

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 13, 2023

CARRIER GLOBAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-39220
(Commission File Number)

83-4051582
(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)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 7.01 Regulation FD Disclosure*Financial Information*

In connection with the potential offering described below, Carrier Global Corporation (the “Company”) provided potential investors with certain financial information regarding the climate solutions business of Viessmann Group GmbH & Co. KG (the “VCS Business”), including (1) audited annual financial information, consisting of a combined statement of financial position as of December 31, 2022 and a combined statement of income, combined statement of cash flows and combined statement of net investment for the twelve months ended December 31, 2022, together with the notes thereto, the report of the VCS Business’s auditor thereon, and a reconciliation to U.S. GAAP (the “Audited VCS Business Financial Information”), (2) unaudited interim financial information, consisting of a combined statement of financial position as of September 30, 2023 and a combined statement of income, combined statement of cash flows and combined statement of net investment for the nine months ended September 30, 2023, together with the notes thereto and a reconciliation to U.S. GAAP (the “Unaudited VCS Business Financial Information”), and (3) unaudited pro forma condensed combined financial information as of and for the twelve months ended December 31, 2022 (the “Unaudited Pro Forma Financial Information,” and together with the Audited VCS Business Financial Information and the Unaudited VCS Business Financial Information, the “Financial Information”).

The unaudited pro forma condensed combined financial information of the Company and the VCS Business as of and for the twelve months ended December 31, 2022 is derived from the Company’s historical consolidated financial statements and the VCS Business’s audited combined financial statements, prepared specifically for the purpose of the Company’s previously announced acquisition (the “Acquisition”) of the VCS Business and the financing thereof (collectively, the “Transactions”). The historical financial statements of the Company and the VCS Business have been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to events which are necessary to account for the Transactions, in accordance with the applicable guidance of the Securities and Exchange Commission. The pro forma adjustments represent the Company’s best estimates and are based upon currently available information and certain adjustments, assumptions and estimates that the Company believes are reasonable under the circumstances. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only, and does not purport to reflect what the Company’s financial position or results of operations would have been had the Acquisition been completed as of the dates assumed for purposes of this financial information, nor does it reflect the financial position or results of operations of the Company following the Acquisition, if consummated. The results and balances reflected in the unaudited pro forma condensed combined financial information are not intended to be a projection of future financial position or results of operations of the Company following the completion of the Transactions, which may vary materially from the results reflected.

The Financial Information is attached hereto as Exhibits 99.1, 99.2 and 99.3, each of which is incorporated herein by reference.

The information furnished pursuant to this Item 7.01, including Exhibits 99.1, 99.2 and 99.3 shall not be deemed to be “filed” for purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference into any filing under the Securities Act or in the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events*Proposed Offering of Notes*

In connection with the Acquisition, the Company has announced its intention to commence, subject to market and other customary conditions, a private offering of the Company’s senior unsecured notes, in multiple tranches, denominated in U.S. dollars and euro.

If such offering is completed, the Company intends to use the net proceeds from such offering and sale, together with cash on hand, and borrowings under the Company's credit facilities to fund the cash portion of the consideration for the Acquisition and to pay fees and expenses in connection with the Acquisition. The offering, however, is not conditioned upon the completion of the Acquisition, which, if completed, will occur subsequent to the closing of the offering of the notes. The notes will be subject to a special mandatory redemption if the Acquisition is not consummated.

Any such offering will be made only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or, outside the United States, to persons other than "U.S. persons" in compliance with Regulation S under the Securities Act. This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy the notes. Any offers of the notes will be made only by means of a private offering memorandum. The notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction, and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements made herein are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified by the use of forward-looking terminology, including the terms "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "plan," "possible," "potential," "predict," "pro forma," "project," "should," "target," "will," "would" and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained herein are forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding the proposed offering of the notes, the expected timing for the closing of the proposed offering and the Acquisition, the parties' ability to successfully consummate the Acquisition, our ability to obtain the requisite financing to complete the Acquisition, the expected future results and benefits of the Acquisition. These statements are based upon management's estimates and assumptions that are inherently uncertain and involve known and unknown risks and uncertainties, many of which are beyond our control and could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include, but are not limited to, current capital and debt market conditions; our ability to consummate the proposed offering of the notes on acceptable terms or at all; the satisfaction of the conditions to the closing of the Acquisition, including the risk that regulatory clearances are not obtained or are obtained subject to conditions that are not anticipated; uncertainties as to the timing of the closing of the Acquisition; risks related to disruption of management time from ongoing business operations due to the proposed Acquisition; transaction costs and expenses associated with the Acquisition; the failure to realize the benefits expected from the Acquisition; a decline in the price of our securities following the Acquisition if it fails to meet the expectations of investors or securities analysts; the effects of business disruption following the Acquisition; our ability to effectively integrate the VCS Business into our operations; unknown liabilities; and those other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2022 and our other reports with the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize, or our underlying assumptions prove incorrect, actual results may differ materially from those reflected in our forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Statements in this communication are made as of the date hereof, and we disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

Item 9.01 Financial Statements and Exhibits.

- [99.1](#) Audited VCS Business Financial Information.
 - [99.2](#) Unaudited VCS Business Financial Information.
 - [99.3](#) Unaudited Pro Forma Financial Information.
 - 104 Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.
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SIGNATURE

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 hereunto duly authorized.

CARRIER GLOBAL CORPORATION

Date: November 13, 2023

By: /s/ Patrick Goris

Patrick Goris

Senior Vice President and Chief Financial Officer

Report of Independent Auditors

To the management of Viessmann Group GmbH & Co. KG, Allendorf/Germany

Qualified Opinion

We have audited the accompanying combined financial statements of the Climate Solutions Business of Viessmann Climate Solutions SE, Allendorf/Germany, (the “Company”), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of income, of cash flows and of net investment for the year then ended, and notes to the **combined** financial statements (collectively referred to as the “**combined financial statements**”).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Germany.

Basis for Qualified Opinion

The Company has not presented comparative figures for the year ended December 31, 2022. Presentation of comparative figures is required by accounting principles generally accepted in Germany.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Accounting

As discussed in Note 2 to the combined financial statements, the Company prepares its combined financial statements on the basis of accounting principles generally accepted in Germany, which differ materially from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences as of and for the year ended December 31, 2022 is described in Note “Reconciliation to Generally Accepted Accounting Principles in the United States of America” to the combined financial statements. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, the Company has entered into significant transactions with Viessmann Group GmbH & Co. KG, the seller and controlling entity, a related party. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in Germany and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the **combined** financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the **combined** financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hannover, October 31, 2023

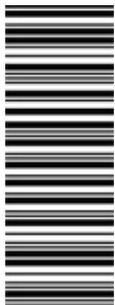
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

/s/ Dr. Thomas Ull

Dr. Thomas Ull
Wirtschaftsprüfer
(German Public Auditor)

/s/ Markus Kufner

Markus Kufner
Wirtschaftsprüfer
(German Public Auditor)



Combined Statement of Financial Position – Assets

As of December 31, 2022

mEUR	31 Dec. 2022
A. Fixed assets	440.9
I. Intangible assets	13.7
1. Concessions and licenses to such rights	11.9
2. Goodwill	1.3
3. Payments on account	0.6
II. Tangible assets	418.6
1. Land, similar rights, and buildings	199.5
2. Technical equipment and machinery	66.9
3. Other equipment and office equipment	83.9
4. Advanced payments made and assets in progress	68.4
III. Financial assets	8.6
1. Shares in affiliated companies	0.6
2. Loans to affiliated companies	5.6
3. Shares in investee companies	0.3
4. Other investments	1.6
5. Loans to investee companies	-
6. Investments securities	0.4
7. Other loans	0.1
B. Current assets	2,194.3
I. Inventories	823.8
1. Raw material and supplies	242.0
2. Work in progress	48.6
3. Finished goods for resale	542.2
4. Payments on account inventories	6.3
5. Advanced payments received	-15.3
II. Trade receivables and other assets	1,196.0
1. Trade receivables	358.1
<i>thereof with a maturity of more than one year</i>	0.2
2. Receivables with affiliated companies	768.9
<i>thereof with a maturity of more than one year</i>	0.0
<i>thereof trade receivables</i>	7.1
<i>thereof Cashpool receivables</i>	554.2
3. Receivables with investee companies	0.0
4. Other assets	69.2
<i>thereof with a maturity of more than one year</i>	0.6
III. Cash on hand and balances at banks	174.5
C. Deferred charges and prepaid expenses	15.2
D. Deferred tax assets	27.2
Assets	2,677.6

Combined Statement of Financial Position – Net Investment and Liabilities

As of December 31, 2022

mEUR	31 Dec. 2022
A. Net investment	1,021.0
1. Net Investment attributable to Viessmann Climate Solutions	1,087.3
2. Equity differences from currency translation	-66.5
3. Non-controlling interests	0.2
B. Special item for investment grants	2.4
C. Provisions	396.2
1. Pensions and similar obligations	48.3
2. Tax provisions	6.5
3. Other provisions	341.3
D. Liabilities	1,226.4
1. Bank loans	11.0
2. Advance payments received on orders	43.9
3. Trade payables	240.9
4. Liabilities due to affiliated companies	770.9
<i>thereof trade payables</i>	14.9
<i>thereof Cashpool liabilities</i>	278.2
5. Liabilities due to investee companies	0.0
6. Liabilities to shareholders	0.0
7. Other liabilities	159.6
<i>thereof tax</i>	41.1
<i>thereof social security</i>	9.8
E. Deferred income	31.6
F. Deferred tax liabilities	-
Net investment and liabilities	2,677.6

Combined Statement of Income

For the financial year ended December 31, 2022

mEUR	1 Jan. - 31 Dec. 2022	
1. Net sales		3,402.3
2. Change of inventories of finished and unfinished goods		69.7
3. Internally produced and capitalized assets		8.8
Total performance		3,480.8
4. Other operating income		95.3
<i>thereof from exchange rates</i>	7.7	
5. Material expenses		-1,654.8
a. Expenses for raw and auxiliary materials and purchased goods	-1,544.7	
b. Expenses for purchased services	-110.1	
6. Personnel expenses		-751.0
a. Wages and salaries	-627.2	
b. Social security contributions and expenses	-123.8	
<i>thereof from pension expenses</i>	-6.8	
7. Depreciation and amortization		-56.6
a. Intangible and tangible assets	-56.6	
b. Current assets	-	
8. Other operating expenses		-665.1
<i>thereof from exchange rates</i>	-8.7	
9. Income from other securities and loans		0.2
<i>thereof from affiliated companies</i>	-	
10. Interests and similar income		5.2
<i>thereof from affiliated companies</i>	2.5	
11. Depreciation on financial assets		0.0
12. Interests and similar expenses		-13.0
<i>thereof from affiliated companies</i>	-9.6	
<i>thereof from affiliated discounting</i>	-1.4	
13. Taxes on income		-120.5
<i>thereof from tax allocations</i>	-79.4	
<i>thereof from deferred taxes</i>	8.6	
14. Income after taxes		320.4
15. Expenses from profit and loss transfer agreements		-216.9
16. Net income		103.5

Combined Statement of Cash Flows

For the financial year ended December 31, 2022

mEUR	1 Jan. - 31 Dec. 2022
Net Income	103.5
Depreciation (Appreciation) on assets	56.5
Increase (Decrease) of provisions	37.4
Other non-cash expenses (Income)	4.2
(Increase) decrease of stocks and trade receivables	-375.6
(Increase) decrease of other assets not attributable to investment or financing activities	-167.4
Increase (decrease) of trade payables	74.7
Increase (decrease) of other liabilities not attributable to investing or financing activities	421.1
(Profit) Loss from the disposal of fixed assets	-11.0
Interest expenses (Interest income)	7.8
Other expenses from investments	0.0
Income tax expense (Income tax income)	120.5
Income tax payments	-126.6
Cash Flow from ongoing business activities	145.3
Deposits from the disposal of intangible fixed assets	0.4
Payouts for investments in intangible fixed assets	-5.1
Deposits from the disposal of tangible fixed assets	22.8
Payouts for investments in tangible fixed assets	-104.5
Deposits from the disposal of financial fixed assets	3.2
Payouts for investments in financial fixed assets	-3.2
Deposits from disposals from the consolidated group	0.0
Payouts for additions to the consolidated group	0.0
Received interest	5.2
Dividends received	0.0
Cash Flow from investment activities	-81.2
Deposits from taking out financial loans	10.7
Payouts for the repayment of financial loans	-22.2
Deposits from received subsidies / grants	0.0
Paid interest	-11.6
Transactions with remaining Viessmann Group	1.1
(Payouts to) deposits from shareholders of the parent company	-174.0
Cash Flow from financial activities	-195.9
Cash effective change of financial resources	-131.8
Changes of financial resources due to exchange rate and valuation	-9.1
+ Financial resources at the beginning of the period	30.1
= Financial resources the at end of the period	-110.8
The financial resources fund is composed as follows:	
Cash on hand, balances at bank	174.5
Liabilities due to banks (credit in current account)	-7.1
Cashpool Liabilities	-278.2
	-110.8

Combined Statement of Net Investment

For the financial year ended December 31, 2022

in mEUR	Net investment attributable to Viessmann Climate Solutions	Currency Translation	Total	Non-controlling interests			Net Investment
				Non-controlling interest w/o income	Income attributable to non-controlling interests	Total	
As of 1 Jan. 2022	980.7	-54.4	926.3	0.7	-0.5	0.2	926.5
Currency translation		-12.0	-12.0	-	-	-	-12.0
Transactions with remaining Viessmann Group	3.1	-	3.1	-	-	-	3.1
Net income	103.4	-	103.4	-	0.0	0.0	103.5
As of 31 Dec. 2022	1,087.3	-66.5	1,020.8	0.7	-0.5	0.2	1,021.0

Basis of Preparation

1 General information

1.1 Background

Viessmann Group GmbH & Co. KG ("Viessmann") together with its subsidiaries ("Viessmann Group") is a family-owned corporation domiciled in Allendorf (Eder). It is registered in the commercial register at the Marburg District Court under HRA 3389. Viessmann Group was founded in 1917 and develops and produces integrated climate and energy solutions.

Viessmann Group's product range includes heat pumps, devices for combined use of electricity, heat generation and solar energy. With its 14,250 employees Viessmann Group is represented around the world with 22 production companies in twelve countries, 68 distribution companies in 31 countries, and 120 sales branches.

Viessmann Group comprises the following three main business areas:

- Viessmann Climate Solutions
- Viessmann Refrigeration Solutions
- Viessmann Investment

Pursuant to Section 18.2.1 of the Sales and Purchase Agreement ("SPA") between Viessmann and Blitz F23-620 GmbH as acquisition vehicle of Carrier Global Corporation, dated April 25, 2023, German GAAP (German Commercial Code, hereafter "HGB") Combined Financial Information of the Viessmann Climate Solutions Business (hereafter "Viessmann Climate Solutions") for the financial year 2022 have been prepared ("Annual Financial Statements" referred to hereafter as "AFS"). According to Exhibit 18.2.1.(a) the AFS consist of a:

- Carve-out combined balance sheet (hereafter "Combined Statement of Financial Position") as of December 31, 2022
- Carve-out combined income statement (hereafter "Combined Statement of Income") for the twelve months period ended December 31, 2022
- Carve-out combined cash flow statement (hereafter "Combined Statement of Cash Flows") for the for the twelve months period ended December 31, 2022
- Carve-out combined statement of net investment (hereafter "Combined Statement of Net Investment") for the financial year ended December 31, 2022
- supplemental footnote disclosures
- an Item 17 (Form 20-F) US GAAP reconciliation inclusive of a disclosure of the components of other comprehensive income (loss) and the associated amounts for respective twelve months period.

These AFS together with the additionally prepared Interim Financial Statements are referred to as "Required Financials – Part 1" in the Exhibit 18.2.1 (a) of the SPA.

1.2 Description of the Business

Viessmann Climate Solutions offers complete solutions for heating and air-conditioning technology. In addition to photovoltaic and heating systems, the core areas also include digitally enabled service offerings such as heating as a service (hereafter "HaaS"). Viessmann Climate Solutions is globally active with about 80 entities that include production companies as well as sales entities.

From an organizational perspective, Viessmann Climate Solutions SE, Allendorf (Eder) (hereafter "Viessmann CS SE") is the parent of a legal sub-group as reflected in chapter 2.2 (hereafter "CS Sub-Group") within Viessmann Group that covers almost all of the legal entities and operating activities of Viessmann Climate Solutions. Viessmann CS SE, based in Allendorf (Eder) is registered in the commercial register at the Marburg District Court under HRB 7562. However, the CS Sub-Group does not comprise all legal entities and operations of Viessmann Climate Solutions. Further, the CS Sub-Group includes a small number of legal entities and operations which are not part of Viessmann Climate Solutions.

1.3 Purpose and Scope of the AFS

The purpose of the AFS is to facilitate the intended sale of Viessmann Climate Solutions. As such, the AFS shall only be used in connection with such intended sale and not for any other purpose. In addition, the AFS should only be read as a complete set.

For the financial year ended December 31, 2022, Viessmann Climate Solutions was controlled by Viessmann. Viessmann prepares consolidated financial statements in accordance with the provisions of §§ 290 et seq. HGB and Standards of ASCG (Accounting Standards Committee Germany). However, neither the CS Sub-Group nor Viessmann CS SE have prepared consolidated financial statements within the meaning of § 291 HGB in the past. Due to Viessmann preparing consolidated financial statements that also encompass Viessmann CS SE and its subsidiaries, Viessmann CS SE was not required to prepare, disclose and have audited its own consolidated financial statements. CS Sub-Group did not prepare separate financial statements in the past as CS Sub-Group is a combined set of activities and not a legal Sub-Group as further explained under chapter 1 of this document.

Since the CS Sub-Group does not include all legal entities and operations of Viessmann Climate Solutions and further includes legal entities and operations that are not part of Viessmann Climate Solutions, the AFS have been prepared on a combined basis to reflect the entirety of Viessmann Climate Solutions by Viessmann for Viessmann Climate Solutions. Furthermore, the AFS includes specific adjustments with respect to the scope and structure of the transaction (hereafter "Carve-out Measures") as reflected in Exhibit 16.1.1 of the SPA as attached to the AFS. Please refer to chapter 2.3 for a comprehensive summary of such Carve-out Measures.

2 Basis of the AFS

2.1 General

The AFS have been prepared based on the recognition and measurement principles of HGB. For the financial year presented, the AFS was prepared using Viessmann Group's uniform German GAAP group accounting policies as reflected in chapter 3.

German GAAP or the Standards of the ASCG do not include any specific rules for the preparation of carve-out financial information. Viessmann Climate Solutions as it is intended to be legally transferred to the buyer is not a group of entities under the control of an immediate parent according to German GAAP and has not prepared consolidated financial statements in the past. Therefore, the AFS has been prepared on a combined basis using the reporting packages, which are prepared in accordance with Viessmann Group's uniform accounting policies for purposes of the consolidated financial statements of Viessmann Group, for the entities in scope of the transaction including the Carve-out Measures. The consolidated financial statements of the Viessmann Group have been duly authorized by the shareholders of Viessmann on August 30, 2023.

Accounting matters, which have a material impact from the perspective of the AFS for Viessmann Climate Solutions, but not from the perspective of the Viessmann Group, have been included in the opening balance sheet ("OBS") for the AFS. Those matters related to:

- The accounting for HaaS whereby the CS Sub-Group sells equipment to an external financing company and leases the equipment back to lease it out to an external customer. Unlike the accounting in Viessmann's consolidated financial statements, those transactions are accounted for as a failed sale towards the financing company and a finance lease towards the end customer, leading to an adjustment on revenues of EUR -12.7m, of net income of EUR 0.2m, net investment of EUR -0.1m (OBS: EUR -0.3m) and liabilities of EUR 26.7m (OBS: EUR 19.6m) as of Dec 31, 2022.
- The calculation of obsolescence charges on inventories was not performed consistently in Viessmann's consolidated financial statements. The retrospective consistent application led to an adjustment of net income of EUR -1.8m, net investment of EUR -5.7m (OBS: EUR -3.9m) and inventories of EUR -5.7m (OBS: EUR -3.9m) as of Dec 31, 2022.
- some entities had presented their demonstration and exhibition pieces as inventories. They have been reclassified to fixed assets (including the related depreciation over the useful life). The reclassification led to an adjustment of net income of EUR -0.4m, net investment of EUR -2.3m (OBS: EUR -1.8m), inventories of EUR -3.6m and fixed assets of EUR 1.3m (OBS: EUR 1.8m) as of Dec 31, 2022.
- during the year 2023 it became apparent that a certain model of wall-mounted gas boilers was defective due to a material defect in a supplier part. As the investigation into the root cause of the material defect and the evaluation of the situation progressed further, the initially assumed coverage by the insurance became less likely. To avoid property damage a preventive exchange of the defective part has been initiated. A provision for this measure has been retroactively recognized. The retroactive recognition led to an adjustment of net income of EUR -10.8m and net investment of EUR -16.5m (OBS: EUR -5.7m) and provision of EUR 16.5m (OBS: EUR 5.7m) as of Dec 31, 2022.

Due to the preparation of the AFS on a combined basis (as defined in chapter 2.2) the following principles have been followed:

- Certain transfers of single assets (e.g., at equity investments) and single liabilities (e.g. pensions) are presented at the consolidated carrying amount of the Viessmann Group, including the corresponding impacts on the Combined Statement of Income, Statement of Cash Flows and Statement of Net Investment as set out in detail in chapter 2.3.
- Due to the aforementioned principles, the AFS may not be indicative of the financial position, operation of results and Cash Flows that would have been presented if Viessmann Climate Solutions had been a standalone group. Therefore, the AFS may not necessarily be indicative of the future financial position, operation of results and cash flows of Viessmann Climate Solutions.
- All intercompany transactions and balances between entities within Viessmann Climate Solutions have been eliminated. Intercompany balances with other Viessmann Group entities that were previously eliminated in the Viessmann Group consolidated financial statements have been reinstated and are treated as related party balances from a Viessmann Climate Solutions perspective.
- Since Viessmann Climate Solutions has not constituted a separate legal group in the past, the AFS does not show share capital or an analysis of capital reserves and retained earnings of Viessmann Climate Solutions. Instead, the net investment of Viessmann Climate Solutions reflects the cumulative investment of Viessmann Group in Viessmann Climate Solutions. In the Combined Statement of Financial Position this is shown as "Net investment".

As additional notes disclosure an Item 17 (Form 20-F) US GAAP reconciliation has been prepared. The reconciliation comprises reconciliation statements from German GAAP to US GAAP of net income, net investment and Cash Flows. Therefore, all assets, liabilities, gains and expenses have to be recognized and measured according to US GAAP for the purpose of the reconciliation. Furthermore, the components of other comprehensive income (loss) and the associated amounts for respective twelve months period according to US GAAP have been disclosed.

The AFS was prepared on a going concern basis.

The AFS is presented in Euro. Unless specified otherwise, all amounts are stated in millions of Euro (mEUR). All amounts are rounded to the nearest thousands except when otherwise indicated. This may result in differences compared to unrounded figures.

2.2 Scope of Combination

Viessmann Climate Solutions comprises the following legal entities which were included in the AFS.

No.	Entity	Country	Headquarter	Legal Sub-Group as of Dec. 31, 22	Share
1	Viessmann Holding International Verwaltungs GmbH***	Germany	Allendorf (Eder)	Yes	50.00%
2	Viessmann Holding International Beteiligungs GmbH & Co. KG	Germany	Battenberg (Eder)	Yes	100.00%
3	Viessmann Climate Solutions SE	Germany	Allendorf (Eder)	Yes	100.00%
4	Viessmann Werke Berlin GmbH***	Germany	Berlin	Yes	94.90%
5	Viessmann Shared Service GmbH	Germany	Allendorf (Eder)	Yes	100.00%
6	Viessmann Logistik International GmbH	Germany	Allendorf (Eder)	Yes	100.00%
7	Viessmann IT Service GmbH	Germany	Allendorf (Eder)	Yes	100.00%
8	Viessmann Climate Solutions Berlin GmbH	Germany	Allendorf (Eder)	Yes	100.00%
9	Viessmann Deutschland GmbH	Germany	Allendorf (Eder)	Yes	100.00%
10	Viessmann Solutions & Services GmbH	Germany	Allendorf (Eder)	Yes	100.00%
11	Viessmann PV + E-Systeme GmbH	Germany	Allendorf (Eder)	Yes	100.00%
12	Connectivity Solutions GmbH	Germany	Allendorf (Eder)	Yes	100.00%
13	Viessmann Werke Allendorf GmbH	Germany	Allendorf (Eder)	Yes	100.00%
14	Viessmann Holding International GmbH	Germany	Battenberg (Eder)	Yes	100.00%
15	Viessmann Elektronik GmbH	Germany	Allendorf (Eder)	Yes	100.00%
16	Viessmann Workforce GmbH	Germany	Frankfurt am Main	Yes	100.00%
17	Viessmann CS Real Estate SE & Co. KG	Germany	Allendorf (Eder)	Yes	89.90%
18	Viessmann Industriekessel Mittenwalde GmbH	Germany	Mittenwalde	Yes	100.00%
19	VWB Real Estate GmbH & Co. KG	Germany	Allendorf (Eder)	Yes	89.90%
20	BIOFerm GmbH	Germany	Allendorf (Eder)	Yes	100.00%
21	PSV Project Service and Value S.r.l.	Italy	Padova	Yes	100.00%

No.	Entity	Country	Headquarter	Legal Sub-Group as of Dec. 31, 22	Share
22	ViAir AG	Suisse	Zug	Yes	100.00%
23	Viessmann China Ltd.***	China	Hongkong	Yes	100.00%
24	Viessmann d.o.o. (Slovenia)	Slovenia	Maribor	Yes	100.00%
25	Viessmann d.o.o. (Croatia)	Croatia	Zagreb	Yes	100.00%
26	Viessmann d.o.o. (Serbia)	Serbia	Belgrad	Yes	100.00%
27	Viessmann EOOD	Bulgaria	Sofia	Yes	100.00%
28	Viessmann Fütéstechnika Kft.	Hungary	Törökbálint	Yes	100.00%
29	Viessmann Hausautomation GmbH i.L. **	Germany	Wangen im Allgäu	Yes	100.00%
30	Viessmann Heating Technology Beijing Co., Ltd.	China	Beijing	Yes	100.00%
31	Viessmann Heating Technology Dachang Co., Ltd.	China	Dachang	Yes	100.00%
32	Viessmann Heating Technology Zhejiang Co., Ltd.	China	Zhejiang	Yes	100.00%
33	Viessmann Holding AG	Suisse	Basel	Yes	100.00%
34	Viessmann Isı Teknikleri Ticaret Anonim Şirketi	Turkey	Istanbul	Yes	100.00%
35	Viessmann Kraft-Wärme-Kopplung GmbH	Germany	Landsberg am Lech	Yes	100.00%
36	Viessmann LLC***	Ukraine	Kiew	Yes	100.00%
37	Viessmann Manisa Isı Teknolojileri Sanayi ve Ticaret Limited Sirketi	Turkey	Manisa	Yes	100.00%
38	Viessmann Manisa Satis Pazarlama ve Ticaret Limited Şirketi	Turkey	Manisa	Yes	100.00%
39	Viessmann Middle East FZE	VAE	Dubai	Yes	100.00%
40	Viessmann Oy	Finland	Vantaa	Yes	100.00%
41	Viessmann s.r.o.	Slovakia	Bratislava	Yes	100.00%
42	Viessmann SIA	Latvia	Riga	Yes	100.00%
43	Viessmann Sp. z o.o.	Poland	Wroclaw	Yes	100.00%
44	Viessmann, spol. s.r.o.	Czech Republic	Chrášťany	Yes	100.00%
45	Viessmann S.R.L.***	Romania	Brasov	Yes	100.00%
46	Viessmann Technika Dombóvár Kft.	Hungary	Dombóvár	Yes	100.00%
47	Viessmann Technika Grzewcza, Sp. z o.o.***	Poland	Legnica	Yes	100.00%

No.	Entity	Country	Headquarter	Legal Sub-Group as of Dec. 31, 22	Share
48	Viessmann UAB	Lithuania	Vilnius	Yes	100.00%
49	Viessmann Värmeteknik AB	Sweden	Kista	Yes	100.00%
50	ithinx GmbH	Germany	Allendorf (Eder)	Yes	100.00%
51	Viessmann A/S	Denmark	Hedehusene	Yes	100.00%
52	Viessmann Belgium BVBA***	Belgium	Brussels (Nossegem)	Yes	100.00%
53	Viessmann Faulquemont SAS	France	Faulquemont	Yes	100.00%
54	Viessmann France SAS	France	Faulquemont	Yes	100.00%
55	Viessmann Holding Austria GmbH	Austria	Steinhaus	Yes	100.00%
56	Viessmann Ltd.	Great Britain	Telford	Yes	100.00%
57	Viessmann Manufacturing Company (U.S.) Inc.	USA	Warwick	Yes	100.00%
58	Viessmann Manufacturing Company Inc.	Canada	Waterloo	Yes	100.00%
59	Viessmann Nederland B.V.	Netherlands	Rotterdam	Yes	100.00%
60	Viessmann S.L.	Spain	Pinto (Madrid)	Yes	100.00%
61	Viessmann S.r.l. (Italy)	Italy	Pescantina (Verona)	Yes	100.00%
62	Viessmann (Schweiz) AG	Suisse	Spreitenbach	Yes	100.00%
63	Viessmann Industrie Holding SAS	France	Didenheim	Yes	100.00%
64	Viessmann Holzheiztechnik GmbH	Austria	Steinhaus	Yes	100.00%
65	Viessmann GmbH	Austria	Steinhaus	Yes	100.00%
66	Etanomics Italia S.r.l.	Italy	Milano	Yes	100.00%
67	Nuove Energie S.r.l.	Italy	Pescantina (Verona)	Yes	100.00%
68	Viessmann Engineering S.r.l.	Italy	Pescantina (Verona)	Yes	100.00%
69	Viessmann Industrie France SAS	France	Didenheim	Yes	100.00%
70	FörderProfi GmbH	Germany	Berlin	Yes	100.00%
71	Viessmann LLC***	Uzbekistan	Taschkent	Yes	100.00%
72	Viessmann Singapore Pte. Ltd.	Singapore	Singapore	Yes	100.00%
73	Viessmann Australia PTY Ltd.	Australia	Sydney	Yes	100.00%
74	Viessmann Technology Vietnam Limited	Vietnam	Dong Nai	Yes	100.00%

No.	Entity	Country	Headquarter	Legal Sub-Group as of Dec. 31, 22	Share
75	Youco B22-H355 Vorrats-GmbH & Co. KG (zukünftig: DBT Digital Building Technology)	Germany	Münster	Yes	25.00%
76	DBT Verwaltungs GmbH	Germany	Münster	Yes	100.00%
77	Pecon GmbH*	Germany	Regensburg	No	60.00%
78	Clipper Enterprises Limited*	Great Britain	Salisbury	No	42.00%
79	Bio-Energie Allendorf GmbH	Germany	Allendorf (Eder)	No	100.00%
80	Viessmann Refrigeration Solutions Operations sp.z.o.o.*	Poland	Wroclaw	No	100.00%

* Transferred to Viessmann Climate Solutions by Carve-out Measures

** Liquidated in 2023, already de-consolidated in 2020, since then participation valued at 1 EUR

*** Minority shareholdings transferred to Viessmann Climate Solutions by Carve-out Measures

In addition to the entities aforementioned several adjustment measures (so called Carve-out Measures) have been defined. On the one hand, defined assets and liabilities are or will be transferred to an entity outside of Viessmann Climate Solutions, which are or were legally owned by Viessmann Climate Solutions entities. On the other hand, defined assets and liabilities are or will be transferred to an entity within Viessmann Climate Solutions, which were part of the Viessmann Climate Solutions Business but have not been legally owned by Viessmann Climate Solutions entities. Please refer to the following chapter 2.3 for additional information on adjustments to the scope of combination and how the adjustments have been or will be legally implemented.

2.3 Carve-out Measures

The AFS has been prepared including specific Carve-out Measures to reflect the scope and structure of the intended transaction. Carve-out Measures have been reflected as of January 01, 2022. For a more detailed understanding on how the Carve-out Measures have been recognized in the AFS please refer to chapters 2.3.1 – 2.3.5. Please note that the related consideration for each of the Carve-out Measures is only reflected in the AFS at the point in time of the respective transaction. A list of the Carve-out Measures that have been legally implemented upon preparing the AFS is further described in detail in chapter 3. Subsequent Events.

The Carve-out Measures are as follows:

2.3.1 Transfer of non-consolidated and consolidated affiliates out of Viessmann Climate Solutions

The shares of the following non-consolidated affiliates, which are legally owned by, but are not part of Viessmann Climate Solutions are part of the combination scope. In consequence, the carrying value of these shares have been excluded for purposes of the AFS as of January 1, 2022:

- HKB Holding B.V.,
- Viessmann Pars Novin Co. Ltd,
- Viessmann Biogas Beteiligungs GmbH &Co KG,
- Viessmann Biogas Komplementär GmbH,
- Polybloc AG:

No payments have taken place in 2022.

The activities of the following consolidated affiliates that are part of Viessmann Climate Solutions are not part of the combination scope. For purposes of the AFS such entities have been excluded accordingly from the scope of combination:

- OOO Viessmann (no purchase price paid in 2022),
- OOO Viessmann Lipetsk (no purchase price paid in 2022).

2.3.2 Transfer of shares of consolidated affiliates, an investment and minorities shares to Viessmann Climate Solutions

The shares of the following consolidated affiliates are part of the combination scope. For purpose of the AFS such entities have been included accordingly in the scope of combination:

- Viessmann Refrigeration Solutions Operations sp.z.o.o.,
- Bioenergie Allendorf GmbH,
- Peccon GmbH.

For the purposes of the AFS, all assets and liabilities and P&L effects of the companies have been fully combined and are therefore considered in the calculation of the Cash Flows and financial resources fund. No payments have been made in 2022 for the purchase of these companies.

The shares of Clipper Enterprise Limited (42%), an investment company, are part of the combination scope. Therefore, the carrying value of such shares has been recognized for purposes of the AFS as of January 1, 2022.

The following minority shares that are held by Viessmann are part of the combination scope. Accordingly, the related minorities were eliminated in the AFS:

- Viessmann Holding International Verwaltungs GmbH
- Viessmann Werke Berlin GmbH.

The following minority shares that are held outside of Viessmann Climate Solutions are part of the combination scope. As these minorities have been held under an agreement that all earnings are allocated to the majority shareholder, these minorities have no book value. Hence, there is no impact on the AFS:

- Viessmann Technika Grzewcza sp. z o.o. – 95% held by Viessmann Holding International GmbH
- Viessmann China Ltd. – 95% held by Viessmann Holding International GmbH
- Viessmann SRL- 95% held by Viessmann Holding International GmbH
- Viessmann LLC- 95% held by Viessmann Holding International GmbH
- Viessmann Belgium BVBA – 99% held by Viessmann Holding AG, Basel

No payments have been made in 2022 for the purchase of the shares in these companies and no distributions or contributions from those companies have been made. Hence, no impact on the Carve-Out Statement of Cash Flows resulted from those measures.

2.3.3 Transfer of real estate properties

Certain real estate properties not owned by Viessmann Climate Solutions are part of the combination scope and certain real estate properties owned by Viessmann Climate Solutions are not part of the combination scope. In consequence, the underlying assets have been excluded from / included in the AFS. Related items of income and expense have been excluded / included in the Carve-Out Statement of Income as of January 01, 2022.

Transfer from Viessmann Climate Solutions to remaining Viessmann (Carve out)

- Real property in Battenberg (Viessmann Gästehaus Battenberg) – the asset as well as the corresponding items of income and expense have been excluded.
- Land property in Allendorf (parking lot and adjacent properties) – the asset as well as the corresponding items of income and expense have been excluded.
- Land property in Wattens (Austria) – the asset as well as the corresponding items of income and expense have been excluded.

Actual cash payments related to those assets (e.g. for payment of expenses in the period) were presented within the financing Cash Flow under "Transactions with remaining Viessmann Group".

Transfer from remaining Viessmann Group to Viessmann Climate Solutions (Carve in)

- Land property in Allendorf (parking lot and adjacent properties) – the asset as well as the corresponding items of income and expense have been included.
- Land property in Allendorf (biogas plant) – the asset as well as the corresponding items of income and expense have been included.

Actual cash payments related to those assets (e.g. for payments of expenses in the period) were presented within the financing Cash Flow under "Transactions with remaining Viessmann Group".

2.3.4 Transfer of several assets and pension obligations out of and to Viessmann Climate Solutions

Transfer of pension obligations

Pension obligations of remaining Viessmann Group towards pensioners (937) and entitled persons (62 former employees) who originally worked for Viessmann Climate Solutions Business (excluding the commitments towards Prof. Dr. Viessmann and other key employees of remaining Viessmann Group) shall be transferred by way of hive down to Viessmann CS SE together with the corresponding amount of the pension provision. For the hive down the pension obligation has been valued as of December 31, 2022, according to HGB separately. As of December 31, 2022, the pension obligation amounts to EUR 14.0m. Viessmann Group will fund the pension obligations by way of a money transfer as of January 1, 2023. The cash funding in 2023 is not reflected in the AFS.

After signing of the SPA, Viessmann and the purchaser agreed that all rights and obligations as well as the capacity as sponsor of the pension fund ("Unterstützungskasse") for the employees of former Viessmann Industrietechnik GmbH Homberg shall be transferred to Viessmann CS SE. As of December 31, 2022, the shortfall towards the pension fund amounts to EUR 0.5m. The amount is not included in the Combined Statement of Financial Position in accordance with Art. 28 EGHGB (Introductory Act to HGB) which includes a statutory accounting choice to recognize the shortfall as a liability or to only disclose it but will be funded by Viessmann at the time of transfer. For purposes of AFS the pension provision was included in the Carve-Out Statement of Financial Position.

Net income effects related to the pension obligations were included in the Combined Statement of Income within personnel and interest expenses. Actual cash payments related to those obligations were presented within the financing Cash Flow under "Transactions with remaining Viessmann Group".

A pension commitment by Viessmann Holding International Verwaltungs GmbH (which is part of the combination perimeter) in favor of Prof. Dr. Viessmann will be transferred to Viessmann Group. The related pension provision and related P&L effects were excluded from the AFS.

All transfers have been considered as of January 01, 2022, although the legal implementation will only happen in 2023.

Transfer of artwork

The following three pieces of artwork were excluded from the AFS.

- Touch
- Venice
- Edition Eurola

The pieces of artwork were excluded with their carrying value and related expense items (if any) from the AFS.

Given that there were no cash implications associated with the artwork in 2022, this consequently does not impact the calculation of the Cash Flow.

Transfer of domain names and IP

Numerous domain names and intellectual properties will be transferred from Viessmann Group to Viessmann Climate Solutions and from Viessmann Climate Solutions to Viessmann Group. Only a few of them had a book value. In result domain names with a book value of EUR 0 were included in the Combined Statement of Financial Position and EUR 0.002m were excluded from the Combined Statement of Financial Position and the Combined Statement of Income. Given that there were no cash implications associated with the domain names and IP in 2022, this consequently does not impact the calculation of the Cash Flow.

2.4 Combination Principles

2.4.1 General

The AFS were prepared in accordance with the following principles:

- Combination of all assets and liabilities and income and expenses of each of the entities and operations that form Viessmann Climate Solutions including all Carve-out Measures as set out in chapter 2.3 with their carrying amounts as included in Viessmann's consolidated financial statements for the respective period with limited exceptions as noted above (including the relevant Goodwill balances)
- Elimination of existing intra-CS Sub-Group receivables, liabilities and provisions of Viessmann Climate Solutions, contingent liabilities, and other financial liabilities
- Elimination of intra-group revenue, expenses, and income of Viessmann Climate Solutions
- Elimination of profit and loss transfers of companies in the scope of combination and investment income as well as write-downs and appreciation in shares in the companies included in the combination scope
- Elimination of profits from intra-group transactions of Viessmann Climate Solutions
- Adjusting events have only been taken into account up to May 24, 2023, i.e. the relevant point in time, when the Viessmann Group Financial Statements were presented to the audit committee of the Board of Directors.

For acquisitions since 2010, capital consolidation has been performed exclusively using the purchase method (§ 301 (1) HGB), whereby the total net assets of the acquired subsidiary, including any non-controlling interest, are measured at fair value at the date of initial consolidation. For acquisitions up to 2010, the so-called book value method (§ 301 (1) sentence 2 no. 1 HGB old version) was applied, whereby a revaluation was only carried out for the net assets attributable to shares in the parent company.

At equity consolidation for investments in associated companies

Associated companies are entities over which an entity of Viessmann Climate Solutions can exercise significant influence, namely by participating in the investee's financial and operating policy decisions. Generally, this relates to entities in which Viessmann Climate Solutions holds 20 to 50% of the voting rights. As of December 31, 2022, this applies only to Clipper Enterprises Limited.

Associated companies are accounted for using the equity method at the group's share of equity. They are initially recognized at cost. Any goodwill arising on acquisition is included in carrying amount of the investment and depreciated over its useful life. Viessmann Climate Solutions' share in the earnings of the equity-accounted investments in associated companies is recognized in the income statement within the financial income or expenses.

2.4.2 Tax allocations

Current and deferred income taxes are recognized for each entity or tax group of Viessmann Climate Solutions, respectively. Certain German entities of Viessmann Climate Solutions are part of a tax group ("Organschaft") and did not file separate tax returns. All tax profits and tax losses of the German tax group are attributed to Viessmann CS SE. Income tax expense or income of Viessmann CS SE is shown in the Combined Statement of Income. Viessmann CS SE attributes all tax profits and tax losses to Viessmann ("Organträger") and did not file a separate tax return. Therefore, the tax receivable or liability of Viessmann CS SE is recognized and disclosed as a receivable or liability against Viessmann as a related party.

2.4.3 Profit and loss transfer agreement

Viessmann CS SE has a profit and loss transfer agreement with Viessmann's parent and also attributes all tax profits and tax losses to Viessmann ("Organträger") as stated above. The expense presented in the Combined Statement of Income due to the profit and loss transfer agreement comprises the portion of the profits transferred to Viessmann remaining after deduction of the income tax expense regulated by tax allocation agreements.

2.5 Currency Translation

Unless the financial statements were prepared in Euro, the values of the Combined Statement of Financial Position of the foreign companies included were converted uniformly at the spot exchange rate on the reporting date. The difference compared with the respective historical rate is recognized directly in net investment. The translation differences in the fixed asset grid resulting from the different closing rates were offset against the respective acquisition/production costs or accumulated depreciation without affecting income in accordance with § 308a HGB and German Accounting Standard (GAS) 25.

In the Combined Statement of Income of the foreign companies, unless they are presented in Euro, all expenses and income have generally been converted at average annual exchange rates. The differences resulting from the application of different exchange rates between the Combined Statement of Income and the Combined Statement of Financial Position were netted directly in net investment.

Receivables and liabilities in foreign currencies in the single entity financial statements were converted on the reporting date at the spot exchange rate. Transactions during the fiscal year were converted at the respective daily average exchange rate. In the case of non-current foreign currency items, the historical cost principle and the lower of cost or market principle apply.

If material for consolidated financial statements, German Accounting Standard (GAS) 25 "Foreign Currency Translation in Consolidated Financial Statements" states that the inclusion of subsidiaries in hyperinflationary economies in the consolidated financial statements require the elimination of the effects of inflation on assets, liabilities, income, and expenses at the latest in the financial statements adjusted to conform to uniform group accounting policies. Due to materiality considerations these GAS 25 requirements on hyperinflation accounting have not been applied.

3 General accounting policies and changes

The preparation of the AFS requires exercise of judgment by management, who are required to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the Carve Out Statement of Financial Position and the amounts of income and expenses included in the Carve Out Statement of Income. Events after the balance sheet date have been considered consistently to the Viessmann Group financial statements and disclosed in the Subsequent Event chapter.

Intangible assets are capitalized at cost less depreciation and amortization and impairment losses, in the case of extraordinary impairments. Intellectual property and similar rights acquired as well as licenses to such rights and assets are depreciated assuming a useful life of 2 to 25 years with goodwill being depreciated over 3, 4, 5, 8 or 10 years starting from the date of acquisition.

The respective useful life of goodwill is justified individually for each company based on its technology, its employees and its long-term customer relationships as well as based on expected synergies. During the amortization period, an annual impairment test is carried out, regardless of the assumed useful life.

Tangible assets (Property, plant and equipment) are measured at cost less depreciation and amortization and, in the case of extraordinary impairments, by unscheduled depreciation. Depreciation and amortization are calculated based on a regular useful life of 2 to 50 years for movable property, plant and equipment and a maximum of 55 years for depreciable immovable fixed assets, mainly using the straight-line method. Pieces of artwork from known artists are valued at acquisition costs.

The shares in affiliated companies, participations, non-current securities and shares in companies held for investment purposes included within the **financial assets** are accounted for at cost or at lower fair value. Loans are measured at cost less any principal repayments or lower fair value.

Inventories (raw materials, auxiliary and operating materials as well as trading goods) are valued at the lower of acquisition or the replacement cost. The valuation of the unfinished and finished products as well as work in progress is carried out at cost of production, including an appropriate amount of manufacturing and material overhead costs as well as depreciation and amortization of property, plant and equipment used for production. In order to carry out loss-free valuations and to consider inventory risks resulting from long storage periods or reduced usability, write-downs were carried out based on a case-by-case basis.

Advance payments as part of the inventories made were recorded at their nominal amount. Advance payments received on inventories to the extent that they relate to capitalized production costs were shown separately from the item "inventories" with their respective settlement amount net of VAT.

Receivables, other assets and cash and cash equivalents are valued at nominal or present value. Appropriate individual and lump-sum value adjustments were recorded with regard to the credit risk of trade receivables and other assets.

Current securities were measured at cost or the lower fair value.

Deferred tax assets and liabilities result from temporary differences between the tax base and the accounting base of assets and liabilities as well as from consolidation measures. The accounting choice to recognize deferred tax assets according to § 274 HGB in the statutory financial statements of the legal entity is not exercised. In the Combined Statement of Financial Position deferred tax assets and liabilities are presented after offsetting. For the calculation of deferred taxes within the German tax group a tax rate of 15 % and a group tax rate of 25 % have been used.

Investment grants and allowances have been reported as a special item, which is released in line with the depreciation of the subsidized assets over the appropriate period.

Pension and similar obligations relate to domestic and foreign companies. They have been recorded following actuarial principles. The underlying assumptions are summarized in the following table:

Valuation method	Modified partial value method or Projected-Unit-Credit Method (PUC)
Calculation bases	Guideline Tables 2018 G by Prof. Dr. Klaus Heubeck Generationentafel AVÖ 2018-P ANG And further respective country-specific mortality tables
Actuarial interest rate	1.78% to 1.79%
Pension trend	0.50% to 3.00% (mostly 2.1%)
Income trend	Services are independent of income

Other assets (assets from reinsurance policies) have been measured at fair value and are netted in the balance sheet against pension provisions, insofar as they are assets to be netted in accordance with § 246 (2) sentence 2 HGB. Some pension promises are funded by pledged reinsurance policies that qualify as plan assets. The fair value of the pledged reinsurance policies and the acquisition costs of the reinsurance policy amount to EUR 0.2m and the relating pension obligations amount to EUR 0.3m. In the financial result, expenses of EUR 0.005m were offset against the changes of the fair value of the reinsurance policies in the amount of EUR 0.007m.

The actuarial interest rate applied to the provisions for pensions, severance payments (Austria, France, Italy, Turkey and Dubai), jubilee and survivors' benefits is a qualified estimated interest rate with a term of 15 years as of December 31, 2022, as permitted as an accounting choice by § 253 (2) sentence 2 HGB. This was calculated by extrapolating the ten-year average interest rate for pensions and pension-like severance payments (Austria and France) or the seven-year average interest rate for survivors' payments published by the Deutsche Bundesbank in accordance with the Restitution Discounting Ordinance ("Rückstellungsabzinsungsverordnung") as well as the average interest rate for the other severance payments and anniversaries as of September 30, 2022, and October 31, 2022, respectively. The accounting choice has been applied with regard to the use of the average market interest rate resulting from an assumed remaining term of 15 years of § 253 (2) sentence 2 HGB. The difference between the recognition of provisions based on the corresponding average market interest rate from the past ten financial years and the recognition of provisions based on the corresponding average market interest rate from the past seven financial years amounts to EUR 2.7m.

The changes in the actuarial interest rate are recognized in personnel expenses. The difference between service cost and annual payments made in a fiscal year as personnel expenses within the operating result.

Other provisions reflect all recognizable risks and uncertain liabilities to a reasonable extent and in accordance with reasonable commercial judgement and considering commercial prudence. The provisions were recorded at the required settlement amount.

Provisions with a maturity of more than one year are discounted with the seven-year average interest rate as of December 31, 2022, published by Deutsche Bundesbank corresponding to their remaining maturity in accordance with the Provision Discounting Ordinance ("Rückstellungsabzinsungsverordnung").

As part of the provision for partial retirement, the inalienable opportunities for employees to make use of the partial retirement scheme resulting from current contracts were considered in the amount of the expected top-up ("Aufstockungsbeträge") and the arrears of performance ("Erfüllungsrückstand"). The severance payment obligations arising from these contracts pursuant to § 6 TV-BB and § 12 of the Collective Agreement on the Flexible Transition to Retirement (TV FlexÜ) were also recorded within other provisions.

Trade payables and other liabilities are recorded with their settlement amount.

Deferred income and expenses comprise short- and medium-term accruals.

Disclosures to the Combined Statement of Financial Position

Fixed assets – In accordance with § 284 (3) HGB, the fixed assets movement schedule is presented using the gross method. The Statement of Changes in Fixed Asset is shown in Annex 1 to the notes to the Combined Financial Statements. Long term investments amounting to EUR 0.4m were pledged as collateral for bank guarantees.

Receivables and other assets – Trade receivables include bills of exchange in the amount of EUR 6.3m.

Receivables from affiliated companies (EUR 768.7m) amounts to EUR 7.1m from supplies and services and to EUR 554.2m from Cashpool.

Other assets include EUR 0.5 thousand in input taxes that cannot yet be offset and that will not come into legal existence until after the closing date.

Deferred tax assets – Deferred tax assets relate exclusively to items in the AFS (consolidation measures) in accordance with § 306 HGB. A tax rate of 15% (previous year: 15%) or a Group tax rate of 25% (previous year: 25%) was used to calculate deferred taxes within the CS Sub-Group. The resulting deferred taxes are mainly due to the intragroup profit elimination, debt consolidation and the disclosure of hidden reserves in the course of capital consolidation.

Net Investment – The share capital of Viessmann CS SE entered in the commercial register amounted to EUR 200m at the reporting date and is attributable to the Net Investment.

Provisions – Other provisions mainly include provisions for warranties (EUR 146.1m) and provisions for personnel and social costs (EUR 120.8m).

Liabilities – The remaining terms to maturity of the individual liabilities are shown in the schedule of liabilities in Annex 2 to the notes to the Combined Financial Statements.

Amounts owed to credit institutions are secured by mortgages, by the assignment as security of individual items of property, plant and equipment, inventories, receivables and by pledging bank balances (EUR 2.9m).

Liabilities to affiliated companies (EUR 770.9m) amount to EUR 14.9m from supplies and services and to EUR 278.3m from Cashpool.

The delivery of raw materials, consumables and supplies, semi-finished goods and merchandise as well as items of property, plant and equipment results in the usual retention of title.

The resulting payment obligations in subsequent years are included in other financial obligations. The purpose of the transactions is to improve liquidity. Risks relate to the lease payments to be made and the contractual commitment.

Other financial obligations – The following expenses are incurred for commitments under rental and lease agreements as well as maintenance, service, and support agreements:

	mEUR
2023	71.4
2024 - 2027	<u>89.2</u>
	<u>160.6</u>

Purchase commitments for capital expenditures amount to EUR 9.8m.

Based on current agreements, we anticipate expenses of EUR 28.6m from advertising and sponsorship contracts.

Disclosures to Combined Statement of Income

Revenue – Net sales are broken down by product lines and by regions as follows:

Product lines (in mEUR)	2022
Residential gas boilers	701.0
Residential heat pumps	594.4
PV systems & electronic	395.6
Customer service	354.8
Vitoset, A/C, electric direct heating, district heating, warm water	322.2
Water storage	188.6
Floor standing boilers	179.1
Others	666.6
Total	3,402.3

Region (in mEUR)	2022
Germany	1,519.1
Europe (without Germany)	1,622.0
Overseas / other foreign	261.2
Total	3,402.3

Other operating income – Other operating income includes income of EUR 0.2m from the reversal of special items for investment grants and subsidies. Income relating to other periods mainly results from intercompany invoicing of expenses for sponsoring arrangements (EUR 16.8m), the reversal of provisions (EUR 10.7m), asset disposals (EUR 13.3m), reimbursements from insurance companies and compensation payments (EUR 1.3m), the reversal of valuation allowances on receivables and income from derecognized receivables (EUR 1.2m), cost reimbursements for previous years and the derecognition of liabilities (EUR 0.7m), and the utilization of other provisions (EUR 0.8m), which offset the primary expenses in cost of materials and personnel expenses.

Personnel expenses – The lump-sum social security contributions (short-time working allowance) reimbursed by the German Federal Employment Agency for a subsidiary in the amount of EUR 0.1m were offset against social security contributions and expenses for pensions and other benefits. On average for the year, the CS Sub-Group employed Employees of 7,049 and Industrial workers of 3,510. The posted remuneration for the members of the management was an expense of EUR 6.0m and for the Supervisory Board and non-executive Board of Directors members of EUR 0.3m.

Depreciation, amortization and write-downs – Depreciation and amortization includes impairment losses on property, plant and equipment of EUR 0.09m due to expected permanent impairment.

Other operating expenses – The item includes other taxes in the amount of EUR 4.2m. Expenses relating to other periods mainly result from the disposal of non-current assets (EUR 1.7m) and bad debts (EUR 0.6m).

Write-downs of financial assets – Impairment losses on the lower fair value of financial assets due to expected permanent impairment amount to EUR 0.05m.

Interest income – Interest income of EUR 0.9m resulted from HaaS contracts and EUR 0.003m resulted from tax refunds for previous years.

Interest expense – Interest expenses of EUR 0.5m resulted from HaaS contracts and EUR 0.01m resulted from back tax payments for previous years.

Taxes on income – Taxes on income include EUR 0.05m in back payments for previous years and EUR 0.3m in refunds for previous years.

Non-controlling interests – Non-controlling interests account for gains of EUR 0.04m.

Auditor's fees – The total fee for the auditor of the Viessmann Group consolidated financial statements includes EUR 0.9m for auditing services for the separate financial statements and the consolidated financial statements.

Disclosures to Combined Statement of Cash Flows

Cash Flows are classified in the Combined Statement of Cash Flows separately by operating, investing and financing activities. Classification is based in each instance on the economic activities of the entity. Cash Flows are generally reported gross, except when otherwise permitted or required by German Accounting Standard (GAS) 21, for example when cash flows from operating activities are reported using the indirect method.

The starting point for the Combined Statement of Cash Flows is cash funds (referred to as “financial resources fund”) at the beginning of the period. These consist of cash and cash equivalents and liabilities to credit institutions that are repayable on demand and other short-term borrowings that are used for an entity’s cash management. In addition, Cashpool Liabilities are included in the financial resources fund whereas Cashpool Receivables were excluded and shown as financing cash flow. Cash equivalents are short-term, highly liquid investments held as a liquidity reserve that are readily convertible to cash and are subject to an insignificant risk of changes in value. The following overview shows the composition of cash funds:

The financial resources fund is composed as follows:

	31 Dec. 2022
Cash on hand and balances at banks	174.5
Liabilities due to banks (credit in current accounts)	-7.1
Cashpool liabilities	-278.2
Total	-110.8

Due to the exclusion of Cashpool receivables, the financial resources fund shows a negative number, e.g., a liability. Cashpool receivables against the Cashpool leader Viessmann Group GmbH & Co KG exist in the amount of EUR 554.2m as of December 31, 2022.

The effects of the Carve-out measures on the Cash Flow Statement are shown separately in the reconciliation statement.

In general, the Combined Cash Flow is derived from the Carve Out Statement of Financial Position and Carve Out Statement of Income, together with additional information.

Cash Flows from operating activities (referred to as “Cash Flow from ongoing business activities”) are reported using the indirect method. Under the indirect method, profit or loss for the period is adjusted for the effects of non-cash income and expenses, changes in items of working capital (excluding cash funds) and all items that are associated with Cash Flows from investing or financing activities. By contrast, Cash Flows from investing (referred to as “Cash Flow from investment activities”) and financing activities (referred to as “Cash Flow from financial activities”) are both reported using the direct method.

Cash Flows from operating activities are derived from the entity’s revenue-generating activities to the extent that they are not attributable to Cash Flows from investing or financing activities. In addition, income taxes paid are generally attributed to operating activities and reported separately.

Cash Flows from investing activities arise in connection with the use of the entity's resources to generate long-term income, generally over a period of more than one year. Cash Flows relating to the investment of cash funds for short-term cash management are also attributable to cash flows from investing activities, except where these are attributable to cash funds or are held for trading. In addition, cash flows relating to the acquisition and disposal of consolidated entities are classified as investing activities. Moreover, interest and dividends received are attributed to investing activities and reported separately.

Cash Flows resulting from transactions with remaining Viessmann Group, as well as proceeds from and repayments of borrowings, are generally classified as Cash Flows from financing activities. In addition, interest and dividends paid are attributed to financing activities and reported separately.

Other Disclosures

Management system of Viessmann CS SE has changed from the dualistic to the monistic system with effect from July 1, 2022. Hence, the former members of the executive board have been appointed as executive directors of the board of directors and the former members of the supervisory board have been appointed as non-executive directors of the board of directors.

Furthermore, with the change of the management system Maximilian Viessmann has been appointed as chairman of the board of directors and succeeded Prof. Dr. Martin Viessmann as chairman of the former supervisory board. Thomas Heim became CEO of Viessmann CS SE and succeeded Maximilian Viessmann. Supervisory board member Claudia Salvischiani left management and Ole Oldenburg has been newly appointed as non-executive directors of the board of directors.

As of October 1, 2022, Vanessa Hellwing joined the board of directors as new CFO and replaced Dr. Ulrich Hüllmann, who became a non-executive director of the board of directors at that time. As of October 15, 2022, Karsten Hoppe was appointed as new CSO to the board of directors.

Subsequent Events

For the Viessmann Group Financial Statements the period for subsequent events ended on the date of the presentation to the audit committee of the Board of Directors on May 24, 2023. Due to preparation on a combined basis this also applies in principle to the AFS. In addition, subsequent events related in particular to the Carve-out Measures as defined in the SPA until the authorization for the issuance of the AFS by the management of Viessmann Climate Solution SE and Viessmann Group have been disclosed below.

As of June 30, 2023, the domination and profit and loss transfer agreement between Viessmann and Viessmann CS SE was duly terminated by Viessmann. With the termination of the agreement the tax group between certain German entities of Viessmann Climate Solutions and Viessmann ended on December 31, 2022. As the domination and profit and loss transfer agreements between Viessmann CS SE and its German subsidiaries remained in place a tax group with Viessmann CS SE as tax group leader was established simultaneously. The consequence of this is that the deferred tax assets and liabilities result from temporary differences between the tax base and the accounting base of assets and liabilities have to be calculated with a tax rate of 28.83% for the German entities and with a group tax rate of 25% on the consolidation measures.

During the period for subsequent events the following Carve-out Measures have been executed:

Transfer of non-consolidated and consolidated affiliates out of Viessmann Climate Solutions (chapter 2.3.1 AFS)

- Viessmann Pars Novin Co. Ltd has been liquidated on June 3, 2023.
- Viessmann Biogas Beteiligungs GmbH & Co. KG (100%) and Viessmann Biogas GmbH (100%) have been sold on September 14, 2023. A consideration amounting to EUR 7.0m has been received.
- Polybloc AG (90%) has been sold on January 31, 2023. A consideration amounting to EUR 3.0 m has been received.
- OOO Viessmann (100%) and OOO Viessmann Lipetsk (100%) have been sold on April 19, 2023. No consideration has been considered.

Transfer of shares of consolidated affiliates, an investment and minorities share to Viessmann Climate Solutions (chapter 2.3.2 AFS)

- Viessmann Refrigeration Solutions Operations sp.z.o.o. (100%) has been acquired on February 21, 2023. A consideration amounting to EUR 1.0m has been paid.
- Bioenergie Allendorf GmbH (100%) has been acquired on September 14, 2023. A consideration amounting to EUR to 0.1m has been paid.
- Peccon GmbH (60%) has been acquired on July 5, 2023. A consideration amounting to EUR 0.3 m has been paid.
- The minority stake (50%) of Viessmann Holding International Verwaltungs GmbH has been acquired on September 14, 2023. A consideration amounting to EUR 0.013m has been paid.
- The minority stake (5.1%) of Viessmann Werke Berlin GmbH has been acquired on September 14, 2023. A consideration amounting to EUR 0.9m has been paid.

Transfer of real estate properties (chapter 2.3.3 AFS)

- Real property in Battenberg (Viessmann Gästehaus Battenberg) has been sold on April 21, 2023. A consideration amounting to EUR 1.4m has been received.
- Land property in Allendorf (parking lot and adjacent properties) has been sold on April 21, 2023. A consideration amounting to EUR 0.005m has been received.
- Land property in Allendorf (biogas plant) has been acquired on September 14, 2023. A consideration amounting to EUR 5.9m has been considered.

Transfer of several assets and pension obligations out of and to Viessmann Climate Solutions (chapter 2.3.4 AFS)

- Pension obligations towards pensioners (937) and entitled persons (62 former employees) have been transferred by way of hive down to Viessmann CS SE together with the corresponding amount of the pension provision of EUR 14.0m on August 21, 2023. Together with the obligation the same amount of cash has been transferred as coverage.
- All rights and obligations as well as the capacity as sponsor of the pension fund ("Unterstützungskasse") for the employees of former Viessmann Industrietechnik GmbH Homberg have been transferred to Viessmann CS SE. As of December 31, 2022, the shortfall of the pension fund amounts to EUR 0.5m and will not be recognized in accordance with Art. 28 EGHGB.
- The pension commitment by Viessmann Holding International Verwaltungs GmbH in favor of Prof. Viessmann has been transferred to Viessmann Group on October 17, 2023.
- All domain names and intellectual properties listed in Exhibit 16.1.1 have either been sold from Viessmann to Viessmann Climate Solutions or from Viessmann Climate Solutions to Viessmann Group GmbH & Co. KG. In total a consideration amounting to EUR 0.002 has been received.

Entities of Viessmann Climate Solutions have entered into Cashpooling agreements and other intra-group financing agreements with other Viessmann group entities outside Viessmann Climate Solutions, mainly with Viessmann. As per Section 4.3 of the SPA Viessmann shall use reasonable efforts to reduce the amount of the intercompany payables of Viessmann Climate Solutions. In this context Cashpool agreements have been established between Viessmann CS SE and entities of Viessmann Climate Solutions in parallel to the existing cash pool agreements with Viessman. Additionally, the existing Cashpool agreement Viessmann was terminated and settled against the Cashpool with Viessmann CS SE. Hence, as a result, only the Cashpool agreement between Viessman and Viessman CS SE remained. Prior to closing the Cashpool agreement with Viessmann CS SE will be terminated as well.

Furthermore, as per Section 4.2 of the SPA, Viessmann shall or shall cause its affiliates to settle all its payables towards the Viessmann Climate Solutions on or prior to closing. All payables have been settled. Therefore, the presentation of maturities of the receivables may not be representative of the actual payment term.

Reconciliation to Generally Accepted Accounting Principles in the United States of America

Reconciliation of Combined Statement of Net Investment

As of December 31, 2022

mEUR	note	31. Dec. 22
Net Investment reported under German GAAP		1,021.0
Intangibles - Reversal of Goodwill Amortization	1	2.0
Intangibles - Software for Internal Use & Website Costs	2/3	-0.7
Leases	4	-0.1
Inventories	5	10.4
Financial Instruments - Current Expected Credit Losses	6	16.2
Accruals and Provisions	7	2.0
Pensions and other post-employment Benefits	8	15.9
Revenue Recognition - Customer Loyalty Programs	9	-1.4
Current Taxes	10	-0.3
Deferred Taxes	11	19.9
Net Investment reported under US GAAP		1,085.0

Reconciliation of Combined Statement of Income

For the period ended December 31, 2022

mEUR	note	31. Dec. 22
Net income reported under German GAAP		103.5
Intangibles - Reversal of Goodwill Amortization	1	0.3
Intangibles - Software for Internal Use & Website Costs	2/3	-0.7
Leases	4	-0.1
Inventories	5	-1.6
Financial Instruments - Current Expected Credit Losses	6	1.2
Accruals and Provisions	7	-0.5
Pensions and other post-employment Benefits	8	33.1
Revenue Recognition - Customer Loyalty Programs	9	-0.8
Current Taxes	10	-0.3
Deferred Taxes	11	-14.7
Profit and Loss Transfer Agreement	12	216.9
Net income reported under US GAAP		336.3
Foreign currency translation adjustments arising during period		-12.1
Other comprehensive income reported under US GAAP	13	-12.1
Net comprehensive income reported under US GAAP		324.1

Reconciliation of Combined Statement of Cash Flows

For the period ended December 31, 2022

mEUR	note	31. Dec. 22
Cash Flow from ongoing business activities under German GAAP		
		145.3
Software for Internal Use - Presentation of Repayments	2	2.1
Finance Leases - Presentation of Repayments	4	7.9
Presentation of Interest	14	-6.9
Presentation of Supplier Finance Programs	15	-31.4
Net cash used in operating activities under US GAAP		117.0
Cash Flow from investment activities under German GAAP		
		-81.2
Presentation of Interest	14	-5.2
Presentation of Cash Pooling	16	-14.4
Net cash used in investing activities under US GAAP		-100.8
Cash Flow from financial activities under German GAAP		
		-195.9
Software for Internal Use - Presentation of Repayments	2	-2.1
Finance Leases - Presentation of Repayments	4	-7.9
Presentation of Interest	14	12.1
Presentation of Supplier Finance Programs	15	31.4
Presentation of Cash Pooling	16	190.4
Presentation of Cash Overdraft	17	4.5
Net cash from financing activities under US GAAP		32.6

There are differences in the classification of items in the Combined Statement of Cash Flows between German GAAP and US GAAP. These classification differences between operating, investing, and financing activities are illustrated in the reconciliations above.

Notes to Reconciliation of German GAAP to US GAAP

The Required Financials have been prepared in accordance with German GAAP and Standards of ASCG (Accounting Standards Committee Germany), which differ in certain material respects from generally accepted accounting principles in the United States of America ("US GAAP"). Such differences involve accounting principles, practices and methods used in preparing the financial statements. The principal differences between German GAAP and US GAAP, which affect net income, net investment, and the classification of cash flows, are quantified and described below:

(1) Intangibles: Reversal of Goodwill Amortization – Goodwill represents the excess of the cost of an acquisition over the share of the net identifiable assets acquired. Under German GAAP, goodwill is amortized on a straight-line basis over its estimated useful life. Under US GAAP, goodwill is not amortized but is subject to an annual impairment test. No indications of goodwill impairment were identified. Therefore, the Reconciliation of Combined Statement of Net Investment above shows the reversal of the goodwill amortization recognized under German GAAP through the reporting period date, while the Reconciliation of Combined Statement of Income presents the reversal of the goodwill amortization recognized under German GAAP in the reporting period.

(2) Intangibles: Software for Internal Use – Under German GAAP, a sale and leaseback transaction for an internally used ERP system was accounted for as a sale of the software asset and a subsequent operating lease. Under US GAAP, the transaction is considered a failed sale and leaseback transaction and therefore the software is capitalized and amortized while the upfront payment received is considered as a financing liability. The reconciling item in the Reconciliation of Combined Statement of Net Investment and Reconciliation of Combined Statement of Income represents the effect of capitalizing and amortizing these costs over the lease term.

Principal payments made to the financing entity are considered as a cash outflow from financing activities under US GAAP, but a cash outflow for operating activities under German GAAP. Consequently, the reclassification of these repayments is shown in the Reconciliation of Combined Statement of Cash Flows.

(3) Intangibles: Website Costs – Under German GAAP, website content development costs for the website viessmann.live were capitalized as intangible assets while under US GAAP website development costs relating to content are to be expensed as incurred. The reconciling item in the Reconciliation of Combined Statement of Net Investment relates to the reversal of the website costs capitalized under German GAAP, and the reconciling item in the Reconciliation of Combined Statement of Income relates to the recognition of the associated expense under US GAAP for the period.

(4) Leases – All leases entered into by Viessmann Climate Solutions as lessee are operating leases under German GAAP and therefore are not recognized on the Combined Statement of Net Investment, but rental expense is recognized as incurred over the lease term. Under US GAAP, for all leases with a lease term over 12 months, lessees are required to measure and recognize a right-of-use asset and a lease liability at the commencement of the lease. The lease liability is measured at the present value of the future lease payments discounted at the incremental borrowing rate. The right-of-use asset is measured at the carrying amount of the lease liability, adjusted for (1) prepaid or accrued lease payments, (2) lease incentives received, and (3) initial direct costs incurred. The right-of-use asset is then depreciated over the lease term, while the lease liability is adjusted for interest and lease payments.

The reconciling item in the Reconciliation of Combined Statement of Net Investment relates to the difference between the recognized right-of-use asset and lease liability under US GAAP, while the reconciling item in the Reconciliation of Combined Statement of Income represents the difference between the lease expense calculated under US GAAP and German GAAP.

Under German GAAP, all lease payments are classified as operating activities in the Combined Statement of Cash Flows. However, under US GAAP, cash payments for the principal portion of the lease liability arising from a finance lease are classified as financing activities and the interest portion of the lease liability arising from a finance lease is generally classified as operating activities. The reclassification of the principal payments on finance leases from operating to financing cash flows is shown as an adjustment in the Reconciliation of Combined Statement of Cash Flows.

(5) Inventories – With regard to inventory valuation there are material differences between German GAAP and US GAAP. The main differences relate to (1) the definition of production costs and (2) the write-down approach. (1) While German GAAP provides various options as to which costs should be included in production costs, US GAAP requires that all costs (including general and administrative costs) be capitalized as a cost of inventory to the extent they are related to the production of goods and services. (2) German GAAP requires inventories to be valued at the lower of cost or market (procurement market perspective). US GAAP, on the other hand, requires that inventories are valued at lower of cost and net realizable value (sales market perspective). In order to comply with the US GAAP inventory valuation requirements, the production costs have been adjusted and procurement market related write downs have been replaced by a net realizable value approach (contribution margin routine), resulting in the reconciling items in the Reconciliation of Combined Statement of Net Investment and Reconciliation of Combined Statement of Income.

In addition, as finished goods inventory is transferred between production and sales entities and initially valued at standard transfer prices at the sales entities, changes in production costs have a consequential effect on intercompany profits, contributing to the reconciling items.

(6) Financial Instruments: Current Expected Credit Losses – Under German GAAP, a lump sum general allowance is accounted for doubtful accounts. Under US GAAP, general lump sum allowances are prohibited; rather allowances are to be based on historical experience with the so-called “current expected credit losses” method. Taking this into account the current expected credit loss model has been applied to all group entities, leading to respective effects as shown in the above reconciliations.

(7) Accruals and Provisions – The principle of prudence requires that accruals be made for uncertain liabilities and anticipated losses from pending transactions under German GAAP. Therefore, accruals and provisions are often recorded earlier and at a higher amount than the most probable estimate. Under US GAAP, however, the recognition of other accruals is based on a higher probability of occurrence (i.e. 75%). As a result, the level of accruals and provisions differs in both reason and amount, leading to a release of provisions previously shown under German GAAP.

(8) Pensions and other post-employment Benefits – Under German GAAP many pensions and other post-employment benefits are calculated by using the partial value method with a discount rate based on the average market interest rate of the last ten years and other relevant parameters. As US GAAP requires a different valuation method using the projected-unit-credit method, recalculations were performed for US GAAP purposes. Due to the different valuation methods and assumptions regarding certain economic parameters, such as the discount rate, the pension amounts per period differ between the two standards. In addition, under German GAAP, pension obligations that have been transferred to an external pension fund are not recognized on the balance sheet. Under US GAAP, these pension obligations are recognized as the plan qualifies as a defined benefit plan. The projected unit credit method was also used for the measurement of the obligations for these plans. These differences have been recognized as a reconciling item in the Reconciliation of Combined Statement of Net Investment.

The full gains or losses resulting from the remeasurement of the plans are recognized immediately in the income statement under German GAAP and US GAAP. The reconciling item in the Reconciliation of Combined Statement of Income is largely due to the change in the discount rate during the period.

(9) Revenue Recognition - Customer Loyalty Programs – With reference to the implemented customer loyalty program, corresponding provisions (i.e., expected costs) have been recognized under German GAAP. The revenue that is allocated to the performance obligation (i.e., expected costs plus margin) is to be deferred as a contract liability under US GAAP until the customer redeems the bonus points or the bonus points expire. As a consequence, the reconciling item in the Reconciliation of Combined Statement of Income represents the deferred revenue, which represents the expected costs plus margin that was already included in revenues under German GAAP. The reconciling item in the Reconciliation of Combined Statement of Net Investment represents the margin which is included in the valuation of contract liabilities as opposed to German GAAP provisions which only includes expected costs.

(10) Current Income Taxes – Under German GAAP and US GAAP, the current income tax charge is calculated on the basis of tax laws in the countries where Viessmann Climate Solutions operates and generates taxable income. Income taxes are determined under the assumption that all entities are separate taxable entities (separate tax return method). If entities form a consolidated tax group whereby the tax group parent is not included in the applicable financial statements, US GAAP requires income taxes to be calculated as if the tax group entities filed a separate income tax return. The reconciling item in the Reconciliation of Combined Statement of Net Investment relates to adjustments of taxable income based on the separate return approach.

(11) Deferred Taxes – Under German GAAP, deferred taxes are recognized for unused tax losses and temporary differences between the carrying amount of an asset or liability and its tax base. However, German GAAP provides an accounting policy choice to recognize the excess of deferred tax assets over deferred tax liabilities and Viessmann Climate Solutions has elected not to recognize deferred tax assets exceeding deferred tax liabilities. Since such an accounting policy choice does not exist under US GAAP, deferred tax assets are recognized for temporary differences and unused losses if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses. In addition to that, the reconciling item shown in the Reconciliation of Combined Statement of Net Investment includes deferred tax effects from the other US GAAP adjustments.

(12) Profit and loss transfer agreement – Under German GAAP, net income for the financial period is determined after taking into consideration the impact of the profit and loss transfer agreement concluded with Viessmann's parent. Under US GAAP, profits transferred represent an appropriation of profits (akin to a dividend) rather than an income statement line item.

(13) Foreign currency translation – Under German GAAP, the concept of other comprehensive income ("OCI") does not exist and gains and losses from currency translation differences from translating the financial information of foreign subsidiaries and branches into Euro are presented directly in equity. For US GAAP, the current year's movements to these accumulated translation differences in equity are presented in the statement of other comprehensive income. This difference is presented as a separate reconciling item in the Reconciliation of Combined Statement of Income.

(14) Presentation of Interest – Under German GAAP, interest paid is included in cash flows from financing activities and interest received is included in cash flows from investing activities. Under US GAAP, both interest paid and interest received are included in cash flows from operating activities. The reclassification of the interest is shown in the respective reconciling items in net cash.

(15) Presentation of Supplier Finance Programs – Under German GAAP, all cash flows relating to supplier financing programs are classified as operating cash flows. Under US GAAP, an operating cash outflow and financing cash inflow is reflected relating to the affected trade payable balances. However, a financing cash outflow should be reflected upon payment to the financing provider. The reclassification between the operating and financing cash flow sections is shown in the respective reconciling items in net cash.

(16) Cash Pooling – Under German GAAP, Cashpool liabilities are included in the financial resources fund whereas the change in Cashpool receivables are shown as financing cash flow. Under US GAAP, changes in the Cashpool liabilities should be presented as a financing activity whereas changes in the Cashpool receivables should be presented as an investing activity. Therefore, the reconciling items in the Reconciliation of Combined Statement of Cash Flows presents the addition of the cash flow related to the Cashpool liabilities within the financing section and the reclassification of the cash flow associated with the Cashpool receivables from the financing section to the investing section.

(17) Cash Overdraft – Under German GAAP, liabilities to credit institutions that are repayable on demand and other short-term borrowings that are used for cash management purposes are included in the financial resources fund in the cash flow statement. Under US GAAP, these short-term borrowings, such as cash overdrafts, should be shown as cash flows from financing activities. The respective reconciling item therefore shows the inflow or outflow of cash from these short-term borrowings within the financing cash flow section but there is not a corresponding reconciling item in another category because it was shown within the financial resources fund under German GAAP.

The Required Financials of Viessmann Climate Solutions as of and for the financial year ended December 31, 2022, as required by the Sale and Purchase Agreement dated April 25, 2023, were authorized for issuance by the management of Viessmann Climate Solution SE and Viessmann Group.

Allendorf (Eder), 31. October 2023

Management of Viessmann Group GmbH & Co. KG

/s/ Maximilian Viessmann
Maximilian Viessmann
Chief Executive Officer

/s/ Dr. Ulrich Hüllmann
Dr. Ulrich Hüllmann
Chief Financial Officer

/s/ Frauke von Polier
Frauke von Polier
Chief People Officer

Management of the Viessmann Climate Solutions SE

/s/ Thomas Heim
Thomas Heim
Chief Executive Officer

/s/ Vanessa Hellwing
Vanessa Hellwing
Chief Financial Officer

/s/ Dr. Markus Klausner
Dr. Markus Klausner
Chief Technology Officer

/s/ Dr. Karsten Hoppe
Dr. Karsten Hoppe
Chief Sales Officer

/s/ Frauke von Polier
Frauke von Polier
Chief People Officer

Combined Statement of changes in Fixed Assets

For the financial year ended December 31, 2022

	Acquisition and manufacturing costs					Depreciation, amortization and (reversal of) impairments						Carrying amount			
	as of 01.01.22	Currency rate changes	Additions	Disposals	Reclassifications	as of 31.12.22	as of 01.01.22	Currency rate changes	reversals of impairments	Current year	Disposals	Reclassifications	as of 31.12.22	as of 31.12.22	as of 31.12.21
Industrial property rights acquired for consideration and similar rights as well as licenses to rights	97.4	-0.1	4.6	2.7	0.5	104.0	84.8	-0.1	0.1	7.7	0.2	0.0	92.2	11.9	12.6
Goodwill	34.0	0.0	-	-	0.1	33.9	32.3	0.0	0.0	0.3	0.0	-	32.6	1.3	1.6
Advance payments	2.2	-	0.6	-2.2	0.1	0.6	0.0	-	-	-	-	0.0	-	0.6	2.2
Intangible Assets	133.6	-0.1	5.2	0.5	0.6	138.5	117.1	-0.1	0.1	8.0	0.2	0.0	124.8	13.7	16.4
Properties and buildings	449.9	-0.5	3.6	2.1	23.8	431.4	236.1	-0.1	-	10.6	14.5	0.0	231.9	199.5	213.9
Technical equipment and machinery	373.5	-1.0	13.5	4.8	8.8	382.0	308.8	-0.7	0.1	14.8	7.6	0.0	315.2	66.9	64.7
Other equipment, furniture and fixtures	375.9	-1.5	24.6	4.3	7.1	396.2	296.0	-0.8	0.1	23.2	6.0	0.0	312.3	83.9	79.9
Advance payments and assets under construction	18.1	-0.2	62.8	-11.7	0.5	68.5	0.0	0.0	-0.1	0.0	0.0	0.0	0.1	68.4	18.1
Tangible assets	1,217.4	-3.2	104.6	-0.5	40.1	1,278.2	840.9	-1.6	0.1	48.6	28.2	0.0	859.5	418.6	376.5
Shares in affiliated companies	6.3	-	0.6	-	-	6.9	6.3	-	-	-	-	-	6.3	0.6	0.0
Loans to affiliated companies	4.6	0.0	1.0	-	-	5.6	-	-	-	-	-	-	-	5.6	4.6
Shares in investee companies	3.4	0.2	0.1	-	3.2	0.3	-	-	-	-	-	-	-	0.3	3.4
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans to companies in which an equity interest is held	0.0	-	1.6	-	-	1.6	-	-	-	-	-	-	-	1.6	0.0
Long-term securities	0.4	-	0.0	-	-	0.4	-	-	-	0.0	-	-	0.0	0.4	0.4
Other loans	0.1	-	-	-	0.0	0.1	-	-	-	-	-	-	-	0.1	0.1
Financial assets	14.8	0.2	3.2	-	3.2	14.9	6.3	-	-	0.0	-	-	6.4	8.6	8.5
Fixed Assets	1,365.8	-3.1	113.0	0.0	44.0	1,431.6	964.3	-1.7	0.2	56.6	28.5	-	990.7	440.9	401.4

Combined Statement of Liabilities

For the financial year ended December 31, 2022

in mEUR	Total	remaining term			
		up to 1 year - current account	up to 1 year	more than 1 year	more than 5 years
Liabilities due to banks	11.0	7.1	0.3	3.6	-
Prepayments received	43.9	42.9	0.7	0.3	-
Trade payables	240.9	240.6	0.1	0.2	-
Liabilities due to affiliated companies	770.9	-	770.9	-	-
Liabilities due to investee companies	0.1	-	0.1	-	-
Liabilities due to shareholders	0.0	0.0	-	-	-
Other Liabilities	159.6	124.4	3.6	18.2	13.3
<i>thereof relating to taxes</i>	<i>41.1</i>		-	-	-
<i>thereof relating to social security</i>	<i>9.8</i>			-	-
Total	1,226.4	415.0	775.7	22.4	13.3

Condensed Combined Statement of Financial Position – Assets

As of September 30, 2023

mEUR	30 Sept. 2023	31. Dec. 2022
A. Fixed assets	529.2	440.9
I. Intangible assets	12.1	13.7
1. Concessions and licenses to such rights	8.6	11.9
2. Goodwill	1.1	1.3
3. Payments on account	2.4	0.6
II. Tangible assets	513.9	418.6
1. Land, similar rights, and buildings	193.6	199.5
2. Technical equipment and machinery	71.8	66.9
3. Other equipment and office equipment	84.8	83.9
4. Advanced payments made and assets in progress	163.7	68.4
III. Financial assets	3.3	8.6
1. Shares in affiliated companies	0.2	0.6
2. Loans to affiliated companies	0.6	5.6
3. Shares in investee companies	0.3	0.3
4. Other investments	1.7	1.6
5. Loans to investee companies	-	-
6. Investments securities	0.4	0.4
7. Other loans	0.1	0.1
B. Current assets	1,833.6	2,194.3
I. Inventories	919.3	823.8
1. Raw material and supplies	289.2	242.0
2. Work in progress	56.2	48.6
3. Finished goods for resale	586.7	542.2
4. Payments on account inventories	6.8	6.3
5. Advanced payments received	-19.5	-15.3
II. Trade receivables and other assets	732.7	1,196.0
1. Trade receivables	546.1	358.1
<i>thereof with a maturity of more than one year</i>	1.0	0.2
2. Receivables with affiliated companies	108.6	768.9
<i>thereof with a maturity of more than one year</i>	0.0	0.0
<i>thereof trade receivables</i>	4.4	7.1
<i>thereof Cashpool receivables</i>	66.4	554.2
3. Receivables with investee companies	0.0	0.0
4. Other assets	78.0	69.2
<i>thereof with a maturity of more than one year</i>	0.4	0.6
III. Cash on hand and balances at banks	181.6	174.5
C. Deferred charges and prepaid expenses	20.4	15.2
D. Deferred tax assets	28.1	27.2
Assets	2,411.3	2,677.6

Condensed Combined Statement of Financial Position – Net Investment and Liabilities

As of September 30, 2023

mEUR	30 Sept. 2023	31. Dec. 2022
A. Net investment	1,336.0	1,021.0
1. Net investment attributable to Viessmann Climate Solutions	1,415.4	1,087.3
2. Equity differences from currency translation	-80.9	-66.5
3. Non-controlling interests	0.5	0.2
B. Special item for investment grants	2.2	2.4
C. Provisions	586.2	396.2
1. Pensions and similar obligations	49.3	48.3
2. Tax provisions	107.8	6.5
3. Other provisions	429.1	341.3
D. Liabilities	449.4	1,226.4
1. Bank loans	5.0	11.0
2. Advance payments received on orders	29.9	43.9
3. Trade payables	220.5	240.9
4. Liabilities due to affiliated companies	78.6	770.9
<i>thereof trade payables</i>	13.6	14.9
<i>thereof Cashpool liabilities</i>	46.9	278.2
5. Liabilities due to investee companies	0.0	0.0
6. Liabilities to shareholders	0.0	0.0
7. Other liabilities	115.4	159.6
<i>thereof tax</i>	33.6	41.1
<i>thereof social security</i>	9.1	9.8
E. Deferred income	37.5	31.6
F. Deferred tax liabilities	-	-
Net investment and liabilities	2,411.3	2,677.6

Condensed Combined Statement of Income

For the nine-month period ended September 30, 2023

mEUR	1 Jan. - 30 Sept. 2023	1 Jan. - 30 Sept. 2022
1. Net sales	2,950.5	2,491.6
2. Change of inventories of finished and unfinished goods	61.2	56.9
3. Internally produced and capitalized assets	10.5	3.2
Total performance	3,022.2	2,551.7
4. Other operating income	77.9	57.4
<i>thereof from exchange rates</i>	14.7	6.1
5. Material expenses	-1,413.9	-1,230.6
a. Expenses for raw and auxiliary materials and purchased goods	-1,312.3	-1,149.9
b. Expenses for purchased services	-101.6	-80.7
6. Personnel expenses	-623.6	-564.0
a. Wages and salaries	-523.7	-470.7
b. Social security contributions and expenses	-99.9	-93.3
<i>thereof from pension expenses</i>	-4.4	-5.8
7. Depreciation and amortization	-42.5	-42.3
a. Intangible and tangible assets	-42.5	-42.3
b. Current assets	-	-
8. Other operating expenses	-553.1	-477.8
<i>thereof from exchange rates</i>	-15.0	-12.4
9. Income from other securities and loans	0.1	0.1
<i>thereof from affiliated companies</i>	-	-
10. Interests and similar income	7.3	3.0
<i>thereof from affiliated companies</i>	4.8	1.1
11. Depreciation on financial assets	0.0	0.0
12. Interests and similar expenses	-15.2	-8.5
<i>thereof from affiliated companies</i>	-13.1	-5.9
<i>thereof from discounting</i>	-0.9	-1.1
13. Taxes on income	-134.5	-81.6
<i>thereof from tax allocations</i>	-0.0	-37.7
<i>thereof from deferred taxes</i>	0.9	5.4
14. Income after taxes	324.6	207.4
15. Expenses from profit and loss transfer agreements	-17.9	-0.0
16. Net income	306.7	207.4

Condensed Combined Statement of Cash Flows

For the nine-month period ended September 30, 2023

mEUR	1 Jan. - 30 Sept. 2023	1 Jan. - 30 Sept. 2022
Net Income	306.8	207.4
Depreciation (Appreciation) on assets	42.5	42.3
Increase (Decrease) of provisions	87.9	95.1
Other non-cash expenses (Income)	6.3	5.2
(Increase) decrease of stocks and trade receivables	-287.1	-405.0
(Increase) decrease of other assets not attributable to investment or financing activities	155.5	-31.7
Increase (decrease) of trade payables	-35.8	56.3
Increase (decrease) of other liabilities not attributable to investing or financing activities	-265.0	-43.8
(Profit) Loss from the disposal of fixed assets	3.4	-5.4
Interest expenses (Interest income)	7.9	5.5
Other expenses from investments	0.0	0.0
Income tax expense (Income tax income)	134.5	81.6
Income tax payments	-34.2	-17.4
Cash Flow from ongoing business activities	122.8	-10.1
Deposits from the disposal of intangible fixed assets	0.3	0.0
Payouts for investments in intangible fixed assets	-4.0	-3.6
Deposits from the disposal of tangible fixed assets	13.4	13.4
Payouts for investments in tangible fixed assets	-150.5	-64.2
Deposits from the disposal of financial fixed assets	6.8	0.0
Payouts for investments in financial fixed assets	-1.5	-1.1
Deposits from disposals from the consolidated group	0.0	0.0
Payouts for additions to the consolidated group	0.0	0.0
Received interest	7.2	3.0
Dividends received	0.0	0.0
Cash Flow from investment activities	-128.2	-52.4
Deposits from taking out financial loans	489.5	110.1
Payouts for the repayment of financial loans	-0.1	-4.4
Deposits from received subsidies / grants	0.0	0.0
Paid interest	-14.3	-7.4
Transactions with remaining Viessmann Group	24.1	0.2
(Payouts to) deposits from shareholders of the parent company	-234.8	-174.5
Cash Flow from financial activities	264.3	-76.1
Cash effective change of financial resources	258.9	-138.8
Changes of financial resources due to exchange rate and valuation	-14.7	-3.3
+ Financial resources at the beginning of the period	-110.8	30.1
= Financial resources at the end of the period	133.4	-111.7
The financial resources fund is composed as follows:		
Cash on hand, balances at bank	181.6	154.8
Liabilities due to banks (credit in current account)	-1.3	-2.7
Cashpool Liabilities	-46.9	-266.8
	-133.4	-111.7

Condensed Combined Statement of Net Investment

For the nine-month period ended September 30, 2023

in mEUR	Net investment attributable to Viessmann Climate Solutions	Currency Translation	Total	Non-controlling interests			Net Investment
				Non-controlling interest w/o income	Income attributable to non-controlling interests	Total	
As of 1 Jan. 2022	980.7	-54.4	926.3	0.7	-0.5	0.2	926.5
Currency translation	-	-3.1	-3.1	-	-	-	-3.1
Transactions with remaining Viessmann Group	0.2	-	0.2	-	-	-	0.2
Net income	207.2	-	207.2	-	0.2	0.2	207.4
As of 30 Sept. 2022	1,188.1	-57.3	1,130.6	0.7	-0.3	0.4	1,130.9
As of 1 Jan. 2023	1,087.3	-66.5	1,020.8	0.7	-0.5	0.2	1,021.0
Currency translation	-	-15.8	-15.8	-	-	-	-15.8
Transactions with remaining Viessmann Group	24.1	-	24.1	-	-	-	24.1
Net income	306.4	-	306.4	-	0.3	0.3	306.8
As of 30 Sept. 2023	1,417.8	-82.3	1,335.5	0.7	-0.2	0.5	1,336.0

Basis of Preparation

1 General information

1.1 Background

Viessmann Group GmbH & Co. KG (“Viessmann”) together with its subsidiaries (“Viessmann Group”) is a family-owned corporation domiciled in Allendorf (Eder). It is registered in the commercial register at the Marburg District Court under HRA 3389. Viessmann Group was founded in 1917 and develops and produces integrated climate and energy solutions.

Viessmann Group’s product range includes heat pumps, devices for combined use of electricity, heat generation and solar energy. With its 14,250 employees Viessmann Group is represented around the world with 22 production companies in 12 countries, 68 distribution companies in 31 countries, and 120 sales branches.

Viessmann Group comprises the following three main business areas:

- Viessmann Climate Solutions
- Viessmann Refrigeration Solutions
- Viessmann Investment

Pursuant to Section 18.2.1 of the Sales and Purchase Agreement (“SPA”) between Viessmann and Blitz F23-620 GmbH as acquisition Vehicle of Carrier Global Corporation, dated April 25, 2023, German GAAP (German Commercial Code, hereafter “HGB”) Condensed Combined Interim Financial Information of the Viessmann Climate Solutions Business (hereafter “Viessmann Climate Solutions”) for the nine-month period ended September 30, 2023 have been prepared (“Interim Financial Statements” referred to hereinafter as “IFS”). According to Exhibit 18.2.1.(a) these Interim Carve-Out Financial Information consist of a:

- Carve-out combined balance sheet (hereafter “Combined Statement of Financial Position”) as of September 30, 2023 and December 31, 2022,
- Carve-out combined income statement (hereafter “Combined Statement of Income”) for the nine-month period ended September 30, 2023 and 2022,
- Carve-out combined cash flow statement (hereafter “Combined Statement of Cash Flows”) for the nine-month period ended September 30, 2023 and 2022,
- Carve-out combined statement of net investment (hereafter “Combined Statement of Net Investment”) for the nine-month period ended September 30, 2023 and 2022,
- supplemental footnote disclosures,
- an Item 17 (Form 20-F) US GAAP reconciliation inclusive of a disclosure of the components of other comprehensive income (loss) and the associated amounts for the nine-month period ended September 30, 2023 and 2022.

These IFS together with the additionally prepared Annual Financial Statements for the fiscal year 2022 (referred to hereinafter as “AFS”), as required by the SPA dated April 25, 2023 are referred to as “Required Financials – Part 1”.

1.2 Description of the Business

Viessmann Climate Solutions offers complete solutions for heating and air-conditioning technology. In addition to photovoltaic and heating systems, the core areas also include digitally enabled service offerings such as heating as a service (hereafter “HaaS”). Viessmann Climate Solutions is globally active with about 80 entities that include production companies as well as sales entities.

From an organizational perspective, Viessmann Climate Solutions SE, Allendorf (Eder) (hereafter “Viessmann CS SE”) is the parent of a legal sub-group as reflected in chapter 2.2 (hereafter “CS Sub-Group”) within Viessmann Group that covers almost all of the legal entities and operating activities of Viessmann Climate Solutions. Viessmann CS SE, based in Allendorf (Eder) is registered in the commercial register at the Marburg District Court under HRB 7562. However, the CS Sub-Group does not comprise all legal entities and operations of Viessmann Climate Solutions. Further, the CS Sub-Group includes a small number of legal entities and operations which are not part of Viessmann Climate Solutions.

1.3 Purpose and Scope of the IFS

The purpose of the IFS is to facilitate the intended sale of Viessmann Climate Solutions. As such, the IFS shall only be used in connection with such intended sale and not for any other purpose. In addition, the IFS should only be read as a complete set.

For the nine-month period ended September 30, 2023, Viessmann Climate Solutions was controlled by Viessmann. Viessmann prepares consolidated interim financial statements on a monthly basis for internal reporting purposes and on a quarterly basis in accordance with recognition and measurement principles of HGB and Standards of ASCG (Accounting Standards Committee Germany) for reporting to the financing banks. However, neither the CS Sub-Group nor Viessmann Climate Solutions has prepared separate interim financial statements in the past.

Since the CS Sub-Group does not include all legal entities and operations of Viessmann Climate Solutions and further includes legal entities and operations that are not part of Viessmann Climate Solutions, the IFS have been prepared on a combined basis to reflect the entirety of Viessmann Climate Solutions by Viessmann for Viessmann Climate Solutions. Furthermore, the IFS includes specific adjustments with respect to the scope and structure of the transaction (hereafter “Carve-out Measures”) as reflected in Exhibit 16.1.1 of the SPA. Please refer to chapter 2.3 of the AFS for a comprehensive summary of such Carve-out Measures.

2 Basis of the IFS

2.1 General

The IFS have been prepared based on the recognition and measurement principles of HGB. As the HGB has no specific provisions regarding interim financial statements, the German Accounting Standard (GAS) 16 “Interim Financial Statements” has been applied.

The IFS were prepared using Viessmann Group's uniform German GAAP group accounting policies applicable for the period presented. The recognition and measurement principles as well as accounting policies applied in the AFS have been maintained.

German GAAP or the Standards of the ASCG do not include any specific rules for the preparation of carve-out financial information. Viessmann Climate Solutions as it is intended to be legally transferred to the buyer is not a group of entities under the control of an immediate parent according to German GAAP and has not prepared consolidated financial statements in the past. Therefore, the IFS has been prepared on a combined basis using the monthly reporting packages, which are prepared in accordance with Viessmann Group's uniform accounting policies for purposes of the consolidated interim financial statements of Viessmann Group, for the entities in scope of the transaction including the Carve-out Measures as defined in Exhibit 16.1.1 of the SPA.

Due to the aforementioned principles, the IFS may not be indicative of the financial position, operation of results and cash flows that would have been presented if Viessmann Climate Solutions had been a standalone group. Therefore, the IFS may not necessarily be indicative of the future financial position, operation of results and cash flows of Viessmann Climate Solutions.

Certain accounting matters as listed in section 2.1 of the AFS, were accounted for differently in the AFS compared to the Viessmann Group consolidated 2022 financial statements 2022 due to materiality. Those accounting matters were adjusted accordingly in Viessmann's Group consolidated financial statements for the interim period Q3 2023.

Like in the AFS an Item 17 (Form 20-F) US GAAP reconciliation has been prepared as an additional notes disclosure. The reconciliation comprises reconciliation statements from German GAAP to US GAAP of net income, net investment and Cash Flows. Therefore, all assets, liabilities, revenues and expenses have to be recognized and measured according to US GAAP for purposes of the reconciliation. Furthermore, the components of other comprehensive income (loss) and the associated amounts for respective nine-month period according to US GAAP have been disclosed.

The IFS was prepared on a going concern basis.

The IFS is presented in Euro. Unless specified otherwise, all amounts are stated in millions of Euro (mEUR). All amounts are rounded to the nearest thousands except when otherwise indicated. This may result in differences compared to unrounded figures.

2.2 Scope of Combination and Carve-out Measures

The scope of combination is identical to the scope of combination of the AFS with the following three points to note.:

	No. of entities
Scope of combination as of December 31, 2022	80
Legal entity Viessmann PV + E-Systeme GmbH has been merged into Viessmann CS SE as of January 01, 2023	-1
Scope of combination as of December 31, 2022	79

- Two entities within the scope of combination were merged. No impact on the IFS resulted from the merger (see table above).
- Additionally a new sales entity Viessmann Vietnam Co. Ltd. has been established in Vietnam in 2023. Due to materiality reasons the assets and liabilities and income and expenses of this entity have not been included in the scope of combination. The investment in this entity is shown at cost within financial assets.
- The participation in Clipper Enterprise Limited has been increased from 42% to 51% in 2023. Due to materiality reasons the investment continues to be accounted for using the equity method.

The IFS has been prepared including the specific Carve-out Measures as defined in Exhibit 16.1.1 of SPA to reflect the scope and structure of the intended transaction consistently to the AFS. For an understanding on how the Carve-out Measures have been recognized in the IFS refer to respective chapters of AFS.

The following Carve-out Measures have been executed in the nine-month period ended September 30, 2023:

Transfer of non-consolidated and consolidated affiliates out of Viessmann Climate Solutions (chapter 2.3.1 AFS)

- Viessmann Pars Novin Co. Ltd has been liquidated on June 3, 2023. A loss of EUR 0.007m has been incurred.
- Viessmann Biogas Beteiligungs GmbH & Co. KG (100%) and Viessmann Biogas GmbH (100%) have been sold on September 14, 2023. A consideration amounting to EUR 7.0m has been received.
- Polybloc AG (90%) has been sold on January 31, 2023. A consideration amounting to EUR 3.0m has been received.
- OOO Viessmann (100%) and OOO Viessmann Lipetsk (100%) have been sold on April 19, 2023. No consideration has been considered.

Transfer of shares of consolidated affiliates, an investment and minorities shares to Viessmann Climate Solutions (chapter 2.3.2 AFS)

- Viessmann Refrigeration Solutions Operations sp.z.o.o. (100%) has been acquired on February 21, 2023. A consideration amounting to EUR 1.0m has been paid.
- Bioenergie Allendorf GmbH (100%) has been acquired on September 14, 2023. A consideration amounting to EUR 0.1m has been paid.

- Peccon GmbH (60%) has been acquired on July 5, 2023. A consideration amounting to EUR 0.3m has been paid.
- The minority stake (50%) of Viessmann Holding International Verwaltungs GmbH has been acquired on September 14, 2023. A consideration amounting to EUR 0.013m has been paid.
- The minority stake (5.1%) of Viessmann Werke Berlin GmbH has been acquired on September 14, 2023. A consideration amounting to EUR 0.9m has been paid.

Transfer of real estate properties (chapter 2.3.3 AFS)

- Real property in Battenberg (Viessmann Gästehaus Battenberg) has been sold on April 21, 2023. A consideration amounting to EUR 1.4m has been received.
- Land property in Allendorf (parking lot and adjacent properties) has been sold on April 21, 2023. A consideration amounting to EUR 0.005m has been received.
- Land property in Allendorf (biogas plant) has been acquired on September 14, 2023. A consideration amounting to EUR 5.9m has been considered.

Transfer of several assets and pension obligations out of and to Viessmann Climate Solutions (chapter 2.3.4 AFS)

- Pension obligations towards pensioners (937) and entitled persons (62 former employees) have been transferred by way of hive down to Viessmann CS SE together with the corresponding amount of the pension provision of EUR 14.0m on August 21, 2023. Together with the obligation the same amount of cash has been transferred as coverage.
- All rights and obligations as well as the capacity as sponsor of the pension fund (“Unterstützungskasse”) for the employees of former Viessmann Industrietechnik GmbH Homberg have been transferred to Viessmann CS SE. The liability of the pension fund (including the liability of the sponsor to compensate for any funding shortfall) amounting to EUR 0.5m has been offset with a respective cash balance.
- All domain names and intellectual properties listed in Exhibit 16.1.1 have either been sold from Viessmann to Viessmann Climate Solutions or from Viessmann Climate Solutions to Viessmann. In total a consideration amounting to EUR 0.002m has been received.

The related consideration for each of the Carve-out Measures is reflected in the IFS at the point in time of the respective transaction. While the consideration (and the corresponding impact to Net Investment) is only recognized once the transaction has occurred, the Carve-out Measures are reflected in regard to the Combined Statement of Income, Net Investment, and Cash Flows as of January 01, 2022.

The implementation of the following planned Carve-out Measures are still outstanding as of Sep. 30, 2023:

- sale of the shares of HKB Holding B.V.,
- acquisition of the shares (51%) of Clipper Enterprise Limited,
- acquisition of the minority shares of Viessmann Technika Grzewcza sp. z.o.o. (5%), Viessmann China Ltd. (5%), Viessmann SRL (5%), Viessmann LLC (5%) and Viessmann Belgium BVBA (1%),
- sale of land property in Wattens (Austria),
- transfer of pension obligation in favor of Dr. Prof. Viessmann,

- sale of the pieces of artwork.

It is intended to implement all Carve-out Measures prior to closing, but according to Section 16 of the SPA the implementation is not a prerequisite for closing.

2.3 Combination principles, accounting policies and currency translation

The combination principles are unchanged to the ones applied in the AFS. However, the following two points should be considered:

- As of June 30, 2023 the domination and profit and loss transfer agreement between Viessmann as parent and Viessmann CS SE has been terminated. The expense presented in the Carve-Out Statement of Income due to the profit and loss transfer agreement comprises the net income net of taxes of Viessmann CS SE until that date. The expense does not include net income from other German entities of Viessmann Climate Solutions that attribute all net income to Viessmann CS SE as these profit and loss transfer agreements are only settled at the end of the financial year and are transactions within the combination scope.
- As a consequence of the termination of the profit and loss transfer agreement between Viessmann as parent and Viessmann CS SE, the tax group ("Organschaft") with Viessmann ("Organträger") ended retroactively on December 31, 2022. As the domination and profit and loss transfer agreements between Viessmann CS SE and its German subsidiaries remained in place, a tax group with Viessmann CS SE as tax group leader was established simultaneously. From January 1, 2023, Viessmann CS SE has to file separate income tax returns. The resulting tax liability is shown as a liability to the tax authorities. The consequence of this is that the deferred tax assets and liabilities resulting from temporary differences between the tax base and the accounting base of assets and liabilities have to be calculated with a tax rate of 28.83% for the German entities and with a group tax rate of 25% on the consolidation measures. In the comparative figures for the nine-month period ended September 30, 2022, a liability from tax levies has been recognized, which is shown as liability to Viessmann ("Organträger") as a related party.
- Adjusting events have only been taken into account up to October 31, 2023, i.e. the relevant point in time, when the IFS were presented to the audit committee of the Board of Directors.

The accounting policies and valuation methods applied in the AFS have been retained. Income tax expense is recognized based on the best estimate of the weighted income tax rate expected for the full year. This tax rate is applied to the pre-tax result of the interim financial statements.

The currency translation is performed unchanged in accordance with § 308a HGB and German Accounting Standard (GAS) 25.

Disclosures to the Condensed Combined Statement of Financial Position

Fixed assets – In accordance with § 284 (3) HGB, the fixed assets movement schedule is presented using the gross method. The Statement of Changes in Fixed Asset is shown in Annex 1 to the notes to the Carve-out Financial Statements. Long term investments amounting to EUR 0.4m (2022: EUR 0.4m) were pledged as collateral for bank guarantees.

Inventories – PV modules have been impaired by an amount of EUR 24.3m due to an overstock situation in Europe, which resulted in price pressure on solar installer and installation business.

Receivables and other assets – Trade receivables include bills of exchange in the amount of EUR 7.1m (2022: EUR 6.3m).

Receivables from affiliated companies EUR 108.6m (2022: EUR 768.7m) amounts to EUR 5.1m (2022: EUR 7.1m) from supplies and services and to EUR 66.4m (2022: EUR 554.2m) from Cashpool.

Other assets include EUR 0.4m (2022: EUR 0.5m) in input taxes that cannot yet be offset and that will not come into legal existence until after the closing date.

Deferred tax assets – Deferred tax assets relate exclusively to items in the IFS (consolidation measures) in accordance with § 306 HGB. A tax rate of 28.83% (previous year: 15%) or a Group tax rate of 25% (previous year: 25%) was used to calculate deferred taxes within the CS Sub-Group. The resulting deferred taxes are mainly due to the intragroup profit elimination, debt consolidation and the disclosure of hidden reserves in the course of capital consolidation.

Net Investment – The share capital of Viessmann CS SE entered in the commercial register amounted to EUR 200m at the reporting date and is attributable to the Net Investment.

Provisions – Other provisions mainly include provisions for warranties EUR 162.2m (2022: EUR 146.1m) and provisions for personnel and social costs EUR 144.5m (2022: EUR 120.8m).

Liabilities – The remaining terms to maturity of the individual liabilities are shown in the schedule of liabilities in Annex 2 to the notes to the Carve-out Financial Statements.

Amounts owed to credit institutions are secured by mortgages, by the assignment as security of individual items of property, plant and equipment, inventories, receivables and by pledging bank balances EUR 0.1m (2022: EUR 2.9m).

Liabilities to affiliated companies EUR 78.6m (2022: EUR 770.9m) amount to EUR 13.7m (2022: EUR 14.9m) from supplies and services and to EUR 46.9m (2022: EUR 278.3m) from Cashpool.

The delivery of raw materials, consumables and supplies, semi-finished goods and merchandise as well as items of property, plant and equipment results in the usual retention of title.

The resulting payment obligations in subsequent years are included in other financial obligations. The purpose of the transactions is to improve liquidity. Risks relate to the lease payments to be made and the contractual commitment.

Other financial obligations – The following expenses are incurred for commitments under rental and lease agreements as well as maintenance, service and support agreements:

30 Sept. 2023	mEUR	31 Dec. 2022	mEUR
2024	85.1	2023	71.4
2025 - 2028	102.0	2024 - 2027	89.2
	187.1		160.6

Purchase commitments for capital expenditures amount to EUR 23.8m (2022: EUR 9.8m).

Based on current agreements, we anticipate expenses of EUR 28.4m (2022: EUR 28.6m) from advertising and sponsorship contracts.

Disclosures to Condensed Combined Statement of Income

Revenue – Net sales are broken down by product lines and by regions as follows:

Product lines (in mEUR)	1 Jan.- 30 Sept. 2023	1 Jan.- 30 Sept. 2022
Residential gas boilers	571.1	520.8
Residential heat pumps	572.0	423.7
PV systems & electronic	378.9	301.0
Customer service	267.6	240.8
Vitaset, A/C, electric direct heating, district heating, warm water	284.5	248.6
Water stored	162.5	139.5
Floor standing boilers	171.3	136.6
Others	542.5	480.6
Total	2,950.5	2,491.6

Regions (in mEUR)	1 Jan.- 30 Sept. 2023	1 Jan.- 30 Sept. 2022
Germany	1,583.2	1,104.9
Europe (without Germany)	1,189.5	1,209.5
Overseas / other foreign	177.7	177.2
Total	2,950.5	2,491.6

Other operating income – Other operating income includes income of EUR 0.1m (2022: EUR 0.1m) from the reversal of special items for investment grants and subsidies. Income relating to other periods mainly results from intercompany invoicing of expenses for sponsoring arrangements EUR 14.5m (2022: EUR 13.3m), the reversal of provisions EUR 6.3m (2022: EUR 3.1m), asset disposals EUR 4.2m (2022: EUR 3.2m), reimbursements from insurance companies and compensation payments EUR 0.9m (2022: EUR 0.3m), the reversal of valuation allowances on receivables and income from derecognized receivables EUR 1.1m (2022: EUR 0.6m).

Personnel expenses – On average for the year, the CS Sub-Group employed Employees of 7,351 (2022: 7,049) and Industrial workers of 3,529 (2022: 3,510). The posted remuneration for the members of the management was an expense of EUR 3.0m (2022: EUR 4.3m) and for the Supervisory Board and non-executive Board of Directors members of EUR 0.5m (2022: EUR 0.1m).

Depreciation, amortization and write-downs – Depreciation and amortization includes impairment losses on property, plant and equipment of EUR 0.1m (2022: EUR 0.1m) due to expected permanent impairment.

Other operating expenses – The item includes other taxes in the amount of EUR 4.4m (2022: EUR 2.8m). Expenses relating to other periods mainly result from the disposal of non-current assets EUR 1.2m (2022: EUR 0.9m) and bad debts of EUR 7.4m (2022: EUR 5.8m).

Write-downs of financial assets – There are no Impairment losses on the lower fair value of financial assets due to expected permanent.

Interest income – Interest income of EUR 0.8m (2022: EUR 0.6m) resulted from HaaS contracts.

Interest expense – Interest expenses of EUR 0.6m (2022: EUR 0.4m) resulted from HaaS contracts.

Taxes on income – Taxes on income include EUR 0.0m (2022: EUR 0.0m) in back payments for previous years and EUR 0.7m (2022: EUR 0.0m) in refunds for previous years.

Non-controlling interests – Non-controlling interests account for gains of EUR 0.3m (2022: EUR 0.2m).

Disclosures to Condensed Combined Statement of Cash Flows

Cash Flows are classified in the Carve-Out Statement of Cash Flows separately by operating, investing and financing activities and the methods applied in the AFS have been retained.

The financial resources fund is composed as follows:

in mEUR	30 Sept. 2023	30 Sept. 2022
Cash on hand and balances at banks	181.6	157.8
Liabilities due to banks (credit in current accounts)	-1.3	-2.7
Cashpool liabilities	-46.9	-266.8
Total	133.4	-111.7

Cashpool receivables against the Cashpool leader Viessmann exist in the amount of EUR 60.4m (2022: EUR 435.7m).

The effects of the Carve-out measures on the Cash Flow Statement are shown separately in the reconciliation statement.

In general, the Carve-Out Cash Flow is derived from the Carve Out Statement of Financial Position and Carve Out Statement of Income, together with additional information.

Entities of Viessmann Climate Solution have entered into Cashpooling agreements and other intra-group financing agreements with other Viessmann group entities outside Viessmann Climate Solutions, mainly with Viessmann. As per section 4.3 of the SPA Viessmann shall use reasonable efforts to reduce the amount of the intercompany payables of Viessmann Climate Solutions. In this context Cashpool agreements have been established between Viessmann CS SE and entities of Viessmann Climate Solutions in parallel to the existing Cashpool agreements with Viessmann. In a second step these Cashpool agreements have been terminated and settled against the Cashpool with Viessmann CS SE. Hence, as a result, only the Cashpool agreement between Viessmann and Viessmann CS SE remained. Prior to closing, the Cashpool agreement will be terminated as well.

Other Disclosures

As of April 30, 2023 Timo Salzsieder left the board of directors and Dr. Hans-Jörg Harth has newly been appointed as non-executive directors of the board of directors.

Subsequent Events

In October the pension obligation in favor of Prof. Viessmann has been transferred. A consideration of EUR 2.2m has been paid.

Reconciliation to Generally Accepted Accounting Principles in the United States of America

Reconciliation of Condensed Combined Statement of Net Investment

As of September 30, 2023

mEUR	note	30. Sept. 23	31. Dec. 22
Net Investment reported under German GAAP		1,336.0	1,021.0
Intangibles - Reversal of Goodwill Amortization	1	2.3	2.0
Intangibles - Software for Internal Use & Website Costs	2/3	-0.4	-0.7
Leases	4	-0.7	-0.1
Inventories	5	15.1	10.4
Financial Instruments - Current Expected Credit Losses	6	20.0	16.2
Accruals and Provisions	7	2.0	2.0
Pensions and other post-employment Benefits	8	20.5	15.9
Revenue Recognition - Customer Loyalty Programs	9	-1.6	-1.4
Current Taxes	10	-	-0.3
Deferred Taxes	11	22.8	19.9
Hyperinflation	12	0.3	-
Net Investment reported under US GAAP		1,416.2	1,085.0

Reconciliation of Condensed Combined Statement of Income

For the nine-month period ended September 30, 2023

mEUR	note	30 Sept. 23	30 Sept. 22
Net income reported under German GAAP		306.8	207.4
Intangibles - Reversal of Goodwill Amortization	1	0.3	0.3
Intangibles - Software for Internal Use & Website Costs	2/3	0.3	-0.7
Leases	4	-0.7	-0.1
Inventories	5	4.6	3.8
Financial Instruments - Current Expected Credit Losses	6	3.8	3.3
Accruals and Provisions	7	0.0	-0.5
Pensions and other post-employment Benefits	8	4.6	34.3
Revenue Recognition - Customer Loyalty Programs	9	-0.2	-0.6
Deferred Taxes	11	3.2	-12.9
Hyperinflation	12	-14.4	0.0
Profit and Loss Transfer Agreement	13	17.9	0.0
Net income reported under US GAAP		326.2	234.2
Foreign currency translation adjustments arising during period		-1.1	-2.9
Other comprehensive income reported under US GAAP	14	-1.1	-2.9
Net comprehensive income reported under US GAAP		325.1	231.3

Reconciliation of Condensed Combined Statement of Cash Flows

For the nine-month period ended September 30, 2023

mEUR	note	30 Sept. 23	30 Sept. 22
Cash Flow from ongoing business activities under German GAAP		122.8	-10.1
Software for Internal Use - Presentation of Repayments	2	1.6	1.6
Finance Leases - Presentation of Repayments	4	6.3	5.8
Presentation of Interest	15	-7.6	-4.8
Presentation of Supplier Finance Programs	16	22.6	0.0
Net cash used in operating activities under US GAAP		145.6	-7.5
Cash Flow from investment activities under German GAAP		-128.2	-52.4
Presentation of Interest	15	-7.3	-3.0
Presentation of Cash Pooling	17	487.8	104.1
Net cash used in investing activities under US GAAP		352.3	48.7
Cash Flow from financial activities under German GAAP		263.5	-76.4
Software for Internal Use - Presentation of Repayments	2	-1.6	-1.6
Finance Leases - Presentation of Repayments	4	-6.3	-5.8
Presentation of Interest	15	14.9	7.8
Presentation of Supplier Finance Programs	16	-22.6	0.0
Presentation of Cash Pooling	17	-719.1	60.5
Presentation of Cash Overdraft	18	-5.8	0.2
Net cash from financing activities under US GAAP		-477.0	-15.3

There are differences in the classification of items in the Condensed Combined Statement of Cash Flows between German GAAP and US GAAP. These classification differences between operating, investing, and financing activities are illustrated in the reconciliations below.

Notes to Reconciliation of German GAAP to US GAAP

The Required Financials have been prepared in accordance with German GAAP and Standards of ASCG (Accounting Standards Committee Germany), which differ in certain material respects from generally accepted accounting principles in the United States of America (“US GAAP”). Such differences involve accounting principles, practices and methods used in preparing the financial statements. The principal differences between German GAAP and US GAAP, which affect net income, net investment, and the classification of cash flows, are quantified and described below:

(1) Intangibles: Reversal of Goodwill Amortization – Goodwill represents the excess of the cost of an acquisition over the share of the net identifiable assets acquired. Under German GAAP, goodwill is amortized on a straight-line basis over its estimated useful life. Under US GAAP, goodwill is not amortized but is subject to an annual impairment test. No indications of goodwill impairment were identified. Therefore, the Reconciliation of Condensed Combined Statement of Net Investment above shows the reversal of the goodwill amortization recognized under German GAAP through the reporting period date, while the Reconciliation of Condensed Combined Statement of Income presents the reversal of the goodwill amortization recognized under German GAAP in the reporting period.

(2) Intangibles: Software for Internal Use – Under German GAAP, a sale and leaseback transaction for an internally used ERP system was accounted for as a sale of the software asset and a subsequent operating lease. Under US GAAP, the transaction is considered a failed sale and leaseback transaction and therefore the software is capitalized and amortized while the upfront payment received is considered as a financing liability. The reconciling item in the Reconciliation of Condensed Combined Statement of Net Investment and Reconciliation of Condensed Combined Statement of Income represents the effect of capitalizing and amortizing these costs over the lease term.

Principal payments made to the financing entity are considered as a cash outflow from financing activities under US GAAP, but a cash outflow for operating activities under German GAAP. Consequently, the reclassification of these repayments is shown in the Reconciliation of Condensed Combined Statement of Cash Flows.

(3) Intangibles: Website Costs – Under German GAAP, website content development costs for the website viessmann.live were capitalized as intangible assets while under US GAAP website development costs relating to content are to be expensed as incurred. The reconciling item in the Reconciliation of Condensed Combined Statement of Net Investment relates to the reversal of the website costs capitalized under German GAAP, and the reconciling item in the Reconciliation of Condensed Combined Statement of Income relates to the recognition of the associated expense under US GAAP for the period.

(4) Leases – All leases entered into by Viessmann Climate Solutions as lessee are operating leases under German GAAP and therefore are not recognized on the Condensed Combined Statement of Net Investment, but rental expense is recognized as incurred over the lease term. Under US GAAP, for all leases with a lease term over 12 months, lessees are required to measure and recognize a right-of-use asset and a lease liability at the commencement of the lease. The lease liability is measured at the present value of the future lease payments discounted at the incremental borrowing rate. The right-of-use asset is measured at the carrying amount of the lease liability, adjusted for (1) prepaid or accrued lease payments, (2) lease incentives received, and (3) initial direct costs incurred. The right-of-use asset is then depreciated over the lease term, while the lease liability is adjusted for interest and lease payments.

The reconciling item in the Reconciliation of Condensed Combined Statement of Net Investment relates to the difference between the recognized right-of-use asset and lease liability under US GAAP, while the reconciling item in the Reconciliation of Condensed Combined Statement of Income represents the difference between the lease expense calculated under US GAAP and German GAAP.

Under German GAAP, all lease payments are classified as operating activities in the Condensed Combined Statement of Cash Flows. However, under US GAAP, cash payments for the principal portion of the lease liability arising from a finance lease are classified as financing activities and the interest portion of the lease liability arising from a finance lease is generally classified as operating activities. The reclassification of the principal payments on finance leases from operating to financing cash flows is shown as an adjustment in the Reconciliation of Condensed Combined Statement of Cash Flows.

(5) Inventories – With regard to inventory valuation there are material differences between German GAAP and US GAAP. The main differences relate to (1) the definition of production costs and (2) the write-down approach. (1) While German GAAP provides various options as to which costs should be included in production costs, US GAAP requires that all costs (including general and administrative costs) be capitalized as a cost of inventory to the extent they are related to the production of goods and services. (2) German GAAP requires inventories to be valued at the lower of cost or market (procurement market perspective). US GAAP, on the other hand, requires that inventories are valued at lower of cost and net realizable value (sales market perspective). In order to comply with the US GAAP inventory valuation requirements, the production costs have been adjusted and procurement market related write downs have been replaced by a net realizable value approach (contribution margin routine), resulting in the reconciling items in the Reconciliation of Condensed Combined Statement of Net Investment and Reconciliation of Condensed Combined Statement of Income.

In addition, as finished goods inventory is transferred between production and sales entities and initially valued at standard transfer prices at the sales entities, changes in production costs have a consequential effect on intercompany profits, contributing to the reconciling items.

(6) Financial Instruments: Current Expected Credit Losses – Under German GAAP, a lump sum general allowance is accounted for doubtful accounts. Under US GAAP, general lump sum allowances are prohibited; rather allowances are to be based on historical experience with the so-called “current expected credit losses” method. Taking this into account the current expected credit loss model has been applied to all group entities, leading to respective effects as shown in the above reconciliations.

(7) Accruals and Provisions – The principle of prudence requires that accruals be made for uncertain liabilities and anticipated losses from pending transactions under German GAAP. Therefore, accruals and provisions are often recorded earlier and at a higher amount than the most probable estimate. Under US GAAP, however, the recognition of other accruals is based on a higher probability of occurrence (i.e. 75%). As a result, the level of accruals and provisions differs in both reason and amount, leading to a release of provisions previously shown under German GAAP.

(8) Pensions and other post-employment Benefits – Under German GAAP many pensions and other post-employment benefits are calculated by using the partial value method with a discount rate based on the average market interest rate of the last ten years and other relevant parameters. As US GAAP requires a different valuation method using the projected-unit-credit method, recalculations were performed for US GAAP purposes. Due to the different valuation methods and assumptions regarding certain economic parameters, such as the discount rate, the pension amounts per period differ between the two standards. In addition, under German GAAP, pension obligations that have been transferred to an external pension fund are not recognized on the balance sheet. Under US GAAP, these pension obligations are recognized as the plan qualifies as a defined benefit plan. The projected unit credit method was also used for the measurement of the obligations for these plans. These differences have been recognized as a reconciling item in the Reconciliation of Condensed Combined Statement of Net Investment.

The full gains or losses resulting from the remeasurement of the plans are recognized immediately in the income statement under German GAAP and US GAAP. The reconciling item in the Reconciliation of Condensed Combined Statement of Income is largely due to the change in the discount rate during the period.

(9) Revenue Recognition - Customer Loyalty Programs – With reference to the implemented customer loyalty program, corresponding provisions (i.e. expected costs) have been recognized under German GAAP. The revenue that is allocated to the performance obligation (i.e. expected costs plus margin) is to be deferred as a contract liability under US GAAP until the customer redeems the bonus points or the bonus points expire. As a consequence, the reconciling item in the Reconciliation of Condensed Combined Statement of Income represents the deferred revenue, which represents the expected costs plus margin that was already included in revenues under German GAAP. The reconciling item in the Reconciliation of Condensed Combined Statement of Net Investment represents the margin which is included in the valuation of contract liabilities as opposed to German GAAP provisions which only includes expected costs.

(10) Current Taxes – Under German GAAP and US GAAP, the current income tax charge is calculated based on the best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The termination of the German tax group from fiscal year 2023 does not have any effect on the calculation and presentation of current taxes as the separate return approach has already been applied.

(11) Deferred Taxes – Under German GAAP, deferred taxes are recognized for unused tax losses and temporary differences between the carrying amount of an asset or liability and its tax base. However, German GAAP provides an accounting policy choice to recognize the excess of deferred tax assets over deferred tax liabilities and Viessmann Climate Solutions has elected not to recognize deferred tax assets exceeding deferred tax liabilities. Since such an accounting policy choice does not exist under US GAAP, deferred tax assets are recognized for temporary differences and unused losses if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses. In addition to that, the reconciling item shown in the Reconciliation of Condensed Combined Statement of Net Investment includes deferred tax effects from the other US GAAP adjustments.

(12) Hyperinflation – If material for consolidated financial statements, German Accounting Standard No. 25 (GAS 25) “Foreign Currency Translation in Consolidated Financial Statements” states that the inclusion of subsidiaries in hyperinflationary economies in the consolidated financial statements require the elimination of the effects of inflation on assets, liabilities, income and expenses at the latest in the financial statements adjusted to conform to uniform group accounting policies. Due to materiality considerations these GAS 25 requirements on hyperinflation accounting have not been applied under German GAAP. Under US GAAP the financial statements of a foreign entity in a highly inflationary economy shall be remeasured as if the functional currency were the reporting currency. Viessmann Climate Solutions determined the economy in Turkey became highly inflationary in 2022, as defined by US GAAP and therefore applied the guidance for Turkey as a highly inflationary economy prospectively as of January 1, 2023.

(13) Profit and loss transfer agreement – Under German GAAP, net income for the financial period is determined after taking into consideration the impact of the profit and loss transfer agreement concluded with Viessmann’s parent. Under US GAAP, profits transferred represent an appropriation of profits (akin to a dividend) rather than an income statement line item.

(14) Foreign currency translation – Under German GAAP, the concept of other comprehensive income (“OCI”) does not exist and gains and losses from currency translation differences from translating the financial information of foreign subsidiaries and branches into Euro are presented directly in equity. For US GAAP, the current year’s movements to these accumulated translation differences in equity are presented in the statement of other comprehensive income. This difference is presented as a separate reconciling item in the Reconciliation of Condensed Combined Statement of Income.

(15) Presentation of Interest – Under German GAAP, interest paid is included in cash flows from financing activities and interest received is included in cash flows from investing activities. Under US GAAP, both interest paid and interest received are included in cash flows from operating activities. The reclassification of the interest is shown in the respective reconciling items in net cash.

(16) Presentation of Supplier Finance Programs – Under German GAAP, all cash flows relating to supplier financing programs are classified as operating cash flows. Under US GAAP, an operating cash outflow and financing cash inflow is reflected relating to the affected trade payable balances. However, a financing cash outflow should be reflected upon payment to the financing provider. The reclassification between the operating and financing cash flow sections is shown in the respective reconciling items in net cash.

(17) Cashpooling – Under German GAAP, Cashpool liabilities are included in the financial resources fund whereas the change in cash pool receivables are shown as financing cash flow. Under US GAAP, changes in the Cashpool liabilities should be presented as a financing activity whereas changes in the Cashpool receivables should be presented as an investing activity. Therefore, the reconciling items in the Reconciliation of Condensed Combined Statement of Cash Flows presents the addition of the cash flow related to the Cashpool liabilities within the financing section and the reclassification of the cash flow associated with the Cashpool receivables from the financing section to the investing section.

(18) Cash Overdraft – Under German GAAP, liabilities to credit institutions that are repayable on demand and other short-term borrowings that are used for cash management purposes are included in the financial resources fund in the cash flow statement. Under US GAAP, these short-term borrowings, such as cash overdrafts, should be shown as cash flows from financing activities. The respective reconciling item therefore shows the inflow or outflow of cash from these short-term borrowings within the financing cash flow section but there is not a corresponding reconciling item in another category because it was shown within the financial resources fund under German GAAP.

The Required Financials of Viessmann Climate Solutions as of and for the nine-month period ended September 30, 2023, as required by the SPA dated April 25, 2023, were authorized for issuance by the management of Viessmann Climate Solution SE and Viessmann Group.

Allendorf (Eder), 31. October 2023

Management of Viessmann Group GmbH & Co. KG

/s/ Maximilian Viessmann
Maximilian Viessmann
Chief Executive Officer

/s/ Dr. Ulrich Hüllmann
Dr. Ulrich Hüllmann
Chief Financial Officer

/s/ Frauke von Polier
Frauke von Polier
Chief People Officer

Management of the Viessmann Climate Solutions SE

/s/ Thomas Heim
Thomas Heim
Chief Executive Officer

/s/ Vanessa Hellwing
Vanessa Hellwing
Chief Financial Officer

/s/ Dr. Markus Klausner
Dr. Markus Klausner
Chief Technology Officer

/s/ Dr. Karsten Hoppe
Dr. Karsten Hoppe
Chief Sales Officer

/s/ Frauke von Polier
Frauke von Polier
Chief People Officer

Combined Statement of Changes in Fixed Assets

For the financial year ended September 30, 2023

	Acquisition and manufacturing costs					Depreciation, amortization and (reversal of) impairments						Carrying amount			
	as of 01.01.23	Currency rate changes	Additions	Disposals	Reclassifications	as of 30.09.23	as of 01.01.23	Currency rate changes	reversals of impairments	Current year	Disposals	Reclassifications	as of 30.09.23	as of 30.09.23	as of 31.12.22
Industrial property rights acquired for consideration and similar rights as well as licenses to rights	104.0	-0.1	1.8	3.8	0.1	102.0	92.2	-0.1	-	5.0	3.7	-	93.4	8.6	11.9
Goodwill	33.9	0.0	-	-	-	33.9	32.6	0.0	-	0.2	-	-	32.9	1.1	1.3
Advance payments	0.6	-	2.2	0.3	-0.1	2.4	-	-	-	-	-	-	-	2.4	0.6
Intangible Assets	138.5	-0.1	4.0	4.1	0.0	138.3	124.8	-0.1	-	5.3	3.7	-	126.3	12.1	13.7
Properties and buildings	431.4	-0.6	1.7	1.1	0.7	432.1	231.9	-0.1	-	7.1	0.2	-0.1	238.5	193.6	199.5
Technical equipment and machinery	382.0	-0.7	5.5	8.7	11.9	389.9	315.2	-0.4	-	11.7	8.2	0.0	318.2	71.8	66.9
Other equipment, furniture and fixtures	396.2	-1.0	18.5	11.3	2.9	405.4	312.3	-0.3	-	18.5	10.1	0.2	320.6	84.8	83.9
Advance payments and assets under construction	68.5	0.3	124.7	14.2	-15.5	163.8	0.1	0.0	-	0.0	0.0	-	0.1	163.7	68.4
Tangible assets	1,278.2	-1.9	150.3	35.3	0.0	1,391.3	859.5	-0.8	-	37.2	18.5	-	877.4	513.9	418.6
Shares in affiliated companies	6.9	-	0.2	0.6	-	6.5	6.3	-	-	-	-	-	6.3	0.2	0.6
Loans to affiliated companies	5.6	-	0.6	5.6	-	0.6	-	-	-	-	-	-	-	0.6	5.6
Shares in investee companies	0.3	-	-	-	-	0.3	-	-	-	-	-	-	-	0.3	0.3
Other investments	1.6	-	0.1	-	-	1.7	-	-	-	-	-	-	-	1.7	1.6
Loans to companies in which an equity interest is held	0.0	-	-	-	-	0.0	-	-	-	-	-	-	-	0.0	0.0
Long-term securities	0.4	0.0	0.0	-	-	0.4	0.0	-	-	-	-	-	0.0	0.4	0.4
Other loans	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	0.1
Financial assets	14.94	0.0	0.9	6.2	-	9.6	6.4	-	-	-	-	-	6.4	3.3	8.6
Fixed Assets	1,431.63	-2.0	155.3	45.6	0.0	1,539.2	990.3	-0.9	-	42.5	22.2	-	1,010.0	529.2	440.9

Combined Statement of Liabilities

For the financial year ended September 30, 2023

in mEUR	30.09.23					31.12.22				
		up to 1 year - current account	remaining term up to 1 year	more than 1 year	more than 5 years		up to 1 year - current account	remaining term up to 1 year	more than 1 year	more than 5 years
Liabilities due to banks	5.0	1.3	0.1	3.6	-	11.0	7.1	0.3	3.6	-
Prepayments received	29.9	26.8	2.4	0.7	-	43.9	42.9	0.7	0.3	-
Trade payables	220.5	217.0	3.2	0.2	0.0	240.9	240.6	0.1	0.2	-
Liabilities due to affiliated companies	78.6	-	78.6	-	-	770.9	-	770.9	-	-
Liabilities due to investee companies	0.0	-	-	-	-	0.0	-	0.0	-	-
Liabilities due to shareholders	0.0	-	0.0	-	-	0.0	0.0	-	-	-
Other Liabilities	115.4	76.5	6.7	18.7	13.4	159.6	124.4	3.6	18.2	13.3
<i>thereof relating to taxes</i>	33.6	-	-	-	-	41.1	-	-	-	-
<i>thereof relating to social security</i>	9.1	-	-	-	-	9.8	-	-	-	-
Total	449.4	321.6	91.1	23.2	13.4	1,226.4	415.0	775.7	22.4	13.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information of Carrier Global Corporation (the “Company”) and the climate solutions business (the “VCS Business”) of Viessmann Group GmbH & Co. KG (“Viessmann”) as of and for the twelve months ended December 31, 2022 is derived from Carrier’s historical audited consolidated financial statements which are incorporated by reference in this offering memorandum, and the VCS Business’s audited combined financial statements, which have been prepared specifically for the purpose of Carrier’s previously announced acquisition of the VCS Business (the “Acquisition”) and which are included elsewhere in this offering memorandum.

The historical financial statements of Carrier and the VCS Business have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events which are necessary to account for the Transactions (as defined below), in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable under the circumstances.

The Acquisition will be accounted for as a business combination using the acquisition method with Carrier as the accounting acquirer in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations (“ASC 805”). Under this method of accounting, the total consideration will be allocated to the VCS Business’s assets acquired and liabilities assumed based upon their estimated fair values, with limited exceptions, as of the closing date of the Acquisition. The process of valuing the net assets of the VCS Business at the expected closing date of the Acquisition, as well as evaluating accounting policies for conformity, is preliminary. Any differences between the fair value of the consideration transferred and the fair value of the assets acquired, and liabilities assumed will be recorded as goodwill. Accordingly, the purchase price allocation reflected in this unaudited pro forma condensed combined financial information is preliminary and subject to revision based on a final determination of fair value.

The unaudited pro forma condensed combined financial information is based on the preliminary information available and management’s preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed. Accordingly, the actual purchase accounting assessment may vary based on final analyses of the valuation of assets to be acquired and liabilities to be assumed, particularly in regard to definite-lived intangible assets and deferred tax assets and liabilities, which could be material.

The unaudited pro forma condensed combined financial information and related notes are provided for informational purposes only and do not purport to represent what the combined company’s actual results of operations or financial position would have been had the Acquisition been completed on the dates indicated, nor are they necessarily indicative of the combined company’s future results of operations or financial position for any future period. The unaudited pro forma condensed combined financial information is based on information and assumptions, which are described in the accompanying notes. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein. The results and balances reflected herein are not intended to be a projection of future financial position or results of operations of Carrier following the completion of the Transactions, which may vary materially from the results reflected because of various factors. The unaudited pro forma condensed combined balance sheet is presented as if the Transactions had occurred on December 31, 2022, and the unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2022 is presented as if the Transactions had occurred on January 1, 2022. The unaudited pro forma condensed combined financial information presented herein has been derived from:

- Carrier’s historical audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2022, included in the 2022 Annual Report; and
- The VCS Business’s audited combined financial statements as of and for the twelve months ended December 31, 2022 prepared specifically for the purpose of the Acquisition, and which are included elsewhere in this offering memorandum.

The following unaudited pro forma condensed combined financial information gives effect to the Transactions, which includes adjustments for the following:

- Conversion adjustments to convert the VCS Business’s audited combined financial statements from German GAAP to Carrier’s accounting policies in accordance with U.S. GAAP;
- Application of the acquisition method of accounting under the provisions of ASC 805 and to reflect estimated consideration of approximately \$13.8 billion (€13.0 billion);
- The proceeds and uses of this offering and the other financing entered into in connection with the Acquisition; and
- Non-recurring costs incurred and expected to be incurred in connection with the Acquisition.

We refer to the closing of the Acquisition, the Company’s planned issuance and sale of U.S. dollar and euro denominated notes (the “Notes”) and the Company’s anticipated incurrence of borrowings under the Company’s term loan credit agreement (the “Term Loan Credit Agreement”) and bridge facility (the “Bridge Facility”) to fund a portion of the cash purchase price of the Acquisition, and the application of the proceeds of such borrowings, collectively as the “Transactions.”

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of December 31, 2022
(U.S. Dollars in millions)

	Carrier Global Corporation (Historical)	VCS Business Adjusted (Note 2)	Transaction Accounting Adjustments (Note 3)		Financing Adjustments (Note 3)		Pro Forma Combined
Assets							
Cash and cash equivalents	3,520	185	(10,855)	3A	8,369	3H	1,230
			(85)	3E	-		
			96	3F	-		
Accounts receivable, net	2,833	407	-		-		3,240
Contract assets, current	537	-	-		-		537
Inventories, net	2,640	908	151	3D	-		3,699
Other assets, current	349	906	(814)	3F	-		441
Total current assets	<u>9,879</u>	<u>2,406</u>	<u>(11,507)</u>		<u>8,369</u>		<u>9,147</u>
Future income tax benefits	612	78	(78)	3G	-		612
Fixed assets, net	2,241	456	303	3B	-		3,000
Operating lease right-of-use assets	642	99	-		-		741
Intangible assets, net	1,342	10	4,566	3C	-		5,918
Goodwill	9,977	3	13,767	3A	-		18,951
			(303)	3B	-		
			(4,566)	3C	-		
			(151)	3D	-		
			(69)	3F	-		
			1,411	3G	-		
			(1,118)	3I	-		
Pension and post-retirement assets	26	-	-		-		26
Equity method investments	1,148	-	-		-		1,148
Other assets	219	31	-		-		250
Total Assets	<u>26,086</u>	<u>3,083</u>	<u>2,255</u>		<u>8,369</u>		<u>39,793</u>
Liabilities and Equity							
Accounts payable	2,833	273	-		-		3,106
Accrued liabilities	2,610	1,344	(787)	3F	-		3,167
Contract liabilities, current	449	97	-		-		546
Current portion of long-term debt	140	16	-		422	3H	578
Total current liabilities	<u>6,032</u>	<u>1,730</u>	<u>(787)</u>		<u>422</u>		<u>7,397</u>
Long-term debt	8,702	19	-		7,947	3H	16,668
Future pension and post-retirement obligations	349	111	-		-		460
Future income tax obligations	568	19	1,333	3G	-		1,920
Operating lease liabilities	529	75	-		-		604
Other long-term liabilities	1,830	11	-		-		1,841
Total Liabilities	<u>18,010</u>	<u>1,965</u>	<u>546</u>		<u>8,369</u>		<u>28,890</u>
Equity							
Common stock, par value \$ 0.01	9	-	1	3A	-		10
Treasury stock - 42,103,995 common shares	(1,910)	-	-		-		(1,910)
Additional paid-in capital	5,481	1,118	2,911	3A	-		8,392

Retained earnings	5,866	-	(1,118)	3I	-	-
Accumulated other comprehensive income (loss)	(1,688)	-	-	3E	-	(1,688)
Non-controlling interest	318	-	-	-	-	318
Total Equity	8,076	1,118	1,709	-	-	10,903
Total Liabilities and Equity	26,086	3,083	2,255	8,369	-	39,793

See accompanying notes to unaudited pro forma condensed combined financial information.

	Carrier Global Corporation (Historical)	VCS Business Adjusted (Note 2)	Transaction Accounting Adjustments (Note 3)	Financing Adjustments (Note 3)	Pro Forma Combined
Net sales					
Product sales	18,250	3,161	-	-	21,411
Service sales	2,171	419	-	-	2,590
	<u>20,421</u>	<u>3,580</u>	<u>-</u>	<u>-</u>	<u>24,001</u>
Costs and expenses					
Cost of products sold	(13,337)	(2,013)	(9) 3AA	-	(16,040)
			(530) 3BB	-	
			(151) 3CC	-	
Cost of services sold	(1,620)	(173)	(42) 3BB	-	(1,835)
Research and development	(539)	(165)	-	-	(704)
Selling, general and administrative	(2,512)	(794)	(4) 3AA	(51) 3JJ	(3,414)
			(85) 3DD	-	
			45 3FF	-	
			(13) 3GG	-	
	<u>(18,008)</u>	<u>(3,145)</u>	<u>(789)</u>	<u>(51)</u>	<u>(21,993)</u>
Equity method investment net earnings	262	-	-	-	262
Other income (expense), net	1,840	33	-	-	1,873
Operating profit	4,515	468	(789)	(51)	4,143
Non-service pension benefit (expense)	(4)	(2)	-	-	(6)
Interest (expense) income, net	(219)	(8)	8 3EE	(483) 3HH	(702)
Income from operations before income taxes	4,292	458	(781)	(534)	3,435
Income tax (expense) benefit	(708)	(134)	208 3II	77 3KK	(557)
Net income from operations	3,584	324	(573)	(457)	2,878
Less: Non-controlling interest in subsidiaries' earnings from operations	50	-	-	-	50
Net income attributable to common shareowners	3,534	324	(573)	(457)	2,828
Earnings per share					
Basic	\$4.19				\$3.13
Diluted	\$4.10				\$3.07
Weighted-average number of shares outstanding					
Basic	843				902
Diluted	861				920

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1. Basis of Presentation

The historical audited consolidated financial statements for Carrier and audited combined financial statements for the VCS Business have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events that are directly attributable to the Transactions and are factually supportable.

Carrier's historical financial statements were prepared in accordance with U.S. GAAP and are presented in USD, and the VCS Business's audited combined financial statements were prepared in accordance with German GAAP and are presented in EUR. For purposes of the unaudited pro forma condensed combined financial information, the financial information of the VCS Business has been converted from German GAAP to the accounting policies of Carrier in accordance with U.S. GAAP, translated from EUR to USD and reclassified to conform with Carrier's financial statement presentation.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, with Carrier determined to be the accounting acquirer based on preliminary analysis of the Share Purchase Agreement, dated as of April 25, 2023, among the Company, Viessmann and Johann Purchaser GmbH (f/k/a Blitz F23-620 GmbH), a wholly owned indirect subsidiary of Carrier, governing the Acquisition (the "Share Purchase Agreement") and based on the historical audited consolidated financial statements of Carrier and the audited combined financial statements of the VCS Business. Under ASC 805, assets acquired and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with a business combination are expensed as incurred. The excess of acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The unaudited pro forma condensed combined balance sheet is presented as if the Acquisition had occurred on December 31, 2022, and the unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2022 is presented as if the Acquisition had occurred on January 1, 2022.

The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Acquisition and integration costs that may be incurred. The pro forma adjustments represent Carrier's best estimates and are based upon currently available information and certain adjustments, assumptions and estimates that Carrier believes are reasonable under the circumstances.

There were no material transactions between Carrier and the VCS Business during the period presented. Accordingly, adjustments to eliminate transactions between Carrier and the VCS Business have not been reflected in the unaudited pro forma condensed combined financial information presented herein.

For purposes of preparing the unaudited pro forma condensed combined financial information, the historical financial information of the VCS Business and related pro forma adjustments were translated from euro to U.S. Dollars using the following historical exchange rates:

Period of Exchange Rate	\$/€
Closing exchange rate as of December 31, 2022 for Balance Sheet	1.0687
Average exchange rate for the twelve months ended December 31, 2022 for Statement of Operations	1.0535

Note 2. Reclassification and U.S. GAAP Adjustments

During the preparation of this unaudited pro forma condensed combined financial information, management performed an analysis of the VCS Business's financial information to identify differences in the VCS Business's audited combined financial statements from German GAAP to Carrier's accounting policies in accordance with U.S. GAAP, and differences in financial statement presentation compared to the presentation of Carrier. At the time of preparing the unaudited pro forma condensed combined financial information, Carrier is not aware of any other material differences.

Unaudited Condensed Combined Balance Sheet Adjustments
As of December 31, 2022
(Amounts in millions)

Carrier Presentation	Historical VCS Business Presentation	Historical VCS Business Euro	Historical VCS Business USD	Reclassification Adjustments USD	U.S. GAAP Adjustments	Notes	VCS Business Adjusted USD
Assets							
Cash and cash equivalents	Cash on hand and balances at banks	175	187	-	(2)	(v)	185
Accounts receivable, net	Trade receivables	358	383	8	16	(iv)	407
Inventories, net	Inventories	824	881		6	(ii)	908
					2	(iii)	
					(1)	(viii)	
					16	(xvi)	
					4	(xi)	
Other assets, current	Receivables with affiliated companies	769	821	(8)			906
	Other assets	69	74	16	2	(v)	
					1	(iv)	
	Deferred charges and prepaid expenses	15	16	(16)			-
Total current assets		2,210	2,362	-	44		2,406
Future income tax benefits	Deferred tax assets	27	29		33	(i)	78
					3	(viii)	
					11	(xiv)	
					3	(xv)	
					(1)	(xi)	
Fixed assets, net	Tangible assets	419	448		8	(xiii)	456

Unaudited Condensed Combined Balance Sheet Adjustments
As of December 31, 2022
(Amounts in millions)

Carrier Presentation	Historical VCS Business Presentation	Historical VCS Business Euro	Historical VCS Business USD	Reclassification Adjustments USD	U.S. GAAP Adjustments	Notes	VCS Business Adjusted USD
Operating lease right-of-use assets					99	(vii)	99
Intangible assets, net	Intangible assets	14	15	(1)	(4)	(xiii)	10
Goodwill		-	-	1	2	(xiii)	3
Pension and post-retirement assets		-	-				-
Equity method investments		-	-				-
Other assets			-	8	23	(vii)	31
	Financial assets	8	8	(8)			
Total Assets		2,678	2,862	-	221		3,083
Liabilities and Equity							
Accounts payable	Trade payables	241	257	16			273
Accrued liabilities	Other provisions	341	364	(29)	(7)	(ix)	1,344
					(5)	(x)	
	Liabilities due to affiliated companies	771	824	(16)	(21)	(vi)	
	Other liabilities	160	171		21	(vi)	
					8	(ix)	
					3	(x)	
					3	(xiv)	
					24	(vii)	
					4	(xiii)	
Contract liabilities, current	Advance payments received on orders	44	47		16	(xvi)	97
	Deferred income	32	34				
Current portion of long-term debt	Bank loans	11	12	(4)			16
					8	(vii)	
Total current liabilities		1,600	1,709	(33)	54		1,730
Long-term debt			-	4	15	(vii)	19
Future pension and post-retirement obligations	Pension and similar obligations	48	52	21	38	(xiv)	111
Future income tax obligations	Tax provisions	7	7		5	(i)	19

Unaudited Condensed Combined Balance Sheet Adjustments
As of December 31, 2022
(Amounts in millions)

Carrier Presentation	Historical VCS Business Presentation	Historical VCS Business Euro	Historical VCS Business USD	Reclassification Adjustments USD	U.S. GAAP Adjustments	Notes	VCS Business Adjusted USD
					3	(viii)	
					3	(iv)	
					1	(xi)	
Operating lease liabilities					75	(vii)	75
Other long-term liabilities	Special item for investment grants	2	3	8			11
Total Liabilities		1,657	1,771	-	194		1,965
Equity							-
Additional paid-in capital	Net investment	1,021	1,091		27	(i)	1,118
					3	(xv)	
					6	(ii)	
					2	(iii)	
					15	(iv)	
					(1)	(viii)	
					(1)	(ix)	
					2	(x)	
					2	(xiii)	
					(30)	(xiv)	
					2	(xi)	
Total Liabilities and Equity		2,678	2,862	-	221		3,083

Unaudited Condensed Combined Statement of Operations Adjustments
For Twelve Months Ended December 31, 2022
(Amounts in millions)

Carrier Presentation	Historical VCS Business Presentation	Historical VCS Business Euro	Historical VCS Business USD	Reclassification Adjustments	U.S. GAAP Adjustments	Notes	VCS Business Adjusted USD
Net sales	Net sales	3,402	3,584	(3,584)			-
Product sales				3,165	(5)	(ix)	3,161
					1	(x)	
Service sales				419			419
		3,402	3,584	-	(4)		3,580
Costs and expenses							
Cost of products sold				(2,009)	(3)	(viii)	(2,013)
					2	(ii)	
					(3)	(iii)	
					(2)	(xiv)	
					2	(xi)	
Cost of services sold				(173)			(173)
Research and development				(164)	(1)	(xiv)	(165)
Selling, general and administrative				(794)			(794)
		-	-	(3,140)	(5)		(3,145)
Change of inventories of finished and unfinished goods		70	74	(74)			-
Internally produced and capitalized assets		9	9	(9)			-
Material expenses		(1,655)	(1,743)	1,743			-
Personnel expenses		(751)	(791)	791			-
Depreciation and amortization		(56)	(59)	59			-
Equity method investment net earnings				-			-
Other income (expense), net				29	4	(ix)	33

Unaudited Condensed Combined Statement of Operations Adjustments
For Twelve Months Ended December 31, 2022
(Amounts in millions)

Carrier Presentation	Historical VCS Business Presentation	Historical VCS Business Euro	Historical VCS Business USD	Reclassification Adjustments	U.S. GAAP Adjustments	Notes	VCS Business Adjusted USD
					(1)	(iv)	
					2	(xiii)	
					(1)	(x)	
	Expenses from profit and loss transfer agreements	(217)	(229)	-	229	(xii)	-
	Other operating income	95	100	(100)			-
	Other operating expenses	(665)	(701)	701			-
	Income from other securities and loans	-	-	-			-
	Depreciation on financial assets	-	-	-			-
Operating profit		232	244	-	224		468
Non-service pension benefit (expense)				-	(2)	(xiv)	(2)
Interest (expense) income, net				(8)	-		(8)
	Interests and similar income	5	6	(6)			
	Interests and similar expenses	(13)	(14)	14			
Income from operations before income taxes		224	236	-	222		458
Income tax expense	Taxes on income	(121)	(127)	-	(10)	(i)	(134)
					2	(xv)	
					1	(iii)	
					1	(v)	
					(1)	(xiv)	
Net income from operations		103	109	-	215		324
Less: Non-controlling interest in subsidiaries' earnings from operations							
Net income attributable to common shareowners	Net income	103	109	-	215		324

Reclassification Adjustments: This column represents the reclassification adjustments that have been applied to the VCS Business's combined statement of financial position and combined statement of income to conform to Carrier's financial statements presentation. The VCS Business's combined statement of income was presented on a total cost basis under German GAAP, whereas Carrier's historical statement of operations is presented in accordance with U.S. GAAP. The VCS Business's combined financial statements were mapped to Carrier's financial statement line items and the differences obtained from this were considered as reclassification adjustments.

U.S. GAAP Adjustments:

- (i) To record the impact of differences in the calculation of deferred taxes.
- (ii) To adjust for the impact of different inventory write-down methodologies.
- (iii) To record the impact of change in intra-company profit elimination.
- (iv) To record the impact of differences in methodology for provision for doubtful accounts and other credit losses.
- (v) To reduce the historical VCS Business cash by the amount of restricted cash.
- (vi) To record the reclassification of certain accrued liabilities from intercompany payable into other liabilities.
- (vii) To record operating and finance leases right of use assets and liabilities calculated in accordance with U.S. GAAP.
- (viii) To record changes due to reclassification of consignment stocks, exhibition style special stocks and tools to fixed assets and related deferred tax impact. The recognized write-down of those stocks in inventory under German GAAP has been reversed. The respective depreciation was recognized in fixed assets.
- (ix) To reverse the recognized revenue and corresponding expense related to customer loyalty programs that are not yet deemed earned under U.S. GAAP and are deferred as a contract liability, and the related deferred tax impact.
- (x) To record the reclassification of the long-term portion of contingent loss provisions and adjustments to certain provisions given different threshold criteria.
- (xi) To record a reversal in depreciation recorded in finished goods inventory of merchandised products, and the related deferred tax impact.
- (xii) To record the elimination of expenses from profit and loss transfer agreement that comprises the portion of the profits transferred to Viessmann remaining after deduction of the income tax expense regulated by tax allocation agreements.
- (xiii) To record the reversal of goodwill amortized under German GAAP and separately an unrelated failed sale and leaseback by recording the capitalization and amortization of the related fixed asset.
- (xiv) To record the difference in pension valuation from German GAAP to U.S. GAAP, and corresponding deferred tax adjustment.
- (xv) To record an adjustment due to the different treatment of consolidated tax group for income tax purposes.
- (xvi) To reverse the inventory reduction recorded under German GAAP and record a contract liability for prepayment on customer contracts.

Note 3. Transaction Accounting and Financing Adjustments

The Acquisition will be accounted for using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

- (A) The adjustment reflects the preliminary estimated fair value of consideration transferred comprised of the Cash Consideration and Share Consideration (as each defined in the Share Purchase Agreement). Cash Consideration was translated from euro to U.S. Dollars based on an exchange rate of \$1.058 per €1.

In accordance with the Share Purchase Agreement, Carrier is required to settle the outstanding intercompany balance owed by the VCS Business to Viessmann upon consummation of the Acquisition. The outstanding balance has decreased significantly since December 31, 2022 and is expected to further reduce prior to closing of the Acquisition. Therefore, the closing cash consideration amount presented includes the intercompany balance owed by the VCS Business to Viessmann as of September 30, 2023 of \$69 million.

USD in millions

Cash Consideration	\$ 10,855
Share Consideration	2,912
Preliminary estimated fair value of consideration transferred	<u>\$ 13,767</u>

The following table summarizes the allocation of preliminary purchase price:

USD in millions

Cash and cash equivalents	\$ 281
Accounts receivable, net	407
Inventories, net	1,059
Other assets, current	92
Future income tax benefits	-
Fixed assets, net	759
Operating lease right-of-use assets	99
Intangible assets, net	4,576
Pension and post-retirement assets	-
Other assets	31
Total assets	\$ 7,304
Accounts payable	273
Accrued liabilities	557
Contract liabilities, current	97
Current portion of long-term debt	16
Long-term debt	19
Future pension and post-retirement obligations	111
Future income tax obligations	1,352
Operating lease liabilities	75
Other long-term liabilities	11
Total liabilities	\$ 2,511
Net assets acquired	\$ 4,793
Goodwill	8,974
Preliminary estimated fair value of consideration transferred	\$ 13,767

The preliminary purchase accounting was based on a benchmarking analysis of similar transactions in the industry and other limited valuation procedures performed in order to identify value allocations of the Acquisition consideration to assets acquired and liabilities assumed, including intangible assets, step-up in the value of inventory, and real and personal property assets. Upon completion of the Acquisition, a final determination of the fair value of the VCS Business's assets and liabilities will be performed. The final Acquisition consideration allocation may be materially different than that reflected in the preliminary estimated Acquisition consideration allocation presented herein. Any increase or decrease in fair values of the net assets as compared with the unaudited pro forma condensed combined financial information may change the amount of the total Acquisition consideration allocated to goodwill and other assets and liabilities and may impact the combined company's statement of operations due to adjustments in the depreciation and amortization of the adjusted assets.

(B) Reflects the preliminary estimated fair value adjustment to fixed assets, net acquired in the Acquisition, as shown in the table below. The fair value of fixed assets, net is subject to change.

<i>USD in millions</i>	Estimated Useful life (in years)	Preliminary Estimated Asset Fair Value
Land	n/a	\$ 62
Buildings and improvements	3 to 22	213
Machinery, tools and equipment	5 to 8	321
Other, including assets under construction	4 to 45	163
Fixed assets, net		\$ 759
Less: VCS Business's Adjusted Fixed assets, net		(456)
Pro Forma adjustment		\$ 303

(C) Reflects the preliminary estimated fair value adjustment to the identifiable intangible assets acquired in the Acquisition, as shown in the table below. The fair value of intangible assets is subject to change.

<i>USD in millions</i>	Estimated Useful life (in years)	Preliminary Estimated Asset Fair Value
Customer relationships	15	\$ 3,131
Trademark	40	716
Technology	7	513
Backlog	1	216
Identifiable intangible assets, net		\$ 4,576
Less: VCS Business's Adjusted Intangible assets, net		(10)
Pro Forma adjustment		\$ 4,566

(D) The adjustment reflects a step-up in fair value to the VCS Business's finished goods and work-in process inventory. The calculation of fair value is preliminary and subject to change. The preliminary estimated fair value of inventories, net, was determined based on the estimated selling price of the inventory, less the remaining manufacturing and selling costs and a normal profit margin on those manufacturing and selling efforts, as shown in the table below.

USD in millions

Inventories	\$ 1,059
Less: VCS Business's Adjusted Inventories, net	(908)
Pro Forma adjustment	\$ 151

(E) To reflect the estimated transaction costs of \$85 million consisting of advisory, legal, accounting and auditing fees and other professional fees. These costs are recorded as a reduction in cash and retained earnings.

(F) Reflects (i) the elimination of \$814 million of receivables recorded within "Other assets, current" from Viessman which will be settled on or prior to the close of the Acquisition; (ii) the elimination of \$787 million of payables to Viessman recorded within "Accrued liabilities," of which \$718 million is estimated to have been settled on or prior to close and \$69 million included within Cash Consideration (see adjustment (A), above) and (iii) an increase to "Cash" of \$96 million based upon the difference between the \$814 million of receivables which will be settled on or prior to close less the \$718 million of payables estimated to have been settled on or prior to close.

(G) Reflects estimated deferred taxes related to the purchase price allocation and income tax impact effect related to the pro forma adjustments in the balance sheet resulting from the step-up in inventory, fixed assets and intangible assets. These tax-related adjustments are based upon an estimated blended tax rate of 28.1% on adjustments.

(H) Reflects the impact of the financing for the Transactions and related transaction costs. The impact on other current liabilities and long-term debt have been adjusted for the following:

USD in millions	Current portion of long-term debt/ Other current liabilities	Long-term debt	Total
Principal balance from incremental Term Loan Credit Agreement and Notes	\$ 422	\$ 7,993	\$ 8,415
New deferred debt issuance costs for Term Loan Credit Agreement and other debt	-	(46)	(46)
Pro Forma adjustment	\$ 422	\$ 7,947	\$ 8,369

(I) To adjust the VCS Business's historical financial statements to give pro forma effect to events in connection with the Acquisition that include the elimination of the VCS Business's historical additional paid in capital of \$1,118 million.

Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

(AA) Reflects change in depreciation expense included in cost of products sold of \$9 million and selling, general, and administrative expenses (“SG&A”) of \$4 million related to the step-up in value of PP&E acquired.

<i>USD in millions</i>	Estimated Useful life (in years)	Preliminary Estimated Asset Fair Value	Depreciation for the twelve months ended December 31, 2022
Land	n/a	\$ 62	n/a
Buildings and improvements	3 to 22	213	11
Machinery, tools and equipment	5 to 8	321	46
Other, including assets under construction	4 to 45	163	7
Total Depreciation expense on additional Fixed assets, net			\$ 64
Less: VCS Business’s Adjusted Depreciation expense			(51)
Pro Forma adjustment			\$ 13

(BB) Reflects incremental amortization expense included in cost of products sold of \$530 million and cost of services sold of \$42 million related to the fair value of identifiable intangible assets acquired.

<i>USD in millions</i>	Estimated Useful life (in years)	Preliminary Estimated Asset Fair Value	Amortization expense for the twelve months ended December 31, 2022
Customer relationships	15	\$ 3,131	\$ 263
Trademark	40	716	35
Technology	7	513	69
Backlog	1	216	213
Amortization expense			\$ 580
Less: VCS Business’ Adjusted Amortization expense			(8)
Pro Forma adjustment			\$ 572

The acquired Customer relationships, Trademark and Technology will be amortized based on the pattern in which the economic benefits of the intangible assets are expected to be realized. Based on the assumed acquisition date of December 31, 2022, the expected impact on operating results for the five years following the year of the Acquisition is as follows:

<i>USD in millions</i>	Year ended December 31,				
	2023	2024	2025	2026	2027
Customer relationships	\$ 337	\$ 366	\$ 337	\$ 300	\$ 265
Trademark	39	41	42	43	42
Technology	108	114	101	72	33
	\$ 484	\$ 521	\$ 480	\$ 415	\$ 340

- (CC) To reflect the amortization of the preliminary estimated fair value increase of “Inventories, net” of \$151 million, as the inventory is expected to be sold within one year of the acquisition date.
- (DD) To reflect Carrier’s estimated transaction costs of \$85 million consisting of advisory, legal, accounting and auditing fees and other professional fees. This is a non-recurring item.
- (EE) To reflect reversal of interest expense related to intercompany financing as per adjustment (F) above.
- (FF) To record the reversal of the historical royalty fee of \$45 million paid by the VCS Business to Viessmann recorded in the VCS Business’s audited combined financial statements.
- (GG) To record the new royalty fee of \$13 million pursuant to the License Agreement (as defined in the Share Purchase Agreement) for use of “Viessmann” trademarks in connection with the VCS Business.
- (HH) The following adjustments to interest expense reflect the estimated interest expense and financing costs amortization to be incurred by Carrier as a result of the financing and amortization of fees paid for the borrowings under the Term Loan Credit Agreement and the Notes:

<i>USD in millions</i>	Interest expense for the twelve months ended December 31, 2022
Term Loan Credit Agreement and Notes (excluding amortization of debt issuance costs)	\$472
Amortization of debt issuance costs related to new Term Loan Credit Agreement and Notes	11
Total	\$483

The interest expense on borrowings under the Term Loan Credit Agreement and Notes represent a blended interest rate of approximately 5.91%. A 0.125% change in this blended interest rate would change interest expense by approximately \$10 million.

- (II) Reflects the estimated income tax impact of the pro forma adjustments related to transaction accounting adjustments. For taxable VCS Business’s transaction accounting adjustments, a blended tax rate of 28.1% is used. For taxable Carrier’s transaction accounting adjustments, a blended tax rate of 23.5% is used. The amounts are adjusted for certain non-deductible advisory fees.
- (JJ) Reflects the one-time cost incurred of \$51 million related to the debt issuance cost not capitalized in (HH) above. This is primarily comprised of upfront fee, stage fee and fees related to the loans that were ultimately not used to finance the Transactions.
- (KK) Reflects the estimated income tax impact of the pro forma adjustments related to the issuance of new debt. Tax-related adjustments are based upon a blended tax rate of 23.5%, adjusted for the impact of a reduction in foreign tax credit utilization.

Note 4. Earnings Per Share

The following tables set forth the computation of pro forma basic and diluted earnings per share for the twelve months ended December 31, 2022. Weighted average number of common shares outstanding (basic and diluted) include 58,608,959 shares, which are expected to be issued as part of consideration for the Acquisition.

<i>USD in millions, except per share amounts</i>	Twelve months ended December 31, 2022
Numerator (Basic and Diluted):	
Pro Forma combined net income	\$ 2,828
Less:	
Denominator (in millions):	
Historical weighted average shares outstanding – Basic	843
Pro forma adjustment for shares issued	59
Weighted average common shares outstanding – Basic:	902
Historical weighted average shares outstanding – Diluted	861
Pro forma adjustment for shares issued	59
Weighted average common and potential common shares outstanding – Diluted:	920
Pro Forma earnings per share:	
Earnings per share – Basic	\$ 3.13
Earnings per share – Diluted	\$ 3.07