Q3 2022 EARNINGS CONFERENCE CALL

October 27, 2022

Cautionary Statement

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

Q3 2022 Summary

Sales	$5,451M *Organic* +8% Y/Y*
Adjusted Operating Profit*	$861M *Flattish Y/Y*
Free Cash Flow*	$699M

Highlights
Strong aftermarket growth
Price/cost positive
Supply chain improvements later than anticipated
Backlog remains strong; up double-digits Y/Y
Successfully closed Toshiba Carrier Corp. acquisition
On-track for ~$300M gross productivity savings this year

Continued strong performance; raising earnings guidance

*See appendix for additional information regarding non-GAAP measures

Value Creation Framework

FOCUS AREAS	DRIVERS
Above-market organic growth	• Secular trends: Health / wellness, sustainability, digitalization, and growing middle class • Innovation and differentiation • Aftermarket
Margin expansion	• Price to at least offset inflation • 2-3% gross productivity of total cost base to fund strategic investments • Over 50 bps annual margin expansion
Strong free cash flow	• Working capital improvements • Increasing recurring revenues • ~100% of net income
Disciplined capital allocation	• Organic / inorganic growth • Growing, sustainable dividend • Share repurchases

Global leader in healthy, safe, sustainable and intelligent building and cold chain solutions

Secular Trends Driving Sustained Growth

Sustainability / ESG

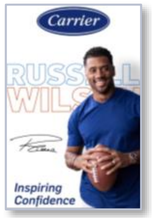
Heat Pumps | Disruptive cooling | Grid connectivity & telematics | Electrification & hydrogen

- ✓ N.A. Resi heat pump sales up over 30%; European commercial heat pump orders up 30% Y/Y in Q3
- ✓ Electric reefer orders continue to gain traction, up 25% Y/Y in Q3
- ✓ Expect to save a major U.S. retailer nearly 20%, $90M in energy savings in 2022

Health / Wellness

Advanced IAQ Sensors | Multi-sensing & Sensor Fusion

- ✓ Healthy building orders up ~55% Y/Y in Q3; pipeline increased to ~$900M
- ✓ K-12 orders up 20% Y/Y in Q3; pipeline up ~30% Y/Y
- ✓ 5 total Carrier Venture investments; 3 investments made in Q3



Digitalization

Abound & Lynx | Automation, Controls & Integration

- ✓ Now covering over 1 billion square feet with our Abound platform
- ✓ Remain on-track to achieve 20K connected chillers by year-end
- ✓ On-track for 100K Lynx subscriptions by the end of the year

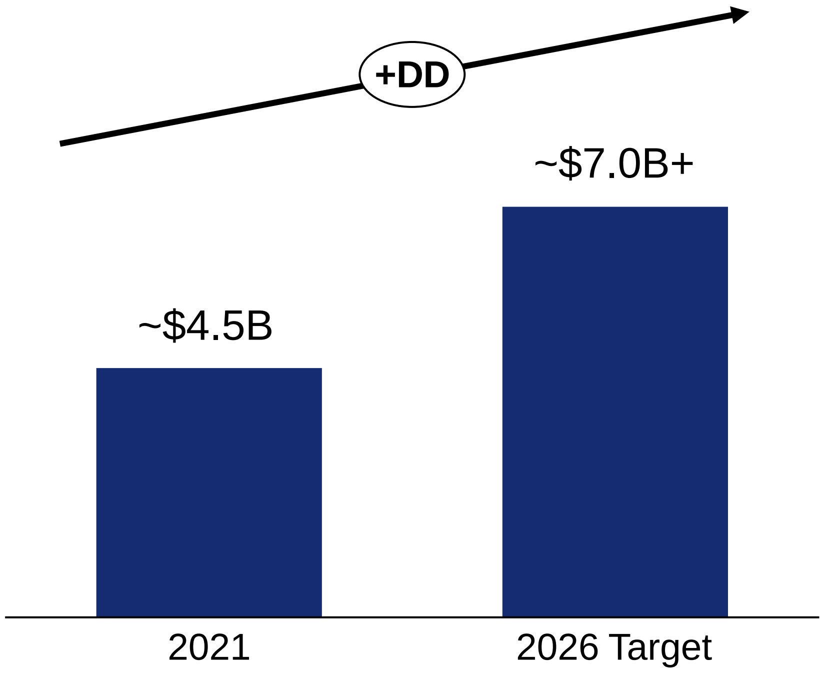
ABOUND

LYNX

Differentiated solutions driving customer stickiness and recurring revenues

Aftermarket and Recurring Revenues

Aftermarket Sales



Q3 Highlights

Parts Capture

- ✓ Double-digit growth
- ✓ New National Accounts continue to be added to Breeze Platform

Service Coverage

- ✓ HSD sales growth; double-digit growth YTD
- ✓ On-track for 70K chillers under BluEdge contract, 40%+ attachment rate

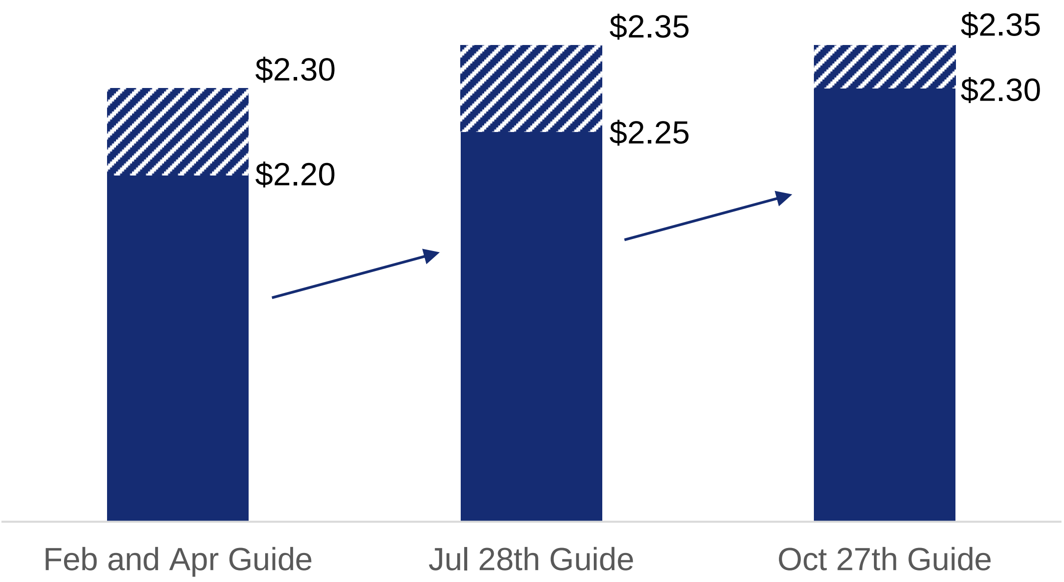
Digital Solutions

- ✓ Launched Abound IAQ with key customers for over 100 sites
- ✓ Abound Sustainability win with PUMA for 370 stores across India
- ✓ EcoEnergy named Company of the Year by Frost & Sullivan for AI-Driven Building Energy Management Industry

On track for double-digit growth in 2022

2022 Adjusted EPS* Performance

Strong 2022 Performance



Revenue ~$20B
FCF ~$1.65B

Revenue ~$20.8B
FCF ~$1.65B

Revenue ~$20.4B
FCF ~$1.4B

Entering 2023 With Proven Playbook

Top line
- ✓ Secular trends
- ✓ Strong backlog
- ✓ Aftermarket growth

Bottom line
- ✓ Productivity
- ✓ Price / cost positive
- ✓ Free cash flow

Capital Deployment
- ✓ Organic and inorganic growth
- ✓ Dividends
- ✓ Share buyback

Doubling down on proven strategic playbook

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

Q3 2022 Results

	Q3 2022	Q3 2021	Y/Y
Sales	$5,451M	$5,341M	2%
Organic sales*			8%
Acquisitions / divestitures, net			(2%)
FX			(4%)
Adjusted operating profit*	$861M	$865M	Flattish
Adjusted operating margin*	15.8%	16.2%	(40 bps)
Adjusted effective tax rate*	23.0%	19.8%	
Adjusted EPS*	$0.70	$0.71	
Free cash flow*	$699M	$505M	

*See appendix for additional information regarding non-GAAP measures

Q3 2022 HVAC Results

	Q3 2022	Y/Y
Sales	$3,734M	22%
Organic sales*		13%
Acquisitions / divestitures, net		12%
FX		(3%)
Adjusted operating profit*	$624M	6%
Adjusted operating margin*	16.7%	(260 bps)

Introduced a new high-performance series to the multizone heat pump outdoor ductless system portfolio, making it an exciting choice for retrofit applications.

Announced the next generation of #2023Ready heat pump air handler. These new systems serve to meet the demand for high efficiency heat pumps in North America. Their unique features include Carrier's patented welded-aluminum coils, wired and wireless remote-control capability, third party thermostat compatibility, and quiet indoor operation.

Highlights

HSD sales growth in NA residential HVAC

Light Commercial grew over 20%

Commercial HVAC aftermarket up double-digits Y/Y

Commercial HVAC sales in China up ~50% from lockdown recovery

Seventh consecutive quarter of double-digit order growth in Commercial HVAC

Price/cost positive

*See appendix for additional information regarding non-GAAP measures

Q3 2022 Refrigeration Results

	Q3 2022	Y/Y
Sales	$923M	(9%)
Organic sales*		(1%)
FX		(8%)
Adjusted operating profit*	$118M	(2%)
Adjusted operating margin*	12.8%	80 bps

Europe truck trailer launched a first of its kind, all-electric cooling unit, specifically designed for electric light commercial vehicles (LCV). The new solution, the Pulsor eCool, is specifically designed to operate directly from the high voltage DC current generated by the batteries and will deliver enhanced sustainability to customers choosing to operate a modern, electric urban delivery fleet.

Highlights

North America truck/trailer sales up high-teens Y/Y and orders almost tripled

Container sales and orders down Y/Y

Sensitech sales up double-digits

Commercial refrigeration flat

Price realization and improved productivity driving margin expansion

Price/cost positive

*See appendix for additional information regarding non-GAAP measures

Q3 2022 Fire & Security Results

	Q3 2022	Y/Y
Sales	$905M	(34%)
Organic sales*		5%
Acquisitions / divestitures, net		(36%)
FX		(3%)
Sales excluding Chubb**		6%
Adjusted operating profit*	$150M	(24%)
Adjusted operating margin*	16.6%	220 bps

Kidde launched its Cause For Alarm™ campaign, a new social impact program that is centered around supporting vulnerable communities who are at higher risk of fire-related incidents due to socioeconomic situations, age, disabilities and other factors. Cause For Alarm is a fire safety education and awareness-building initiative that addresses gaps in education and access to fire safety measures.

Highlights

Double digit sales growth in Residential and Industrial Fire

Commercial Fire Americas sales growth up 20%

Strong sales and orders growth of 15% in Europe

Electronics supply continued to be a challenge

Price/cost positive

*See appendix for additional information regarding non-GAAP measures
**See appendix for additional information

Organic Order Trends

Orders by Key Business Line	Q3 2022 (Y/Y)
<u>HVAC</u>*	0% - 5%
Residential & Light Commercial	*(10% - 5%)*
*Commercial HVAC**	*15% - 20%*
<u>Refrigeration</u>	5% - 10%
Transport Refrigeration	*~25%*
Commercial Refrigeration	*~(25%)*
<u>Fire & Security</u>	
Fire & Security Products	*5% - 10%*
Total Carrier*	*0% – 5%*

Orders by Geography	Q3 2022 (Y/Y)
Americas*	~10%
EMEA	~(10%)
China	0% – 5%
Asia excluding China	(5%) – 0%

Backlog up double-digits year-over-year

*Excludes NORESCO and Global Comfort Solutions

Updated 2022 Guidance

	Prior Guidance	**Updated Guidance****
Sales	~$20.8B Organic* up HSD *FX ~(3%)* *Acq / Div, net ~(5%)*	~$20.4B Organic* up HSD *FX ~(4%)* *Acq / Div, net ~(5%)*
Adjusted Operating Margin*	Up ~40 bps	Up ~60 bps
Adjusted EPS*	$2.25 - $2.35	$2.30 - $2.35
Free Cash Flow*[1] [1]*Includes ~$200M in tax payments on Chubb gain*	~$1.65B	~$1.4B

Strong performance year-to-date; raising full-year adjusted EPS guidance to the high-end

*See appendix for additional information regarding non-GAAP measures
**As of October 27, 2022

Summary

- Strong year-to-date performance; narrowing full-year earnings outlook to the high-end
- Continued traction on technology differentiation and aftermarket growth
- Backlog up double digits and extends into 2023
- Additional share repurchase authorization in support of balanced capital allocation

Global leader in healthy, safe, sustainable and intelligent building and cold chain solutions

APPENDIX

Use and Definitions of Non-GAAP Financial Measures

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

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

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

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

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

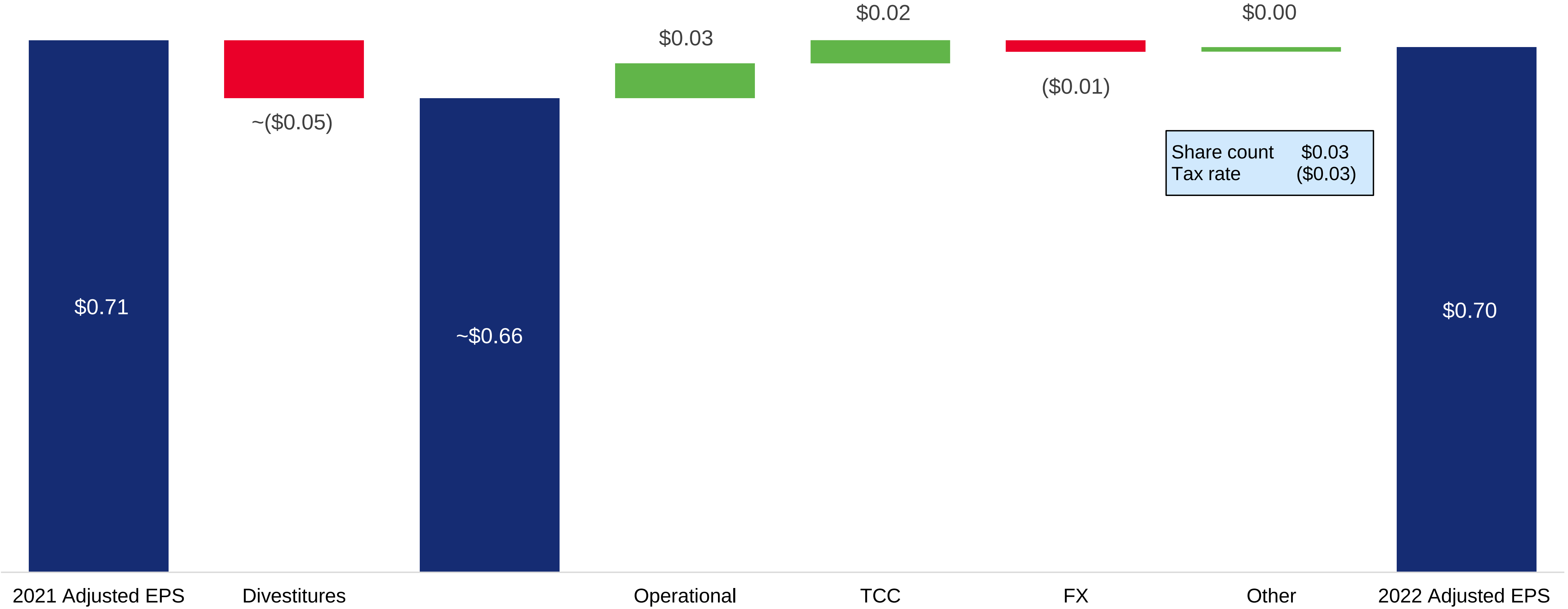
When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, adjusted interest expense, net, adjusted effective tax rate, incremental margins/earnings conversion, adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences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

Additional Items

	Updated guidance	Prior guidance
Shares outstanding (diluted)	~860M	~860M
Corporate expenses / eliminations	~$190M	$200M - $220M**
Adjusted interest expense, net*	~$250M	$245M - $255M
Adjusted effective tax rate*	~22%	~22%
Non-service pension income / (expense)	~($5M)	($10M) – ($5M)**
Capital expenditures	~$350M	$340M - $360M**
Depreciation & amortization	~$350M	$300M - $315M**

*See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures
**Excluded Toshiba Carrier Corporation

Q3 2022 Adjusted EPS* Bridge



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Carrier Q3 2022 vs 2021 Sales Reconciliation

Y/Y %

Three Months Ended September 30, 2022 Compared with Three Months Ended September 30, 2021

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	13 %	(3) %	12 %	— %	22 %
Refrigeration	(1) %	(8) %	— %	— %	(9) %
Fire & Security	5 %	(3) %	(36) %	— %	(34) %
Consolidated	**8 %**	**(4)%**	**(2)%**	**— %**	**2 %**

Nine Months Ended September 30, 2022 Compared with Nine Months Ended September 30, 2021

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	13 %	— %	6 %	(2) %	17 %
Refrigeration	3 %	(6) %	— %	— %	(3) %
Fire & Security	4 %	(2) %	(38) %	— %	(36) %
Consolidated	**9 %**	**(3)%**	**(7)%**	**— %**	**(1)%**

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

2022 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Three Months Ended September 30, 2022					
Net sales	**$ 3,734**	**$ 923**	**$ 905**	**$ (111)**	**$ —**	**$ 5,451**
Segment operating profit	**$ 1,314**	**$ 116**	**$ 142**	**$ (10)**	**$ (36)**	**$ 1,526**
Reported operating margin	*35.2 %*	*12.6 %*	*15.7 %*			*28.0 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 2	$ 3	$ 1	$ —	$ —	$ 6
Amortization of acquired intangibles (1)	16	—	1	—	—	17
Acquisition step-up amortization (2)	24	—	—	—	—	24
Acquisition-related costs	—	—	—	—	15	15
Chubb gain	—	—	7	—	—	7
TCC acquisition-related gain (3)	(732)	—	—	—	—	(732)
Russia/Ukraine asset impairment	—	(1)	(1)	—	—	(2)
Total adjustments to operating profit	$ (690)	$ 2	$ 8	$ —	$ 15	$ (665)
Adjusted operating profit	**$ 624**	**$ 118**	**$ 150**	**$ (10)**	**$ (21)**	**$ 861**
Adjusted operating margin	*16.7 %*	*12.8 %*	*16.6 %*			*15.8 %*

(1) Beginning in Q3 2022, we exclude the impact of amortization of acquired intangibles from our non-GAAP financial measures including adjusted operating profit. Amortization of acquired intangibles, a non-cash expense, is unrelated to our core operating performance and amounts can vary significantly depending on the number, timing and size of acquisitions, among other factors. We believe this adjustment provides investors meaningful information to better evaluate our operating performance between periods. Historical periods have been updated to conform with the current period presentation.
(2) Amortization of the step-up to fair value of acquired inventory and backlog.
(3) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.

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

2021 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited)					
	Three Months Ended September 30, 2021					
Net sales	**$ 3,054**	**$ 1,011**	**$ 1,377**	**$ (101)**	**$ —**	**$ 5,341**
Segment operating profit	**$ 573**	**$ 119**	**$ 182**	**$ (10)**	**$ (36)**	**$ 828**
Reported operating margin	*18.8 %*	*11.8 %*	*13.2 %*			*15.5 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 7	$ 2	$ 3	$ —	$ 1	$ 13
Amortization of acquired intangibles (1)	7	—	—	—	—	7
Acquisition step-up amortization (2)	3	—	—	—	—	3
Chubb transaction costs	—	—	13	—	1	14
Total adjustments to operating profit	$ 17	$ 2	$ 16	$ —	$ 2	$ 37
Adjusted operating profit	**$ 590**	**$ 121**	**$ 198**	**$ (10)**	**$ (34)**	**$ 865**
Adjusted operating margin	*19.3 %*	*12.0 %*	*14.4 %*			*16.2 %*

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2022 Adjusted Operating Profit Reconciliation

	(Unaudited)					
	Nine Months Ended September 30, 2022					
(In millions)	**HVAC**	**Refrigeration**	**Fire & Security**	**Eliminations and Other**	**General Corporate Expenses**	**Carrier**
Net sales	**$ 10,092**	**$ 2,940**	**$ 2,610**	**$ (326)**	**$ —**	**$ 15,316**
Segment operating profit	**$ 2,369**	**$ 370**	**$ 1,494**	**$ (50)**	**$ (101)**	**$ 4,082**
Reported operating margin	*23.5 %*	*12.6 %*	*57.2 %*			*26.7 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 8	$ 9	$ 10	$ —	$ 2	$ 29
Amortization of acquired intangibles (1)	24	—	3	—	—	27
Acquisition step-up amortization (2)	24	—	—	—	—	24
Acquisition-related costs	—	—	—	—	28	28
Chubb gain	—	—	(1,105)	—	—	(1,105)
TCC acquisition-related gain (3)	(732)	—	—	—	—	(732)
Russia/Ukraine asset impairment	—	3	—	—	—	3
Charge resulting from legal matter	22	—	—	—	—	22
Total adjustments to operating profit	$ (654)	$ 12	$ (1,092)	$ —	$ 30	$ (1,704)
Adjusted operating profit	**$ 1,715**	**$ 382**	**$ 402**	**$ (50)**	**$ (71)**	**$ 2,378**
Adjusted operating margin	*17.0 %*	*13.0 %*	*15.4 %*			*15.5 %*

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2021 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Nine Months Ended September 30, 2021					
Net sales	**$ 8,660**	**$ 3,037**	**$ 4,084**	**$ (301)**	**$ —**	**$ 15,480**
Segment operating profit	**$ 1,511**	**$ 369**	**$ 480**	**$ (73)**	**$ (105)**	**$ 2,182**
Reported operating margin	*17.4 %*	*12.2 %*	*11.8 %*			*14.1 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 18	$ 7	$ 23	$ —	$ 4	$ 52
Amortization of acquired intangibles (1)	11	—	—	—	—	11
Acquisition step-up amortization (2)	5	—	—	—	—	5
Chubb transaction costs	—	—	28	—	1	29
Separation costs	—	—	—	19	—	19
Total adjustments to operating profit	$ 34	$ 7	$ 51	$ 19	$ 5	$ 116
Adjusted operating profit	**$ 1,545**	**$ 376**	**$ 531**	**$ (54)**	**$ (100)**	**$ 2,298**
Adjusted operating margin	*17.8 %*	*12.4 %*	*13.0 %*			*14.8 %*

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

Q3 2022 EPS Reconciliation

	(Unaudited)											
	Three Months Ended September 30, 2022						Nine Months Ended September 30, 2022					
(In millions, except per share amounts)	Reported	Adjustments		Adjusted			Reported	Adjustments		Adjusted		
Net sales	$ 5,451	$ —		$ 5,451			$ 15,316	$ —		$15,316		
Operating profit	$ 1,526	(665)	a	$ 861			$ 4,082	(1,704)	a	$ 2,378		
Operating margin	*28.0 %*			*15.8 %*			*26.7 %*			*15.5 %*		
Income from operations before income taxes	$ 1,470	(665)	a	$ 805			$ 3,915	(1,732)	a,b	$ 2,183		
Income tax expense	$ (138)	(47)	c	$ (185)			$ (609)	148	c	$ (461)		
Income tax rate	*9.4 %*			*23.0 %*			*15.6 %*			*21.1 %*		
Net income attributable to common shareowners	**$ 1,312**	**$ (712)**		**$ 600**			**$ 3,264**	**$ (1,584)**		**$ 1,680**		
Summary of Adjustments:												
Restructuring costs		$ 6	a					$ 29	a			
Amortization of acquired intangibles [(1)]		17	a					27	a			
Acquisition step-up amortization [(2)]		24	a					24	a			
Acquisition-related costs		15	a					28	a			
Chubb gain		7	a					(1,105)	a			
TCC acquisition-related gain [(3)]		(732)	a					(732)	a			
Russia/Ukraine asset impairment		(2)	a					3	a			
Charge resulting from legal matter		—						22	a			
Debt extinguishment (gain), net [(4)]		—						(28)	b			
Total adjustments		$ (665)						$ (1,732)				
Tax effect on adjustments above		$ (15)						$ 185				
Tax specific adjustments		(32)						(37)				
Total tax adjustments		$ (47)	c					$ 148	c			
Shares outstanding - Diluted	856.5			856.5			864.3			864.3		
Earnings per share - Diluted	**$ 1.53**			**$ 0.70**			**$ 3.78**			**$ 1.94**		

(1) Beginning in Q3 2022, we exclude the impact of amortization of acquired intangibles from our non-GAAP financial measures including adjusted operating profit, adjusted net income and adjusted EPS. Amortization of acquired intangibles, a non-cash expense, is unrelated to our core operating performance and amounts can vary significantly depending on the number, timing and size of acquisitions, among other factors. We believe this adjustment provides investors meaningful information to better evaluate our operating performance between periods. Historical periods have been updated to conform with the current period presentation.
(2) Amortization of the step-up to fair value of acquired inventory and backlog.
(3) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.
(4) The Company repurchased approximately $1.15 billion of aggregate principal senior notes on March 30, 2022 and recognized a net gain of $33 million and wrote-off $5 million of unamortized deferred financing costs in Interest (expense) income, net.

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

Q3 2021 EPS Reconciliation

(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30, 2021 Reported	Adjustments		Adjusted	Nine Months Ended September 30, 2021 Reported	Adjustments		Adjusted
Net sales	**$ 5,341**	**$ —**		**$ 5,341**	**$ 15,480**	**$ —**		**$ 15,480**
Operating profit	$ 828	37	a	$ 865	$ 2,182	116	a	$ 2,298
Operating margin	*15.5 %*			*16.2 %*	*14.1 %*			*14.8 %*
Income from operations before income taxes	$ 768	37	a,b	$ 805	$ 1,995	135	a,b	$ 2,130
Incom e tax expense	$ (288)	129	c	$ (159)	$ (626)	157	c	$ (469)
Income tax rate	*37.5 %*			*19.8 %*	*31.4 %*			*22.0 %*
Net income attributable to common shareowners	**$ 469**	**$ 166**		**$ 635**	**$ 1,340**	**$ 292**		**$ 1,632**
Summary of Adjustments:								
Restructuring costs		$ 13	a			$ 52	a	
Amortization of acquired intangibles [(1)]		7	a			11	a	
Acquisition step-up amortization [(2)]		3	a			5	a	
Chubb transaction costs		14	a			29	a	
Separation costs		—				19	a	
Debt prepayment costs		—				19	b	
Total adjustments		$ 37				$ 135		
Tax effect on adjustments above		$ (7)				$ (22)		
Tax specific adjustments		136				179		
Total tax adjustments		$ 129	c			$ 157	c	
Shares outstanding - Diluted	892.0			892.0	890.9			890.9
Earnings per share - Diluted	**$ 0.53**			**$ 0.71**	**$ 1.50**			**$ 1.84**

(1) Beginning in Q3 2022, we exclude the impact of amortization of acquired intangibles from our non-GAAP financial measures including adjusted operating profit, adjusted net income and adjusted EPS. Amortization of acquired intangibles, a non-cash expense, is unrelated to our core operating performance and amounts can vary significantly depending on the number, timing and size of acquisitions, among other factors. We believe this adjustment provides investors meaningful information to better evaluate our operating performance between periods. Historical periods have been updated to conform with the current period presentation.

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

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Free Cash Flow Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022
	(Unaudited)							
Net cash flows provided by (used in) operating activities	$ 184	$ 561	$ 579	$ 913	$ 2,237	$ (202)	$ 32	$ 790
Less: Capital expenditures	53	79	74	138	344	56	66	91
Free cash flow	**$ 131**	**$ 482**	**$ 505**	**$ 775**	**$ 1,893**	**$ (258)**	**$ (34)**	**$ 699**

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

Net Debt Reconciliation

(In millions)	(Unaudited) September 30, 2022	December 31, 2021
Long-term debt	$ 8,670	$ 9,513
Current portion of long-term debt	219	183
Less: Cash and cash equivalents	2,985	2,987
Net debt	**$ 5,904**	**$ 6,709**

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

Net Sales Excluding Chubb Reconciliation

Y/Y %

	(Unaudited)			
	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Carrier	**Fire and Security**	**Carrier**	**Fire and Security**
Net Sales:				
Reported	$ 5,341	$ 1,377	$ 15,480	$ 4,084
Chubb	(520)	(520)	(1,622)	(1,622)
Net sales excluding impact of Chubb	$ 4,821	$ 857	$ 13,858	$ 2,462
Percentage increase in *Net sales* excluding impact of Chubb	**13 %**	**6 %**	**11 %**	**6 %**

Amortization of Acquired Intangibles

	(Unaudited)							
	Q1	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**Q3**
(In millions)	**2021**	**2021**	**2021**	**2021**	**2021**	**2022**	**2022**	**2022**
HVAC	$ —	$ 4	$ 7	$ 4	$ 15	$ 4	$ 4	$ 16
Fire & Security	—	—	—	—	—	1	1	1
Total Carrier	—	4	7	4	15	5	5	17
Associated tax effect	—	(1)	(2)	(1)	(4)	(1)	(1)	(7)
Net impact to adjusted results	**$ —**	**$ 3**	**$ 5**	**$ 3**	**$ 11**	**$ 4**	**$ 4**	**$ 10**

Carrier

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