable intangible assets consisted of the following:

	September 30, 2023			December 31, 2022		
(In millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Amortized:						
Customer relationships	$ 1,387	$ (766)	$ 621	$ 1,431	$ (720)	$ 711
Patents and trademarks	375	(201)	174	401	(191)	210
Service portfolios and other	915	(674)	241	953	(595)	358
	2,677	(1,641)	1,036	2,785	(1,506)	1,279
Unamortized:						
Trademarks and other	64	—	64	63	—	63
Intangible assets, net	**$ 2,741**	**$ (1,641)**	**$ 1,100**	**$ 2,848**	**$ (1,506)**	**$ 1,342**

Amortization of intangible assets was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2023	2022	2023	2022
Amortization expense of Intangible assets	$ 60	$ 38	$ 185	$ 79

Annual Impairment Test

The Company tested its goodwill and indefinite-lived intangible assets for impairment on July 1 as part of its annual assessment. For each test, the Company qualitatively assessed all relevant events or circumstances that could impact the estimate of fair value and determined it was more likely than not that the fair value of each reporting unit and indefinite-lived intangible assets exceeded their carrying amount.

NOTE 5: BORROWINGS AND LINES OF CREDIT

Long-term debt consisted of the following:

(In millions)	September 30, 2023	December 31, 2022
2.242% Notes due February 15, 2025	$ 1,200	$ 1,200
2.493% Notes due February 15, 2027	900	900
2.722% Notes due February 15, 2030	2,000	2,000
2.700% Notes due February 15, 2031	750	750
3.377% Notes due April 5, 2040	1,500	1,500
3.577% Notes due April 5, 2050	2,000	2,000
Total long-term notes	8,350	8,350
Japanese Term Loan Facility	362	404
Other debt (including project financing obligations and finance leases)	154	149
Discounts and debt issuance costs	(81)	(61)
Total debt	8,785	8,842
Less: current portion of long-term debt	134	140
Long-term debt, net of current portion	**$ 8,651**	**$ 8,702**

Japanese Term Loan Facility

On July 15, 2022, the Company entered into a five-year, JPY 54 billion (approximately $400 million) senior unsecured term loan facility with MUFG Bank Ltd., as administrative agent and lender, and certain other lenders (the "Japanese Term Loan Facility"). Borrowings under the Japanese Term Loan Facility bear interest at a rate equal to the Tokyo Term Risk Free Rate plus 0.75%. In addition, the Japanese Term Loan Facility is subject to customary covenants including a covenant to maintain a maximum consolidated leverage ratio. The Company capitalized $2 million of deferred financing costs which are being amortized over its term. On July 25, 2022, the Company borrowed JPY 54 billion under the Japanese Term Loan Facility and used the proceeds to fund a portion of the TCC acquisition and to pay related fees and expenses.

Revolving Credit Facility

On May 19, 2023, the Company entered into a revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and certain other lenders, permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated revolving credit facility that matures in May 2028 (the "Revolving Credit Facility"). The Revolving Credit Facility supports the Company's commercial paper program and can be used for other general corporate purposes. Borrowings are available in U.S. Dollars and Euros. U.S. Dollar borrowings can bear interest at either a Term SOFR Rate plus 0.10% and a ratings-based margin or, alternatively, at an alternate base rate plus a ratings-based margin. Euro borrowings bear interest at an adjusted EURIBOR rate plus a ratings-based margin. A ratings-based commitment fee is charged on unused commitments. Upon entering into the agreement, the Company terminated its existing revolving credit facility that was set to mature in April 2025. In addition, the Company capitalized $2 million of deferred financing costs which are being amortized over its term. As of September 30, 2023, there were no borrowings outstanding under the Revolving Credit Facility.

Commercial Paper Program

The Company has a $2.0 billion unsecured, unsubordinated commercial paper program, which can be used for general corporate purposes, including the funding of working capital and potential acquisitions. As of September 30, 2023, there were no borrowings outstanding under the commercial paper program.

Project Financing Arrangements

The Company is involved in long-term construction contracts in which it arranges project financing with certain customers. As a result, the Company issued $14 million and $27 million of debt during the nine months ended September 30, 2023 and 2022, respectively. Long-term debt repayments associated with these financing arrangements during the nine months ended September 30, 2023 and 2022 were $15 million and $70 million, respectively.

Debt Covenants

The Revolving Credit Facility, the indenture for the long-term notes and the Japanese Term Loan Facility contain affirmative and negative covenants customary for financings of these types, which, among other things, limit the Company's ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. As of September 30, 2023, the Company was in compliance with the covenants under the agreements governing its outstanding indebtedness.

Tender Offers

On March 15, 2022, the Company commenced tender offers to purchase up to $1.15 billion ("Aggregate Tender Cap") aggregate principal of the Company's 2.242% Notes due 2025 and 2.493% Notes due 2027 (together, the "Senior Notes"). The tender offers included payment of applicable accrued and unpaid interest up to the settlement date, along with a fixed spread for early repayment. Based on participation, the Company elected to settle the tender offers on March 30, 2022. The aggregate principal amount of Senior Notes validly tendered and accepted was approximately $1.15 billion, which included $800 million of Notes due 2025 and $350 million of Notes due 2027. As a result, the Company recognized a net gain of $33 million and wrote off $5 million of unamortized deferred financing costs within *Interest (expense) income, net* on the accompanying Unaudited Condensed Consolidated Statement of Operations during the three months ended March 31, 2022.

NOTE 6: **FAIR VALUE MEASUREMENTS**

ASC 820, *Fair Value Measurement* ("ASC 820"), defines fair value as the price that would be received if an asset is sold or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors, including foreign currency and commodity price risk. These exposures are managed through operational strategies and the use of undesignated hedging contracts. The Company's derivative assets and liabilities are measured at fair value on a recurring basis using internal models based on observable market inputs, such as forward, interest, contract and discount rates with changes in fair value reported in *Other income (expense), net* in the accompanying Unaudited Condensed Consolidated Statement of Operations.

In connection with the TCC acquisition, the Company funded a portion of the Yen-denominated purchase price with cash on hand by entering into cross currency swaps with SMBC Capital Markets, Inc., as syndication swap arranger, and certain other financial institutions. The cross currency swaps are measured at fair value on a recurring basis using observable market inputs, such as forward, discount and interest rates as well as credit default swap spreads. The Company designated the cross currency swaps as a partial hedge of its investment in certain subsidiaries whose functional currency is the Japanese Yen in order to manage foreign currency translation risk. As a result, changes in the fair value of the swaps are recorded in *Equity* in the accompanying Unaudited Condensed Consolidated Balance Sheet.

The remaining portion of the Yen-denominated purchase price was funded by the Japanese Term Loan Facility. The carrying value of the facility is translated on a recurring basis using the exchange rate at the end of the applicable period and approximates its fair value. The Company designated the Japanese Term Loan Facility as a partial hedge of its investment in certain subsidiaries whose functional currency is the Japanese Yen in order to manage foreign currency translation risk. As a result, changes in the carrying value of the Japanese Term Loan Facility associated with foreign exchange rate movements are recorded in *Equity* in the Unaudited Condensed Consolidated Balance Sheet.

In connection with the proposed acquisition of the VCS Business, the Company entered into window forward contracts with Bank of America N.A. and JPMorgan Chase Bank N.A. to mitigate the foreign currency risk of the expected cash outflows associated with the Euro-denominated purchase price. The instruments have an aggregate notional amount of €7 billion and a settlement window between November 28, 2023 and February 27, 2024. The window forward contracts are measured at fair value on a recurring basis using observable market inputs, such as forward, discount and interest rates with changes in fair value reported in *Other income (expense), net* in the accompanying Unaudited Condensed Consolidated Statement of Operations. During the three and nine months ended September 30, 2023, the Company recognized a $257 million and $368 million loss on the mark-to-market valuation of its window forward contracts, respectively.

During the three months ended September 30, 2023, the Company entered into several floating-to-fixed interest rate swap contracts to mitigate interest rate exposure on the forecasted issuance of long-term debt. The contracts have an aggregate notional amount of $1.275 billion and were designated as cash flow hedges. The interest rate swap contracts are measured at fair value on a recurring basis using observable market inputs, such as forward, discount and interest rates with changes in fair value reported in *Equity* in the accompanying Unaudited Condensed Consolidated Balance Sheet. During the three months ended September 30, 2023, the Company recorded an $80 million unrealized gain on the mark-to-market valuation of its interest rate swap contracts.

The following tables provide the valuation hierarchy classification of assets and liabilities that are recorded at fair value and measured on a recurring basis in the accompanying Unaudited Condensed Consolidated Balance Sheet:

(In millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
September 30, 2023				
Derivative assets [1][3]	$ 116	$ —	$ 116	$ —
Derivative liabilities [2][3]	$ (408)	$ —	$ (408)	$ —
December 31, 2022				
Derivative assets [1] [3]	$ 28	$ —	$ 28	$ —
Derivative liabilities [2] [3]	$ (48)	$ —	$ (48)	$ —

[1] Included in *Other assets, current* and *Other assets* on the accompanying Unaudited Condensed Consolidated Balance Sheet.
[2] Included in *Accrued liabilities* and *Other long-term liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet.
[3] Includes cross currency swaps, window forward contracts and interest rate swap contracts.

The following table provides the carrying amounts and fair values of the Company's long-term notes that are not recorded at fair value in the accompanying Unaudited Condensed Consolidated Balance Sheet:

	September 30, 2023		**December 31, 2022**	
(In millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Total long-term Notes [1]	$ 8,350	$ 6,653	$ 8,350	$ 6,832

[1] Excludes debt discount and issuance costs.

The fair value of the Company's long-term debt is measured based on observable market inputs which are considered Level 1 within the fair value hierarchy. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate fair value due to the short-term nature of these accounts and would be classified as Level 1 in the fair value hierarchy. The Company's financing leases and project financing obligations, included in *Long-term debt* and *Current portion of long-term debt* on the accompanying Unaudited Condensed Consolidated Balance Sheet, approximate fair value and are classified as Level 3 in the fair value hierarchy.

NOTE 7: EMPLOYEE BENEFIT PLANS

The Company sponsors both funded and unfunded domestic and international defined benefit pension and defined contribution plans. In addition, the Company contributes to various domestic and international multi-employer pension plans.

Contributions to the plans were as follows:

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Defined benefit plans	$ 6	$ 4	$ 17	$ 10
Defined contribution plans	$ 30	$ 29	$ 96	$ 95
Multi-employer pension plans	$ 3	$ 5	$ 11	$ 11

The components of net periodic pension expense (benefit) for the defined benefit pension plans are as follows:

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Service cost	$ 4	$ 5	$ 12	$ 14
Interest cost	8	5	24	13
Expected return on plan assets	(8)	(7)	(24)	(20)
Amortization of prior service credit	1	1	2	2
Recognized actuarial net (gain) loss	(1)	2	(2)	7
Net periodic pension expense (benefit)	**$ 4**	**$ 6**	**$ 12**	**$ 16**

NOTE 8: STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation plans in accordance with ASC 718, *Compensation - Stock Compensation*, which requires a fair-value based method for measuring the value of stock-based compensation. Fair value is measured at the date of grant and is generally not adjusted for subsequent changes. The Company's stock-based compensation plans include programs for stock appreciation rights, restricted stock units and performance share units.

Stock-based compensation expense, net of estimated forfeitures, is included in *Cost of products sold*, *Selling, general and administrative* and *Research and development* in the accompanying Unaudited Condensed Consolidated Statements of Operations.

Stock-based compensation cost by award type was as follows:

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Equity compensation costs - equity settled	$ 23	$ 17	$ 63	$ 58
Equity compensation costs - cash settled [1]	1	1	3	(16)
Total stock-based compensation expense	**$ 24**	**$ 18**	**$ 66**	**$ 42**

[1] The cash settled awards are classified as liability awards and are measured at fair value at each balance sheet date.

NOTE 9: PRODUCT WARRANTIES

In the ordinary course of business, the Company provides standard warranty coverage on its products. Provisions for these amounts are established at the time of sale and estimated primarily based on product warranty terms and historical claims experience. In addition, the Company incurs discretionary costs to service its products in connection with specific product performance issues. Provisions for these amounts are established when they are known and estimable. The Company assesses the adequacy of its initial provisions and will make adjustments as necessary based on known or anticipated claims or as new information becomes available that suggests it is probable that future costs will be different than estimated amounts. Amounts associated with these provisions are classified on the accompanying Unaudited Condensed Consolidated Balance Sheet as *Accrued liabilities* or *Other long-term liabilities* based on their anticipated settlement date.

The changes in the carrying amount of warranty related provisions are as follows:

(In millions)	Nine Months Ended September 30, 2023	2022
Balance as of January 1,	$ 552	$ 524
Warranties, performance guarantees issued and changes in estimated liability	186	120
Settlements made	(146)	(116)
Other	(15)	9
Balance as of September 30,	**$ 577**	**$ 537**

NOTE 10: EQUITY

The authorized number of shares of common stock of Carrier is 4,000,000,000 shares of $0.01 par value. As of September 30, 2023 and December 31, 2022, 882,497,944 and 876,487,480 shares of common stock were issued, respectively, which includes 43,490,981 and 42,103,995 shares of treasury stock, respectively.

Share Repurchase Program

The Company may repurchase its outstanding common stock from time to time subject to market conditions and at the Company's discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. Shares acquired are recognized at cost and presented separately on the balance sheet as a reduction to *Equity*. Since the initial authorization in February 2021, the Company's Board of Directors authorized the repurchase of up to $4.1 billion of the Company's outstanding common stock. As of December 31, 2022, the Company repurchased 42.1 million shares of common stock for an aggregate purchase price of $1.9 billion, including shares repurchased under an accelerated share repurchase agreement. As a result, the Company had approximately $2.2 billion remaining under the current authorization at December 31, 2022.

During the nine months ended September 30, 2023, the Company repurchased 1.4 million shares of common stock for an aggregate purchase price of $62 million. As a result, the Company has approximately $2.1 billion remaining under the current authorization at September 30, 2023.

Accumulated Other Comprehensive Income (Loss)

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and nine months ended September 30, 2023 is as follows:

(In millions)	Foreign Currency Translation	Defined Benefit Pension and Post-retirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2022	$ (1,604)	$ (84)	$ —	$ (1,688)
Other comprehensive income (loss) before reclassifications, net	52	—	—	52
Amounts reclassified, pre-tax	—	—	—	—
Tax expense (benefit) reclassified	—	—	—	—
Balance as of March 31, 2023	**$ (1,552)**	**$ (84)**	**$ —**	**$ (1,636)**
Other comprehensive income (loss) before reclassifications, net	(55)	—	—	(55)
Amounts reclassified, pre-tax	—	—	—	—
Tax expense (benefit) reclassified	—	—	—	—
Balance as of June 30, 2023	**$ (1,607)**	**$ (84)**	**$ —**	**$ (1,691)**
Other comprehensive income (loss) before reclassifications, net	(245)	—	80	(165)
Amounts reclassified, pre-tax	—	—	—	—
Tax expense (benefit) reclassified	—	—	—	—
Balance as of September 30, 2023	**$ (1,852)**	**$ (84)**	**$ 80**	**$ (1,856)**

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and nine months ended September 30, 2022 is as follows:

(In millions)	Foreign Currency Translation	Defined Benefit Pension and Post-retirement Plans	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2021	$ (505)	$ (484)	$ (989)
Other comprehensive income (loss) before reclassifications, net	(61)	(4)	(65)
Amounts reclassified, pre-tax	—	3	3
Tax expense (benefit) reclassified	—	(1)	(1)
Chubb divestiture	(574)	329	(245)
Balance as of March 31, 2022	**$ (1,140)**	**$ (157)**	**$ (1,297)**
Other comprehensive income (loss) before reclassifications, net	(480)	—	(480)
Amounts reclassified, pre-tax	—	3	3
Tax expense (benefit) reclassified	—	(1)	(1)
Balance as of June 30, 2022	**$ (1,620)**	**$ (155)**	**$ (1,775)**
Other comprehensive income (loss) before reclassifications, net	(632)	—	(632)
Amounts reclassified, pre-tax	—	3	3
Tax expense (benefit) reclassified	—	(1)	(1)
Balance as of September 30, 2022	**$ (2,252)**	**$ (153)**	**$ (2,405)**

NOTE 11: REVENUE RECOGNITION

The Company accounts for revenue in accordance with ASC 606: *Revenue from Contracts with Customers*. Revenue is recognized when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. A significant portion of the Company's performance obligations are recognized at a point-in-time when control of the product transfers to the customer, which is generally at the time of shipment. The remaining portion of the Company’s performance obligations are recognized over time as the customer simultaneously obtains control as the Company performs work under a contract, or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment.

Sales disaggregated by product and service are as follows:

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Sales Type				
Product	$ 3,533	$ 3,330	$ 10,488	$ 8,974
Service	475	404	1,358	1,118
HVAC sales	4,008	3,734	11,846	10,092
Product	808	811	2,453	2,603
Service	116	112	341	337
Refrigeration sales	924	923	2,794	2,940
Product	864	859	2,546	2,468
Service	59	46	178	142
Fire & Security sales	923	905	2,724	2,610
Total segment sales	5,855	5,562	17,364	15,642
Eliminations and other	(124)	(111)	(368)	(326)
Net sales	**$ 5,731**	**$ 5,451**	**$ 16,996**	**$ 15,316**

Contract Balances

Total contract assets and contract liabilities consisted of the following:

(In millions)	September 30, 2023	December 31, 2022
Contract assets, current	$ 605	$ 537
Contract assets, non-current (included within *Other assets*)	18	6
Total contract assets	623	543
Contract liabilities, current	(496)	(449)
Contract liabilities, non-current (included within *Other long-term liabilities*)	(166)	(174)
Total contract liabilities	(662)	(623)
Net contract assets (liabilities)	**$ (39)**	**$ (80)**

The timing of revenue recognition, billings and cash collections results in contract assets and contract liabilities. Contract assets relate to the conditional right to consideration for any completed performance under a contract when costs are incurred in excess of billings under the percentage-of-completion methodology. Contract liabilities relate to payments received in advance of performance under a contract or when the Company has a right to consideration that is conditioned upon transfer of a good or service to a customer. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract.

The Company recognized revenue of $325 million during the nine months ended September 30, 2023 that related to contract liabilities as of January 1, 2023. The Company expects a majority of its current contract liabilities at the end of the period to be recognized as revenue in the next 12 months.

NOTE 12: RESTRUCTURING COSTS

The Company incurs costs associated with restructuring initiatives intended to improve operating performance, profitability and working capital levels. Actions associated with these initiatives may include improving productivity, workforce reductions and the consolidation of facilities. Due to the size, nature and frequency of these discrete plans, they are fundamentally different from the Company's ongoing productivity actions.

The Company recorded net pre-tax restructuring costs for new and ongoing restructuring initiatives as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
HVAC	$ 25	$ 2	$ 27	$ 8
Refrigeration	4	3	14	9
Fire & Security	(1)	1	11	10
Total Segment	28	6	52	27
General corporate expenses	—	—	2	2
Total restructuring costs	**$ 28**	**$ 6**	**$ 54**	**$ 29**
Cost of sales	$ 3	$ 1	$ 12	$ 8
Selling, general and administrative	25	5	42	21
Total restructuring costs	**$ 28**	**$ 6**	**$ 54**	**$ 29**

The following table summarizes changes in the restructuring reserve, included in *Accrued liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet:

	Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Balance as of January 1,	$ 24	$ 54
Net pre-tax restructuring costs	54	29
Utilization, foreign exchange and other	(34)	(50)
Balance as of September 30,	**$ 44**	**$ 33**

During the nine months ended September 30, 2023 and 2022, charges associated with restructuring initiatives related to cost reduction efforts. Amounts recognized primarily related to severance due to workforce reductions and exit costs due to the consolidation of field operations. As of September 30, 2023, the Company had $44 million accrued for costs associated with its announced restructuring initiatives, all of which is expected to be paid within one year.

NOTE 13: INCOME TAXES

The Company accounts for income tax expense in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 35.9% for the three months ended September 30, 2023 compared with 9.4% for the three months ended September 30, 2022. The year-over-year increase was primarily driven by the non-deductible loss of $257 million on the mark-to-market valuation of the Company's window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price of the VCS Business and a tax charge of $33 million related to the Company's intention to no longer permanently reinvest historical earnings from certain jurisdictions. In addition, the three months ended September 30, 2022 included a lower effective tax rate on a $732 million non-cash gain resulting from the recognition of the Company's previously held TCC equity investments at fair value upon acquisition of TCC compared to the Company's U.S. statutory tax rate.

The effective tax rate was 34.4% for the nine months ended September 30, 2023 compared with 15.6% for the nine months ended September 30, 2022. The year-over-year increase was primarily driven by the non-deductible loss of $297 million on the deconsolidation of KFI due to its Chapter 11 filing and the $368 million loss on the mark-to-market valuation of the Company's window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price of the VCS Business. In addition, the nine months ended September 30, 2022 included a lower effective tax rate on a $732 million non-cash gain resulting from the recognition of the Company's previously held TCC equity investments at fair value upon acquisition of TCC and the $1.1 billion Chubb gain compared with the Company's U.S. statutory rate and a favorable tax adjustment of $32 million associated with foreign tax credits generated and utilized in the prior year.

The Company assesses the realizability of its deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income that may be available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine whether valuation allowances against deferred tax assets are required. The Company maintains valuation allowances against certain deferred tax assets.

The Company conducts business globally and files income tax returns in U.S. federal, state and foreign jurisdictions. In certain jurisdictions, the Company's operations were included in UTC's combined tax returns for the periods through the Distribution. The U.S. Internal Revenue Service ("IRS") is currently auditing UTC's 2017 and 2018 tax years and this audit could conclude within the next twelve months. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Singapore, the United Kingdom and the United States. The Company is no longer subject to U.S. federal income tax examination for years prior to 2017 and, with few exceptions, is no longer subject to state, local and foreign income tax examinations for tax years prior to 2013.

In the ordinary course of business, there is inherent uncertainty in quantifying the Company's income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances and information available at the reporting date. The Company believes that it is reasonably possible that a net decrease in unrecognized tax benefits of $70 million to $85 million may occur within 12 months as a result of additional uncertain tax positions, the Separation, the revaluation of uncertain tax positions arising from examinations, appeals, court decisions and/or the expiration of tax statutes.

NOTE 14: EARNINGS PER SHARE

Earnings per share is computed by dividing *Net income attributable to common shareowners* by the weighted-average number of shares of common stock outstanding during the period (excluding treasury stock). Diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards, including stock appreciation rights and stock options, when the effect of the potential exercise would be anti-dilutive.

The following table summarizes the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net income attributable to common shareowners	$ 357	$ 1,312	$ 929	$ 3,264
Basic weighted-average number of shares outstanding	838.7	839.6	836.6	846.1
Stock awards and equity units (share equivalent)	16.0	16.9	16.1	18.2
Diluted weighted-average number of shares outstanding	**854.7**	**856.5**	**852.7**	**864.3**
Antidilutive shares excluded from computation of diluted earnings per share	2.0	4.5	1.9	3.1
Earnings Per Share				
Basic	$ 0.43	$ 1.56	$ 1.11	$ 3.86
Diluted	**$ 0.42**	**$ 1.53**	**$ 1.09**	**$ 3.78**

NOTE 15: ACQUISITIONS

Acquisitions are recorded using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. As a result, the aggregate purchase price has been allocated to assets acquired and liabilities assumed based on the estimate of fair market value of such assets and liabilities at the date of acquisition.

Toshiba Carrier Corporation

On February 6, 2022, the Company entered into a binding agreement to acquire a majority ownership interest in TCC for $920 million. TCC, a VRF and light commercial HVAC joint venture between Carrier and Toshiba Corporation, designs and manufactures flexible, energy-efficient and high-performance VRF and light commercial HVAC systems as well as commercial products, compressors and heat pumps. The acquisition included all of TCC's advanced research and development centers and global manufacturing operations, product pipeline and the long-term use of Toshiba's iconic brand. The acquisition was completed on August 1, 2022 and funded through the Japanese Term Loan Facility and cash on hand. Upon closing, Toshiba Corporation retained a 5% ownership interest in TCC.

The allocation of the purchase price is as follows:

(In millions)	August 1, 2022
Cash and cash equivalents	$ 462
Accounts receivable	428
Inventories	373
Other assets, current	54
Fixed assets	330
Intangible assets	965
Goodwill	876
Other assets	299
Accounts payable	(412)
Accrued liabilities	(445)
Contract liabilities, current	(21)
Other long-term liabilities	(569)
Net assets acquired	$ 2,340
Less: Fair value of non-controlling interests	(22)
Less: Fair value of previously held TCC equity investments	(1,398)
Total cash consideration	$ 920

The excess purchase price over the estimated fair value of the net assets acquired was recognized as goodwill and totaled $876 million, which is not deductible for tax purposes. Accounts receivable and current liabilities were stated at their historical carrying value, which approximates fair value given the short-term nature of these assets and liabilities. The estimate of fair value for inventory and fixed assets was based on an assessment of the acquired assets' condition as well as an evaluation of the current market value of such assets. The sale agreement included several customary provisions to settle working capital and other transaction-related items as of the date of sale. During 2022, the parties finalized these amounts in accordance with the terms of the sale agreement and the Company paid an additional $41 million to Toshiba Corporation in 2023. In addition, the parties finalized amounts related to pension funding levels during 2023 which resulted in the Company receiving $12 million from Toshiba Corporation.

The Company recorded intangible assets based on its estimate of fair value which consisted of the following:

(In millions)	Estimated Useful Life (in years)	Intangible Assets Acquired
Customer relationships	23	$ 497
Technology	7	220
Trademark	26	180
Backlog	1	60
Land use rights	45	8
Total intangible assets acquired		**$ 965**

The valuation of intangible assets was determined using an income approach methodology including the multi-period excess earnings method and the relief from royalty method. Key assumptions used in estimating future cash flows included projected revenue growth rates, EBIT margins, discount rates, customer attrition rates and royalty rates among others. The projected future cash flows are discounted to present value using an appropriate discount rate. As of September 30, 2023, the Company has finalized the process of allocating the purchase price and valuing the acquired assets and liabilities.

The Company previously accounted for its minority ownership in TCC under the equity method of accounting. In connection with the transaction, the carrying value of the Company's previously held TCC equity investments were recognized at fair value at the date of acquisition using an income approach methodology. As a result, the Company recognized a $696 million non-cash gain within *Other income (expense), net* on the accompanying Unaudited Condensed Consolidated Statement of Operations. In addition, the assets, liabilities and results of operations of TCC are consolidated in the accompanying Unaudited Condensed Consolidated Financial Statements as of the date of acquisition and reported within the Company's HVAC segment. The Company incurred $29 million of acquisition-related costs during 2022, of which $26 million was recognized during the nine months ended September 30, 2022 and included within *Selling, general and administrative* on the accompanying Unaudited Condensed Consolidated Statement of Operations. The Company has not included pro forma financial information required under ASC 805 as the pro forma impact was not significant.

Announced Acquisition

On April 25, 2023, the Company announced that it entered into an Agreement to acquire the VCS Business, a privately-held company, for approximately €12 billion. The VCS Business develops intelligent, integrated and sustainable technologies, including heat pumps, boilers, photovoltaic systems, home battery storage and digital solutions, primarily for residential customers in Europe. Under the terms of the Agreement, 20% of the purchase price will be paid in Carrier common stock, issued directly to Viessmann and subject to long-term lock-up provisions, and 80% will be paid in cash, subject to working capital and other adjustments. The Company intends to finance the acquisition with a combination of cash on hand and new debt financing and expects the transaction to close around the end of 2023, subject to customary closing conditions and regulatory approvals.

On April 25, 2023, the Company entered into commitment letters with JPMorgan Chase Bank, N.A., BofA Securities, Inc. and Bank of America, N.A. to provide a €8.2 billion aggregate principal, senior unsecured bridge term loan facility (the "Bridge Loan"). Proceeds from the Bridge Loan are expected to be used to fund a portion of the Euro-denominated purchase price of the VCS Business if other debt financing is not secured by the acquisition date. The Company capitalized $48 million of deferred financing costs associated with the Bridge Loan which are being amortized over the commitment period. On May 19, 2023, the aggregate principal amount of the Bridge Loan was reduced by €2.3 billion upon entering into a senior unsecured delayed draw term loan credit agreement. As a result, the Company accelerated the amortization on $10 million of deferred financing costs in *Interest expense*.

On May 19, 2023, the Company entered into a senior unsecured delayed draw term loan credit agreement with JPMorgan Chase Bank, N.A., as administrative agent and certain other lenders that permits aggregate borrowings of up to €2.3 billion (the "Delayed Draw Facility"). Proceeds from the Delayed Draw Facility are expected to be used to fund a portion of the Euro-denominated purchase price of the VCS Business. The Company capitalized $4 million of deferred financing costs associated with the Delayed Draw Facility which will be amortized over the term once the facility is drawn upon. In addition, the Company entered into a 364-day, $500 million, senior unsecured revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent and certain other lenders (the "Revolver") on May 19, 2023. Proceeds from the Revolver become available upon closing the purchase of the VCS Business.

NOTE 16: DIVESTITURES

Sale of Chubb Fire & Security Business

On January 3, 2022, the Company completed the Chubb Sale for net proceeds of $2.9 billion. Chubb, which was reported within the Company’s Fire & Security segment, delivered essential fire safety and security solutions from design and installation to monitoring, service and maintenance across more than 17 countries around the globe. The sale agreement included several customary provisions to settle working capital and other transaction-related items as of the date of sale. The parties finalized these amounts in accordance with the terms of the sale agreement during 2022. During the nine months ended September 30, 2022, the Company recognized a net gain on the sale of $1.1 billion, which is included in *Other income (expense), net* on the accompanying Unaudited Condensed Consolidated Statement of Operations.

Planned Portfolio Transformation

On April 25, 2023, the Company announced plans to exit its Fire & Security and Commercial Refrigeration businesses over the course of 2024. Carrier expects to use the proceeds from these transactions to reduce leverage, advance the Company’s capital allocation priorities and for general corporate purposes. The planned exit is not expected to impact UTEC, Fire & Security’s controls business for residential HVAC customers or the Sensitech monitoring businesses.

NOTE 17: SEGMENT FINANCIAL DATA

The Company conducts its operations through three reportable operating segments: HVAC, Refrigeration and Fire & Security. In accordance with ASC 280 - *Segment Reporting*, the Company's segments maintain separate financial information for which results of operations are evaluated on a regular basis by the Company's Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

- The HVAC segment provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers while enhancing building performance, health, energy efficiency and sustainability.

- The Refrigeration segment includes transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products.

- The Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help protect people and property.

The Company's customers are in both the public and private sectors and its businesses reflect extensive geographic diversification. Inter-company sales between segments are immaterial.

Net sales and *Operating profit* by segment are as follows:

	Net Sales		Operating Profit	
	Three Months Ended September 30,		Three Months Ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
HVAC	$ 4,008	$ 3,734	$ 763	$ 1,314
Refrigeration	924	923	107	116
Fire & Security	923	905	164	142
Total segment	5,855	5,562	1,034	1,572
Eliminations and other	(124)	(111)	(298)	(10)
General corporate expenses	—	—	(91)	(36)
Total Consolidated	**$ 5,731**	**$ 5,451**	**$ 645**	**$ 1,526**

	Net Sales		Operating Profit	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
HVAC	$ 11,846	$ 10,092	$ 1,940	$ 2,369
Refrigeration	2,794	2,940	327	370
Fire & Security	2,724	2,610	100	1,494
Total segment	17,364	15,642	2,367	4,233
Eliminations and other	(368)	(326)	(482)	(50)
General corporate expenses	—	—	(196)	(101)
Total Consolidated	**$ 16,996**	**$ 15,316**	**$ 1,689**	**$ 4,082**

Geographic external sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. presented in the table below, there were no individually significant countries with sales exceeding 10% of total sales during the nine months ended September 30, 2023 and 2022.

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
United States	$ 3,335	$ 3,154	$ 9,584	$ 9,109
International:				
Europe	1,124	1,024	3,525	3,188
Asia Pacific	1,061	1,071	3,288	2,436
Other	211	202	599	583
Net sales	**$ 5,731**	**$ 5,451**	**$ 16,996**	**$ 15,316**

NOTE 18: RELATED PARTIES

Equity Method Investments

The Company sells products to and purchases products from unconsolidated entities accounted for under the equity method and, therefore, these entities are considered to be related parties. Amounts attributable to equity method investees are as follows:

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Sales to equity method investees included in *Product sales*	$ 730	$ 718	$ 2,371	$ 2,129
Purchases from equity method investees included in *Cost of products sold*	$ 57	$ 60	$ 159	$ 261

The Company had receivables from and payables to equity method investees as follows:

(In millions)	September 30, 2023	December 31, 2022
Receivables from equity method investees included in *Accounts receivable, net*	$ 289	$ 154
Payables to equity method investees included in *Accounts payable*	$ 35	$ 44

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in various litigation, claims and administrative proceedings, including those related to environmental (including asbestos) and legal matters. In accordance with ASC 450, *Contingencies*, the Company records accruals for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These accruals are generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount. In addition, these estimates are reviewed periodically and adjusted to reflect additional information when it becomes available. The Company is unable to predict the final outcome of the following matters based on the information currently available, except as otherwise noted. However, the Company does not believe that the resolution of any of these matters will have a material adverse effect upon its results of operations, cash flows or financial condition.

Environmental Matters

The Company's operations are subject to environmental regulation by various authorities. The Company has accrued for the costs of environmental remediation activities, including but not limited to investigatory, remediation, operating and maintenance costs and performance guarantees. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to individual sites, including the technology required to remediate, current laws and regulations and prior remediation experience.

The outstanding liabilities for environmental obligations are as follows:

(In millions)	**September 30, 2023**	**December 31, 2022**
Environmental reserves included in *Accrued liabilities*	$ 12	$ 24
Environmental reserves included in *Other long-term liabilities*	208	211
Total Environmental reserves	**$ 220**	**$ 235**

For sites with multiple responsible parties, the Company considers its likely proportionate share of the anticipated remediation costs and the ability of other parties to fulfill their obligations in establishing a provision for these costs. Accrued environmental liabilities are not reduced by potential insurance reimbursements and are undiscounted.

Asbestos Matters

The Company has been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos allegedly integrated into certain Carrier products or business premises. While the Company has never manufactured asbestos and no longer incorporates it into any currently-manufactured products, certain products that the Company no longer manufactures contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or have been covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any period.

The Company's asbestos liabilities and related insurance recoveries are as follows:

(In millions)	September 30, 2023	December 31, 2022
Asbestos liabilities included in *Accrued liabilities*	$ 16	$ 16
Asbestos liabilities included in *Other long-term liabilities*	207	212
Total Asbestos liabilities	**$ 223**	**$ 228**
Asbestos-related recoveries included in *Other assets, current*	$ 5	$ 5
Asbestos-related recoveries included in *Other assets*	89	90
Total Asbestos-related recoveries	**$ 94**	**$ 95**

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that the Company believes are reasonable and are made with input from outside actuarial experts. These amounts are undiscounted and exclude the Company's legal fees to defend the asbestos claims, which are expensed as incurred. In addition, the Company has recorded insurance recovery receivables for probable asbestos-related recoveries.

UTC Equity Awards Conversion Litigation

On August 12, 2020, several former employees of UTC or its subsidiaries filed a putative class action complaint (the "Complaint") in the United States District Court for the District of Connecticut against Raytheon Technologies Corporation, Carrier, Otis Worldwide Corporation ("Otis"), the former members of the UTC Board of Directors and the members of the Carrier and Otis Boards of Directors (*Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al*.). The Complaint challenged the method by which UTC equity awards were converted to UTC, Carrier and Otis equity awards following the Separation and the Distribution. Defendants moved to dismiss the Complaint. Plaintiffs amended their Complaint on September 13, 2021 (the "Amended Complaint"). The Amended Complaint, with Raytheon Technologies Corporation, Carrier and Otis as the only defendants, asserted that the defendants are liable for breach of certain equity compensation plans and for breach of the implied covenant of good faith and fair dealing. The Amended Complaint also sought specific performance. The Company believes all plaintiffs' claims against it are without merit. Defendants moved to dismiss the Amended Complaint. On September 30, 2022, the court dismissed the case against all defendants, with prejudice. Plaintiffs appealed the dismissal to the United States Court of Appeals for the Second Circuit. On August 3, 2023, the Second Circuit Court of Appeals affirmed the district court's ruling.

Aqueous Film Forming Foam Litigation

As of September 30, 2023, the Company, KFI and others have been named as defendants in more than 5,000 lawsuits filed by individuals in or removed to the federal courts of the United States alleging that the historic use of Aqueous Film Forming Foam ("AFFF") caused personal injuries and/or property damage. The Company, KFI and others have also been named as defendants in more than 600 lawsuits filed by several U.S. states, municipalities and water utilities in or removed to U.S. federal courts alleging that the historic use of AFFF caused contamination of property and water supplies. In December 2018, the U.S. Judicial Panel on Multidistrict Litigation transferred and consolidated all AFFF cases pending in the U.S. federal courts against the Company, KFI and others to the U.S. District Court for the District of South Carolina (the "MDL Proceedings"). The individual plaintiffs in the MDL Proceedings generally seek damages for alleged personal injuries, medical monitoring, diminution in property value and injunctive relief to remediate alleged contamination of water supplies. The U.S. state, municipal and water utility plaintiffs in the MDL Proceedings generally seek damages and costs related to the remediation of public property and water supplies.

AFFF is a firefighting foam, developed beginning in the late 1960s pursuant to U.S. military specification, used to extinguish certain types of hydrocarbon-fueled fires. The lawsuits identified above relate to Kidde Fire Fighting, Inc., which owned the National Foam business. Kidde Fire Fighting, Inc. was acquired by a UTC subsidiary in 2005 and merged into KFI in 2007. The National Foam business manufactured AFFF for sale to government (including the U.S. federal government) and non-government customers in the U.S. at a single facility located in West Chester, Pennsylvania (the "Pennsylvania Site"). In 2013, KFI divested the AFFF businesses to an unrelated third party. The Company acquired KFI as part of the Separation in April 2020.

The key components that contribute to AFFF's fire-extinguishing capabilities are known as fluorosurfactants. Neither the Company, nor KFI, nor any of the Company's subsidiaries involved in the AFFF litigation manufactured fluorosurfactants. Instead, the National Foam business purchased these substances from unrelated third parties for use in manufacturing AFFF. Plaintiffs in the MDL Proceedings allege that the fluorosurfactants used by various manufacturers in producing AFFF contained, or over time degraded into, compounds known as per- and polyfluoroalkyl substances (referred to collectively as "PFAS"), including perflourooctanesulfonic acid ("PFOS") and perflourooctanoic acid ("PFOA"). Plaintiffs further allege that, as a result of the use of AFFF, PFOS and PFOA were released into the environment and, in some instances, ultimately reached drinking water supplies.

Plaintiffs in the MDL Proceedings allege that PFOS and PFOA contamination has resulted from the use of AFFF manufactured using a process known as ECF, and that this process was used exclusively by 3M. They also allege that PFOA contamination has resulted from the use of AFFF manufactured using a different process, known as telomerization, and that this process was used exclusively by the other AFFF manufacturers (including the National Foam business). Compounds containing PFOS and PFOA (as well as many other PFAS) have also been used for decades by many third parties in a number of different industries to manufacture firefighters' protective outerwear, carpets, clothing, fabrics, cookware, food packaging, personal care products, cleaning products, paints, varnishes and other consumer and industrial products.

Plaintiffs in the MDL Proceedings have named multiple defendants, including suppliers of chemicals and raw materials used to manufacture fluorosurfactants, fluorosurfactant manufacturers and AFFF manufacturers. The defendants in the MDL Proceedings moved for summary judgment on the government contractor defense, which potentially applies to AFFF sold to or used by the U.S. government. After full briefing and oral argument, on September 16, 2022, the MDL court declined to enter summary judgment for the defendants. The defense, however, remains available at any trial to which it applies.

On September 23, 2022, after completion of discovery, the MDL court selected one water provider case, the *City of Stuart, FL v. 3M, et al*., for a bellwether trial. That trial was scheduled to begin in early June 2023 but was postponed indefinitely. The MDL court ordered that the bellwether process for personal injury cases will begin in 2023. The court has not yet outlined details on that process or its timing.

Outside of the MDL Proceedings, the Company and other defendants also are party to six lawsuits in U.S. state courts brought by oil refining companies alleging product liability claims related to legacy sales of AFFF and seeking damages for the costs to replace the product and for property damage. In addition, the Company and other defendants are party to two actions related to the Pennsylvania Site in which the plaintiff water utility company seeks remediation costs related to the alleged contamination of the local water supply. The Company, KFI and other defendants are also party to one action in Arizona state court brought by a firefighter claiming that occupational exposure to AFFF has caused certain personal injuries.

The Company and KFI believe that they have meritorious defenses to the claims in the MDL Proceedings and the other AFFF lawsuits. Given the numerous factual, scientific and legal issues to be resolved relating to these claims, the Company is unable to assess the probability of liability or to reasonably estimate a range of possible loss at this time. There can be no assurance that any such future exposure will not be material in any period.

On May 14, 2023, KFI filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware seeking relief under Chapter 11 of the Bankruptcy Code after the Company determined that it would not provide financial support to KFI going forward, other than ensuring KFI has access to services necessary for the effective operation of its business. As a result, all litigation against KFI is automatically stayed. KFI filed an adversary complaint and motion in the Chapter 11 case seeking an order staying or enjoining all AFFF-related litigation against the Company, its other subsidiaries and RTX. That motion was resolved through an agreement that effectively stays the AFFF litigation against these parties. KFI has also indicated to the bankruptcy court that it intends to pursue insurance coverage for AFFF-related liabilities and contractual indemnification for AFFF-related liabilities from the third party to which KFI sold National Foam.

Deconsolidation Due to Bankruptcy

As of May 14, 2023, the Company no longer controlled KFI as their activities are subject to review and oversight by the bankruptcy court. Therefore, KFI was deconsolidated and their respective assets and liabilities were derecognized from the Company's Unaudited Condensed Consolidated Financial Statements. Upon deconsolidation, the Company determined the fair value of its retained interest in KFI to be zero and will account for it prospectively using the cost method. As a result of these actions, the Company recognized a loss of $297 million in its Unaudited Condensed Consolidated Statements of Operations within *Other income/(expense), net*. In addition, the deconsolidation resulted in an investing cash outflow of $134 million in the Company's Unaudited Condensed Consolidated Statements of Cash Flows.

In connection with the bankruptcy filing, KFI entered into several agreements with subsidiaries of the Company to ensure they have access to services necessary for the effective operation of their business. All post-deconsolidation activity between the Company and KFI are reported as third-party transactions recorded within the Company's Unaudited Condensed Consolidated Statements of Operations. Since the petition date, there were no material transactions between the Company and KFI.

Income Taxes

Under the Tax Matters Agreement relating to the Separation, the Company is responsible to UTC for its share of the Tax Cuts and Jobs Act transition tax associated with foreign undistributed earnings as of December 31, 2017. As a result, liabilities of $75 million and $293 million are included within the accompanying Unaudited Condensed Consolidated Balance Sheet within *Accrued Liabilities* and *Other Long-Term Liabilities* as of September 30, 2023, respectively. This obligation is expected to be settled in annual installments ending in April 2026 with the next installment of $75 million due in 2024. The Company believes that the likelihood of incurring losses materially in excess of this amount is remote.

Other

The Company has other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising in the ordinary course of business. The Company accrues for contingencies generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount.

In the ordinary course of business, the Company is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against the Company and could result in fines, penalties, compensatory or treble damages or non-monetary relief. The Company does not believe that these matters will have a material adverse effect upon its results of operations, cash flows or financial condition.

With respect to the accompanying Unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2023 and 2022, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated October 26, 2023, appearing below, states that the firm did not audit and does not express an opinion on the accompanying Unaudited Condensed Consolidated Financial Statements. PricewaterhouseCoopers has not carried out any significant or additional audit tests beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the "Securities Act"), for its report on the accompanying Unaudited Condensed Consolidated Financial Statements because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Securities Act.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareowners of Carrier Global Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Carrier Global Corporation and its subsidiaries (the “Company”) as of September 30, 2023, and the related condensed consolidated statements of operations, of comprehensive income (loss), and of changes in equity for the three-month and nine-month periods ended September 30, 2023 and 2022 and the condensed consolidated statement of cash flows for the nine-month periods ended September 30, 2023 and 2022, including the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 7, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
October 26, 2023

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

Business Summary

Carrier Global Corporation ("we" or "our") is a global leader in intelligent climate and energy solutions with a focus on providing differentiated, digitally-enabled lifecycle solutions to our customers. Our portfolio includes industry-leading brands such as Carrier, Toshiba, Automated Logic, Carrier Transicold, Kidde, Edwards and LenelS2 that offer innovative heating, ventilating and air conditioning ("HVAC"), refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable. We also provide a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring. Our operations are classified into three segments: HVAC, Refrigeration and Fire & Security.

Our worldwide operations are affected by global and regional industrial, economic and political factors and trends. These include the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of the growing global population and the rising standards of living in emerging markets. We believe that our business segments are well positioned to benefit from favorable secular trends, including these mega-trends and from the strength of our industry-leading brands and track record of innovation. In addition, we regularly review our end markets to proactively identify trends and adapt our strategies accordingly.

Our business is also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction and shipping activity as well as short-term economic factors such as currency fluctuations, commodity price volatility and supply disruptions. We continue to invest in our business, take pricing actions to mitigate supply chain and inflationary pressures, develop new products and services in order to remain competitive in our markets and use risk management strategies to mitigate various exposures. We believe that we have industry-leading global brands, which form the foundation of our business strategy. Coupled with our focus on growth, innovation and operational efficiency, we expect to drive long-term future growth and increased value for our shareowners.

Recent Developments

Supply Chain Challenges

The ongoing global economic recovery from the COVID-19 pandemic has caused significant challenges for global supply chains resulting in inflationary cost pressures, component shortages and transportation delays. As a result, we have incurred incremental costs for commodities and components used in our products as well as component shortages that have negatively impacted our sales and results of operations. Inflationary cost pressures and supply chain challenges have begun to moderate, but continue to affect our results. We expect that these challenges will continue to impact our businesses for the foreseeable future.

We continue to take proactive steps to limit the impact of these challenges and are working closely with our suppliers to ensure availability of products and implement other cost savings initiatives. In addition, we continue to invest in our supply chain to improve its resilience with a focus on automation, dual sourcing of critical components and localized manufacturing when feasible. To date, there has been limited disruption to the availability of our products, though it is possible that more significant disruptions could occur if these supply chain challenges continue.

Planned Portfolio Transformation

On April 25, 2023, we announced that we entered into a Share Purchase Agreement (the “Agreement”) to acquire the climate solutions business (the "VCS Business") of Viessmann Group GmbH & Co. KG (“Viessmann”), a privately-held company, for approximately €12 billion. The VCS Business develops intelligent, integrated and sustainable technologies, including heat pumps, boilers, photovoltaic systems, home battery storage and digital solutions, primarily for residential customers in Europe. The transaction is expected to close around the end of 2023, subject to customary closing conditions and regulatory approvals. In addition, we also announced plans to exit our Fire & Security and Commercial Refrigeration businesses over the course of 2024.

Deconsolidation of Kidde-Fenwal, Inc.

On May 14, 2023, Kidde-Fenwal, Inc. ("KFI"), an indirect wholly-owned subsidiary of ours, filed a petition for voluntary reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") in the United States Bankruptcy Court for the District of Delaware. KFI, an industrial fire detection and suppression business historically reported in our Fire & Security segment, has indicated that it intends to use the bankruptcy process to explore strategic alternatives, including the sale of KFI as a going concern. KFI has further stated that, during the Chapter 11 process, KFI expects that there will be no significant interruptions to its business operations. As of the petition date, KFI was deconsolidated and its respective assets and liabilities were derecognized from our Unaudited Condensed Consolidated Financial Statements.

Acquisition of Toshiba Carrier Corporation

On February 6, 2022, we entered into a binding agreement to acquire a majority ownership interest in Toshiba Carrier Corporation ("TCC"), a variable refrigerant flow ("VRF") and light commercial HVAC joint venture between Carrier and Toshiba Corporation. TCC designs and manufactures flexible, energy-efficient and high-performance VRF and light commercial HVAC systems as well as commercial products, compressors and heat pumps. The acquisition included all of TCC's advanced research and development centers and global manufacturing operations, product pipeline and the long-term use of Toshiba's iconic brand. The acquisition was completed on August 1, 2022. As a result, the assets, liabilities and results of operations of TCC are consolidated in the accompanying Unaudited Condensed Consolidated Financial Statements as of the date of acquisition and reported within our HVAC segment. Upon closing, Toshiba Corporation retained a 5% ownership interest in TCC.

Sale of Chubb Fire & Security Business

On July 26, 2021, we entered into a stock purchase agreement to sell our Chubb Fire and Security business ("Chubb") to APi Group Corporation ("APi"). Chubb, which was reported within our Fire & Security segment, delivered essential fire safety and security solutions from design and installation to monitoring, service and maintenance across more than 17 countries around the globe. On January 3, 2022, we completed the sale of Chubb (the "Chubb Sale") for net proceeds of $2.9 billion and recognized a gain on the sale of $1.1 billion during the year ended December 31, 2022.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. We believe that the most complex and sensitive judgments, because of their potential significance to the accompanying Unaudited Condensed Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. In "Management’s Discussion and Analysis of Financial Condition and Results of Operations" of our 2022 Form 10-K, we describe the significant accounting estimates and policies used in the preparation of the accompanying Unaudited Condensed Consolidated Financial Statements. There have been no significant changes in our critical accounting estimates.

RESULTS OF OPERATIONS

The results of operations of TCC are included in our consolidated results since the acquisition date of August 1, 2022. Prior to the acquisition, we previously accounted for our minority ownership in TCC under the equity method of accounting and recognized our portion of earnings within *Equity method investment in net earnings* as part of operating expenses. As a result, prior period results may not be comparable to the current period. See Note 15 - Acquisitions in the Notes to the accompanying Unaudited Condensed Consolidated Financial Statements for additional information.

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

The following represents our consolidated net sales and operating results:

	Three Months Ended September 30,			
(In millions)	**2023**	**2022**	**Period Change**	**% Change**
Net sales	$ 5,731	$ 5,451	$ 280	5 %
Cost of products and services sold	(3,915)	(3,974)	59	(1) %
Gross margin	1,816	1,477	339	23 %
Operating expenses	(1,171)	49	(1,220)	(2,490) %
Operating profit	645	1,526	(881)	(58) %
Non-operating income (expense), net	(51)	(56)	5	(9) %
Income from operations before income taxes	594	1,470	(876)	(60) %
Income tax expense	(213)	(138)	(75)	54 %
Net income from operations	381	1,332	(951)	(71) %
Less: Non-controlling interest in subsidiaries' earnings from operations	24	20	4	20 %
Net income attributable to common shareowners	**$ 357**	**$ 1,312**	**$ (955)**	**(73) %**

Net Sales

For the three months ended September 30, 2023, *Net sales* were $5.7 billion, a 5% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Three Months Ended September 30, 2023
Organic	3 %
Foreign currency translation	1 %
Acquisitions and divestitures, net	1 %
Total % change	**5 %**

Organic sales for the three months ended September 30, 2023 increased by 3% compared with the same period of 2022. The organic increase was driven by our HVAC segment due to improved global end-markets in our Commercial HVAC business and pricing improvements in our North America residential and light commercial business. In addition, our Fire & Security segment benefited from price improvements and volume growth in the Americas as well as strong demand in global industrial markets. Refrigeration results decreased due to volume reductions in commercial refrigeration and container end-markets. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

On August 1, 2022, we acquired a majority ownership interest in TCC, a VRF and light commercial HVAC joint venture between Carrier and Toshiba Corporation. The results of TCC have been included in our Unaudited Condensed Consolidated Financial Statements since the date of acquisition. The transaction added 2% to *Net sales* during the three months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

As of May 14, 2023, we no longer controlled KFI as their activities are subject to review and oversight by the bankruptcy court. Therefore, KFI was deconsolidated and their respective assets and liabilities were derecognized from our Unaudited Condensed Consolidated Financial Statements. The deconsolidation had a 1% impact on *Net sales* during the three months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

Gross Margin

For the three months ended September 30, 2023, gross margin was $1.8 billion, a 23% increase compared with the same period of 2022. The components were as follows:

	Three Months Ended September 30,	
(In millions)	**2023**	**2022**
Net sales	$ 5,731	$ 5,451
Cost of products and services sold	(3,915)	(3,974)
Gross margin	**$ 1,816**	**$ 1,477**
Percentage of net sales	31.7 %	27.1 %

Gross margin increased by $339 million compared with the three months ended September 30, 2022. The main driver of the increase related to ongoing customer demand, pricing improvements and our continued focus on productivity initiatives. In addition, operating results associated with TCC since the date of acquisition further benefited gross margin during the period. These amounts were partially offset by the higher cost of commodities and components used in our products. Although inflationary cost pressures have begun to moderate, they remain elevated and continue to impact the cost of products and services sold in each of our segments. Gross margin as a percentage of *Net sales* increased by 460 basis points compared with the same period of 2022.

Operating Expenses

For the three months ended September 30, 2023, operating expenses, including *Equity method investment net earnings*, were $1.2 billion, a 2,490% decrease compared with the same period of 2022. The components were as follows:

	Three Months Ended September 30,	
(In millions)	**2023**	**2022**
Selling, general and administrative	$ (831)	$ (624)
Research and development	(157)	(143)
Equity method investment net earnings	75	63
Other income (expense), net	(258)	753
Total operating expenses	**$ (1,171)**	**$ 49**
Percentage of net sales	20.4 %	(0.9)%

For the three months ended September 30, 2023, *Selling, general and administrative* expenses were $831 million, a 33% increase compared with the same period of 2022. The increase is primarily due to higher compensation, commissions and other employee-related costs in the current period. In addition, incremental selling, general and administrative expenses associated with TCC since the date of acquisition further contributed to the increase. The current period also included $62 million of acquisition and divestiture-related costs compared with $15 million during the three months ended September 30, 2022.

Research and development costs relate to new product development and new technology innovation. Due to the variable nature of program development schedules, year-over-year spending levels can fluctuate. In addition, we continue to invest to prepare for future energy efficiency and refrigerant regulation changes and in digital controls technologies.

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the three months ended September 30, 2023, *Equity method investment net earnings* were $75 million, a 19% increase compared with the same period of 2022. The increase was primarily driven by a $16 million benefit recognized in connection with a favorable tax ruling at a minority owned joint venture. The amount was partially offset by an increase in our ownership interest in TCC on August 1, 2022. As a result, TCC is no longer accounted for under the equity method of accounting since the date of acquisition. During the three months ended September 30, 2022, pre-acquisition equity earnings of TCC totaled $20 million.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. In connection with the proposed acquisition of the VCS Business, we recognized a $257 million loss during the three months ended September 30, 2023 on the mark-to-market valuation of our window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price for the VCS Business.

In connection with the TCC acquisition, the carrying value of our previously held TCC equity investments were recognized at fair value at the date of acquisition. As a result, we recognized a $732 million non-cash gain associated with the increase in our ownership interest during the three months ended September 30, 2022. In addition, we recognized a $7 million charge resulting from the settlement of working capital and other transaction-related items associated with the Chubb Sale.

Non-Operating Income (Expense), net

For the three months ended September 30, 2023, *Non-operating income (expense), net* was $51 million, a 9% decrease compared with the same period of 2022. The components were as follows:

	Three Months Ended September 30,	
(In millions)	**2023**	**2022**
Non-service pension (expense) benefit	$ —	$ —
Interest expense	$ (86)	$ (71)
Interest income	35	15
Interest (expense) income, net	**$ (51)**	**$ (56)**
Non-operating income (expense), net	**$ (51)**	**$ (56)**

Non-operating income (expense), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. Interest expense is affected by the amount of debt outstanding and the interest rates on that debt. For the three months ended September 30, 2023, *Interest expense* was $86 million, a 21% increase compared with the same period of 2022. In connection with the proposed acquisition of the VCS Business, we entered into several financing arrangements and capitalized $54 million of deferred financing costs. During the three months ended September 30, 2023, we amortized $12 million of deferred financing costs in *Interest expense*, of which $11 million related to our senior unsecured bridge term loan facility ("the Bridge Loan").

Income Taxes

	Three Months Ended September 30,	
	2023	**2022**
Effective tax rate	35.9 %	9.4 %

We account for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 35.9% for the three months ended September 30, 2023 compared with 9.4% for the three months ended September 30, 2022. The year-over-year increase was primarily driven by the non-deductible loss of $257 million on the mark-to-market valuation of our window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price of the VCS Business and a tax charge of $33 million related to our intention to no longer permanently reinvest historical earnings from certain jurisdictions. In addition, the three months ended September 30, 2022 included a lower effective tax rate on a $732 million non-cash gain resulting from the recognition of our previously held TCC equity investments at fair value upon acquisition of TCC compared to our U.S. statutory tax rate.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

The following represents our consolidated net sales and operating results:

	Nine Months Ended September 30,			
(In millions)	2023	2022	Period Change	% Change
Net sales	$ 16,996	$ 15,316	$ 1,680	11 %
Cost of products and services sold	(12,047)	(11,099)	(948)	9 %
Gross margin	4,949	4,217	732	17 %
Operating expenses	(3,260)	(135)	(3,125)	2,315 %
Operating profit	1,689	4,082	(2,393)	(59) %
Non-operating income (expense), net	(164)	(167)	3	(2) %
Income from operations before income taxes	1,525	3,915	(2,390)	(61) %
Income tax expense	(524)	(609)	85	(14) %
Net income from operations	1,001	3,306	(2,305)	(70) %
Less: Non-controlling interest in subsidiaries' earnings from operations	72	42	30	71 %
Net income attributable to common shareowners	**$ 929**	**$ 3,264**	**$ (2,335)**	**(72)%**

Net Sales

For the nine months ended September 30, 2023, *Net sales* were $17.0 billion, a 11% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Nine Months Ended September 30, 2023
Organic	4 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	8 %
Total % change	**11 %**

Organic sales for the nine months ended September 30, 2023 increased by 4% compared with the same period of 2022. The organic increase was primarily driven by our HVAC segment due to improved global end-markets in our Commercial HVAC business and pricing improvements in our North America residential and light commercial business. In addition, our Fire & Security segment benefited from price improvements and volume growth in each region. Refrigeration results decreased due to volume reductions in commercial refrigeration and container end-markets. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

On August 1, 2022, we acquired a majority ownership interest in TCC, a VRF and light commercial HVAC joint venture between Carrier and Toshiba Corporation. The results of TCC have been included in our Unaudited Condensed Consolidated Financial Statements since the date of acquisition. The transaction added 9% to *Net sales* during the nine months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

As of May 14, 2023, we no longer controlled KFI as their activities are subject to review and oversight by the bankruptcy court. Therefore, KFI was deconsolidated and their respective assets and liabilities were derecognized from our Unaudited Condensed Consolidated Financial Statements. The deconsolidation had a 1% impact on *Net sales* during the nine months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

Gross Margin

For the nine months ended September 30, 2023, gross margin was $4.9 billion, a 17% increase compared with the same period of 2022. The components were as follows:

	Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Net sales	$ 16,996	$ 15,316
Cost of products and services sold	(12,047)	(11,099)
Gross margin	**$ 4,949**	**$ 4,217**
Percentage of net sales	**29.1 %**	**27.5 %**

Gross margin increased by $732 million compared with the nine months ended September 30, 2022. The main driver of the increase related to ongoing customer demand, pricing improvements and our continued focus on productivity initiatives. In addition, operating results associated with TCC since the date of acquisition further benefited gross margin during the period. These amounts were partially offset by the higher cost of commodities and components used in our products and certain supply chain constraints. Although inflationary cost pressures have begun to moderate, they remain elevated and continue to impact the cost of products and services sold in each of our segments. Gross margin as a percentage of *Net sales* increased 160 basis points compared with the same period of 2022.

Operating Expenses

For the nine months ended September 30, 2023, operating expenses, including *Equity method investment net earning*s, were $3.3 billion, a 2,315% increase compared with the same period of 2022. The components were as follows:

	Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Selling, general and administrative	$ (2,336)	$ (1,839)
Research and development	(447)	(390)
Equity method investment net earnings	171	222
Other income (expense), net	(648)	1,872
Total operating expenses	**$ (3,260)**	**$ (135)**
Percentage of net sales	**19.2 %**	**0.9 %**

For the nine months ended September 30, 2023, *Selling, general and administrative expenses* were $2.3 billion, a 27% increase compared with the same period of 2022. The increase is primarily due to higher compensation, commissions and other employee-related costs during the current period. In addition, incremental selling, general and administrative expenses associated with TCC since the date of acquisition further contributed to the increase. The current period also included $88 million of acquisition and divestiture-related costs compared with $28 million during the nine months ended September 30, 2022.

Research and development costs relate to new product development and new technology innovation. Due to the variable nature of program development schedules, year-over-year spending levels can fluctuate. In addition, we continue to invest to prepare for future energy efficiency and refrigerant regulation changes and in digital controls technologies.

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the nine months ended September 30, 2023, *Equity method investment net earnings* were $171 million, a 23% decrease compared with the same period of 2022. The decrease was primarily driven by the increase in our ownership interest in TCC on August 1, 2022. As a result, TCC is no longer accounted for under the equity method of accounting since the date of acquisition. The decrease was partially offset by a $16 million benefit recognized in connection with a favorable tax ruling at a minority owned joint venture. During the nine months ended September 30, 2022, pre-acquisition equity earnings of TCC totaled $87 million which included a $27 million gain on the sale of two minority owned subsidiaries.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. In connection with the proposed acquisition of the VCS Business, we recognized a $368 million loss during the nine months ended September 30, 2023 on the mark-to-market valuation of our window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price. In addition, we recognized a loss of $297 million on the deconsolidation of KFI due to its Chapter 11 filing.

In connection with the TCC acquisition, the carrying value of our previously held TCC equity investments were recognized at fair value at the date of acquisition. As a result, we recognized a $732 million non-cash gain associated with the increase in our ownership interest during the nine months ended September 30, 2022. In addition, we completed the Chubb Sale and recognized a net gain on the sale of $1.1 billion. Prior period results also included a $22 million charge resulting from a litigation matter and a $7 million gain on the sale of our interest in a cost method investment reported within our Refrigeration segment.

Non-Operating Income (Expense), net

For the nine months ended September 30, 2023, *Non-operating income (expense), net* was $164 million, a 2% decrease compared with the same period of 2022. The components were as follows:

	Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Non-service pension (expense) benefit	$ —	$ (2)
Interest expense	$ (251)	$ (226)
Interest income	87	61
Interest (expense) income, net	$ (164)	$ (165)
Non-operating income (expense), net	**$ (164)**	**$ (167)**

Non-operating income (expense), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. Interest expense is affected by the amount of debt outstanding and the interest rates on that debt. For the nine months ended September 30, 2023, *Interest expense* was $251 million, a 11% increase compared with the same period of 2022. In connection with the proposed acquisition of the VCS Business, we entered into several financing arrangements and capitalized $54 million of deferred financing costs. During the nine months ended September 30, 2023, we amortized $34 million of deferred financing costs in *Interest expense*, of which $30 million related to our Bridge Loan. During the nine months ended September 30, 2022, we completed tender offers to repurchase approximately $1.15 billion aggregate principal of our 2.242% Notes due 2025 and 2.493% Notes due 2027. Upon settlement, we wrote off $5 million of unamortized deferred financing costs in *Interest expense* and recognized a net gain of $33 million in *Interest income*.

Income Taxes

	Nine Months Ended September 30,	
	2023	**2022**
Effective tax rate	34.4 %	15.6 %

We account for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 34.4% for the nine months ended September 30, 2023 compared with 15.6% for the nine months ended September 30, 2022. The year-over-year increase was primarily driven by the non-deductible loss of $297 million on the deconsolidation of KFI due to its Chapter 11 filing and the $368 million loss on the mark-to-market valuation of our window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price of the VCS Business. In addition, the nine months ended September 30, 2022 included a lower effective tax rate on a $732 million non-cash gain resulting from the recognition of our previously held TCC equity investments at fair value upon acquisition of TCC and the $1.1 billion Chubb gain compared with our U.S. statutory rate and a favorable tax adjustment of $32 million associated with foreign tax credits generated and utilized in the prior year.

SEGMENT REVIEW

We have three operating segments:

- The HVAC segment provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers while enhancing building performance, health, energy efficiency and sustainability.
- The Refrigeration segment includes transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products.
- The Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help protect people and property.

We determine our segments based on how our Chief Executive Officer, who is the Chief Operating Decision Maker (the "CODM"), allocates resources, assesses performance and makes operational decisions. The CODM allocates resources and evaluates the financial performance of each of our segments based on *Net sales* and *Operating profit*. Adjustments to reconcile segment reporting to the consolidated results are included in Note 17 - Segment Financial Data.

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

Summary performance for each of our segments is as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
HVAC	$ 4,008	$ 3,734	$ 763	$ 1,314	19.0 %	35.2 %
Refrigeration	924	923	107	116	11.6 %	12.6 %
Fire & Security	923	905	164	142	17.8 %	15.7 %
Total segment	**$ 5,855**	**$ 5,562**	**$ 1,034**	**$ 1,572**	**17.7 %**	**28.3 %**

HVAC Segment

For the three months ended September 30, 2023, *Net sales* in our HVAC segment were $4.0 billion, a 7% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	4 %
Foreign currency translation	— %
Acquisitions and divestitures, net	3 %
Total % change in Net sales	**7 %**

The organic increase in *Net sales* of 4% was driven by continued strong results in the segment. Increased sales in our Commercial HVAC business (up 9%) benefited from pricing improvements and ongoing customer demand in our end-markets. The business saw strong growth in North America and volume improvements in Europe. Asia results were impacted by reduced end-market demand in China. Higher sales in our North America residential and light commercial business (up 5%) were primarily driven by pricing improvements and improved mix associated with regulatory changes effective as of the beginning of 2023. These amounts were partially offset by volume reductions in North America residential end-markets. Results in our Global Comfort Solutions business (down 7%) were primarily driven by lower demand in certain European end-markets.

On August 1, 2022, we acquired a majority ownership interest in TCC, a VRF and light commercial HVAC joint venture between Carrier and Toshiba Corporation. The results of TCC have been included in our Unaudited Condensed Consolidated Financial Statements since the date of acquisition. The transaction added 3% to *Net sales* during the three months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

For the three months ended September 30, 2023, *Operating profit* in our HVAC segment was $763 million, a 42% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	12 %
Acquisitions and divestitures, net	1 %
Restructuring	(2) %
Other	(53) %
Total % change in Operating profit	**(42) %**

The operational profit increase of 12% was primarily attributable to pricing improvements and ongoing customer demand in certain end-markets compared with the prior year. These benefits more than offset the higher costs for commodities and components used in our products. Higher earnings from equity method investments further benefited operational profit and included a $16 million benefit recognized in connection with a favorable tax ruling at a minority owned joint venture. These amounts were partially offset by the increase in our ownership interest in TCC on August 1, 2022. As a result, TCC is no longer accounted for under the equity method of accounting since the date of acquisition. Inflationary cost pressures have begun to moderate, but continue to impact our operating profit.

Acquisitions and divestitures, net primarily related to the results of operations associated with the acquisition of TCC. The transaction added 1% to *Operating profit* during the three months ended September 30, 2022. In connection with the TCC acquisition, the carrying value of our previously held TCC equity investments were recognized at fair value at the date of acquisition. As a result, we recognized a $732 million non-cash gain associated with the increase in our ownership interest in Other.

Refrigeration Segment

For the three months ended September 30, 2023, *Net sales* in our Refrigeration segment were $924 million, flat compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	(3) %
Foreign currency translation	3 %
Acquisitions and divestitures, net	— %
Total % change in Net sales	**— %**

Organic *Net sales* decreased 3% compared to the prior year as the segment experienced challenges in certain end-markets during the period. Results for Commercial refrigeration decreased (down 12%) compared with the prior year, primarily driven by lower volumes in Europe as economic conditions and inflationary cost pressures impacted end-market demand. In addition, Asia results were impacted by reduced end-market demand in China. Transport refrigeration results increased (up 1%) compared to the prior year as pricing improvements and strong end-market demand in Europe and Asia were offset by continued weakness in container end-markets.

For the three months ended September 30, 2023, *Operating profit* in our Refrigeration segment was $107 million, a 8% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(9) %
Foreign currency translation	3 %
Acquisitions and divestitures, net	(1) %
Restructuring	(1) %
Total % change in Operating profit	**(8) %**

The decrease in operational profit of 9% was primarily driven by volume reductions in certain end-markets compared with the prior year. In addition, the higher costs of commodities and components used in our products further impacted segment results. These amounts were partially offset by pricing improvements and favorable productivity initiatives during the period. Inflationary cost pressures have begun to moderate, but continue to impact our operating profit.

<u>Fire & Security Segment</u>

For the three months ended September 30, 2023, *Net sales* in our Fire & Security segment were $923 million, a 2% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	6 %
Foreign currency translation	1 %
KFI deconsolidation	(5) %
Total % change in Net sales	**2 %**

The organic increase in *Net sales* of 6% was primarily driven by pricing improvements and volume growth compared with the prior year. Growth in the Americas was primarily driven by strong commercial markets while residential markets were down compared with the prior year. End-market demand in Europe continued to be be impacted by economic conditions and inflationary cost pressures. Results in Asia normalized after a strong COVID-19 related recovery but were further impacted by reduced end-market demand in China. Global industrial sales benefited segment results due to pricing improvements and strong end-market demand. The segment continues to be impacted by ongoing supply chain constraints for certain components used in our products.

For the three months ended September 30, 2023, *Operating profit* in our Fire & Security segment was $164 million, a 15% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	17 %
Foreign currency translation	1 %
Restructuring	1 %
KFI deconsolidation	(9) %
Chubb gain	5 %
Total % change in Operating profit	**15 %**

The increase in operational profit of 17% was primarily driven by pricing improvements, volume growth and lower freight and logistics costs compared to the prior year. These amounts were partially offset by the higher costs of commodities and components used in our products. In addition, higher inventory-related reserves resulting from supply chain challenges further impacted segment results. Inflationary cost pressures have moderated, but continue to impact our operating profit.

As of May 14, 2023, we no longer control KFI as their activities are subject to review and oversight by the bankruptcy court. Therefore, KFI was deconsolidated and their respective assets and liabilities were derecognized from our Unaudited Condensed Consolidated Financial Statements.

Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022

Summary performance for each of our segments is as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
	Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2023	2022	2023	2022	2023	2022
HVAC	$ 11,846	$ 10,092	$ 1,940	$ 2,369	16.4 %	23.5 %
Refrigeration	2,794	2,940	327	370	11.7 %	12.6 %
Fire & Security	2,724	2,610	100	1,494	3.7 %	57.2 %
Total segment	**$ 17,364**	**$ 15,642**	**$ 2,367**	**$ 4,233**	**13.6 %**	**27.1 %**

HVAC Segment

For the nine months ended September 30, 2023, *Net sales* in our HVAC segment were $11.8 billion, a 17% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	6 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	12 %
Total % change in Net sales	**17 %**

The organic increase in *Net sales* of 6% was driven by continued strong results in the segment. Increased sales in our Commercial HVAC business (up 14%) benefited from pricing improvements and ongoing customer demand in our end-markets. The business saw strong growth in all regions including Europe and Asia as current economic conditions and inflationary cost pressures improved compared with the prior year. Higher sales in our North America residential and light commercial business (up 3%) were primarily driven by pricing improvements and improved mix associated with regulatory changes effective as of the beginning of 2023. These amounts were partially offset by volume reductions in North America residential end-markets. Results in our Global Comfort Solutions business (down 4%) were primarily driven by lower demand in certain European end-markets.

On August 1, 2022, we acquired a majority ownership interest in TCC, a VRF and light commercial HVAC joint venture between Carrier and Toshiba Corporation. The results of TCC have been included in our Unaudited Condensed Consolidated Financial Statements since the date of acquisition. The transaction added 12% to *Net sales* during the nine months ended September 30, 2023 and is included in Acquisitions and divestitures, net.

For the nine months ended September 30, 2023, *Operating profit* in our HVAC segment was $1.9 billion, a 18% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	8 %
Acquisitions and divestitures, net	6 %
Restructuring	(1) %
Amortization of acquired intangibles	(3) %
Other	(28) %
Total % change in Operating profit	**(18) %**

The operational profit increase of 8% was primarily attributable to pricing improvements and ongoing customer demand in certain end-markets compared with the prior year. These benefits more than offset the higher costs for commodities and components used in our products. Lower earnings from equity method investments impacted operational profit due to the increase in our ownership interest in TCC on August 1, 2022. As a result, TCC is no longer accounted for under the equity method of accounting since the date of acquisition. Inflationary cost pressures have begun to moderate, but continue to impact our operating profit.

Acquisitions and divestitures, net primarily related to the results of operations associated with the acquisition of TCC. The transaction added 1% to *Operating profit* during the nine months ended September 30, 2022. In connection with the TCC acquisition, the carrying value of our previously held TCC equity investments were recognized at fair value at the date of acquisition. As a result, we recognized a $732 million non-cash gain associated with the increase in our ownership interest in Other.

Refrigeration Segment

For the nine months ended September 30, 2023, *Net sales* in our Refrigeration segment were $2.8 billion, a 5% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	(4) %
Foreign currency translation	— %
Acquisitions and divestitures, net	(1) %
Total % change in Net sales	**(5)%**

Organic *Net sales* decreased 4% compared to the prior year as the segment experienced challenges in certain end-markets during the period. Results for Commercial refrigeration decreased (down 16%) compared with the prior year, primarily driven by lower volumes in Europe as economic conditions and inflationary cost pressures impacted end-market demand. In addition, Asia results were impacted by reduced end-market demand in China. Transport refrigeration sales were flat compared to the prior year as pricing improvements and strong end-market demand in the U.S. and Europe offset continued weakness in container end-markets.

For the nine months ended September 30, 2023, *Operating profit* in our Refrigeration segment was $327 million, a 12% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(16) %
Acquisitions and divestitures, net	(1) %
Restructuring	(1) %
Other	6 %
Total % change in Operating profit	**(12)%**

The decrease in operational profit of 16% was primarily driven by volume reductions in certain end-markets compared with the prior year. In addition, the higher costs of commodities and components used in our products further impacted segment results. These amounts were partially offset by pricing improvements and favorable productivity initiatives. Inflationary cost pressures have begun to moderate, but continue to impact our operating profit. Amounts reported in Other represent a $24 million gain on the sale of a business within Transport refrigeration.

Fire & Security Segment

For the nine months ended September 30, 2023, *Net sales* in our Fire & Security segment were $2.7 billion, a 4% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	8 %
Foreign currency translation	(1) %
KFI deconsolidation	(3) %
Total % change in Net sales	**4 %**

The organic increase in *Net sales* of 8% was primarily driven by pricing improvements and volume growth compared with the prior year. Sales grew in all three regions including strong commercial and residential results in the Americas. Growth in Europe moderated as economic conditions and inflationary cost pressures impacted end-market demand. Results in Asia normalized after a strong COVID-19 related recovery. Global industrial sales benefited segment results due to pricing improvements and strong demand. The segment continues to be impacted by ongoing supply chain constraints for certain components used in our products.

For the nine months ended September 30, 2023, *Operating profit* in our Fire & Security segment was $100 million, a 93% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	2 %
KFI deconsolidation	(21) %
Chubb gain	(74) %
Total % change in Operating profit	**(93) %**

The increase in operational profit of 2% was primarily driven by pricing improvements, volume growth and lower freight and logistics costs compared to the prior year. These amounts were partially offset by the higher costs of commodities and components used in our products. In addition, higher inventory-related reserves resulting from supply chain challenges further impacted segment results. Inflationary cost pressures have moderated, but continue to impact our operating profit.

As of May 14, 2023, we no longer control KFI as their activities are subject to review and oversight by the bankruptcy court. Therefore, KFI was deconsolidated and their respective assets and liabilities were derecognized from our Unaudited Condensed Consolidated Financial Statements. As a result, we recognized a loss on deconsolidation of $297 million during the nine months ended September 30, 2023.

LIQUIDITY AND FINANCIAL CONDITION

We assess liquidity in terms of our ability to generate adequate amounts of cash necessary to fund our current and future cash requirements to support our business and strategic initiatives. In doing so, we review and analyze our cash on hand, working capital, debt service requirements and capital expenditures. We rely on operating cash flows as our primary source of liquidity. In addition, we have access to other sources of capital to finance our strategic initiatives and fund growth.

As of September 30, 2023, we had cash and cash equivalents of $3.9 billion, of which approximately 39% was held by our foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds and the cost effectiveness with which we can access funds held by foreign subsidiaries. On occasion, we are required to maintain cash deposits in connection with contractual obligations related to acquisitions, divestitures or other legal obligations. As of September 30, 2023 and December 31, 2022, the amount of such restricted cash was approximately $6 million and $7 million, respectively.

We maintain a $2.0 billion unsecured, unsubordinated commercial paper program which can be used for general corporate purposes, including the funding of working capital and potential acquisitions. In addition, we maintain a $2.0 billion revolving credit agreement with various banks (the "Revolving Credit Facility") that matures in May 2028 which supports our commercial paper borrowing program and can be used for other general corporate purposes. A ratings-based commitment fee is charged on unused commitments. As of September 30, 2023, we had no borrowings outstanding under our commercial paper program and our Revolving Credit Facility.

We continue to actively manage and strengthen our business portfolio to meet the current and future needs of our customers. This is accomplished through research and development activities with a focus on new product development and new technology innovation as well as sustaining activities with a focus on improving existing products and reducing production costs. We also pursue potential acquisitions to complement existing products and services to enhance our product portfolio. In addition, we routinely conduct discussions, evaluate targets and enter into agreements regarding possible acquisitions, divestitures, joint ventures and equity investments to manage our business portfolio.

We believe that our available cash and operating cash flows will be sufficient to meet our future operating cash needs. Our committed credit facilities and access to the debt and equity markets provide additional sources of short-term and long-term capital to fund current operations, debt maturities and future investment opportunities. Although we believe that the arrangements currently in place permit us to finance our operations on acceptable terms and conditions, our access to and the availability of financing on acceptable terms and conditions in the future will be impacted by many factors, including: (1) our credit ratings or absence of credit ratings, (2) the liquidity of the overall capital markets and (3) the state of the economy. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all.

The following table contains several key measures of our financial condition and liquidity:

(In millions)	**September 30, 2023**	**December 31, 2022**
Cash and cash equivalents	$ 3,902	$ 3,520
Total debt	$ 8,785	$ 8,842
Total equity	$ 8,502	$ 8,076
Net debt (total debt less cash and cash equivalents)	$ 4,883	$ 5,322
Total capitalization (total debt plus total equity)	$ 17,287	$ 16,918
Net capitalization (total debt plus total equity less cash and cash equivalents)	$ 13,385	$ 13,398
Total debt to total capitalization	51 %	52 %
Net debt to net capitalization	36 %	40 %

Borrowings and Lines of Credit

Our short-term obligations primarily consist of current maturities of long-term debt. Our long-term obligations primarily consist of long-term notes with maturity dates ranging between 2025 and 2050. Interest payments related to long-term Notes are expected to approximate $249 million per year, reflecting an approximate weighted-average interest rate of 2.86%. Any borrowings from the Revolving Credit Facility are subject to variable interest rates. See Note 5 – Borrowings and Lines of Credit in the Notes to the accompanying Unaudited Condensed Consolidated Financial Statements for additional information regarding the terms of our long-term debt obligations.

On March 15, 2022, we commenced tender offers to repurchase up to $1.15 billion aggregate principal of our 2.242% Notes due 2025 and 2.493% Notes due 2027 (together, the "Senior Notes"). The tender offers included payment of applicable accrued and unpaid interest up to the settlement date, along with a fixed spread for early repayment. Based on participation, we elected to settle the tender offers on March 30, 2022. The aggregate principal amount of Senior Notes validly tendered and accepted was approximately $1.15 billion and included $800 million of Notes due 2025 and $350 million of Notes due 2027. Upon settlement, we recognized a net gain of $33 million and wrote off $5 million of unamortized deferred financing costs during the three months ended March 31, 2022.

On July 15, 2022, we entered into a five-year, JPY 54 billion (approximately $400 million) senior unsecured term loan facility with MUFG Bank Ltd., as administrative agent and lender, and certain other lenders (the "Japanese Term Loan Facility"). Borrowings bear interest at a rate equal to the Tokyo Term Risk Free Rate plus 0.75%. In addition, it is subject to customary covenants including a covenant to maintain a maximum consolidated leverage ratio. On July 25, 2022, we borrowed JPY 54 billion under the Japanese Term Loan Facility and used the proceeds to fund a portion of the TCC acquisition and to pay related fees and expenses.

The Revolving Credit Facility, the Japanese Term Loan Facility and the indentures for the long-term notes contain affirmative and negative covenants customary for financings of these types, which among other things, limit our ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. As of September 30, 2023, we were compliant with the covenants under the agreements governing our outstanding indebtedness.

The following table presents our credit ratings and outlook as of September 30, 2023:

Rating Agency	Long-term Rating [1]	Short-term Rating	Outlook [2] [3]
Standards & Poor's ("S&P")	BBB	A2	Stable
Moody's Investors Service Inc. ("Moody's")	Baa3	P3	Positive
Fitch Ratings ("Fitch")	BBB-	F3	Stable

[1] The long-term rating for S&P was affirmed on May 14, 2021, and for Moody's on March 30, 2022. Fitch's long-term rating was affirmed on June 3, 2021.
[2] S&P revised its outlook to stable from positive on April 25, 2023.
[3] Moody's Investors Service revised its outlook to positive from stable on February 28, 2023.

Planned Portfolio Transformation

On April 25, 2023, we announced that we entered into an Agreement to acquire the VCS Business for approximately €12 billion. Under the terms of the Agreement, 20% of the purchase price will be paid in Carrier common stock, issued directly to Viessmann and subject to long-term lock-up provisions, and 80% will be paid in cash. We intend to finance the acquisition with a combination of cash on hand and new debt financing and expect the transaction to close around the end of 2023. In addition, we also announced plans to exit our Fire & Security and Commercial Refrigeration businesses over the course of 2024.

In connection with the planned acquisition, we entered into commitment letters with JPMorgan Chase Bank, N.A., BofA Securities, Inc. and Bank of America, N.A. to provide an €8.2 billion Bridge Loan. Proceeds from the Bridge Loan are expected to be used to fund a portion of the Euro-denominated purchase price of the Business if other debt financing is not secured by the acquisition date. On May 19, 2023, the aggregate principal amount of the Bridge Loan was reduced by €2.3 billion upon entering into a senior unsecured delayed draw term loan credit agreement.

On May 19, 2023, we entered into a senior unsecured delayed draw term loan credit agreement with JPMorgan Chase Bank, N.A., as administrative agent and certain other lenders that permits aggregate borrowings of up to €2.3 billion (the "Delayed Draw Facility"). Proceeds from the Delayed Draw Facility are expected to be used to fund a portion of the Euro-denominated purchase price of the Business. In addition, we entered into a 364-day, $500 million, senior unsecured revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent and certain other lenders (the "Revolver") on May 19, 2023. Proceeds from the Revolver become available upon closing the purchase of the Business.

Share Repurchase Program

We may repurchase our outstanding common stock from time to time subject to market conditions and at our discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. Since the initial authorization in February 2021, our Board of Directors authorized the repurchase of up to $4.1 billion of our outstanding common stock. As of December 31, 2022, we repurchased 42.1 million shares of common stock for an aggregate purchase price of $1.9 billion, including shares repurchased under an accelerated share repurchase agreement. As a result, we had approximately $2.2 billion remaining under the current authorization at December 31, 2022.

During the three months ended September 30, 2023, we did not repurchase any shares of common stock. During the nine months ended September 30, 2023, we repurchased 1.4 million shares of common stock for an aggregate purchase price of $62 million. As a result, we have approximately $2.1 billion remaining under the current authorization at September 30, 2023.

Dividends

We paid dividends on common stock during the nine months ended September 30, 2023, totaling $465 million. In October 2023, the Board of Directors declared a dividend of $0.185 per share of common stock payable on November 20, 2023 to shareowners of record at the close of business on October 27, 2023.

Discussion of Cash Flows

(In millions)	Nine Months Ended September 30, 2023	2022
Net cash flows provided by (used in):		
Operating activities	$ 1,545	$ 620
Investing activities	(431)	2,045
Financing activities	(688)	(2,584)
Effect of foreign exchange rate changes on cash and cash equivalents	(45)	(115)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ 381**	**$ (34)**

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities. The year-over-year increase in net cash provided by operating activities was primarily driven by a decrease in working capital balances compared with the prior period. Improved inventory management and higher accounts payable balances more than offset higher accounts receivable balances. In addition, *Accounts payable and accrued liabilities* included a $368 million mark-to-market valuation adjustment on our window forward contracts associated with the Euro-denominated purchase price of the VCS Business. Prior year working capital balances increased due to higher safety stock and supply chain constraints.

Cash flows from investing activities primarily represent inflows and outflows associated with long-term assets. Primary activities include capital expenditures, acquisitions, divestitures and proceeds from the sale of fixed assets. During the nine months ended September 30, 2023, net cash used in investing activities was $431 million. The primary drivers of the outflow related to $236 million of capital expenditures and $134 million related to the deconsolidation of KFI. In addition, we settled working capital and other transaction-related items associated with the acquisition of TCC and invested in several businesses. These amounts totaled $69 million, net of cash acquired and were partially offset by the proceeds from the sale of a business during the period. During the nine months ended September 30, 2022, net cash provided by investing activities was $2.0 billion. The primary driver of the inflow related to the net proceeds from the Chubb Sale. This amount was partially offset by the acquisition of TCC and several other businesses and minority-owned businesses, which totaled $472 million, net of cash acquired and $213 million of capital expenditures.

Cash flows from financing activities primarily represent inflows and outflows associated with equity or borrowings. During the nine months ended September 30, 2023, net cash used in financing activities was $688 million. The primary driver of the outflow related to the payment of $465 million in dividends to our common shareowners. In addition, we paid $62 million to repurchase shares of our common stock. During the nine months ended September 30, 2022, net cash used in financing activities was $2.6 billion. The primary driver of the outflow related to the payment of $1.3 billion to repurchase shares of our common stock. In addition, we settled our tender offers for $1.15 billion and paid $384 million in dividends to our common shareowners.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the three and nine months ended September 30, 2023. For discussion of our exposure to market risk, refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Risk Management" in our 2022 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our management, including the Chairman and Chief Executive Officer ("CEO"), the Senior Vice President and Chief Financial Officer ("CFO") and the Vice President, Controller ("Controller") of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, CFO and Controller have concluded that, as of September 30, 2023, our disclosure controls and procedures were effective and provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, CFO and Controller, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during the three months ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This Form 10-Q and other materials Carrier has filed or will file with the SEC contain or incorporate by reference statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for our 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 or the Separation. 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. These risks and uncertainties include, but are not limited to, those described above under Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, below under Part II, Item 1A. Risk Factors, and other risks and uncertainties listed from time to time in our filings with the SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 19 – Commitments and Contingent Liabilities in the Notes to the accompanying Unaudited Condensed Consolidated Financial Statements for information regarding legal proceedings.

Except as otherwise noted previously, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to "Business – Legal Proceedings" in our 2022 Form 10-K.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in "Risk Factors" in our 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information about our purchases during the three months ended September 30, 2023 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

	Total Number of Shares Purchased (in 000's)	Average Price Paid per Share [1]	Total Number of Shares Purchased as Part of a Publicly Announced Program (in 000's)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)
2023				
July 1 - July 30	—	$ —	—	$ 2,129
August 1 - August 31	—	$ —	—	$ 2,129
September 1 - September 30	—	$ —	—	$ 2,129
Total	—	$ —	—	

[1] Excludes broker commissions.

We may purchase our outstanding common stock from time to time subject to market conditions and at our discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. In July 2021, our Board of Directors approved a $1.75 billion increase to our existing $350 million share repurchase program authorizing the repurchase of up to $2.1 billion of our outstanding common stock. In October 2022, our Board of Directors approved a $2 billion increase to our existing $2.1 billion share repurchase program.

Item 5. Other Information

During the three months ended September 30, 2023, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	Amendment Number One to the Carrier Global Corporation Company Automatic Contribution Excess Plan*+
10.2	Amendment Number One to the Carrier Global Corporation Pension Preservation Plan*+
10.3	Amendment Number One to the Carrier Global Corporation Amended and Restated Savings Restoration Plan*+
15	Letter Re: Unaudited Interim Financial Information*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
31.3	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certifications*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.* (File name: carr-20220331.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: carr-20220331.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: carr-20220331_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: carr-20220331_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: carr-20220331_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: carr-20220331_pre.xml)
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101

Notes to Exhibits List:

* Filed herewith.

+ Exhibit is a management contract or compensatory plan or arrangement.

** Certain exhibits and schedules to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

† Certain portions of this exhibit have been omitted in accordance with Item 601(b)(2)(ii) of Regulation S-K. The registrant agrees to furnish supplementally an unredacted copy of this exhibit to the Securities and Exchange Commission upon its request.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2023 and 2022, (ii) Condensed Consolidated Statement of Comprehensive Income for the three and nine months ended September 30, 2023 and 2022, (iii) Condensed Consolidated Balance Sheet as of September 30, 2023 and December 31, 2022, (iv) Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2023 and 2022, (v) Condensed Consolidated Statement of Changes in Equity for the three and nine months ended September 30, 2023 and 2022 and (vi) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARRIER GLOBAL CORPORATION
(Registrant)

Dated:	October 26, 2023	by:	/s/PATRICK GORIS
			Patrick Goris
			Senior Vice President and Chief Financial Officer
			(on behalf of the Registrant and as the Registrant's Principal Financial Officer)
Dated:	October 26, 2023	by:	/s/KYLE CROCKETT
			Kyle Crockett
			Vice President, Controller
			(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

Exhibit 10.1

AMENDMENT NUMBER ONE TO THE
CARRIER GLOBAL CORPORATION
COMPANY AUTOMATIC CONTRIBUTION EXCESS PLAN

WHEREAS, Carrier Global Corporation (the “Corporation”) established the Carrier Global Corporation Company Automatic Contribution Excess Plan, effective as of January 1, 2020 (the "Plan");

WHEREAS, the Corporation reserves the right to amend the Plan through the action of its Employee Benefit Committee (the "EBC");

WHEREAS, the EBC has delegated authority to amend the Plan to the Benefit Administration Subcommittee (the "BAS");

WHEREAS, the Corporation desires to amend the Plan to align the vesting schedule in the Carrier Retirement Savings Plan, as amended ("Savings Plan") and otherwise remove the ability to elect installment payments, effective January 1, 2022;

WHEREAS, these amendments were previously approved by the BAS.

NOW, THEREFORE, the Plan is hereby amended as set forth below, effective on the effective dates noted below:

1. Effective as of July 1, 2023, the definition of "Disability" in Section (k) of Article II is amended in its entirety to read as follows:

   (k) *Disability* means a permanent and total disability as determined under the Corporation’s long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, “Disability” means a determination of total disability by the Social Security Administration; provided that, in either case, the Participant’s condition also qualifies as a “disability” for purposes of Section 409A(a)(2)(C) of the Code, with respect to a distribution that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code.

2. Effective as of January 1, 2022, Section 4.1 is amended in its entirety to read as follows:

   Section 4.1 Distribution Election. A Participant must, on or before the election deadline established by the Committee, make an electronic or written election on the Election Form to have the Participant's Plan Account distributed in a lump sum or, prior to January 1, 2022, in two (2) to fifteen (15) annual installments. To the extent no distribution election is made with respect to a Participant's Plan Account, the distribution will be made in a lump sum at the time provided in Article VII. Notwithstanding anything in the Plan to the contrary, and for the avoidance of doubt, on and after January 1, 2022, a Participant may only elect and may only change a Participant's previous election (in accordance with the terms of this Plan) to receive the Participant's Plan Account distribution in a lump sum.

3. Effective as of January 1, 2022, the first sentence in Section 4.4 is amended in its entirety to read as follows:

A Participant may make an irrevocable election to change the time or form of distribution for his or her Plan Account as follows: (x) for periods prior to January 1, 2022, changing the number of installments, (y) changing installment payments to a lump sum, (z) the commencement date.

4. Effective as of July 1, 2023, Section 5.4 is amended in its entirety to read as follows:

5.4. Vesting of Contributions

A Participant shall be vested in the value of contributions credited to his or her Plan Account upon the first to occur of the following: completion of two (2) years (including the UTC CACEP prior to the Spin-off) of "Continuous Service" (as defined in the Qualified Savings Plan); attainment of age 65; the death or Disability of the Participant while employed by a Carrier Company; the layoff of a Participant from a Carrier Company due to lack of work; or the Participant's entrance into United States military service before completing two (2) years of Continuous Service.

5. Effective as of January 1, 2022, Section 7.2 is amended in its entirety to read as follows:

Section 7.2 Method of Distribution. Except as provided in Section 7.4 (Separation from Service before Attaining Age Fifty (50)), Section 7.6 (Death), or as provided in the following sentence (Company Automatic Contributions and Benefit Reduction Contributions based on compensation earned before the Participant’s benefit distribution election), a Plan Account will be distributed to the Participant in a single lump-sum payment, or, if the election was made prior to January 1, 2022, in a series of annual installment payments, in accordance with the Participant’s election on file. As provided in Article IV, any Benefit Reduction Contribution or Company Automatic Contribution based on compensation that a Participant earns after the Participant becomes eligible to participate in the Plan, but before the Participant makes a valid distribution election, shall be paid in a lump sum, or as otherwise provided in a change in distribution election made pursuant to Section 4.4.

For elections made prior to January 1, 2022, annual installment distributions shall be payable to the Participant beginning on the payment commencement date and continuing as of each anniversary of the payment commencement date thereafter until all installments have been paid. To determine the amount of each installment, the value of the Participant’s Plan Account on the payment date will be multiplied by a fraction, the numerator of which is one and the denominator of which is the remaining number of scheduled installments.

6. Effective as of January 1, 2022, Section 7.5 is amended in its entirety as follows:

7.5 Separation from Service of Specified Employees. Distributions to Specified Employees on account of a Separation from Service will not be made or commence earlier than the first day of the seventh month following the date of Separation from Service. All Plan Accounts shall continue to accrue hypothetical investment gains and losses as provided in Article VI until the distribution date. In the case of a distribution in installments with respect to an election made prior to January 1, 2022, the date of subsequent installments shall not be affected by the delay of any installment hereunder.

[Signatures on following page]

IN WITNESS WHEREOF, this amendment has been executed by a duly authorized representative of the Benefit Administration Subcommittee as of the date indicated below.

BENEFIT ADMINISTRATION SUBCOMMITTEE

By: /s/ Randy Michel, VP Total Rewards

Exhibit 10.2

AMENDMENT NUMBER ONE TO THE CARRIER GLOBAL CORPORATION PENSION PRESERVATION PLAN

WHEREAS, Carrier Global Corporation (the “Corporation”) established the Carrier Global Corporation Pension Preservation Plan, effective as of April 3, 2020 (the "Plan");

WHEREAS, the Corporation reserves the right to amend the Plan through the action of its Employee Benefit Committee (the "EBC");

WHEREAS, the EBC has delegated authority to amend the Plan to the Benefit Administration Subcommittee (the "BAS");

WHEREAS, the Corporation desires to amend the Plan to align the Plan's terms to reflect the operation of the Plan;

WHEREAS, these amendments were previously approved by the BAS.

NOW, THEREFORE, the Plan is hereby amended as set forth below, effective as of April 3, 2020:

1. Section 6.2 is amended in its entirety to read as follows:

6.2. **Separation from Service of Specified Employees.**

If the Participant is a Specified Employee on the date of the Participant's Separation from Service, distribution of the Participant's Plan Benefit to the Participant that is made on account of the Participant's Separation from Service will not be made or commence earlier than the first business day of the seventh month following the date of Separation from Service. In the case of a distribution in installments, the date of any subsequent installments shall not be affected by the delay of any installment hereunder.

[Signatures on following page]

IN WITNESS WHEREOF, this amendment has been executed by a duly authorized representative of the Benefit Administration Subcommittee as of the date indicated below.

BENEFIT ADMINISTRATION SUBCOMMITTEE

By: /s/ Randy Michel, VP Total Rewards

Exhibit 10.3

AMENDMENT NUMBER ONE TO THE
CARRIER GLOBAL CORPORATION
AMENDED AND RESTATED SAVINGS RESTORATION PLAN

WHEREAS, Carrier Global Corporation (the “Corporation”) established the Amended and Restated Carrier Global Corporation Savings Restoration Plan, effective as of March 11, 2020 (the "Plan");

WHEREAS, the Corporation reserves the right to amend the Plan through the action of its Employee Benefit Committee (the "EBC");

WHEREAS, the EBC has delegated authority to amend the Plan to the Benefit Administration Subcommittee (the "BAS");

WHEREAS, the Corporation desires to amend the Plan to align the vesting schedule in the Carrier Retirement Savings Plan, as amended ("Savings Plan");

WHEREAS, these amendments were previously approved by the BAS.

NOW, THEREFORE, the Plan is hereby amended as set forth below, effective as of July 1, 2023:

1. The definition of "Disability" in Section (n) of Article II is amended in its entirety to read as follows:

   (n) *Disability* means a permanent and total disability as determined under the Corporation’s long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, “Disability” means a determination of total disability by the Social Security Administration; provided that, in either case, the Participant’s condition also qualifies as a “disability” for purposes of Section 409A(a)(2)(C) of the Code, with respect to a distribution that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code.

2. Section 5.5 is amended in its entirety to read as follows:

   5.5. **Vesting of Contributions**

   A Participant is always 100% vested in his or her Participant Contribution Account. A Participant shall be vested in the value of his or her Carrier Contribution Account upon the first to occur of the following: completion of two (2) years (including the UTC SRP prior to the Spin-off) of "Continuous Service" (as defined in the Qualified Savings Plan); attainment of age 65; the death or Disability of the Participant while employed by a Carrier Company; the layoff of a Participant from a Carrier Company due to lack of work; or the Participant's entrance into United States military service before completing two (2) years of Continuous Service.

[Signatures on following page]

IN WITNESS WHEREOF, this amendment has been executed by a duly authorized representative of the Benefit Administration Subcommittee as of the date indicated below.

BENEFIT ADMINISTRATION SUBCOMMITTEE

By: /s/ Randy Michel, VP Total Rewards

Exhibit 15

October 26, 2023

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated October 26, 2023 on our review of interim financial information of Carrier Global Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (No. 333-237157) and Form S-8 (No. 333-237207) of Carrier Global Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Miami, Florida

Exhibit 31.1

CERTIFICATION

I, David Gitlin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 26, 2023

/s/David Gitlin
David Gitlin
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Patrick Goris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

/s/Patrick Goris

Patrick Goris
Senior Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION

I, Kyle Crockett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

/s/Kyle Crockett

Kyle Crockett
Vice President, Controller

Exhibit 32

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Carrier Global Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	October 26, 2023	/s/David Gitlin
		David Gitlin Chairman and Chief Executive Officer
Date:	October 26, 2023	/s/Patrick Goris
		Patrick Goris Senior Vice President and Chief Financial Officer
Date:	October 26, 2023	/s/Kyle Crockett
		Kyle Crockett Vice President, Controller