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 June 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 July 17, 2023, there were 837,627,926 shares of Common Stock outstanding.

CARRIER GLOBAL CORPORATION

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Three and Six Months Ended June 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)

(In millions, except per share amounts)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net sales				
Product sales	$ 5,355	$ 4,662	$ 10,041	$ 8,832
Service sales	637	549	1,224	1,033
Total Net sales	5,992	5,211	11,265	9,865
Costs and expenses				
Cost of products sold	(3,769)	(3,363)	(7,227)	(6,361)
Cost of services sold	(468)	(401)	(905)	(764)
Research and development	(151)	(122)	(290)	(247)
Selling, general and administrative	(784)	(614)	(1,505)	(1,215)
Total Costs and expenses	(5,172)	(4,500)	(9,927)	(8,587)
Equity method investment net earnings	52	101	96	159
Other income (expense), net	(383)	7	(390)	1,119
Operating profit	489	819	1,044	2,556
Non-service pension (expense) benefit	—	(1)	—	(2)
Interest (expense) income, net	(67)	(61)	(113)	(109)
Income from operations before income taxes	422	757	931	2,445
Income tax (expense) benefit	(189)	(170)	(311)	(471)
Net income from operations	233	587	620	1,974
Less: Non-controlling interest in subsidiaries' earnings from operations	34	14	48	22
Net income attributable to common shareowners	**$ 199**	**$ 573**	**$ 572**	**$ 1,952**
Earnings per share				
Basic	$ 0.24	$ 0.68	$ 0.68	$ 2.30
Diluted	**$ 0.23**	**$ 0.67**	**$ 0.67**	**$ 2.25**
Weighted-average number of shares outstanding				
Basic	836.0	845.7	835.5	849.5
Diluted	**850.9**	**862.7**	**851.5**	**868.4**

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)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Net income from operations	$ 233	$ 587	$ 620	$ 1,974
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments arising during period	(63)	(489)	(9)	(550)
Pension and post-retirement benefit plan adjustments	—	2	—	—
Chubb divestiture	—	—	—	(245)
Other comprehensive income (loss), net of tax	(63)	(487)	(9)	(795)
Comprehensive income (loss)	170	100	611	1,179
Less: Comprehensive income (loss) attributable to non-controlling interest	26	5	42	13
Comprehensive income (loss) attributable to common shareowners	**$ 144**	**$ 95**	**$ 569**	**$ 1,166**

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 June 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	$ 3,209	$ 3,520
Accounts receivable, net	3,212	2,833
Contract assets, current	578	537
Inventories, net	2,699	2,640
Other assets, current	443	349
Total current assets	10,141	9,879
Future income tax benefits	690	612
Fixed assets, net	2,262	2,241
Operating lease right-of-use assets	600	642
Intangible assets, net	1,181	1,342
Goodwill	9,927	9,977
Pension and post-retirement assets	32	26
Equity method investments	1,139	1,148
Other assets	312	219
Total Assets	**$ 26,284**	**$ 26,086**
Liabilities and Equity		
Accounts payable	$ 2,956	$ 2,833
Accrued liabilities	2,661	2,610
Contract liabilities, current	483	449
Current portion of long-term debt	134	140
Total current liabilities	6,234	6,032
Long-term debt	8,655	8,702
Future pension and post-retirement obligations	350	349
Future income tax obligations	560	568
Operating lease liabilities	485	529
Other long-term liabilities	1,712	1,830
Total Liabilities	17,996	18,010
Commitments and contingent liabilities (Note 19)		
Equity		
Common stock	9	9
Treasury stock	(1,972)	(1,910)
Additional paid-in capital	5,494	5,481
Retained earnings	6,129	5,866
Accumulated other comprehensive loss	(1,691)	(1,688)
Non-controlling interest	319	318
Total Equity	8,288	8,076
Total Liabilities and Equity	**$ 26,284**	**$ 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**

(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 [(2)]	—	—	—	—	(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**

[(1)] Cash dividends declared were $0.38 per share for the three months ended June 30, 2023

[(2)] 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)	Six Months Ended June 30, 2023	2022
Operating Activities		
Net income from operations	$ 620	$ 1,974
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	273	155
Deferred income tax provision	(110)	(17)
Stock-based compensation costs	40	41
Equity method investment net earnings	(96)	(159)
(Gain) loss on extinguishment of debt	—	(36)
(Gain) loss on sale of investments / deconsolidation	276	(1,119)
Changes in operating assets and liabilities		
Accounts receivable, net	(406)	(483)
Contract assets, current	(40)	(224)
Inventories, net	(59)	(435)
Other assets, current	(105)	(37)
Accounts payable and accrued liabilities	120	79
Contract liabilities, current	37	42
Defined benefit plan contributions	(11)	(6)
Distributions from equity method investments	10	15
Other operating activities, net	(45)	40
Net cash flows provided by (used in) operating activities	504	(170)
Investing Activities		
Capital expenditures	(144)	(122)
Investment in businesses, net of cash acquired	(56)	(38)
Dispositions of businesses	36	2,944
Settlement of derivative contracts, net	(14)	(123)
Kidde-Fenwal, Inc. deconsolidation	(134)	—
Other investing activities, net	16	(16)
Net cash flows provided by (used in) investing activities	(296)	2,645
Financing Activities		
Increase (decrease) in short-term borrowings, net	(19)	(22)
Issuance of long-term debt	6	21
Repayment of long-term debt	(12)	(1,127)
Repurchases of common stock	(62)	(1,014)
Dividends paid on common stock	(309)	(257)
Dividends paid to non-controlling interest	(41)	(22)
Other financing activities, net	(69)	(13)
Net cash flows provided by (used in) financing activities	(506)	(2,434)
Effect of foreign exchange rate changes on cash and cash equivalents	(13)	(41)
Net increase (decrease) in cash and cash equivalents and restricted cash	(311)	—
Cash, cash equivalents and restricted cash, beginning of period	3,527	3,025
Cash, cash equivalents and restricted cash, end of period	3,216	3,025
Less: restricted cash	7	8
Cash and cash equivalents, end of period	**$ 3,209**	**$ 3,017**

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") 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 and an indirect wholly-owned subsidiary of the Company, 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)	**June 30, 2023**	**December 31, 2022**
Raw materials	$ 841	$ 884
Work-in-process	291	230
Finished goods	1,567	1,526
Inventories, net	**$ 2,699**	**$ 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 $241 million and $190 million as of June 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	(11)	(4)	—	(15)
Foreign currency translation	(22)	(4)	(9)	(35)
Balance as of June 30, 2023	**$ 6,359**	**$ 1,189**	**$ 2,379**	**$ 9,927**

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:

	June 30, 2023			December 31, 2022		
(In millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Amortized:						
Customer relationships	$ 1,408	$ (754)	$ 654	$ 1,431	$ (720)	$ 711
Patents and trademarks	388	(202)	186	401	(191)	210
Service portfolios and other	932	(655)	277	953	(595)	358
	2,728	(1,611)	1,117	2,785	(1,506)	1,279
Unamortized:						
Trademarks and other	64	—	64	63	—	63
Intangible assets, net	**$ 2,792**	**$ (1,611)**	**$ 1,181**	**$ 2,848**	**$ (1,506)**	**$ 1,342**

Amortization of intangible assets was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Amortization expense of Intangible assets	$ 61	$ 20	$ 125	$ 41

NOTE 5: BORROWINGS AND LINES OF CREDIT

Long-term debt consisted of the following:

(In millions)	June 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	374	404
Other debt (including project financing obligations and finance leases)	146	149
Discounts and debt issuance costs	(81)	(61)
Total debt	8,789	8,842
Less: current portion of long-term debt	134	140
Long-term debt, net of current portion	**$ 8,655**	**$ 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 rating-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 June 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 June 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 $6 million and $21 million of debt during the six months ended June 30, 2023 and 2022, respectively. Long-term debt repayments associated with these financing arrangements during the six months ended June 30, 2023 and 2022 were $12 million and $12 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 June 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 months ended June 30, 2023, the Company recognized a $111 million loss on the mark-to-market valuation of its window forward 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
June 30, 2023				
Derivative assets [1][3]	$ 18	$ —	$ 18	$ —
Derivative liabilities [2][3]	$ (176)	$ —	$ (176)	$ —
December 31, 2022				
Derivative assets [1][3]	$ 28	$ —	$ 28	$ —
Derivative liabilities [2][3]	$ (48)	$ —	$ (48)	$ —

[1] Included in *Other assets, current* on the accompanying Unaudited Condensed Consolidated Balance Sheet.
[2] Included in *Accrued liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet.
[3] Includes cross currency swaps and window forward 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:

	June 30, 2023		December 31, 2022	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total long-term Notes [1]	$ 8,350	$ 6,943	$ 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Defined benefit plans	$ 5	$ 2	$ 11	$ 6
Defined contribution plans	$ 29	$ 28	$ 66	$ 66
Multi-employer pension plans	$ 4	$ 3	$ 8	$ 6

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Service cost	$ 4	$ 4	$ 8	$ 9
Interest cost	8	4	16	8
Expected return on plan assets	(8)	(6)	(16)	(13)
Amortization of prior service credit	1	—	1	1
Recognized actuarial net (gain) loss	(1)	3	(1)	5
Net periodic pension expense (benefit)	**$ 4**	**$ 5**	**$ 8**	**$ 10**

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Equity compensation costs - equity settled	$ 18	$ 20	$ 40	$ 41
Equity compensation costs - cash settled [(1)]	1	(11)	2	(17)
Total stock-based compensation expense	**$ 19**	**$ 9**	**$ 42**	**$ 24**

[(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:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Balance as of January 1,	$ 552	$ 524
Warranties, performance guarantees issued and changes in estimated liability	117	84
Settlements made	(92)	(78)
Other	(2)	(5)
Balance as of June 30,	**$ 575**	**$ 525**

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 June 30, 2023 and December 31, 2022, 880,570,371 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 six months ended June 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 June 30, 2023.

Accumulated Other Comprehensive Income (Loss)

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and six months ended June 30, 2023 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, 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)**

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and six months ended June 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)**

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Sales Type				
Product	$ 3,754	$ 3,005	$ 6,955	$ 5,644
Service	462	383	883	714
HVAC sales	4,216	3,388	7,838	6,358
Product	858	925	1,645	1,792
Service	114	116	225	225
Refrigeration sales	972	1,041	1,870	2,017
Product	869	838	1,682	1,609
Service	63	49	119	96
Fire & Security sales	932	887	1,801	1,705
Total segment sales	6,120	5,316	11,509	10,080
Eliminations and other	(128)	(105)	(244)	(215)
Net sales	**$ 5,992**	**$ 5,211**	**$ 11,265**	**$ 9,865**

Contract Balances

Total contract assets and contract liabilities consisted of the following:

(In millions)	June 30, 2023	December 31, 2022
Contract assets, current	$ 578	$ 537
Contract assets, non-current (included within *Other assets*)	8	6
Total contract assets	586	543
Contract liabilities, current	(483)	(449)
Contract liabilities, non-current (included within *Other long-term liabilities*)	(170)	(174)
Total contract liabilities	(653)	(623)
Net contract assets (liabilities)	**$ (67)**	**$ (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 $264 million during the six months ended June 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 June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
HVAC	$ 3	$ 2	$ 2	$ 6
Refrigeration	7	6	10	6
Fire & Security	(1)	3	12	9
Total Segment	9	11	24	21
General corporate expenses	—	2	2	2
Total restructuring costs	**$ 9**	**$ 13**	**$ 26**	**$ 23**
Cost of sales	$ 3	$ 5	$ 9	$ 7
Selling, general and administrative	6	8	17	16
Total restructuring costs	**$ 9**	**$ 13**	**$ 26**	**$ 23**

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

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Balance as of January 1,	$ 24	$ 54
Net pre-tax restructuring costs	26	23
Utilization, foreign exchange and other	(19)	(34)
Balance as of June 30,	**$ 31**	**$ 43**

During the six months ended June 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 June 30, 2023, the Company had $31 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 44.8% for the three months ended June 30, 2023 compared with 22.5% for the three months ended June 30, 2022. The year-over-year increase was primarily driven by the non-deductible losses of $293 million on the deconsolidation of KFI due to its Chapter 11 filing and the $111 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.

The effective tax rate was 33.4% for the six months ended June 30, 2023 compared with 19.3% for the six months ended June 30, 2022. The year-over-year increase was primarily driven by the non-deductible losses of $293 million on the deconsolidation of KFI due to its Chapter 11 filing and the $111 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 six months ended June 30, 2022 included a lower effective tax rate on 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 $55 million to $70 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 June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net income attributable to common shareowners	$ 199	$ 573	$ 572	$ 1,952
Basic weighted-average number of shares outstanding	836.0	845.7	835.5	849.5
Stock awards and equity units (share equivalent)	14.9	17.0	16.0	18.9
Diluted weighted-average number of shares outstanding	**850.9**	**862.7**	**851.5**	**868.4**
Antidilutive shares excluded from computation of diluted earnings per share	5.9	4.5	5.6	2.9
Earnings Per Share				
Basic	$ 0.24	$ 0.68	$ 0.68	$ 2.30
Diluted	**$ 0.23**	**$ 0.67**	**$ 0.67**	**$ 2.25**

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 preliminary allocation of the purchase price is as follows:

(In millions)		August 1, 2022
Cash and cash equivalents	$	462
Accounts receivable		426
Inventories		373
Other assets, current		54
Fixed assets		343
Intangible assets		965
Goodwill		876
Other assets		293
Accounts payable		(412)
Accrued liabilities		(445)
Contract liabilities, current		(21)
Other long-term liabilities		(574)
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 the year which resulted in the Company receiving $12 million from Toshiba Corporation.

The Company recorded intangible assets based on its preliminary 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 June 30, 2023, the Company finalized the process of allocating the purchase price and valuing the acquired assets and liabilities except for certain amounts associated with income taxes.

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 $13 million was recognized during the six months ended June 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 $36 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 during the period 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 six months ended June 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 June 30,		Three Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
HVAC	$ 4,216	$ 3,388	$ 742	$ 585
Refrigeration	972	1,041	112	147
Fire & Security	932	887	(157)	134
Total segment	6,120	5,316	697	866
Eliminations and other	(128)	(105)	(146)	(16)
General corporate expenses	—	—	(62)	(31)
Total Consolidated	**$ 5,992**	**$ 5,211**	**$ 489**	**$ 819**

	Net Sales		Operating Profit	
	Six Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
HVAC	$ 7,838	$ 6,358	$ 1,177	$ 1,055
Refrigeration	1,870	2,017	220	254
Fire & Security	1,801	1,705	(64)	1,352
Total segment	11,509	10,080	1,333	2,661
Eliminations and other	(244)	(215)	(184)	(40)
General corporate expenses	—	—	(105)	(65)
Total Consolidated	**$ 11,265**	**$ 9,865**	**$ 1,044**	**$ 2,556**

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 six months ended June 30, 2023 and 2022.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
United States	$ 3,389	$ 3,171	$ 6,249	$ 5,955
International:				
Europe	1,205	1,119	2,401	2,164
Asia Pacific	1,194	713	2,227	1,365
Other	204	208	388	381
Net sales	**$ 5,992**	**$ 5,211**	**$ 11,265**	**$ 9,865**

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Sales to equity method investees included in *Product sales*	$ 887	$ 787	$ 1,641	$ 1,411
Purchases from equity method investees included in *Cost of products sold*	$ 59	$ 91	$ 102	$ 201

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

(In millions)	**June 30, 2023**	**December 31, 2022**
Receivables from equity method investees included in *Accounts receivable, net*	$ 364	$ 154
Payables to equity method investees included in *Accounts payable*	$ 39	$ 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)	**June 30, 2023**	**December 31, 2022**
Environmental reserves included in *Accrued liabilities*	$ 15	$ 24
Environmental reserves included in *Other long-term liabilities*	203	211
Total Environmental reserves	**$ 218**	**$ 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)	June 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. Oral arguments on the appeal were held before the Second Circuit on June 29, 2023 and a decision is pending.

Aqueous Film Forming Foam Litigation

As of June 30, 2023, the Company, KFI and others have been named as defendants in more than 4,500 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 500 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. 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 controls 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 $293 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 June 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 six months ended June 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 July 27, 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 June 30, 2023, and the related condensed consolidated statements of operations, of comprehensive income (loss), and of changes in equity for the three-month and six-month periods ended June 30, 2023 and 2022 and the condensed consolidated statement of cash flows for the six-month periods ended June 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

Hallandale Beach, Florida
July 27, 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") 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 and an indirect wholly-owned subsidiary of the Company, 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.

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

The following represents our consolidated net sales and operating results:

	Three Months Ended June 30,			
(In millions)	**2023**	**2022**	**Period Change**	**% Change**
Net sales	$ 5,992	$ 5,211	$ 781	15 %
Cost of products and services sold	(4,237)	(3,764)	(473)	13 %
Gross margin	1,755	1,447	308	21 %
Operating expenses	(1,266)	(628)	(638)	102 %
Operating profit	489	819	(330)	(40) %
Non-operating income (expense), net	(67)	(62)	(5)	8 %
Income from operations before income taxes	422	757	(335)	(44) %
Income tax expense	(189)	(170)	(19)	11 %
Net income from operations	233	587	(354)	(60) %
Less: Non-controlling interest in subsidiaries' earnings from operations	34	14	20	143 %
Net income attributable to common shareowners	**$ 199**	**$ 573**	**$ (374)**	**(65)%**

Net Sales

For the three months ended June 30, 2023, *Net sales* were $6.0 billion, a 15% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Three Months Ended June 30, 2023
Organic	6 %
Foreign currency translation	— %
Acquisitions and divestitures, net	9 %
Total % change	**15 %**

Organic sales for the three months ended June 30, 2023 increased by 6% 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 each region. Refrigeration results decreased as each of the segment's businesses experienced challenges in certain end-markets during the quarter. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

On August 1, 2022, the Commercial HVAC business 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 10% to *Net sales* during the three months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

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. The deconsolidation had a 1% impact on *Net sales* during the three months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

Gross Margin

For the three months ended June 30, 2023, gross margin was $1.8 billion, a 21% increase compared with the same period of 2022. The components were as follows:

	Three Months Ended June 30,	
(In millions)	**2023**	**2022**
Net sales	$ 5,992	$ 5,211
Cost of products and services sold	(4,237)	(3,764)
Gross margin	**$ 1,755**	**$ 1,447**
Percentage of net sales	29.3 %	27.8 %

Gross margin increased by $308 million compared with the three months ended June 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, certain supply chain constraints and freight costs. 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 150 basis points compared with the same period of 2022.

Operating Expenses

For the three months ended June 30, 2023, operating expenses, including *Equity method investment net earnings*, were $1.3 billion, a 102% increase compared with the same period of 2022. The components were as follows:

	Three Months Ended June 30,	
(In millions)	**2023**	**2022**
Selling, general and administrative	$ (784)	$ (614)
Research and development	(151)	(122)
Equity method investment net earnings	52	101
Other income (expense), net	(383)	7
Total operating expenses	**$ (1,266)**	**$ (628)**
Percentage of net sales	21.1 %	12.1 %

For the three months ended June 30, 2023, *Selling, general and administrative* expenses were $784 million, a 28% increase compared with the same period of 2022. The increase is primarily due to higher compensation 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 and portfolio transformation-related costs further contributed to the increase. The current period also included $14 million of acquisition-related costs compared with $7 million during the three months ended June 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 June 30, 2023, *Equity method investment net earnings* were $52 million, a 49% 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. During the three months ended June 30, 2022, pre-acquisition equity earnings of TCC totaled $47 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 $111 million loss during the three months ended June 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 Business. In addition, we recognized a loss of $293 million on the deconsolidation of KFI due to its Chapter 11 filing. During the three months ended June 30, 2022, we recognized 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 three months ended June 30, 2023, *Non-operating income (expense), net* was $67 million, an 8% increase compared with the same period of 2022. The components were as follows:

	Three Months Ended June 30,	
(In millions)	**2023**	**2022**
Non-service pension (expense) benefit	$ —	$ (1)
Interest expense	$ (94)	$ (68)
Interest income	27	7
Interest (expense) income, net	**$ (67)**	**$ (61)**
Non-operating income (expense), net	**$ (67)**	**$ (62)**

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 June 30, 2023, *Interest expense* was $94 million, a 38% 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 $42 million of deferred financing costs in the current period. During the three months ended June 30, 2023, we amortized $21 million of deferred financing costs in *Interest expense*, of which $19 million related to our senior unsecured bridge term loan facility ("the Bridge Loan").

Income Taxes

	Three Months Ended June 30,	
	2023	**2022**
Effective tax rate	44.8 %	22.5 %

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 44.8% for the three months ended June 30, 2023 compared with 22.5% for the three months ended June 30, 2022. The year-over-year increase was primarily driven by the non-deductible losses of $293 million on the deconsolidation of KFI due to its Chapter 11 filing and the $111 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.

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

The following represents our consolidated net sales and operating results:

	Six Months Ended June 30,			
(In millions)	2023	2022	Period Change	% Change
Net sales	$ 11,265	$ 9,865	$ 1,400	14 %
Cost of products and services sold	(8,132)	(7,125)	(1,007)	14 %
Gross margin	3,133	2,740	393	14 %
Operating expenses	(2,089)	(184)	(1,905)	1,035 %
Operating profit	1,044	2,556	(1,512)	(59) %
Non-operating income (expense), net	(113)	(111)	(2)	2 %
Income from operations before income taxes	931	2,445	(1,514)	(62) %
Income tax expense	(311)	(471)	160	(34) %
Net income from operations	620	1,974	(1,354)	(69) %
Less: Non-controlling interest in subsidiaries' earnings from operations	48	22	26	118 %
Net income attributable to common shareowners	**$ 572**	**$ 1,952**	**$ (1,380)**	**(71)%**

Net Sales

For the six months ended June 30, 2023, *Net sales* were $11.3 billion, a 14% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Six Months Ended June 30, 2023
Organic	5 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	10 %
Total % change	**14 %**

Organic sales for the six months ended June 30, 2023 increased by 5% compared with the same period of 2022. The organic increase was primarily driven by our Fire & Security segment due to price improvements and volume growth in each region. In addition, improved global end-markets in our Commercial HVAC business and pricing improvements in our North America residential and light commercial business further benefited our results. Refrigeration results decreased as each of the segment's businesses experienced challenges in certain end-markets during the quarter. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

On August 1, 2022, the Commercial HVAC business 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 11% to *Net sales* during the six months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

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. The deconsolidation had a 1% impact on *Net sales* during the six months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

Gross Margin

For the six months ended June 30, 2023, gross margin was $3.1 billion, a 14% increase compared with the same period of 2022. The components were as follows:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Net sales	$ 11,265	$ 9,865
Cost of products and services sold	(8,132)	(7,125)
Gross margin	**$ 3,133**	**$ 2,740**
Percentage of net sales	**27.8 %**	**27.8 %**

Gross margin increased by $393 million compared with the six months ended June 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, certain supply chain constraints and freight costs. 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. While pricing improvements more than offset inflationary impacts and supply chain challenges, gross margin as a percentage of *Net sales* remained flat compared with the same period of 2022.

Operating Expenses

For the six months ended June 30, 2023, operating expenses, including *Equity method investment net earning*s, were $2.1 billion, a 1,035% increase compared with the same period of 2022. The components were as follows:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Selling, general and administrative	$ (1,505)	$ (1,215)
Research and development	(290)	(247)
Equity method investment net earnings	96	159
Other income (expense), net	(390)	1,119
Total operating expenses	**$ (2,089)**	**$ (184)**
Percentage of net sales	**18.5 %**	**1.9 %**

For the six months ended June 30, 2023, *Selling, general and administrative expenses* were $1.5 billion, a 24% increase compared with the same period of 2022. The increase is primarily due to higher compensation 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 and portfolio transformation-related costs further contributed to the increase. The current period also included $26 million of acquisition-related costs compared with $13 million during the six months ended June 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 six months ended June 30, 2023, *Equity method investment net earnings* were $96 million, a 40% 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. During the six months ended June 30, 2022, pre-acquisition equity earnings of TCC totaled $67 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 $111 million loss during the six months ended June 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 $293 million on the deconsolidation of KFI due to its Chapter 11 filing. During the six months ended June 30, 2022, we completed the Chubb Sale and recognized a net gain on the sale of $1.1 billion. In addition, we recognized 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 six months ended June 30, 2023, *Non-operating income (expense), net* was $113 million, a 2% increase compared with the same period of 2022. The components were as follows:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Non-service pension (expense) benefit	$ —	$ (2)
Interest expense	$ (165)	$ (155)
Interest income	52	46
Interest (expense) income, net	$ (113)	$ (109)
Non-operating income (expense), net	**$ (113)**	**$ (111)**

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 six months ended June 30, 2023, *Interest expense* was $165 million, a 6% 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 $42 million of deferred financing costs in the current period. During the six months ended June 30, 2023, we amortized $22 million of deferred financing costs in *Interest expense*, of which $19 million related to our Bridge Loan. During the six months ended June 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

	Six Months Ended June 30,	
	2023	**2022**
Effective tax rate	**33.4 %**	**19.3 %**

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 33.4% for the six months ended June 30, 2023 compared with 19.3% for the six months ended June 30, 2022. The year-over-year increase was primarily driven by the non-deductible losses of $293 million on the deconsolidation of KFI due to its Chapter 11 filing and the $111 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 six months ended June 30, 2022 included a lower effective tax rate on 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 June 30, 2023 Compared with Three Months Ended June 30, 2022

Summary performance for each of our segments is as follows:

	Net Sales		**Operating Profit**		**Operating Profit Margin**	
	Three Months Ended June 30,		**Three Months Ended June 30,**		**Three Months Ended June 30,**	
(In millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
HVAC	$ 4,216	$ 3,388	$ 742	$ 585	17.6 %	17.3 %
Refrigeration	972	1,041	112	147	11.5 %	14.1 %
Fire & Security	932	887	(157)	134	(16.8) %	15.1 %
Total segment	**$ 6,120**	**$ 5,316**	**$ 697**	**$ 866**	**11.4 %**	**16.3 %**

<u>HVAC Segment</u>

For the three months ended June 30, 2023, *Net sales* in our HVAC segment were $4.2 billion, a 24% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	9 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	16 %
Total % change in Net sales	**24 %**

The organic increase in *Net sales* of 9% was driven by continued strong results in the segment. Increased sales in our Commercial HVAC business (up 19%) benefited from pricing improvements and ongoing customer demand in our end-markets. The business saw strong growth in North America and continued improvements in Asia after COVID-19 related lockdowns. Growth in Europe moderated as economic conditions and inflationary cost pressures impacted end-market demand. 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 10%) were primarily driven by lower demand in certain European end-markets.

On August 1, 2022, the Commercial HVAC business 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 16% to *Net sales* during the three months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

For the three months ended June 30, 2023, *Operating profit* in our HVAC segment was $0.7 billion, a 27% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	13 %
Acquisitions and divestitures, net	16 %
Amortization of acquired intangibles	(5) %
Other	3 %
Total % change in Operating profit	**27 %**

The operational profit increase of 13% 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 and freight and logistics costs. 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.

Refrigeration Segment

For the three months ended June 30, 2023, *Net sales* in our Refrigeration segment were $972 million, a 7% decrease 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	— %
Acquisitions and divestitures, net	(1) %
Total % change in Net sales	**(7)%**

Organic *Net sales* decrease 6% compared to the prior year as each of the segment's businesses experienced challenges in certain end-markets during the period. Results for Commercial refrigeration decreased (down 19%) 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, lower volumes in Asia were partially offset by pricing improvements. Transport refrigeration sales were flat compared to the prior year as pricing improvements and strong end-market demand in the U.S. and Europe were offset by continued weakness in container end-markets.

For the three months ended June 30, 2023, *Operating profit* in our Refrigeration segment was $112 million, a 24% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(22) %
Foreign currency translation	— %
Acquisitions and divestitures, net	(1) %
Restructuring	(1) %
Total % change in Operating profit	**(24)%**

The decrease in operational profit of 22% 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.

Fire & Security Segment

For the three months ended June 30, 2023, *Net sales* in our Fire & Security segment were $932 million, a 5% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	9 %
Foreign currency translation	(1) %
KFI deconsolidation	(3) %
Total % change in Net sales	**5 %**

The organic increase in *Net sales* of 9% 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 three months ended June 30, 2023, *Operating profit* in our Fire & Security segment was a loss of $157 million, a 217% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	10 %
Foreign currency translation	(2) %
Restructuring	3 %
KFI deconsolidation	(228) %
Total % change in Operating profit	**(217)%**

The increase in operational profit of 10% 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 constraints 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 $293 million during the three months ended June 30, 2023.

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

Summary performance for each of our segments is as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
HVAC	$ 7,838	$ 6,358	$ 1,177	$ 1,055	15.0 %	16.6 %
Refrigeration	1,870	2,017	220	254	11.8 %	12.6 %
Fire & Security	1,801	1,705	(64)	1,352	(3.6) %	79.3 %
Total segment	**$ 11,509**	**$ 10,080**	**$ 1,333**	**$ 2,661**	**11.6 %**	**26.4 %**

HVAC Segment

For the six months ended June 30, 2023, *Net sales* in our HVAC segment were $7.8 billion, a 23% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	7 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	17 %
Total % change in Net sales	**23 %**

The organic increase in *Net sales* of 7% was driven by continued strong results in the segment. Increased sales in our Commercial HVAC business (up 16%) 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 moderated from the prior year. Higher sales in our North America residential and light commercial business (up 2%) 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. In addition, increased sales in our Global Comfort Solutions business (up 1%) were primarily driven by growth in Asia partially offset by lower demand in certain European end-markets.

On August 1, 2022, the Commercial HVAC business 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 17% to *Net sales* during the six months ended June 30, 2023 and is included in Acquisitions and divestitures, net.

For the six months ended June 30, 2023, *Operating profit* in our HVAC segment was $1.2 billion, a 12% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	4 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	13 %
Amortization of acquired intangibles	(6) %
Other	2 %
Total % change in Operating profit	**12 %**

The operational profit increase of 4% 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 and freight and logistics costs. 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.

Refrigeration Segment

For the six months ended June 30, 2023, *Net sales* in our Refrigeration segment were $1.9 billion, a 7% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	(5) %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	**(1)%**
Total % change in Net sales	**(7)%**

Organic *Net sales* decreased 5% compared to the prior year as each of the segment's businesses experienced challenges in certain end-markets during the period. Results for Commercial refrigeration decreased (down 17%) 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, lower volumes in Asia were partially offset by pricing improvements. 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 six months ended June 30, 2023, *Operating profit* in our Refrigeration segment was $220 million, a 13% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(20) %
Foreign currency translation	(1) %
Restructuring	(2) %
Other	10 %
Total % change in Operating profit	**(13)%**

The decrease in operational profit of 20% 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, favorable productivity initiatives and lower selling, general and administrative costs. 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 six months ended June 30, 2023, *Net sales* in our Fire & Security segment were $1.8 billion, a 6% increase compared with the same period of 2022. The components of the year-over-year change were as follows:

	Net Sales
Organic	9 %
Foreign currency translation	(2) %
KFI deconsolidation	(1) %
Total % change in Net sales	**6 %**

The organic increase in *Net sales* of 9% 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 six months ended June 30, 2023, *Operating profit* in our Fire & Security segment was a loss of $64 million, a 105% decrease compared with the same period of 2022. The components of the year-over-year change were as follows:

	Operating Profit
Operational	1 %
Foreign currency translation	(1) %
KFI deconsolidation	(23) %
Chubb gain	(82) %
Total % change in Operating profit	**(105)%**

The increase in operational profit of 1% was primarily driven by pricing improvements, volume growth and lower freight and logistics costs compared to the prior year. These amounts were 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 $293 million during the six months ended June 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 June 30, 2023, we had cash and cash equivalents of $3.2 billion, of which approximately 45% 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 June 30, 2023 and December 31, 2022, the amount of such restricted cash was approximately $7 million and $39 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 June 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)		June 30, 2023		December 31, 2022
Cash and cash equivalents	$	3,209	$	3,520
Total debt	$	8,789	$	8,842
Total equity	$	8,288	$	8,076
Net debt (total debt less cash and cash equivalents)	$	5,580	$	5,322
Total capitalization (total debt plus total equity)	$	17,077	$	16,918
Net capitalization (total debt plus total equity less cash and cash equivalents)	$	13,868	$	13,398
Total debt to total capitalization		51 %		52 %
Net debt to net capitalization		40 %		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 June 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 June 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 June 30, 2023, we did not repurchase any shares of common stock. During the six months ended June 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 June 30, 2023.

Dividends

We paid dividends on common stock during the six months ended June 30, 2023, totaling $309 million. In June 2023, the Board of Directors declared a dividend of $0.185 per share of common stock payable on August 10, 2023 to shareowners of record at the close of business on June 23, 2023.

Discussion of Cash Flows

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Net cash flows provided by (used in):		
Operating activities	$ 504	$ (170)
Investing activities	(296)	2,645
Financing activities	(506)	(2,434)
Effect of foreign exchange rate changes on cash and cash equivalents	(13)	(41)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ (311)**	**$ —**

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 more moderate increase in working capital balances compared with the prior period. 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 six months ended June 30, 2023, net cash used in investing activities was $296 million. The primary drivers of the outflow related to $144 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 $56 million, net of cash acquired and were partially offset by the proceeds from the sale of a business during the period. During the six months ended June 30, 2022, net cash provided by investing activities was $2.6 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 several businesses and minority-owned businesses, which totaled $38 million, net of cash acquired and $122 million of capital expenditures.

Cash flows from financing activities primarily represent inflows and outflows associated with equity or borrowings. During the six months ended June 30, 2023, net cash used in financing activities was $506 million. The primary driver of the outflow related to the payment of $309 million in dividends to our common shareowners. In addition, we paid $62 million to repurchase shares of our common stock. During the six months ended June 30, 2022, net cash used in financing activities was $2.4 billion. The primary driver of the outflow related to the settlement of our tender offers for $1.15 billion. In addition, we paid $257 million in dividends to our common shareowners and paid $1.0 billion to repurchase shares of our common stock.

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 six months ended June 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 June 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 June 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 June 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 June 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				
April 1 - April 30	—	$ —	—	$ 2,129
May 1 - May 31	—	$ —	—	$ 2,129
June 1 - June 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 6. Exhibits

Exhibit Number	Exhibit Description
2.1	Share Purchase Agreement dated as of April 25, 2023**† (incorporated by reference to Exhibit 2.1 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 26, 2023, File No. 001-39220)
10.1	Form of License Agreement † (incorporated by reference to Exhibit 10.1 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 26, 2023, File No. 001-39220)
10.2	Form of Investor Rights Agreement (incorporated by reference to Exhibit 10.2 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 26, 2023, File No. 001-39220)
10.3	Form of Transitional Services Agreement (incorporated by reference to Exhibit 10.3 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 26, 2023, File No. 001-39220)
10.4	Form of retention and performance bonus award agreement for Jurgen Timperman
10.5	Revolving Credit Agreement, dated as of May 19, 2023, among Carrier Global Corporation, Carrier Intercompany Lending Designated Activity Company, the Subsidiary Borrowers party hereto, the Lenders party hereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on May 25, 2023, File No. 001-39220)
10.6	364-Day Revolving Credit Agreement, dated as of May 19, 2023, among Carrier Global Corporation, Carrier Intercompany Lending Designated Activity Company the Subsidiary Borrowers party hereto, the Lenders party hereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on May 25, 2023, File No. 001-39220)
10.7	Term Loan Credit Agreement, dated as of May 19, 2023, among Carrier Global Corporation, the Subsidiary Borrowers party hereto, the Lenders party hereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.3 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on May 25, 2023, File No. 001-39220)
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 six months ended June 30, 2023 and 2022, (ii) Condensed Consolidated Statement of Comprehensive Income for the three and six months ended June 30, 2023 and 2022, (iii) Condensed Consolidated Balance Sheet as of June 30, 2023 and December 31, 2022, (iv) Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2023 and 2022, (v) Condensed Consolidated Statement of Changes in Equity for the three and six months ended June 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:	July 27, 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:	July 27, 2023	by:	/s/KYLE CROCKETT
			Kyle Crockett **Vice President, Controller** (on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

Form of Retention Bonus Award

[Date]

To: [Recipient]

Re: Retention Bonus

Dear [Recipient],

As you know, as part of the portfolio transformation program announced on April 25, 2023, Carrier (the "Company") plans to exit the Fire & Security segment (the "Business"). Your skills, experience, and leadership are critical to delivering the Business' financial and operating plans and objectives, while successfully exiting the Business.

The Company recognizes the challenge of meeting these targets and the additional responsibilities that you will assume in connection with the efforts to exit the Business. As a result, I am pleased to confirm your eligibility for a special Retention Bonus consisting of a Performance Bonus ("Performance Bonus") and Deal Bonus ("Deal Bonus" and, together with the Performance Bonus, the "Retention Bonus") as set forth in this letter agreement ("Agreement").

For purposes of this Agreement and the payments issued, "Divestiture Date" means the earlier of the date your Business is fully divested or spun-off, or the date of the completion of the exit of the Business, as determined by the Senior Vice President, Chief Human Resources Officer, Carrier Global Corporation, or her designee.

This Agreement and all payments contemplated within are subject to the terms and conditions outlined in Exhibit B.

Retention Bonus:

Your total Retention Bonus opportunity is $[___] consisting of the Performance Bonus and Deal Bonus as outlined below.

Performance Bonus

You will be eligible for a cash Performance Bonus equal to $[___], less any applicable taxes and withholdings, providing the following criteria are met:

(i) the Business meets or exceeds the Financial targets for Adjusted Operating Profit and Free Cash Flow for Financial years 2023 and 2024, as detailed in Exhibit A (Summary of Performance Metrics), and

(ii) Business results are achieved in a manner that does not negatively impact on the Company and/or the Business as determined by the Company in its discretion.

Additional details regarding payment of the Performance Bonus, including the Financial targets are set forth in Exhibit A to this Agreement.

Deal Bonus

Additionally, in consideration of your efforts and conduct in support of the marketing and ongoing management of the Business, you will also be eligible for a cash Deal Bonus.

The Deal Bonus will be equal to $[___], less any applicable taxes and withholdings, and will be payable 50% within thirty (30) calendar days following the Divestiture Date and 50% four (4) months following the Divestiture Date (each of which is considered a "Payment Date" under the terms of the Agreement).

You must remain actively employed in good standing with the Business (or the entity that acquires the Business) through each applicable Payment Date to receive payment of the applicable portion of the Deal Bonus. Refer to Exhibit B for additional details on eligibility and plan treatment for termination and company transfers.

During the period between signing this Agreement and through the Divestiture Date, you will be expected to maintain absolute confidentiality with respect to the details of Carrier's efforts to exit the Business and the status of the exit efforts. You must receive approval from Carrier's Senior Vice President for Business Development or Director of Business Development prior to disclosing any such information to anyone (including internally within Carrier). You must refrain from conduct that in any way conflicts with the best interests of Carrier in this transaction. You may not at any time disclose the terms and existence of this Agreement to anyone (including internally within Carrier) without the prior approval from Carrier's Vice President, Total Rewards. Failure to observe completely the provisions of this paragraph may result in forfeiture of your rights to the Performance Bonus and Deal Bonus.

We believe that with your efforts, we can deliver significant results for the Business while optimizing the financial value and operational integrity of the Business. Please review this Agreement carefully, including attached exhibits which outline full terms and conditions. If you agree with the terms and conditions, please acknowledge your acceptance by signing and dating one original copy of this letter and return it to Nadia Villeneuve no later than [Date].

Nadia Villeneuve
Senior Vice President & Chief Human Resources Officer, Carrier

Accepted

____

Employee Name

Exhibit A
Fire and Security Performance Bonus
Summary of Performance Metrics

Your Fire and Security Performance Bonus is measured over 24 months in two independent performance periods (January 1, 2023 through December 31, 2023 (the "2023 Performance Period") and January 1, 2024 through December 31, 2024 (the "2024 Performance Period," together with the 2023 Performance Period, the "Performance Periods")) based on the two independent metrics and associated targets set below. Performance versus targets for the 2023 Performance Period will be confirmed in early 2024 and performance versus targets for the 2024 Performance Period will be confirmed in early 2025. Performance and corresponding payouts for each metric are independent of one another.

The Performance Bonus will not be payable for either Performance Period until the final determination of the performance target achievement for the 2024 Performance Period, which will occur no later than sixty (60) calendar days following the end of 2024, or, if a divestiture occurs prior to the end of 2024, no later than sixty (60) calendar days following the Divestiture Date (the date of such determination and payment of the Performance Bonus, a "Payment Date"). Notwithstanding the foregoing or any other provision of the Agreement to the contrary, in the event the Divestiture Date occurs prior to the end of a Performance Period, the Performance Bonus will be pro-rated on the basis of year-to-date performance of the Business, as determined and assessed by the Company in its discretion and any remaining portion of the Performance Bonus for the portion of the original Performance Period following the Divesture Date shall be forfeited for no consideration.

In the event of a change of expected business results and reset targets as a result of significant business changes, the Company reserves the right to revise targets accordingly, including an assessment of performance against defined targets at the time of the change, to determine appropriate payout.

Vest Date: December 2024 (or earlier with proration based on divestiture date)

		2023 Targets	2024 Targets	Payout Mechanics
Metrics / Weighting	Adjusted Operating Profit (50%)	[To come]	[To come]	[To come]
	Free Cash Flow (50%)	[To come]		[To come]
Max Payout		There will be no upside above 100% payout		
% of Total Performance Bonus		50%	50%	
Performance Period		Jan 1, 2023 to Dec. 31, 2023	Jan. 1, 2024 to Dec. 31, 2024	

2023 Performance Bonus Targets

[To come]

2024 Performance Bonus Targets

[To come]

Exhibit B

Terms and Conditions

Eligibility / Conditions to Payment

Notwithstanding the foregoing, for all Payment Dates that occur after the Divestiture Date, if you remained employed in good standing with the Business as of the Divestiture Date but are terminated on or after the Divestiture Date by the Company or the entity that acquires the Business, as applicable, without "cause" prior to an applicable Payment Date, you will remain eligible to receive a pro rata portion of the Retention Bonus payable on each applicable Payment Date(s). In the event of any other termination of employment (including, without limitation, termination of your employment for cause, termination of employment by you for any reason (including retirement) or your termination due to death or disability) prior to any applicable Payment Date, your rights to any unpaid portion of the Retention Bonus will be forfeited. For purposes of this Agreement, "good standing" is defined as being actively employed and not on a performance improvement plan, or under investigation or subject to disciplinary action as a result of violations of Carrier's Code of Ethics and/or Carrier's Corporate Policy Manual or an analogous policy of the entity that acquires the Business, as applicable, as determined by the Company or the entity that acquires the Business, as applicable, in its discretion.

Notwithstanding your participation in this arrangement, the Company reserves the right to terminate your employment for any reason, whether with or without "cause". In the event your employment is terminated for "cause" (as determined by the Company or the entity that acquires the Business, as applicable, in its discretion), your rights to any unpaid portion of the Retention Bonus will be forfeited. Examples of a termination "for cause" include, but are not limited to, failure to perform your responsibilities, ethical or legal violations, violations or the Carrier's Code of Ethics and/or Corporate Policy Manual or an analogous policy of the entity that acquires the Business, as applicable, as determined by the Company or the entity that acquires the Business, as applicable, or a breach of the terms of this Agreement.

Notwithstanding the foregoing, while eligibility for the Retention Bonus is linked to your remaining employed with the Business, if you are approved for a transfer within the Company but outside of the Business prior to the Divesture Date, you will be eligible for a pro-rated payment of the unpaid portion of the Retention Bonus based on your transfer date on each applicable Payment Date, provided that you have completed at least six months of employment as part of the Business following the date of Carrier's announcing its intention to exit the Business and, provided, further, that you remain employed through the Divesture Date and each applicable Payment Date.

Confidentiality and Pre-Divestiture Conduct

During this period, you will also be expected to always represent and further the best interests of Carrier and the Business. You will be expected to cooperate in and facilitate marketing efforts and consistently represent Carrier and the Business in its best light to all prospective purchasers, regardless of your opinion as to the quality or desirability of any prospective purchaser. In addition, it will be imperative that you not engage in any independent efforts relative to marketing the Business or soliciting employees to exit with a specific business or transaction. Any information, models or other analyses concerning the business that you provide to potential bidders must be provided contemporaneously to Carrier's Senior Vice President for Business Development or Director for Business Development. All potential purchasers and any other related inquiries or contacts and other incoming information relevant to the marketing effort must be directed to the office of Carrier's Senior Vice President for Business Development.

Furthermore, maintaining the successful operation of the Business amid the distraction of a potential sale of the business presents special challenges. It is critical to Carrier that the Business' achievements and momentum in key areas not be sacrificed as a result of the decision to market the company for potential divestiture. We expect that all financial and operating plans and objectives will be met during this period. Manufacturing quality, productivity, customer relationships, employee retention, engineering and marketing initiatives and other key facets of the business must not be compromised in any way.

Execution: You agree to execute and deliver any additional documents and take such further actions as may reasonably be deemed by Carrier to be necessary to carry out the provisions in this Agreement. You also agree that this Agreement may be executed in two or more counterparts, including through facsimile or electronic signature, each of which will be deemed an original, and all of which together shall constitute a single agreement.

Continued Employment: You agree that neither this Agreement, nor any other understanding between you and Carrier, creates a contract of employment for a definite term, or otherwise limits the circumstances under which your employment may be terminated. Your employment with Carrier is "at will" and therefore may be terminated by you or Carrier for any lawful reason or for no reason.

Severability: You agree that any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be rendered ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties waive any provision of law that renders any such provision prohibited or unenforceable in any respect. Further, should any provision of this Agreement be held unreasonable or contrary to public policy for any reason, such provision shall automatically be deemed modified such that the contested provision will have the closest effect permitted by applicable law to the original form and shall be given effect and enforced as so modified to whatever extent would be reasonable and enforceable under applicable law.

Governing Law/Jurisdiction: This Agreement shall be governed by and construed in accordance with the laws of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties irrevocably and unconditionally submits to the exclusive jurisdiction of the federal and state courts located in Delaware, in any action arising out of or relating to this Agreement. You and Carrier agree that, subject to rights with respect to post-trial motions and rights of appeal or other avenues of review, a final judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action arising out of or relating to this Agreement in the federal or state courts located in Delaware.

Golden Parachute Excise Tax: The provisions set forth in Article 4 (Golden Parachute Excise Tax) of the Carrier Global Corporation Change in Control Severance Plan shall apply to the Retention Bonus and are hereby incorporated by reference herein, whether or not you are eligible to participate in such plan.

Exhibit 15

July 27, 2023

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

Commissioners:

We are aware that our report dated July 27, 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

Hallandale Beach, 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: July 27, 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: July 27, 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: July 27, 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 June 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:	July 27, 2023	/s/David Gitlin
		David Gitlin
		Chairman and Chief Executive Officer
Date:	July 27, 2023	/s/Patrick Goris
		Patrick Goris
		Senior Vice President and Chief Financial Officer
Date:	July 27, 2023	/s/Kyle Crockett
		Kyle Crockett
		Vice President, Controller