

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

FORM 10-Q

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

For the quarterly period ended June 30, 2025

OR

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

Commission file number 001-39220

CARRIER GLOBAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

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)

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
4.125% Notes due 2028	CARR28	New York Stock Exchange
4.500% Notes due 2032	CARR32	New York Stock Exchange

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

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

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

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

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

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

As of July 15, 2025, there were 851,022,837 shares of Common Stock outstanding.

CARRIER GLOBAL CORPORATION
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Three and Six Months Ended June 30, 2025

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

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

<i>(In millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales				
Product sales	\$ 5,477	\$ 5,311	\$ 10,129	\$ 10,153
Service sales	636	623	1,202	1,201
Total Net sales	6,113	5,934	11,331	11,354
Costs and expenses				
Cost of products sold	(3,867)	(3,867)	(7,225)	(7,449)
Cost of services sold	(477)	(492)	(892)	(945)
Research and development	(161)	(160)	(314)	(352)
Selling, general and administrative	(813)	(789)	(1,542)	(1,596)
Total Costs and expenses	(5,318)	(5,308)	(9,973)	(10,342)
Equity method investment net earnings	78	90	122	121
Other income (expense), net	30	8	52	(24)
Operating profit	903	724	1,532	1,109
Non-service pension (expense) benefit	—	—	1	—
Interest (expense) income, net	(91)	(157)	(173)	(298)
Earnings before income taxes	812	567	1,360	811
Income tax (expense) benefit	(162)	(120)	(273)	(167)
Earnings from continuing operations	650	447	1,087	644
Discontinued operations, net of tax	(17)	1,922	(17)	2,014
Net earnings (loss)	633	2,369	1,070	2,658
Less: Non-controlling interest in subsidiaries'	42	32	67	52
Net earnings (loss) attributable to common shareowners	\$ 591	\$ 2,337	\$ 1,003	\$ 2,606
Amounts attributable to common shareowners:				
Continuing operations	\$ 608	\$ 415	\$ 1,020	\$ 592
Discontinued operations	(17)	1,922	(17)	2,014
Net earnings (loss) attributable to common shareowners	\$ 591	\$ 2,337	\$ 1,003	\$ 2,606
Earnings per share				
Basic:				
Continuing operations	\$ 0.71	\$ 0.46	\$ 1.18	\$ 0.66
Discontinued operations	(0.02)	2.13	(0.01)	2.24
Net earnings (loss)	\$ 0.69	\$ 2.59	\$ 1.17	\$ 2.90
Diluted:				
Continuing operations	\$ 0.70	\$ 0.45	\$ 1.17	\$ 0.65
Discontinued operations	(0.02)	2.10	(0.02)	2.20
Net earnings (loss)	\$ 0.68	\$ 2.55	\$ 1.15	\$ 2.85
Weighted-average number of shares outstanding				
Basic	854.9	902.4	860.8	900.2
Diluted	866.3	915.3	872.3	913.6

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

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings (loss)	\$ 633	\$ 2,369	\$ 1,070	\$ 2,658
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments arising during period	1,070	(188)	1,704	(576)
Pension and post-retirement benefit plan adjustments	(5)	1	(5)	1
Amortization of unrealized cash flow hedging gain (loss)	(2)	(1)	(3)	(2)
Divestitures	—	373	—	373
Other comprehensive income (loss), net of tax	1,063	185	1,696	(204)
Comprehensive income (loss)	1,696	2,554	2,766	2,454
Less: Comprehensive income (loss) attributable to non-controlling interest	45	31	70	48
Comprehensive income (loss) attributable to common shareowners	\$ 1,651	\$ 2,523	\$ 2,696	\$ 2,406

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

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

<i>(In millions)</i>	As of	
	June 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 1,797	\$ 3,969
Accounts receivable, net	3,373	2,651
Inventories, net	2,888	2,299
Other current assets	1,073	972
Total current assets	9,131	9,891
Future income tax benefits	1,220	1,131
Fixed assets, net	3,182	2,999
Operating lease right-of-use assets	575	554
Intangible assets, net	6,770	6,432
Goodwill	15,672	14,601
Pension and post-retirement assets	50	43
Equity method investments	1,353	1,194
Other assets	540	558
Total Assets	\$ 38,493	\$ 37,403
Liabilities and Equity		
Accounts payable	\$ 3,214	\$ 2,458
Accrued liabilities	4,508	4,182
Current portion of long-term debt	107	1,252
Total current liabilities	7,829	7,892
Long-term debt	11,336	11,026
Future pension and post-retirement obligations	221	214
Future income tax obligations	2,087	2,015
Operating lease liabilities	444	432
Other long-term liabilities	1,562	1,429
Total Liabilities	23,479	23,008
Commitments and contingent liabilities (Note 19)		
Equity		
Common stock	9	9
Treasury stock	(5,522)	(3,915)
Additional paid-in capital	8,338	8,610
Retained earnings	12,294	11,483
Accumulated other comprehensive loss	(413)	(2,106)
Non-controlling interest	308	314
Total Equity	15,014	14,395
Total Liabilities and Equity	\$ 38,493	\$ 37,403

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

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

<i>(In millions)</i>	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non- Controlling Interest	Total Equity
Balance as of December 31, 2024	\$ (2,106)	\$ 9	\$ (3,915)	\$ 8,610	\$ 11,483	\$ 314	\$ 14,395
Net earnings (loss)	—	—	—	—	412	25	437
Other comprehensive income (loss), net of tax	633	—	—	—	—	—	633
Shares issued under incentive plans, net	—	—	—	(17)	—	—	(17)
Stock-based compensation	—	—	—	23	—	—	23
Treasury stock repurchase	—	—	(1,273)	—	—	—	(1,273)
Balance as of March 31, 2025	\$ (1,473)	\$ 9	\$ (5,188)	\$ 8,616	\$ 11,895	\$ 339	\$ 14,198
Net earnings (loss)	—	—	—	—	591	42	633
Other comprehensive income (loss), net of tax	1,060	—	—	—	—	3	1,063
Dividends declared on common stock ⁽¹⁾	—	—	—	—	(192)	—	(192)
Shares issued under incentive plans, net	—	—	—	1	—	—	1
Stock-based compensation	—	—	—	21	—	—	21
Dividends attributable to non-controlling interest	—	—	—	—	—	(76)	(76)
Treasury stock repurchase	—	—	(334)	—	—	—	(334)
Share repurchase with Viessmann	—	—	—	(300)	—	—	(300)
Balance as of June 30, 2025	\$ (413)	\$ 9	\$ (5,522)	\$ 8,338	\$ 12,294	\$ 308	\$ 15,014

<i>(In millions)</i>	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non- Controlling Interest	Total Equity
Balance as of December 31, 2023	\$ (1,486)	\$ 9	\$ (1,972)	\$ 5,535	\$ 6,591	\$ 328	\$ 9,005
Net earnings (loss)	—	—	—	—	269	20	289
Other comprehensive income (loss), net of tax	(386)	—	—	—	—	(3)	(389)
Shares issued under incentive plans, net	—	—	—	(22)	—	—	(22)
Stock-based compensation	—	—	—	23	—	—	23
Acquisition of VCS Business	—	—	—	3,000	—	—	3,000
Balance as of March 31, 2024	\$ (1,872)	\$ 9	\$ (1,972)	\$ 8,536	\$ 6,860	\$ 345	\$ 11,906
Net earnings (loss)	—	—	—	—	2,337	32	2,369
Other comprehensive income (loss), net of tax	186	—	—	—	—	(1)	185
Dividends declared on common stock ⁽²⁾	—	—	—	—	(343)	—	(343)
Shares issued under incentive plans, net	—	—	—	2	—	—	2
Stock-based compensation	—	—	—	25	—	—	25
Dividends attributable to non-controlling interest	—	—	—	—	—	(65)	(65)
Balance as of June 30, 2024	\$ (1,686)	\$ 9	\$ (1,972)	\$ 8,563	\$ 8,854	\$ 311	\$ 14,079

⁽¹⁾ Cash dividends declared were \$0.45 per share for the three months ended June 30, 2025

⁽²⁾ Cash dividends declared were \$0.38 per share for the three months ended June 30, 2024

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

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

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Operating Activities		
Net earnings (loss)	\$ 1,070	\$ 2,658
Discontinued operations, net of tax	17	(2,014)
Adjustments for non-cash items, net:		
Depreciation and amortization	620	602
Deferred income tax provision	(158)	(231)
Stock-based compensation costs	44	40
Equity method investment net earnings	(122)	(121)
(Gain) loss on sale of investments	(17)	—
Changes in operating assets and liabilities		
Accounts receivable, net	(702)	(232)
Inventories, net	(412)	7
Accounts payable and accrued liabilities	378	2
Distributions from equity method investments	81	12
Other operating activities, net	(47)	(114)
Net cash flows provided by (used in) continuing operating activities	752	609
Net cash flows provided by (used in) discontinued operating activities	380	91
Net cash flows provided by (used in) operating activities	1,132	700
Investing Activities		
Capital expenditures	(144)	(210)
Investment in businesses, net of cash acquired	(61)	(10,779)
Dispositions of businesses	8	—
Settlement of derivative contracts, net	87	(185)
Other investing activities, net	(3)	27
Net cash flows provided by (used in) continuing investing activities	(113)	(11,147)
Net cash flows provided by (used in) discontinued investing activities	35	4,874
Net cash flows provided by (used in) investing activities	(78)	(6,273)
Financing Activities		
Increase (decrease) in short-term borrowings, net	(57)	7
Issuance of long-term debt	15	2,555
Repayment of long-term debt	(1,208)	(3,542)
Repurchases of common stock	(1,628)	—
Dividends paid on common stock	(390)	(330)
Dividends paid to non-controlling interest	(9)	(67)
Other financing activities, net	(17)	(14)
Net cash flows provided by (used in) continuing financing activities	(3,294)	(1,391)
Net cash flows provided by (used in) discontinued financing activities	—	(15)
Net cash flows provided by (used in) financing activities	(3,294)	(1,406)
Effect of foreign exchange rate changes on cash and cash equivalents	68	(82)
Net increase (decrease) in cash and cash equivalents and restricted cash, including cash classified in current assets held for sale	(2,172)	(7,061)
Less: Change in cash balances classified as assets held for sale	—	34
Net increase (decrease) in cash and cash equivalents and restricted cash	(2,172)	(7,095)
Cash, cash equivalents and restricted cash, beginning of period	3,972	9,853
Cash, cash equivalents and restricted cash, end of period	1,800	2,758
Less: restricted cash	3	2
Cash and cash equivalents, end of period	\$ 1,797	\$ 2,756

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

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

NOTE 1: DESCRIPTION OF THE BUSINESS

Carrier Global Corporation (the "Company") is a global leader in intelligent climate and energy solutions with a focus on providing differentiated, digitally-enabled lifecycle solutions to its customers. The Company's portfolio includes industry-leading brands such as Carrier, Viessmann, Toshiba, Automated Logic and Carrier Transicold that offer innovative heating, ventilating, air conditioning ("HVAC") and cold chain transportation solutions to enhance the lives we live and the world we share. The Company also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring. The Company's operations are classified into four segments: Climate Solutions Americas, Climate Solutions Europe, Climate Solutions Asia Pacific, Middle East & Africa and Climate Solutions Transportation.

In the opinion of management, the accompanying Unaudited Condensed Consolidated Financial Statements contain all adjustments (which include normal recurring adjustments) necessary to state fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). The accompanying Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for 2024 filed with the SEC on February 11, 2025 (the "2024 Form 10-K").

NOTE 2: BASIS OF PRESENTATION

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

Portfolio Transformation

During 2024, the Company completed several activities designed to simplify its business portfolio, transforming it into a pure-play climate and energy solutions provider. On January 2, 2024, the Company acquired the climate solutions business (the "VCS Business") of Viessmann Group GmbH & Co. KG (together with its affiliates, "Viessmann"). The VCS Business, primarily reported in the Climate Solutions Europe segment, is a premier residential and light commercial HVAC provider in Europe that expanded our portfolio to offer a global, comprehensive suite of sustainable and innovative building and cold-chain solutions. In addition, the Company divested its Commercial and Residential Fire, Access Solutions and Industrial Fire businesses which were historically reported in its Fire & Security segment. The transactions represented a single disposal plan to separately divest multiple businesses over different reporting periods and met the criteria to be presented as discontinued operations in the accompanying financial statements. The Company also divested its Commercial Refrigeration business ("CCR") during 2024. CCR, which was historically reported in the Climate Solutions Transportation segment (previously named Refrigeration), did not meet the criteria to be presented as discontinued operations.

Segment Reorganization

As a result of the Company's portfolio transformation, the Company revised its reportable segments during the first quarter of 2025 to better reflect its business strategy, align its management reporting and increase transparency for investors. Under the revised segment structure, the Company has three new regional HVAC operating segments. Combined with the Climate Solutions Transportation operating segment, the four operating segments also serve as the Company's reportable segments. This model is designed to create a simplified, more focused and customer-centric organization across the globe. Each segment reports through separate management teams which regularly review their operating results with the Company's Chief Operating Decision Maker (the "CODM") determined in accordance with applicable accounting guidance. In connection with the revised structure, the CODM changed the measure used to evaluate segment profitability from *Operating profit* to *Segment operating profit*. All prior period comparative information has been recast to reflect the revised segment structure. See Note 17 – Segment Financial Data for additional information.

Separation from United Technologies

On April 3, 2020 (the "Distribution Date"), United Technologies Corporation ("UTC"), since renamed RTX Corporation ("Raytheon Technologies Corporation" or "RTX"), completed the spin-off of Carrier into an independent, publicly traded company (the "Separation") through a pro-rata distribution (the "Distribution") on a one-for-one basis of all of the outstanding shares of common stock of Carrier to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date of the Distribution. In addition, the Company entered into several agreements with UTC and Otis Worldwide Corporation ("Otis") that govern various aspects of the relationship among the Company, UTC and Otis. As of June 30, 2025, only certain portions of the Tax Matters Agreement ("TMA") remain in effect.

Recently Issued and Adopted Accounting Pronouncements

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

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which requires public entities to disclose disaggregated information about their effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The ASU requires additional disclosures and is not expected to have a material impact on the Company's financial statements.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (DISE)* ("ASU 2024-03"), which requires public entities to disclose disaggregated information about expenses by nature on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently assessing the impact of this ASU on its financial statements.

NOTE 3: INVENTORIES, NET

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

Inventories, net consisted of the following:

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Raw materials	\$ 700	\$ 625
Work-in-process	231	213
Finished goods	1,957	1,461
Inventories, net	\$ 2,888	\$ 2,299

The Company performs periodic assessments utilizing customer demand, production requirements and historical usage rates to determine the existence of excess and obsolete inventory and records necessary provisions to reduce such inventories to the lower of cost or estimated net realizable value. Raw materials, work-in-process and finished goods are net of valuation reserves of \$340 million and \$215 million as of June 30, 2025 and December 31, 2024, respectively.

NOTE 4: GOODWILL AND INTANGIBLE ASSETS

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

In connection with its revised segment structure, the Company performed a quantitative goodwill impairment test on its reporting units prior to the reorganization to determine if any impairment existed. The tests did not indicate any goodwill impairment. The Company then reassigned goodwill among its new reporting units using a relative fair value approach. Based on these analyses, the Climate Solutions Europe segment had a fair value of 10% above its carrying value. All other reporting units had fair values substantially in excess of their carrying values. However, there can be no assurances that changes in the macroeconomic environment or business conditions affecting our industry will not occur which could result in goodwill impairment charges in future periods.

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

<i>(In millions)</i>	Climate Solutions Americas	Climate Solutions Europe	Climate Solutions Asia Pacific, Middle East & Africa	Climate Solutions Transportation	Total
Balance as of December 31, 2024	\$ 5,059	\$ 7,035	\$ 1,380	\$ 1,127	\$ 14,601
Acquisitions	—	—	7	44	51
Foreign currency translation	4	927	54	35	1,020
Balance as of June 30, 2025	\$ 5,063	\$ 7,962	\$ 1,441	\$ 1,206	\$ 15,672

Identifiable intangible assets are amortized over their estimated useful lives and consisted of the following:

<i>(In millions)</i>	June 30, 2025			December 31, 2024		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	\$ 6,239	\$ (1,351)	\$ 4,888	\$ 5,607	\$ (939)	\$ 4,668
Patents and trademarks	982	(188)	794	885	(147)	738
Service portfolios and other	1,715	(627)	1,088	1,530	(504)	1,026
Total intangible assets	\$ 8,936	\$ (2,166)	\$ 6,770	\$ 8,022	\$ (1,590)	\$ 6,432

Amortization of intangible assets was as follows:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization expense of Intangible assets	\$ 221	\$ 208	\$ 429	\$ 419

NOTE 5: BORROWINGS AND LINES OF CREDIT

Long-term debt consisted of the following:

<i>(In millions)</i>	June 30, 2025	December 31, 2024
2.242% Notes due 2025 ⁽¹⁾	\$ —	\$ 1,200
2.493% Notes due 2027	900	900
4.125% Notes due 2028	878	783
2.722% Notes due 2030	2,000	2,000
2.700% Notes due 2031	750	750
4.500% Notes due 2032	995	887
5.900% Notes due 2034	875	875
3.625% Notes due 2037	878	783
3.377% Notes due 2040	1,500	1,500
3.577% Notes due 2050	1,400	1,400
6.200% Notes due 2054	650	650
Total long-term notes	10,826	11,728
Japanese Term Loan Facility	374	342
Other debt (including project financing obligations and finance leases)	326	296
Discounts and debt issuance costs	(83)	(88)
Total debt	11,443	12,278
Less: current portion of long-term debt	107	1,252
Long-term debt, net of current portion	\$ 11,336	\$ 11,026

⁽¹⁾ 2.242% Notes due February 15, 2025; repaid during February 2025.

Revolving Credit Facility

On December 20, 2024, the Company refinanced its revolving credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and certain other lenders, permitting aggregate borrowings of up to \$2.5 billion pursuant to an unsecured, unsubordinated revolving credit facility that matures in December 2029 (the "Revolving Credit Facility"). The Revolving Credit Facility supports the Company's commercial paper program and can be used for other general corporate purposes. Borrowings are available in U.S. Dollars and Euros. U.S. Dollar borrowings bear interest at either a Term SOFR Rate plus 0.10% and a ratings-based margin or, alternatively, at an alternate base rate plus a ratings-based margin. Euro borrowings bear interest at an adjusted EURIBOR rate plus a ratings-based margin. A ratings-based commitment fee is charged on unused commitments. Upon entering into the agreement, the Company capitalized \$11 million of deferred financing costs which are being amortized over its term. As of June 30, 2025, there were no borrowings outstanding under the Revolving Credit Facility.

Commercial Paper Program

The Company has a \$2.0 billion USD-denominated unsecured, unsubordinated commercial paper program, which can be used for general corporate purposes, including the funding of working capital and potential acquisitions. As of June 30, 2025, there were no borrowings outstanding under the commercial paper program.

Project Financing Arrangements

The Company is involved in long-term construction contracts in which it arranges project financing with certain customers. As a result, the Company issued \$10 million and \$20 million of debt during the six months ended June 30, 2025 and 2024, respectively. Long-term debt repayments associated with these financing arrangements during the six months ended June 30, 2025 and 2024, were zero and \$6 million, respectively.

Debt Covenants

The Revolving Credit Facility, the indenture for the long-term notes and the five-year, JPY 54 billion (approximately \$400 million) senior unsecured term loan facility ("Japanese Term Loan Facility") contain affirmative and negative covenants customary for financings of these types, which, among other things, limit the Company's ability to incur certain liens, to make certain fundamental changes and to enter into sale and leaseback transactions. As of June 30, 2025, the Company was in compliance with the covenants under the agreements governing its outstanding indebtedness.

NOTE 6: FAIR VALUE MEASUREMENTS

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

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

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

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

During 2022, the Company entered into cross currency swaps with various financial institutions to fund a portion of the Yen-denominated purchase price of Toshiba Carrier Corporation ("TCC"). The cross currency swaps are measured at fair value on a recurring basis using observable market inputs, such as forward, discount and interest rates as well as credit default swap spreads. The Company designated the cross currency swaps as a partial hedge of its investment in certain subsidiaries whose functional currency is the Japanese Yen in order to manage foreign currency translation risk. As a result, changes in the fair value of the swaps are recorded in *Equity* in the accompanying Unaudited Condensed Consolidated Balance Sheet. From time to time, the Company settles and enters into new cross currency swaps with the same purpose and characteristics as initially established.

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

During 2023, the Company entered into several interest rate swap contracts to mitigate interest rate exposure on the forecasted issuance of long-term debt. The contracts had an aggregate notional amount of \$1.5 billion and were designated as cash flow hedges with changes in fair value reported in *Equity* in the accompanying Unaudited Condensed Consolidated Balance Sheet. Fair value was measured on a recurring basis using observable market inputs, such as forward, discount and interest rates. In November 2023, the contracts were settled upon the issuance of the underlying debt. As a result, the Company deferred a net unrecognized gain of \$58 million in *Equity* which will be subsequently recognized in *Interest expense* over the term of the related notes which range from 2034 to 2054. The amount expected to be amortized during 2025 is a net gain of \$4 million.

The Company enters into cross currency swaps in order to manage foreign currency translation risk on assets denominated in a functional currency other than the U.S. Dollar. The swaps have an aggregate notional amount of \$2.0 billion and are measured at fair value on a recurring basis using observable market inputs, such as forward, discount and interest rates. The Company designates the cross currency swaps as a partial hedge of its investments in certain subsidiaries whose functional currency is not the U.S. Dollar. As a result, changes in the fair value of the swaps are recorded in *Equity* in the accompanying Unaudited Condensed Consolidated Balance Sheet.

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

<i>(In millions)</i>	Total	Level 1	Level 2	Level 3
June 30, 2025				
Derivative assets ⁽¹⁾	\$ 59	\$ —	\$ 59	\$ —
Derivative liabilities ⁽²⁾	\$ (170)	\$ —	\$ (170)	\$ —
December 31, 2024				
Derivative assets ⁽¹⁾	\$ 82	\$ —	\$ 82	\$ —
Derivative liabilities ⁽²⁾	\$ (41)	\$ —	\$ (41)	\$ —

⁽¹⁾ Included in *Other current assets* and *Other assets* on the accompanying Unaudited Condensed Consolidated Balance Sheet.

⁽²⁾ Included in *Accrued liabilities* and *Other long-term liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet.

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

<i>(In millions)</i>	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total long-term notes ⁽¹⁾	\$ 10,826	\$ 10,095	\$ 11,728	\$ 10,798

⁽¹⁾ Excludes debt discount and issuance costs.

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

NOTE 7: EMPLOYEE BENEFIT PLANS

The Company sponsors U.S. and international defined benefit pension and defined contribution plans. In addition, the Company contributes to various U.S. and international multi-employer defined benefit pension plans.

Contributions to the plans were as follows:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Defined benefit plans	\$ 15	\$ 12	\$ 20	\$ 18
Defined contribution plans	\$ 28	\$ 35	\$ 63	\$ 74
Multi-employer pension plans	\$ 4	\$ 4	\$ 7	\$ 8

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service cost	\$ 4	\$ 3	\$ 7	\$ 7
Interest cost	7	7	14	14
Expected return on plan assets	(8)	(7)	(16)	(14)
Recognized actuarial net (gain) loss	1	—	1	—
Net settlement, curtailment and special termination benefit (gain) loss	—	1	—	1
Net periodic pension expense (benefit)	\$ 4	\$ 4	\$ 6	\$ 8

NOTE 8: STOCK-BASED COMPENSATION

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

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

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Equity compensation costs - equity settled	\$ 21	\$ 26	\$ 44	\$ 48
Equity compensation costs - cash settled ⁽¹⁾	2	1	1	1
Total stock-based compensation expense	\$ 23	\$ 27	\$ 45	\$ 49
Amounts recorded in continuing operations	\$ 23	\$ 21	\$ 45	\$ 40
Amounts recorded in discontinued operations	—	6	—	9
Total stock-based compensation expense	\$ 23	\$ 27	\$ 45	\$ 49

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

NOTE 9: PRODUCT WARRANTIES

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

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

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Balance as of January 1,	\$ 786	\$ 568
Warranties, performance guarantees issued and changes in estimated liability	174	162
Settlements made	(129)	(143)
Acquisitions	1	202
Other ⁽¹⁾	30	(8)
Balance as of June 30,	\$ 862	\$ 781

⁽¹⁾ The changes within Other include foreign currency translation activity.

NOTE 10: EQUITY

The authorized number of shares of common stock of Carrier is 4,000,000,000 shares of \$0.01 par value. As of June 30, 2025 and December 31, 2024, 949,712,403 and 948,068,772 shares of common stock were issued, respectively, which includes 98,888,958 and 70,093,639 shares of treasury stock, respectively.

Share Repurchase Program

The Company may repurchase its outstanding common stock from time to time subject to market conditions and at the Company's discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. Shares acquired are recognized at cost and presented separately on the balance sheet as a reduction to *Equity*. Since the initial authorization in February 2021, the Company's Board of Directors authorized the repurchase of up to \$7.1 billion of the Company's outstanding common stock.

On June 5, 2025, the Company entered into a repurchase agreement with Viessmann, an entity controlled by one of the Company's directors, to acquire an aggregate 4,267,425 shares of the Company's common stock at a price per share of \$70.30 for an aggregate purchase price of \$300 million. The Company recorded a liability of \$300 million with an offsetting amount in a contra-equity account in *Additional paid-in capital* related to the future purchase. During the six months ended June 30, 2025, the Company repurchased 28.8 million shares of common stock for an aggregate purchase price of \$1.9 billion, which included shares repurchased from Viessmann under the repurchase agreement. As a result, the Company had approximately \$1.3 billion remaining under the current authorization at June 30, 2025. On July 1, 2025, the Company acquired the shares from Viessmann and reclassified the shares into *Treasury stock*.

Accumulated Other Comprehensive Income (Loss)

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and six months ended June 30, 2025 is as follows:

<i>(In millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Post- retirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	\$ (2,053)	\$ (107)	\$ 54	\$ (2,106)
Other comprehensive income (loss) before reclassifications, net	634	—	—	634
Amounts reclassified, pre-tax	—	—	(1)	(1)
Balance as of March 31, 2025	\$ (1,419)	\$ (107)	\$ 53	\$ (1,473)
Other comprehensive income (loss) before reclassifications, net	1,067	(6)	—	1,061
Amounts reclassified, pre-tax	—	1	(2)	(1)
Balance as of June 30, 2025	\$ (352)	\$ (112)	\$ 51	\$ (413)

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and six months ended June 30, 2024 is as follows:

<i>(In millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Post- retirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2023	\$ (1,444)	\$ (100)	\$ 58	\$ (1,486)
Other comprehensive income (loss) before reclassifications, net	(385)	—	—	(385)
Amounts reclassified, pre-tax	—	—	(1)	(1)
Balance as of March 31, 2024	\$ (1,829)	\$ (100)	\$ 57	\$ (1,872)
Other comprehensive income (loss) before reclassifications, net	(187)	—	—	(187)
Amounts reclassified, pre-tax	—	1	(1)	—
Divestitures, net	373	—	—	373
Balance as of June 30, 2024	\$ (1,643)	\$ (99)	\$ 56	\$ (1,686)

NOTE 11: REVENUE RECOGNITION

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

External segment sales disaggregated by product and service are as follows:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Sales Type				
Product	\$ 2,970	\$ 2,586	\$ 5,289	\$ 4,690
Service	282	279	535	535
Climate Solutions Americas sales	3,252	2,865	5,824	5,225
Product	1,137	1,127	2,208	2,365
Service	116	67	214	121
Climate Solutions Europe sales	1,253	1,194	2,422	2,486
Product	697	747	1,357	1,475
Service	185	155	351	311
Climate Solutions Asia Pacific, Middle East & Africa sales	882	902	1,708	1,786
Product	673	851	1,275	1,623
Service	53	122	102	234
Climate Solutions Transportation sales	726	973	1,377	1,857
Net sales	\$ 6,113	\$ 5,934	\$ 11,331	\$ 11,354

Contract Balances

Total contract assets and contract liabilities consisted of the following:

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Contract assets (included within <i>Other current assets</i>)	\$ 474	\$ 366
Contract assets, non-current (included within <i>Other assets</i>)	47	65
Total contract assets	521	431
Contract liabilities (included within <i>Accrued liabilities</i>)	(549)	(553)
Contract liabilities, non-current (included within <i>Other long-term liabilities</i>)	(178)	(164)
Total contract liabilities	(727)	(717)
Net contract assets (liabilities)	\$ (206)	\$ (286)

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

The Company recognized revenue of \$340 million during the six months ended June 30, 2025, that related to contract liabilities as of January 1, 2025. The Company expects a majority of its current contract liabilities at the end of the period to be recognized as revenue in the next 12 months.

NOTE 12: RESTRUCTURING COSTS

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

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Climate Solutions Americas	\$ 1	\$ 2	\$ 4	\$ 1
Climate Solutions Europe	26	17	26	27
Climate Solutions Asia Pacific, Middle East & Africa	7	6	8	4
Climate Solutions Transportation	1	1	2	1
Total Segment	35	26	40	33
Corporate and other	12	3	15	4
Total restructuring costs ⁽¹⁾	\$ 47	\$ 29	\$ 55	\$ 37
Cost of sales	\$ 8	\$ 13	\$ 10	\$ 21
Selling, general and administrative	39	16	45	16
Total restructuring costs ⁽¹⁾	\$ 47	\$ 29	\$ 55	\$ 37

⁽¹⁾ Restructuring costs include period-related charges.

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

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Balance as of January 1,	\$ 69	\$ 41
Net pre-tax restructuring costs	44	34
Acquisitions	—	8
Utilization, foreign exchange and other	(37)	(32)
Balance as of June 30,	\$ 76	\$ 51

As of June 30, 2025, the Company had \$76 million accrued for costs associated with its announced restructuring initiatives. The balance relates to cost reduction efforts, primarily severance related across each of the Company's segments. The Company expects a majority of the balance to be utilized within one year.

NOTE 13: INCOME TAXES

The Company accounts for income tax expense in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate for the three months ended June 30, 2025 was 20.0% compared with 21.2% for the three months ended June 30, 2024. The effective tax rate for the three months ended June 30, 2025 was lower than the effective tax rate for the three months ended June 30, 2024 primarily due to a state tax benefit of \$6 million related to the utilization of a capital loss, a tax benefit of \$6 million from the conclusion of the UTC 2020 U.S. Internal Revenue Service ("IRS") tax audit, a reduction in non-deductible interest expense and lower income tax costs associated with U.S. tax on international operations.

The effective tax rate for the six months ended June 30, 2025 was 20.1% compared with 20.6% for the six months ended June 30, 2024. The year-over-year decrease was primarily driven by a \$12 million tax benefit generated by the purchase of investment tax credits from a third-party, a state tax benefit of \$6 million related to the utilization of a capital loss, a tax benefit of \$6 million from the conclusion of the UTC 2020 IRS tax audit, a reduction in non-deductible interest expense and lower income tax costs associated with U.S. tax on international operations. These amounts were partially offset by the absence of a \$21 million tax benefit associated with the TMA and UTC's conclusion of certain income tax matters from their 2017 and 2018 tax audit with the IRS recognized during the six months ended June 30, 2024.

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

The Company conducts business globally and files income tax returns in U.S. federal, state and foreign jurisdictions. In certain jurisdictions, the Company's operations were included in UTC's combined tax returns for the periods through the Distribution. In the three months ended June 30, 2025, the IRS finalized the examination of UTC's tax year 2020, resulting in the recognition of a tax benefit of \$6 million. Carrier's tax year 2022 is under examination by the IRS, but is in an early stage. The Australia tax office is auditing the Company's 2021 tax return, including the review of the disentanglement of the Chubb Australia business, with the audit expected to close in 2026. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including Australia, Canada, China, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Poland, Singapore, the United Kingdom and the United States. The Company is no longer subject to U.S. federal income tax examination for years prior to 2022 and, with few exceptions, is no longer subject to state, local and foreign income tax examinations for tax years prior to 2014.

In the ordinary course of business, there is inherent uncertainty in quantifying the Company's income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. The Company believes that it is reasonably possible that a net decrease in unrecognized tax benefits of \$15 million to \$45 million may occur within 12 months as a result of additional uncertain tax positions, the revaluation of uncertain tax positions arising from examinations, appeals, court decisions and/or the expiration of tax statutes.

NOTE 14: EARNINGS PER SHARE

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

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

<i>(In millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings (loss) attributable to common shareowners	\$ 591	\$ 2,337	\$ 1,003	\$ 2,606
Basic weighted-average number of shares outstanding	854.9	902.4	860.8	900.2
Stock awards and equity units (share equivalent)	11.4	12.9	11.5	13.4
Diluted weighted-average number of shares outstanding	866.3	915.3	872.3	913.6
Antidilutive shares excluded from computation of diluted earnings per share	1.9	4.1	1.9	4.1

NOTE 15: ACQUISITIONS

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

Viessmann Climate Solutions

On January 2, 2024, the Company completed the acquisition of the VCS Business from Viessmann for total consideration of \$14.2 billion. The purchase price consisted of (i) \$11.2 billion in cash and (ii) 58,608,959 shares of the Company's common stock, subject to certain lock-up provisions and anti-dilution protection. The Company funded the cash portion of the purchase price with a combination of cash on hand, long term debt issuances and borrowings under various term facilities.

The VCS Business develops intelligent, integrated and sustainable technologies, including heat pumps, boilers, photovoltaic systems, home battery storage and digital solutions, primarily for residential customers in Europe. The Company believes that secular trends in these areas will drive significant, sustained future growth. In addition, the Company anticipates realizing significant operational synergies including savings through supplier rationalization and leverage, reduced manufacturing costs and lower general and administrative costs. Longer term, the Company expects to benefit from synergies related to service revenue expansion, leverage of distribution channels and cross-selling opportunities.

The components of the purchase price are as follows:

<i>(In millions)</i>	January 2, 2024
Cash	\$ 11,156
Common shares (58,608,959 shares at \$51.20 per share)	3,001
Total consideration	\$ 14,157

The allocation of the purchase price is as follows:

<i>(In millions)</i>	January 2, 2024
Cash and cash equivalents	\$ 393
Accounts receivable	413
Inventories	920
Other current assets	17
Fixed assets	919
Intangible assets	6,645
Other assets	299
Accounts payable	(290)
Other liabilities, current	(663)
Future income tax obligations	(1,810)
Other liabilities	(301)
Total identifiable net assets	6,542
Goodwill	7,607
Total consideration	\$ 14,149

The excess purchase price over the estimated fair value of the net identifiable assets acquired was recognized as goodwill and totaled \$7.6 billion, which is not deductible for tax purposes. Accounts receivable and current liabilities were stated at their historical carrying value, which approximates fair value given the short-term nature of these assets and liabilities. The estimate of fair value for inventory and fixed assets was based on an assessment of the acquired assets' condition as well as an evaluation of the current market value of such assets.

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

<i>(In millions)</i>	Estimated Useful Life (in years)	Intangible Assets Acquired
Customer relationships	17	\$ 4,787
Technology	10 - 20	1,051
Trademark	40	679
Backlog	1	123
Other	50	5
Total intangible assets acquired		\$ 6,645

The valuation of intangible assets was determined using an income approach methodology including the multi-period excess earnings method and the relief from royalty method. Key assumptions used in estimating future cash flows included projected short-term revenue growth rates, research and development expenses, EBITDA margins, income tax rates, discount rates, customer attrition rates, royalty rates, contributory asset charge and obsolescence rates among others. The projected future cash flows are discounted to present value using an appropriate discount rate. The Company finalized the process of allocating the purchase price and valuing the acquired assets and liabilities during 2024.

During 2024, \$40 million of acquisition-related costs were incurred, of which \$7 million and \$37 million was recognized during the three and six months ended June 30, 2024, respectively. These acquisition costs are reflected within *Selling, general and administrative* in the Condensed Consolidated Statement of Operations.

The assets, liabilities and results of operations of the VCS Business were consolidated in the accompanying Condensed Consolidated Financial Statements as of the date of acquisition and reported primarily within the Company's Climate Solutions Europe segment.

NOTE 16: DIVESTITURES

Discontinued Operations

During 2024, the Company exited its Fire & Security segment in multiple transactions that represented a single disposal plan to separately divest multiple businesses over different reporting periods. As a result, the components of the Fire & Security segment in aggregate met the criteria to be presented as discontinued operations in the accompanying Unaudited Condensed Consolidated Statement of Operations and Unaudited Condensed Consolidated Statement of Cash Flows. Amounts reported during 2024 include the operating results of each component through their respective date of sale and related gain on sale. Amounts reported during 2025 relate to retained obligations from these business divestitures.

The components of *Discontinued operations, net of tax* are as follows:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ —	\$ 755	\$ —	\$ 1,517
Costs of sales	—	(452)	—	(894)
Research and development	—	(27)	—	(59)
Selling, general and administrative	—	(186)	—	(364)
Other income (expense), net	—	(4)	—	1
Gain (loss) on divestitures and deconsolidation	(22)	2,881	(22)	2,881
Interest (expense) income, net	—	(10)	—	(34)
Earnings (loss) before income taxes	(22)	2,957	(22)	3,048
Income tax (expense) benefit	—	41	—	42
Tax on divestitures and deconsolidation	5	(1,076)	5	(1,076)
Discontinued operations, net of tax	\$ (17)	\$ 1,922	\$ (17)	\$ 2,014

On December 2, 2024, the Company completed the sale of the Commercial and Residential Fire business ("CRF Business") for cash proceeds of \$2.9 billion. The CRF Business, historically reported in the Company's Fire & Security segment, is a leading manufacturer of fire detection and alarm solutions for both commercial and residential applications. Upon sale, the Company recognized a net gain on the sale of \$1.4 billion, which is included in *Discontinued operations, net of tax*.

On July 1, 2024, the Company completed the sale of its Industrial Fire business ("Industrial Fire") for cash proceeds of \$1.4 billion. Industrial Fire, historically reported in the Company's Fire & Security segment, is a leading manufacturer of a full spectrum of fire detection and suppression solutions and services in critical high-hazard environments, including oil and gas, power generation, marine and offshore facilities, automotive, data centers and aircraft hangars. Upon sale, the Company recognized a net gain on the sale of \$319 million, which is included in *Discontinued operations, net of tax*.

On June 2, 2024, the Company completed the sale of its Access Solutions business ("Access Solutions") for cash proceeds of \$5.0 billion. Access Solutions, historically reported in the Company's Fire & Security segment, is a global supplier of physical security and digital access solutions supporting the hospitality, commercial, education and military markets. Upon sale, the Company recognized a net gain on the sale of \$1.8 billion, which is included in *Discontinued operations, net of tax*.

Continuing Operations

On October 1, 2024, the Company completed the sale of CCR for cash proceeds of \$679 million. CCR, historically reported in the Company's Climate Solutions Transportation segment, is a global supplier of turnkey solutions for commercial refrigeration systems and services, with a primary focus on serving food retail customers, cold storage facilities and warehouses. Upon sale, the Company recognized a gross gain on the sale of \$318 million, which is included in *Other income (expense), net*. During the three months ended June 30, 2025, the Company finalized the working capital and other adjustments provided in the stock purchase agreement governing the sale of CCR.

NOTE 17: SEGMENT FINANCIAL DATA

The Company conducts its operations through four reportable operating segments. In accordance with ASC 280 - *Segment Reporting*, the Company's segments maintain separate financial information for which results of operations are evaluated on a regular basis by the Company's CODM in deciding how to allocate resources and in assessing performance.

- Climate Solutions Americas ("CSA") provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in North and South America while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Europe ("CSE") provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in Europe while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Asia Pacific, Middle East & Africa ("CSAME") provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in Asia Pacific, the Middle East and Africa while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Transportation ("CST") includes global transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail.

The Corporate and other category primarily includes corporate administrative functions such as tax, treasury, internal audit, legal and human resources. A portion of these costs and costs associated with shared service centers that provide transaction processing, accounting and other business support functions are allocated to the reportable segments.

Segment operating profit is the measure of profit and loss that the Company's CODM, the Chief Executive Officer ("CEO"), uses to evaluate the financial performance of the business and as the basis for resource allocation, performance reviews and compensation. It represents operating profit (a GAAP measure) adjusted to exclude restructuring costs, amortization of acquired intangible assets and other significant items of a nonoperational nature. Targets are established on an annual basis and used by the CODM throughout the year to compare with actual results. Quarterly forecasts supplement annual targets and provide incremental information utilized to assess the performance of a segment. Variance analysis further provides insight into segment end-markets and operational cost optimization. These results also support the CODM to manage the Company's business portfolio.

Consistent with the management approach for segment reporting, the tables below present reported external net sales and significant expense categories for each of the Company's segments that are regularly provided to the CODM and included in its reported measure of segment profit or loss. The Company manages research and development costs on a global basis and allocates these costs to the reportable segments.

A summary of results by reportable segment are as follows:

Three Months Ended June 30, 2025						
<i>(In millions)</i>	CSA	CSE	CSAME	CST	Segment Total	
Net sales	\$ 3,252	\$ 1,253	\$ 882	\$ 726	\$	6,113
Cost of goods sold	(2,061)	(883)	(654)	(518)	\$	(4,116)
Research and development	(89)	(19)	(16)	(17)	\$	(141)
Selling, general and administrative	(277)	(260)	(126)	(72)	\$	(735)
Equity method investment net earnings	43	1	30	4	\$	78
Other income (expense), net	11	7	19	5	\$	42
Segment operating profit	\$ 879	\$ 99	\$ 135	\$ 128	\$	1,241

Three Months Ended June 30, 2024						
<i>(In millions)</i>	CSA	CSE	CSAME	CST	Segment Total	
Net sales	\$ 2,865	\$ 1,194	\$ 902	\$ 973	\$	5,934
Cost of goods sold	(1,868)	(834)	(648)	(716)	\$	(4,066)
Research and development	(91)	(19)	(16)	(18)	\$	(144)
Selling, general and administrative	(237)	(248)	(131)	(104)	\$	(720)
Equity method investment net earnings	44	(1)	43	3	\$	89
Other income (expense), net	—	1	7	—	\$	8
Segment operating profit	\$ 713	\$ 93	\$ 157	\$ 138	\$	1,101

Six Months Ended June 30, 2025						
<i>(In millions)</i>	CSA	CSE	CSAME	CST	Segment Total	
Net sales	\$ 5,824	\$ 2,422	\$ 1,708	\$ 1,377	\$	11,331
Cost of goods sold	(3,761)	(1,671)	(1,263)	(990)	\$	(7,685)
Research and development	(175)	(37)	(31)	(33)	\$	(276)
Selling, general and administrative	(527)	(517)	(238)	(141)	\$	(1,423)
Equity method investment net earnings	69	(1)	48	6	\$	122
Other income (expense), net	19	8	32	6	\$	65
Segment operating profit	\$ 1,449	\$ 204	\$ 256	\$ 225	\$	2,134

Six Months Ended June 30, 2024						
<i>(In millions)</i>	CSA	CSE	CSAME	CST	Segment Total	
Net sales	\$ 5,225	\$ 2,486	\$ 1,786	\$ 1,857	\$	11,354
Cost of goods sold	(3,491)	(1,659)	(1,291)	(1,368)	\$	(7,809)
Research and development	(200)	(42)	(36)	(40)	\$	(318)
Selling, general and administrative	(467)	(523)	(258)	(200)	\$	(1,448)
Equity method investment net earnings	66	(2)	50	6	\$	120
Other income (expense), net	5	—	14	(4)	\$	15
Segment operating profit	\$ 1,138	\$ 260	\$ 265	\$ 251	\$	1,914

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Reconciliation to Earnings before income taxes				
Segment operating profit	\$ 1,241	\$ 1,101	\$ 2,134	\$ 1,914
Corporate and other	(75)	(45)	(120)	(94)
Restructuring costs	(47)	(29)	(55)	(37)
Amortization of acquired intangibles	(214)	(170)	(415)	(342)
Acquisition step-up amortization	—	(109)	—	(220)
Acquisition/divestiture-related costs	(9)	(24)	(19)	(72)
CCR gain	7	—	7	—
Viessmann-related hedges	—	—	—	(86)
Gain on liability adjustment	—	—	—	46
Non-service pension (expense) benefit	—	—	1	—
Interest (expense) income, net	(91)	(157)	(173)	(298)
Earnings before income taxes	\$ 812	\$ 567	\$ 1,360	\$ 811

Segment operating profit is not defined under GAAP and may not be comparable to similarly titled measures used by other companies. Measures of capital expenditures, depreciation expense, amortization expense and total assets by reportable segment are not provided to the CODM and therefore not disclosed.

Geographic external sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. presented in the table below, there were no individually significant countries with sales exceeding 10% of total sales during the three and six months ended June 30, 2025 and 2024.

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States	\$ 3,429	\$ 3,077	\$ 6,168	\$ 5,624
International:				
Europe	1,520	1,678	2,920	3,429
Asia Pacific	981	1,003	1,922	1,963
Other	183	176	321	338
Net sales	\$ 6,113	\$ 5,934	\$ 11,331	\$ 11,354

NOTE 18: RELATED PARTIES

Equity Method Investments

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

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Sales to equity method investees included in <i>Product sales</i>	\$ 845	\$ 832	\$ 1,625	\$ 1,555
Purchases from equity method investees included in <i>Cost of products sold</i>	\$ 57	\$ 59	\$ 104	\$ 114

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

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Receivables from equity method investees included in <i>Accounts receivable, net</i>	\$ 485	\$ 363
Payables to equity method investees included in <i>Accounts payable</i>	\$ 32	\$ 32

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

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

Environmental Matters

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

The outstanding liabilities for environmental obligations are as follows:

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Environmental reserves included in <i>Accrued liabilities</i>	\$ 16	\$ 25
Environmental reserves included in <i>Other long-term liabilities</i>	188	185
Total Environmental reserves	\$ 204	\$ 210

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

Asbestos Matters

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

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

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Asbestos liabilities included in <i>Accrued liabilities</i>	\$ 17	\$ 17
Asbestos liabilities included in <i>Other long-term liabilities</i>	200	208
Total Asbestos liabilities	\$ 217	\$ 225
Asbestos-related recoveries included in <i>Other current assets</i>	\$ 7	\$ 7
Asbestos-related recoveries included in <i>Other assets</i>	84	88
Total Asbestos-related recoveries	\$ 91	\$ 95

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

Aqueous Film Forming Foam Litigation

As of June 30, 2025, the Company, Kidde-Fenwal, Inc. ("KFI") and others have been named as defendants in more than 12,000 lawsuits filed in United States state or federal courts and a single case in Canada alleging that the historic use of Aqueous Film Forming Foam ("AFFF") caused personal injuries and damage to property and water supplies. In December 2018, the U.S. Judicial Panel on Multidistrict Litigation transferred and consolidated all AFFF cases pending in the U.S. federal courts against the Company, KFI and others to the U.S. District Court for the District of South Carolina (the "MDL Proceedings"). Individual plaintiffs in the MDL Proceedings generally seek damages for alleged personal injuries, medical monitoring, diminution in property value and injunctive relief to remediate alleged contamination of water supplies. U.S. state, municipal and water utility plaintiffs in the MDL Proceedings generally seek damages and costs related to the remediation of public property and water supplies.

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

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

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

On May 14, 2023, KFI filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") seeking relief under chapter 11 of the Bankruptcy Code, after the Company determined that it would not provide financial support to KFI going forward other than ensuring KFI has access to services necessary for the effective operation of its business. As a result, all litigation against KFI was automatically stayed. By agreement, all AFFF-related litigation against the Company, its other subsidiaries and RTX also was stayed. On November 21, 2023, the Bankruptcy Court ordered certain parties, including the Company, to participate in mediation sessions with respect to claims that might be asserted by and against it in the bankruptcy proceedings.

Following the conclusion of these mediation sessions in October 2024, the Company entered into a Settlement and Plan Support Agreement which contemplates that the Company will subsequently enter into three distinct settlement agreements (collectively, the "Proposed Settlement Agreements") with KFI, the Official Committee of Unsecured Creditors appointed in KFI's bankruptcy case (the "Committee") and the Plaintiffs' Executive Committee (the "MDL PEC") appointed in the MDL Proceedings.

The first of the Proposed Settlement Agreements relates to claims that the Company is responsible for liabilities arising from KFI's manufacture or sale of AFFF ("Estate Claims Settlement"). Upon Bankruptcy Court approval, the Estate Claims Settlement will permanently resolve all present and future claims that the Company is responsible for any liabilities of KFI, including all liabilities arising from KFI's manufacture and sale of AFFF. The second and third of the Proposed Settlement Agreements release a very substantial amount of current and future direct claims against the Company (the "Direct Claims Settlements"). Direct claims allege that UTC, which indirectly owned KFI's AFFF business for eight years, engaged in conduct independent of KFI that caused harm to AFFF claimants. The Company agreed to indemnify UTC for these direct claims when it was spun-off from UTC. Upon approval by the MDL Court, the Direct Claims Settlements resolve and enjoin all current and future AFFF-related direct claims against the Company by participating public water providers and airports. Non-settling parties may still assert direct AFFF-related claims, although we expect a vast majority of public water providers and airports will participate in the Direct Claims Settlements.

As part of the Proposed Settlement Agreements, the Company will pay \$615 million in cash over five years, 100% of the net sale proceeds from its sale of KFI's assets to Pacific Avenue Capital Partners, which are estimated to be \$115 million, and contribute the right to recover proceeds under certain of its insurance policies. The Company will be entitled to receive up to \$2.4 billion of proceeds from those insurance policies and will contribute the first \$125 million of such proceeds as additional consideration in the Direct Claims Settlements. The Company also will be entitled to any earnouts payable to KFI under the KFI sale agreement. The Company expects insurance payments it receives in the future, in the aggregate, to cover the amount paid under the Proposed Settlement Agreements. As a result of the Proposed Settlement Agreements, the Company recorded a liability in the amount of \$565 million during the three months ended September 30, 2024. The amount recognized is in addition to liabilities of \$50 million that the Company recorded upon the deconsolidation of KFI on May 14, 2023, as further discussed below. As of June 30, 2025, the Company has not recorded any amounts associated with expected insurance proceeds.

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

On November 14, 2024, KFI filed the chapter 11 plan of liquidation (as may be further amended, restated, supplemented, waived, or otherwise modified from time to time, the "Chapter 11 Plan"), which incorporates the Estate Claims Settlement, provides for the treatment of the various creditor classes, and establishes wind-down provisions, among other things, and the disclosure statement for the Chapter 11 Plan (as may be further amended, restated, supplemented, waived, or otherwise modified from time to time, the "Disclosure Statement"). A hearing to approve the Disclosure Statement was held in June 2025. The Bankruptcy Court ordered that the Disclosure Statement be revised and supplemented, which the Company expects to be filed in the third quarter of 2025.

Deconsolidation Due to Bankruptcy

As of May 14, 2023, the Company no longer controlled KFI as its activities are subject to review and oversight by the Bankruptcy Court. Therefore, KFI was deconsolidated and its respective assets and liabilities were derecognized from the Company's Unaudited Condensed Consolidated Financial Statements. Upon deconsolidation, the Company determined the fair value of its retained interest in KFI to be zero and we accounted for it prospectively using the cost method.

In connection with the bankruptcy filing, KFI entered into several agreements with subsidiaries of the Company to ensure they have access to services necessary for the effective operation of their business. All post-deconsolidation activity between the Company and KFI are reported as third-party transactions recorded within the Company's Unaudited Condensed Consolidated Statement of Operations. Since the petition date, there were no material transactions between the Company and KFI other than a \$15 million payment during 2024 by the Company to KFI under the terms of a tax sharing arrangement.

Income Taxes

Under the TMA relating to the Separation, the Company is responsible to UTC for its share of the Tax Cuts and Jobs Act transition tax associated with foreign undistributed earnings as of December 31, 2017. As a result, a liability of \$101 million is included within the accompanying Unaudited Condensed Consolidated Balance Sheet within *Accrued liabilities* as of June 30, 2025. This obligation is expected to be settled in April 2026. The Company believes that the likelihood of incurring losses materially in excess of this amount is remote.

Other

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

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

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

BUSINESS OVERVIEW

Business Summary

Carrier Global Corporation ("we" or "our") is a global leader in intelligent climate and energy solutions with a focus on providing differentiated, digitally-enabled lifecycle solutions to our customers. Our portfolio includes industry-leading brands such as Carrier, Viessmann, Toshiba, Automated Logic and Carrier Transicold that offer innovative heating, ventilating, air conditioning ("HVAC") and cold chain transportation solutions to enhance the lives we live and the world we share. We also provide a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring. Our operations are classified into four segments: Climate Solutions Americas, Climate Solutions Europe, Climate Solutions Asia Pacific, Middle East & Africa and Climate Solutions Transportation.

Through our performance-driven culture, we anticipate creating long-term shareowner value by investing strategically to strengthen our product position in homes, buildings and across the cold chain in order to drive profitable growth. We believe our business segments are well positioned to benefit from favorable secular trends, including the mega-trends of urbanization, population growth and demographic shifts, food security and safety, digitalization, global connectivity and energy efficiency. Coupled with our industry-leading brands and track record of innovation, we continue to provide market-leading solutions for our customers.

Our worldwide operations are affected by global and regional industrial, economic and political factors, trade policies and trends. They are also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction and shipping activity as well as short-term economic factors such as currency fluctuations, commodity price volatility and supply disruptions. We continue to invest in our business, take pricing actions to mitigate supply chain and inflationary pressures, develop new products and services in order to remain competitive in our markets and use risk management strategies to mitigate various exposures.

We continue to actively monitor evolving macroeconomic conditions and recent trade policy announcements. Based on our updated analysis, we expect to fully mitigate our expected 2025 impact from tariffs announced to date through supply chain and productivity actions as well as approximately \$200 million of incremental product pricing actions. To date, tariffs have not had a material impact on our business and we are deploying additional strategies, including cost containment measures, to limit future exposure in this current market environment.

Recent Developments

Portfolio Transformation

During 2024, we completed several activities designed to simplify our business portfolio, transforming it into a pure-play climate and energy solutions provider. On January 2, 2024, we acquired the climate solutions business (the "VCS Business") of Viessmann Group GmbH & Co. KG (together with its affiliates, "Viessmann"). The VCS Business, primarily reported in the Climate Solutions Europe segment, is a premier residential and light commercial HVAC provider in Europe that expanded our portfolio to offer a global, comprehensive suite of sustainable and innovative building and cold-chain solutions. In addition, we divested our Commercial and Residential Fire, Access Solutions and Industrial Fire businesses which were historically reported in our Fire & Security segment. The transactions represented a single disposal plan to separately divest multiple businesses over different reporting periods and met the criteria to be presented as discontinued operations. We also divested our Commercial Refrigeration business ("CCR") during 2024. CCR, which was historically reported in the Climate Solutions Transportation segment (previously named Refrigeration), did not meet the criteria to be presented as discontinued operations.

Segment Reorganization

As a result of our portfolio transformation, we revised our reportable segments during the first quarter of 2025 to better reflect our business strategy, align our management reporting and increase transparency for investors. Under the revised segment structure, we have three new regional HVAC operating segments. Combined with the existing Climate Solutions Transportation operating segment, the four operating segments also serve as our reportable segments. This model is designed to create a simplified, more focused and customer-centric organization across the globe. Each segment reports through separate management teams which regularly review their operating results with our Chief Operating Decision Maker (the "CODM") determined in accordance with applicable accounting guidance. In connection with the revised structure, the CODM changed the measure used to evaluate segment profitability from *Operating profit* to *Segment operating profit*. All prior period comparative information has been recast to reflect the revised segment structure.

Income Taxes

On July 4, 2025, the One Big Beautiful Bill Act was enacted in the U.S., making permanent key provisions from the Tax Cuts and Jobs Act including full expensing of capital investments, while also modifying the international tax framework and reinstating favorable treatment for certain business tax items. The legislation has staggered effective dates from 2025 through 2027. We are currently evaluating its impact on our consolidated financial statements, including considerations for the quarter ending September 30, 2025 as a result of its enactment.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. We believe that the most complex and sensitive judgments, because of their potential significance to the accompanying Unaudited Condensed Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. In "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2024 Form 10-K, we describe the significant accounting estimates and policies used in the preparation of the accompanying Unaudited Condensed Consolidated Financial Statements. Except as noted below, there have been no significant changes in our critical accounting estimates.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

The following represents our consolidated net sales and operating results:

(In millions)	Three Months Ended June 30,			
	2025	2024	Period Change	% Change
Net sales	\$ 6,113	\$ 5,934	\$ 179	3 %
Cost of products and services sold	(4,344)	(4,359)	15	— %
Gross margin	1,769	1,575	194	12 %
Operating expenses	(866)	(851)	(15)	2 %
Operating profit	903	724	179	25 %
Non-operating income (expense), net	(91)	(157)	66	(42) %
Earnings (loss) before income taxes	812	567	245	43 %
Income tax expense	(162)	(120)	(42)	35 %
Earnings (loss) from continuing operations	650	447	203	45 %
Discontinued operations, net of income taxes	(17)	1,922	(1,939)	(101) %
Net earnings (loss)	633	2,369	(1,736)	(73) %
Less: Non-controlling interest in subsidiaries' earnings from operations	42	32	10	31 %
Net earnings (loss) attributable to common shareowners	\$ 591	\$ 2,337	\$ (1,746)	(75) %

Net Sales

For the three months ended June 30, 2025, *Net sales* were \$6.1 billion, a 3% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Three Months Ended June 30,	
Organic	6 %	
Foreign currency translation	1 %	
Acquisitions and divestitures, net	(4) %	
Total % change	3 %	

Organic sales for the three months ended June 30, 2025 increased by 6% compared with the same period of 2024. The organic increase was primarily due to our Climate Solutions Americas segment as strong end-market demand continued to drive higher volumes. Results in Climate Solutions Europe were flat as economic uncertainty continued to impact the region. These results were partially offset by lower end-market demand in both Climate Solutions Asia Pacific, Middle East & Africa and Climate Solutions Transportation. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

Gross Margin

For the three months ended June 30, 2025, gross margin was \$1.8 billion, a 12% increase compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Net sales	\$ 6,113	\$ 5,934
Cost of products and services sold	(4,344)	(4,359)
Gross margin	\$ 1,769	\$ 1,575
Percentage of net sales	28.9 %	26.5 %

Gross margin increased by \$194 million compared with the three months ended June 30, 2024. As a result, gross margin as a percentage of *Net sales* increased by 240 basis points compared with the same period of 2024. The prior period included inventory step-up and backlog amortization resulting from the recognition of acquired assets of the VCS Business at fair value which are now fully amortized. These costs had a 190 basis point unfavorable impact on the prior period gross margin as a percentage of *Net sales*. In addition, ongoing customer demand and our continued focus on productivity initiatives further benefited gross margin.

Operating Expenses

For the three months ended June 30, 2025, operating expenses, including *Equity method investment net earnings*, were \$866 million, a 2% increase compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Selling, general and administrative	\$ (813)	\$ (789)
Research and development	(161)	(160)
Equity method investment net earnings	78	90
Other income (expense), net	30	8
Total operating expenses	\$ (866)	\$ (851)
Percentage of net sales	14.2 %	14.3 %

For the three months ended June 30, 2025, *Selling, general and administrative* expenses were \$813 million, a 3% increase compared with the same period of 2024. The increase primarily relates to foreign currency translation. In addition, employee-related costs associated with our portfolio transformation further impacted results. These costs were partially offset by lower compensation costs and synergies associated with the integration of the VCS Business. The current period also included \$9 million of acquisition and divestiture-related costs compared with \$24 million during the three months ended June 30, 2024.

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

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the three months ended June 30, 2025, *Equity method investment net earnings* were \$78 million, a 13% decrease compared with the same period of 2024. The decrease was primarily driven by lower earnings in joint ventures in the Asia Pacific region.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. During the three months ended June 30, 2025, we finalized the working capital and other adjustments provided in the stock purchase agreement governing the sale of CCR.

Non-Operating Income (Expense), net

For the three months ended June 30, 2025, *Non-operating income (expense), net* was \$91 million, a 42% decrease compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Non-service pension (expense) benefit	\$ —	\$ —
Interest expense	\$ (115)	\$ (175)
Interest income	24	18
Interest (expense) income, net	\$ (91)	\$ (157)
Non-operating income (expense), net	\$ (91)	\$ (157)

Non-operating income (expense), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. Interest expense is affected by the amount of debt outstanding and the interest rates on that debt. For the three months ended June 30, 2025, *Interest expense* was \$115 million, a 34% decrease compared with the same period of 2024. Consistent with our capital allocation strategy, we reduced our outstanding debt by approximately \$3 billion over the course of 2024 and repaid an additional \$1.2 billion in 2025.

Income Taxes

	Three Months Ended June 30,	
	2025	2024
Effective tax rate	20.0 %	21.2 %

We account for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate for the three months ended June 30, 2025 was 20.0% compared with 21.2% for the three months ended June 30, 2024. The effective tax rate for the three months ended June 30, 2025 was lower than the effective tax rate for three months ended June 30, 2024 primarily due to a state tax benefit of \$6 million related to the utilization of a capital loss, a tax benefit of \$6 million from the conclusion of the UTC 2020 Internal Revenue Service ("IRS") tax audit, a reduction in non-deductible interest expense and lower income tax costs associated with U.S. tax on international operations.

Adjusted Operating Profit

We report our financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition, we supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. Adjusted operating profit is a non-GAAP measure and defined as consolidated operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items of a nonoperational nature. This measure is useful to investors because it is how management assesses the operating performance of the business. A reconciliation of the amounts prepared in accordance with GAAP to the corresponding non-GAAP measure appears below and provides additional information as to the items and amounts that have been excluded from the adjusted measure.

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Reconciliation to Adjusted operating profit		
Operating profit	\$ 903	\$ 724
Restructuring costs	47	29
Amortization of acquired intangibles	214	170
Acquisition step-up amortization	—	109
Acquisition/divestiture-related costs	9	24
CCR gain	(7)	—
Adjusted operating profit	\$ 1,166	\$ 1,056

Adjusted operating profit may not be comparable to similarly-titled measures used by other companies and should not be considered a substitute for Operating profit in accordance with GAAP. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as a substitute for the related GAAP measure. 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.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

The following represents our consolidated net sales and operating results:

<i>(In millions)</i>	Six Months Ended June 30,			
	2025	2024	Period Change	% Change
Net sales	\$ 11,331	\$ 11,354	\$ (23)	— %
Cost of products and services sold	(8,117)	(8,394)	277	(3) %
Gross margin	3,214	2,960	254	9 %
Operating expenses	(1,682)	(1,851)	169	(9) %
Operating profit	1,532	1,109	423	38 %
Non-operating income (expense), net	(172)	(298)	126	(42) %
Earnings (loss) before income taxes	1,360	811	549	68 %
Income tax expense	(273)	(167)	(106)	63 %
Earnings (loss) from continuing operations	1,087	644	443	69 %
Discontinued operations, net of income taxes	(17)	2,014	(2,031)	(101) %
Net earnings (loss)	1,070	2,658	(1,588)	(60) %
Less: Non-controlling interest in subsidiaries' earnings from operations	67	52	15	29 %
Net earnings (loss) attributable to common shareowners	\$ 1,003	\$ 2,606	\$ (1,603)	(62) %

Net Sales

For the six months ended June 30, 2025, *Net sales* were \$11.3 billion, flat compared with the same period of 2024. The components of the year-over-year change were as follows:

	Six Months Ended June 30,
Organic	4 %
Acquisitions and divestitures, net	(4) %
Total % change	— %

Organic sales for the six months ended June 30, 2025 increased by 4% compared with the same period of 2024. The organic increase was primarily due to our Climate Solutions Americas segment as strong end-market demand continued to drive higher volumes. In addition, results were flat in our Climate Solutions Transportation segment due to mixed end-market demand. These results were partially offset by lower end-market demand in both Climate Solutions Europe and Climate Solutions Asia Pacific, Middle East & Africa. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

Gross Margin

For the six months ended June 30, 2025, gross margin was \$3.2 billion, a 9% increase compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Net sales	\$ 11,331	\$ 11,354
Cost of products and services sold	(8,117)	(8,394)
Gross margin	\$ 3,214	\$ 2,960
Percentage of net sales	28.4 %	26.1 %

Gross margin increased by \$254 million compared with the six months ended June 30, 2024. As a result, gross margin as a percentage of *Net sales* increased by 230 basis points compared with the same period of 2024. The prior period included inventory step-up and backlog amortization resulting from the recognition of acquired assets of the VCS Business at fair value which are now fully amortized. These costs had a 190 basis point unfavorable impact on the prior period gross margin as a percentage of *Net sales*. In addition, ongoing customer demand, pricing improvements and our continued focus on productivity initiatives further benefited gross margin.

Operating Expenses

For the six months ended June 30, 2025, operating expenses, including *Equity method investment net earnings*, were \$1.7 billion, a 9% decrease compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Selling, general and administrative	\$ (1,542)	\$ (1,596)
Research and development	(314)	(352)
Equity method investment net earnings	122	121
Other income (expense), net	52	(24)
Total operating expenses	\$ (1,682)	\$ (1,851)
Percentage of net sales	14.8 %	16.3 %

For the six months ended June 30, 2025, *Selling, general and administrative expenses* were \$1.5 billion, a 3% decrease compared with the same period of 2024. The decrease relates to productivity initiatives associated with our portfolio transformation and synergies associated with the integration of the VCS Business. These benefits were partially offset by higher foreign currency translation, compensation and other employee-related costs. In addition, the current period also included \$20 million of acquisition and divestiture-related costs compared with \$72 million during the six months ended June 30, 2024.

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

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the six months ended June 30, 2025, *Equity method investment net earnings* were \$122 million, a 1% increase compared with the same period of 2024. Equity method earnings increased within Climate Solutions America and Climate Solutions Europe and was partially offset by lower equity earnings in Climate Solutions Asia Pacific, Middle East & Africa.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. During the six months ended June 30, 2025, we finalized the working capital and other adjustments provided in the stock purchase agreement governing the sale of CCR. In connection with the acquisition of the VCS Business, we recognized an \$86 million loss during the six months ended June 30, 2024 on the mark-to-market valuation of our window forward contracts associated with the expected cash outflows of the Euro-denominated purchase price of the VCS Business. In addition, we recognized a \$46 million gain associated with the TMA and UTC's conclusion of certain income tax matters from their 2017 and 2018 tax audit with the Internal Revenue Service ("IRS").

Non-Operating Income (Expense), net

For the six months ended June 30, 2025, *Non-operating income (expense), net* was \$172 million, a 42% decrease compared with the same period of 2024. The components were as follows:

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Non-service pension (expense) benefit	\$ 1	\$ —
Interest expense	\$ (227)	\$ (331)
Interest income	54	33
Interest (expense) income, net	\$ (173)	\$ (298)
Non-operating income (expense), net	\$ (172)	\$ (298)

Non-operating income (expense), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. Interest expense is affected by the amount of debt outstanding and the interest rates on that debt. For the six months ended June 30, 2025, *Interest expense* was \$227 million, a 31% decrease compared with the same period of 2024. Consistent with our capital allocation strategy, we reduced our outstanding debt by approximately \$3 billion over the course of 2024 and repaid an additional \$1.2 billion during 2025.

Income Taxes

	Six Months Ended June 30,	
	2025	2024
Effective tax rate	20.1 %	20.6 %

We account for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 20.1% for the six months ended June 30, 2025, compared with 20.6% for the six months ended June 30, 2024. The year-over-year decrease was primarily driven by a \$12 million tax benefit generated by the purchase of investment tax credits from a third-party, a state tax benefit of \$6 million related to the utilization of a capital loss, a tax benefit of \$6 million from the conclusion of the UTC 2020 IRS tax audit, a reduction in non-deductible interest expense and lower income tax costs associated with U.S. tax on international operations. These amounts were partially offset by the absence of a \$21 million tax benefit associated with the TMA and UTC's conclusion of certain income tax matters from their 2017 and 2018 tax audit with the IRS recognized during the six months ended June 30, 2024.

Adjusted Operating Profit

We report our financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition, we supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. Adjusted operating profit is a non-GAAP measure and defined as consolidated operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items of a nonoperational nature. This measure is useful to investors because it is how management assesses the operating performance of the business. A reconciliation of the amounts prepared in accordance with GAAP to the corresponding non-GAAP measure appears below and provides additional information as to the items and amounts that have been excluded from the adjusted measure.

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Reconciliation to Adjusted operating profit		
Operating profit	\$ 1,532	\$ 1,109
Restructuring costs	55	37
Amortization of acquired intangibles	415	342
Acquisition step-up amortization	—	220
Acquisition/divestiture-related costs	19	72
CCR gain	(7)	—
Viessmann-related hedges	—	86
Gain on liability adjustment	—	(46)
Adjusted operating profit	\$ 2,014	\$ 1,820

Adjusted operating profit may not be comparable to similarly-titled measures used by other companies and should not be considered a substitute for Operating profit in accordance with GAAP. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as a substitute for the related GAAP measure. 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.

SEGMENT REVIEW

We have four operating segments:

- Climate Solutions Americas provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in North and South America while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Europe provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in Europe while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Asia Pacific, Middle East & Africa provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers in Asia Pacific, the Middle East and Africa while enhancing building performance, health, energy efficiency and sustainability.
- Climate Solutions Transportation includes global transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail.

Segment operating profit is the measure of profit and loss that our CODM uses to evaluate the financial performance of the business and as the basis for resource allocation, performance reviews and compensation. It represents operating profit (a GAAP measure) adjusted to exclude restructuring costs, amortization of acquired intangible assets and other significant items of a nonoperational nature.

Three Months Ended June 30, 2025 Compared with Three Months Ended June 30, 2024

Summary performance for each of our segments is as follows:

<i>(In millions)</i>	Net sales		Segment operating profit		Segment operating profit margin	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2025	2024	2025	2024	2025	2024
Climate Solutions Americas	\$ 3,252	\$ 2,865	\$ 879	\$ 713	27.0 %	24.9 %
Climate Solutions Europe	1,253	1,194	99	93	7.9 %	7.8 %
Climate Solutions Asia Pacific, Middle East & Africa	882	902	135	157	15.3 %	17.4 %
Climate Solutions Transportation	726	973	128	138	17.6 %	14.2 %
Total segment	\$ 6,113	\$ 5,934	\$ 1,241	\$ 1,101	20.3 %	18.6 %

A reconciliation of *Segment operating profit* to Adjusted operating profit is as follows:

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Segment operating profit	\$ 1,241	\$ 1,101
Corporate and other	(75)	(45)
Adjusted operating profit	\$ 1,166	\$ 1,056

Climate Solutions Americas

For the three months ended June 30, 2025, *Net sales* were \$3.3 billion, a 14% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	14 %
Foreign currency translation	— %
Total % change in Net sales	14 %

The organic increase in *Net sales* of 14% was driven by continued strong results in the segment. Growth in our commercial business (up 39%) was primarily driven by ongoing customer demand. In addition, pricing improvements and favorable mix in our residential business (up 11%) further benefited segment results. These amounts were partially offset by reduced end-market demand in our light commercial business (down 23%).

For the three months ended June 30, 2025, *Segment operating profit* was \$879 million, a 23% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	24 %
Foreign currency translation	(1) %
Total % change in Segment operating profit	23 %

The segment operational profit increase of 24% was primarily attributable to ongoing customer demand in certain end-markets compared with the prior year. In addition, favorable productivity initiatives and pricing improvements further benefited segment results. These benefits more than offset volume reductions in certain end-markets and higher selling, general and administrative expenses.

Climate Solutions Europe

For the three months ended June 30, 2025, *Net sales* were \$1.3 billion, a 5% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	— %
Foreign currency translation	5 %
Total % change in Net sales	5 %

Organic *Net sales* were flat as a result of mixed results across geographies compared with the prior year. Results in our residential and light commercial business were down (down 1%) due to lower volumes across the region as economic conditions, inflationary cost pressures and regulatory uncertainty impacted end-market demand. These results were offset by continued growth in our commercial business (up 2%) as a result of ongoing end-market demand and pricing improvements.

For the three months ended June 30, 2025, *Segment operating profit* was \$99 million, a 6% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	2 %
Foreign currency translation	4 %
Total % change in Segment operating profit	6 %

The segment operational profit increase of 2% was primarily attributable to ongoing customer demand in certain end-markets and favorable productivity initiatives. In addition, business integration synergies associated with the acquisition of the VCS Business further benefited the segment. These amounts were partially offset by volume reductions in certain end-markets, unfavorable product and geographical mix as well as higher selling, general and administrative costs.

Climate Solutions Asia Pacific, Middle East & Africa

For the three months ended June 30, 2025, *Net sales* were \$882 million, a 2% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	(4) %
Foreign currency translation	2 %
Total % change in Net sales	(2)%

The organic decrease in *Net sales* of 4% was driven by volume reductions within certain end-markets compared with the prior year. Results in China decreased (down 11%) as residential end-markets experienced economic challenges impacting demand. These results were partially offset by growth within commercial end-markets in China and improved end-market demand in the remaining geographies in the region.

For the three months ended June 30, 2025, *Segment operating profit* was \$135 million, an 14% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	(18) %
Foreign currency translation	4 %
Total % change in Segment operating profit	(14)%

The segment operational profit decrease of 18% was primarily attributable to volume reductions in certain end-markets compared with the prior year. In addition, the segment was impacted by lower earnings from equity method investments. These reductions were partially offset by favorable productivity initiatives and lower selling, general and administrative expenses.

Climate Solutions Transportation

For the three months ended June 30, 2025, *Net sales* were \$726 million, a 25% decrease compared to the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	(1) %
Foreign currency translation	1 %
Acquisitions and divestitures, net	(25) %
Total % change in Net sales	(25)%

The organic decrease in *Net sales* of 1% was primarily driven by volume reductions within certain end-markets compared with the prior year. Container results increased (up 6%) due to improved end-market demand and pricing improvements. These results were more than offset by our global truck and trailer business (down 4%) as lower end-market demand in Europe and Asia more than offset improved end-market demand in North America.

For the three months ended June 30, 2025, *Segment operating profit* was \$128 million, a 7% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	(9) %
Foreign currency translation	2 %
Total % change in Segment operating profit	(7) %

The decrease in segment operational profit of 9% was primarily driven by volume reductions with certain end-markets compared with the prior year. In addition, unfavorable mix further impacted the segment. These amounts were partially offset by higher volumes in certain end-markets, favorable productivity initiatives and lower selling, general and administrative expenses.

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

Summary performance for each of our segments is as follows:

<i>(In millions)</i>	Net sales		Segment operating profit		Segment operating profit margin	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024	2025	2024
Climate Solutions Americas	\$ 5,824	\$ 5,225	\$ 1,449	\$ 1,138	24.9 %	21.8 %
Climate Solutions Europe	2,422	2,486	204	260	8.4 %	10.5 %
Climate Solutions Asia Pacific, Middle East & Africa	1,708	1,786	256	265	15.0 %	14.8 %
Climate Solutions Transportation	1,377	1,857	225	251	16.3 %	13.5 %
Total segment	\$ 11,331	\$ 11,354	\$ 2,134	\$ 1,914	18.8 %	16.9 %

A reconciliation of *Segment operating profit* to Adjusted operating profit is as follows:

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Segment operating profit	\$ 2,134	\$ 1,914
Corporate and other	(120)	(94)
Adjusted operating profit	\$ 2,014	\$ 1,820

Climate Solutions Americas

For the six months ended June 30, 2025, *Net sales* were \$5.8 billion, a 11% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	11 %
Foreign currency translation	— %
Total % change in Net sales	11 %

The organic increase in *Net sales* of 11% was driven by continued strong results in the segment. Growth in our residential business (up 15%) was primarily driven by pricing improvements and favorable mix compared to the prior year. In addition, ongoing customer demand in our commercial business (up 27%) further benefited segment results. These amounts were partially offset by reduced end-market demand in our light commercial business (down 28%).

For the six months ended June 30, 2025, *Segment operating profit* was \$1,449 million, a 27% increase compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	28 %
Foreign currency translation	(1) %
Total % change in Operating profit	27 %

The segment operational profit increase of 28% was primarily attributable to ongoing customer demand in certain end-markets compared with the prior year. In addition, favorable productivity initiatives, pricing improvements and higher earnings from equity method investments further benefited segment results. These benefits more than offset volume reductions in certain end-markets and higher selling, general and administrative expenses.

Climate Solutions Europe

For the six months ended June 30, 2025, *Net sales* were \$2.4 billion, a 3% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	(4) %
Foreign currency translation	1 %
Total % change in Net sales	(3) %

The organic decrease in *Net sales* of 4% was driven by ongoing challenges in certain end-markets compared with the prior year. Results in our residential and light commercial business decreased (down 6%) due to lower volumes across the region as economic conditions, inflationary cost pressures and regulatory uncertainty impacted end-market demand. These results were partially offset by continued growth in our commercial business (up 3%) as a result of strong end-market demand and pricing improvements.

For the six months ended June 30, 2025, *Segment operating profit* was \$204 million, a 22% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	(22) %
Foreign currency translation	— %
Total % change in Operating profit	(22) %

The segment operational profit decrease of 22% was primarily attributable to volume reductions in certain end-markets compared with the prior year. These amounts were partially offset by favorable material costs, business integration synergies associated with the acquisition of the VCS Business and lower selling, general and administrative expenses. In addition, ongoing end-market demand in certain markets further benefited the segment.

Climate Solutions Asia Pacific, Middle East & Africa

For the six months ended June 30, 2025, *Net sales* were \$1.7 billion, a 4% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	(5) %
Foreign currency translation	1 %
Total % change in Net sales	(4) %

The organic decrease in *Net sales* of 5% was driven by volume reductions within certain end-markets compared with the prior year. Results in China decreased (down 11%) as residential end-markets experienced economic challenges impacting demand. These results were partially offset by growth within commercial end-markets in China and improved end-market demand in the remaining geographies in the region.

For the six months ended June 30, 2025, *Segment operating profit* was \$256 million, a 3% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	(6) %
Foreign currency translation	3 %
Total % change in Operating profit	(3) %

The segment operational profit decrease of 6% was primarily attributable to volume reductions within certain end-markets compared with the prior year. The segment was further impacted by lower earnings from equity method investments. These amounts were partially offset by favorable productivity initiatives and lower selling, general and administrative expenses.

Climate Solutions Transportation

For the six months ended June 30, 2025, *Net sales* were \$1,377 million, a 26% decrease compared to the same period of 2024. The components of the year-over-year change were as follows:

	Net sales
Organic	— %
Acquisitions and divestitures, net	(26) %
Total % change in Net sales	(26) %

Organic *Net sales* were flat as a result of mixed results within the segment compared with the prior year. Container results increased (up 12%) due to improved end-market demand and pricing improvements. These results were offset by our global truck and trailer business (down 4%) as lower end-market demand in Europe more than offset improved end-market demand in Asia and North America.

For the six months ended June 30, 2025, *Segment operating profit* was \$225 million, a 10% decrease compared with the same period of 2024. The components of the year-over-year change were as follows:

	Segment operating profit
Operational	(9) %
Acquisitions and divestitures, net	(1) %
Total % change in Operating profit	(10) %

The decrease in segment operational profit of 9% was primarily driven by volume reductions in certain end-markets. In addition, unfavorable mix and higher costs associated with warranty-related issues further impacted the segment. These amounts were partially offset by higher volumes in certain end-markets, favorable productivity initiatives and lower selling, general and administrative expenses.

LIQUIDITY AND FINANCIAL CONDITION

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

As of June 30, 2025, we had cash and cash equivalents of \$1.8 billion, of which approximately 82% was held by our foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds and the cost effectiveness with which we can access funds held by foreign subsidiaries. On occasion, we are required to maintain cash deposits in connection with contractual obligations related to acquisitions, divestitures or other legal obligations. As of June 30, 2025 and December 31, 2024, the amount of such restricted cash was approximately \$3 million and \$3 million, respectively.

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

We believe that our available cash and operating cash flows will be sufficient to meet our future operating cash needs. Our committed credit facilities and access to the debt and equity markets provide additional sources of short-term and long-term capital to fund current operations, debt maturities and future investment opportunities. Although we believe that the arrangements currently in place permit us to finance our operations on acceptable terms and conditions, our access to and the availability of financing on acceptable terms and conditions in the future will be impacted by many factors, including: (1) our credit ratings or absence of credit ratings, (2) the level of our existing indebtedness, (3) the restrictions under our debt agreements, (4) the liquidity of the overall capital markets and (5) the state of the economy. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all.

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

<i>(In millions)</i>	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,797	\$ 3,969
Total debt	\$ 11,443	\$ 12,278
Total equity	\$ 15,014	\$ 14,395
Net debt (total debt less cash and cash equivalents)	\$ 9,646	\$ 8,309
Total capitalization (total debt plus total equity)	\$ 26,457	\$ 26,673
Net capitalization (total debt plus total equity less cash and cash equivalents)	\$ 24,660	\$ 22,704
Total debt to total capitalization	43 %	46 %
Net debt to net capitalization	39 %	37 %

Borrowings and Lines of Credit

We maintain a \$2.0 billion USD-denominated unsecured, unsubordinated commercial paper program which we can use for general corporate purposes, including the funding of working capital and potential acquisitions. In addition, we maintain a \$2.5 billion revolving credit agreement with various banks (the "Revolving Credit Facility") that matures in December 2029 which supports our commercial paper borrowing program and can be used for general corporate purposes. A ratings-based commitment fee is charged on unused commitments. As of June 30, 2025, we had no borrowings outstanding under our commercial paper program or our Revolving Credit Facility.

On July 1, 2025, we entered into a \$500 million Euro-denominated unsecured, unsubordinated commercial paper program which can be used for general corporate purposes and is supported by the Revolving Credit Facility.

Our short-term obligations primarily consist of current maturities of long-term debt. Our long-term obligations primarily consist of long-term notes with maturity dates ranging between 2027 and 2054. Interest payments related to long-term notes are expected to approximate \$407 million per year, reflecting an approximate weighted-average interest rate of 3.64%. Any borrowings from the Revolving Credit Facility are subject to variable interest rates. See Note 5 – Borrowings and Lines of Credit in the Notes to the accompanying Unaudited Condensed Consolidated Financial Statements for additional information regarding the terms of our long-term debt obligations.

Our credit ratings are periodically reviewed by the major independent debt-rating agencies. As of June 30, 2025, Standards & Poor's Global Inc. and Moody's Investor Service Inc. have ratings on our debt set forth in the table below:

Rating Agency	Long-term Rating	Short-term Rating	Outlook
Standards & Poor's Global Inc.	BBB+	A2	Stable
Moody's Investors Service Inc.	Baa1	P-2	Positive

Portfolio Transformation

On June 2, 2024, we completed the divestiture of our Access Solutions business for cash proceeds of \$5.0 billion. On July 1, 2024, we completed the divestiture of our Industrial Fire business for cash proceeds of \$1.4 billion. On October 1, 2024, we completed the divestiture of CCR for cash proceeds of \$679 million. On December 2, 2024, we completed the divestiture of the Commercial and Residential Fire business for cash proceeds of \$2.9 billion. Consistent with our capital allocation strategy, the net proceeds were used to fund repayment of debt, invest in organic and inorganic growth initiatives, capital returns to shareowners as well as for general corporate purposes.

Share Repurchase Program

We may repurchase our outstanding common stock from time to time subject to market conditions and at our discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. Since the initial authorization in February 2021, our Board of Directors authorized the repurchase of up to \$7.1 billion of our outstanding common stock.

During the six months ended June 30, 2025, we repurchased 28.8 million shares of common stock for an aggregate purchase price of \$1.9 billion, which included shares repurchased from Viessmann. As a result, we had approximately \$1.3 billion remaining under the current authorization at June 30, 2025.

Dividends

We paid dividends on common stock during the six months ended June 30, 2025, totaling \$390 million. In June 2025, the Board of Directors declared a dividend of \$0.23 per share of common stock payable on August 8, 2025, to shareowners of record at the close of business on July 21, 2025.

Discussion of Cash Flows

The following table reflects the major categories of cash flows for the following periods:

<i>(In millions)</i>	Six Months Ended June 30,	
	2025	2024
Net cash flows provided by (used in):		
Continuing operating activities	\$ 752	\$ 609
Continuing investing activities	(113)	(11,147)
Continuing financing activities	(3,294)	(1,391)

Cash flows from continuing operating activities primarily represent inflows and outflows associated with our continuing operations. Primary activities include net earnings from continuing operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities. The year-over-year increase in net cash provided by continuing operating activities was primarily driven by higher net earnings partially offset by working capital balances compared with the prior period.

Cash flows from continuing investing activities primarily represent inflows and outflows associated with long-term assets. Primary activities include capital expenditures, acquisitions, divestitures and proceeds from the sale of fixed assets. During the six months ended June 30, 2025, net cash used in continuing investing activities was \$113 million. The primary driver of the outflow related to \$144 million of capital expenditures which was partially offset by \$87 million cash inflow related to settlement of derivatives. During the six months ended June 30, 2024, net cash used in continuing investing activities was \$11.1 billion. The primary driver of the outflow related to the acquisition of the VCS Business, which totaled \$10.8 billion, net of cash acquired. Additional investing outflows include \$185 million related to settlement of derivatives and \$210 million of capital expenditures.

Cash flows from continuing financing activities primarily represent inflows and outflows associated with equity or borrowings. During the six months ended June 30, 2025, net cash used in continuing financing activities was \$3.3 billion. The primary driver of the outflow was related to repurchases of our common stock totaling \$1.6 billion. In addition, we made long-term debt repayments of \$1.2 billion and the payment of \$390 million in dividends to our common shareowners. During the six months ended June 30, 2024, net cash used in continuing financing activities was \$1.4 billion. The primary driver of the outflow is due to repayment of long-term debt totaling \$3.5 billion. In addition, we made dividend payments of \$330 million. These outflows were partially offset by the proceeds of long-term debt used to fund the cash portion of the acquisition of the VCS Business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the three and six months ended June 30, 2025. For discussion of our exposure to market risk, refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Risk Management" in our 2024 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our management, including the Chairman and Chief Executive Officer ("CEO"), the Senior Vice President and Chief Financial Officer ("CFO") of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2025. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO and CFO have concluded that, as of June 30, 2025, our disclosure controls and procedures were effective and provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during the three months ended June 30, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This Form 10-Q and other materials Carrier has filed or will file with the SEC contain or incorporate by reference statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident," "scenario" and other words of similar meaning in connection with a discussion of future operating or financial performance. 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, Carrier's plans with respect to our 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 those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation, those described below and under the section titled "Risk Factors" in our 2024 Form 10-K and in subsequent reports that we file with the SEC, including this quarterly report:

- the effect of economic conditions in the industries and markets in which Carrier and our businesses operate in the U.S. and globally and any changes therein, including financial market conditions, inflationary cost pressures, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions, pandemic health issues, natural disasters and the financial condition of our customers and suppliers;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions and Carrier's capital structure and credit ratings;
- the timing and scope of future repurchases of Carrier's common stock, including market conditions and the level of other investing activities and uses of cash;
- delays and disruption in the delivery of materials and services from suppliers;
- cost reduction efforts and restructuring costs and savings and other consequences thereof;
- new business and investment opportunities;
- the outcome of legal proceedings, investigations and other contingencies;
- the impact of pension plan assumptions on future cash contributions and earnings;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the effect of uncertainty and/or changes in political conditions in the U.S. and other countries in which Carrier and our businesses operate, including the effect of uncertainty and/or changes in U.S. trade policies, on general market conditions, global trade policies, the imposition of tariffs, and currency exchange rates in the near term and beyond;
- the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which we and our businesses operate;
- the ability of Carrier to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, such as our acquisition of the VCS Business and our portfolio transformation transactions, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- a determination by the IRS and other tax authorities that the Distribution or certain related transactions should be treated as taxable transactions; and

- risks associated with current and future indebtedness, as well as our ability to reduce indebtedness and the timing thereof.

The forward-looking statements speak only as of the date of this quarterly report or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Except as otherwise noted previously, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to "Business – Legal Proceedings" in our 2024 Form 10-K.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in "Risk Factors" in our 2024 Form 10-K.

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

Issuer Purchases of Equity Securities

The following table provides information about our purchases during the three months ended June 30, 2025, of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

	Total Number of Shares Purchased (in 000's)	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of a Publicly Announced Program (in 000's)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)
2025				
April 1 - April 31	5,438	\$ 59.18	5,438	\$ 1,603
May 1 - May 31	129	\$ 70.23	129	\$ 1,594
June 1 - June 30	4,267	\$ 70.30	4,267	\$ 1,294
Total	9,834	\$ 64.15	9,834	

⁽¹⁾ Excludes broker commissions.

We may purchase our outstanding common stock from time to time subject to market conditions and at our discretion. Repurchases occur in the open market or through one or more other public or private transactions pursuant to plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. Since the initial authorization in February 2021, the Company's Board of Directors authorized the repurchase of up to \$7.1 billion of the Company's outstanding common stock.

Item 5. Other Information

During the three months ended June 30, 2025, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	Second Amendment to the Carrier Global Corporation 2020 Long-Term Incentive Plan, effective as of April 9, 2025 (incorporated by reference to Exhibit 10.1 to Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 11, 2025, File No. 001-39220)
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certifications*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.* (File name: carr-20250630.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: carr-20250630.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: carr-20250630_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: carr-20250630_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: carr-20250630_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: carr-20250630_pre.xml)
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101

Notes to Exhibits List:

* Filed herewith.

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

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2025 and 2024, (ii) Condensed Consolidated Statement of Comprehensive Income (Loss) for the three and six months ended June 30, 2025 and 2024, (iii) Condensed Consolidated Balance Sheet as of June 30, 2025 and December 31, 2024, (iv) Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2025 and 2024, (v) Condensed Consolidated Statement of Changes in Equity for the three and six months ended June 30, 2025 and 2024, (vi) Notes to Condensed Consolidated Financial Statements, and (vii) information set forth under Part II, Item 5, tagged as blocks of text.

CERTIFICATION

I, Patrick Goris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2025

/s/Patrick Goris

Patrick Goris
Senior Vice President and Chief Financial Officer

Exhibit 32

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: July 29, 2025

/s/David Gitlin

David Gitlin
Chairman and Chief Executive Officer

Date: July 29, 2025

/s/Patrick Goris

Patrick Goris
Senior Vice President and Chief Financial Officer

