



# Q4 2025 Earnings Conference Call

February 5, 2026



# Cautionary statement

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This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. 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 including the recent increase in Carrier's share repurchase authorization, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, cost optimization actions, market conditions including with respect to residential end-markets, data center and otherwise, growth prospects for 2026 and beyond, pending dispositions, Carrier's guidance for full-year 2026, future revenues including relating to digitally-enabled products, 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 most recent Annual Report on Form 10-K and in subsequent reports that we file with the SEC: 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 changes in political conditions in the U.S. and other countries in which Carrier and our businesses operate, including the effect of ongoing 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 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 of Carrier from RTX Corporation (f/k/a United Technologies Corporation) 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 communication. 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.

# 2025 Summary

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## Sales

**\$21.7B**  
Organic<sup>1</sup> (1%) Y/Y

## Adjusted operating profit<sup>1</sup>

**\$3.3B**  
(7%) Y/Y

## Adjusted operating margin<sup>1</sup>

**15.1%**  
(70bps) Y/Y

## Adjusted EPS<sup>1</sup>

**\$2.59**  
1% Y/Y

## Free cash flow<sup>1</sup>

**\$2.1B**

## Highlights

Q4 orders up >15%

- Record CSA commercial orders, up >80% with Applied up 3x

Organic sales decline of (1%) driven by residential and light commercial globally largely offset by strength in CHVAC and aftermarket

Global commercial HVAC<sup>2</sup> sales up double-digits for the fifth consecutive year

- Data center sales doubled to ~\$1B in 2025 with 2026 sales expected to be up ~50%
- Differentiated new products and capacity expansion contributed to share gains

Aftermarket<sup>2</sup> sales up double-digits for the fifth consecutive year, expected to be up double-digits again in 2026

Executed on cost actions resulting in \$100M+ expected savings in 2026

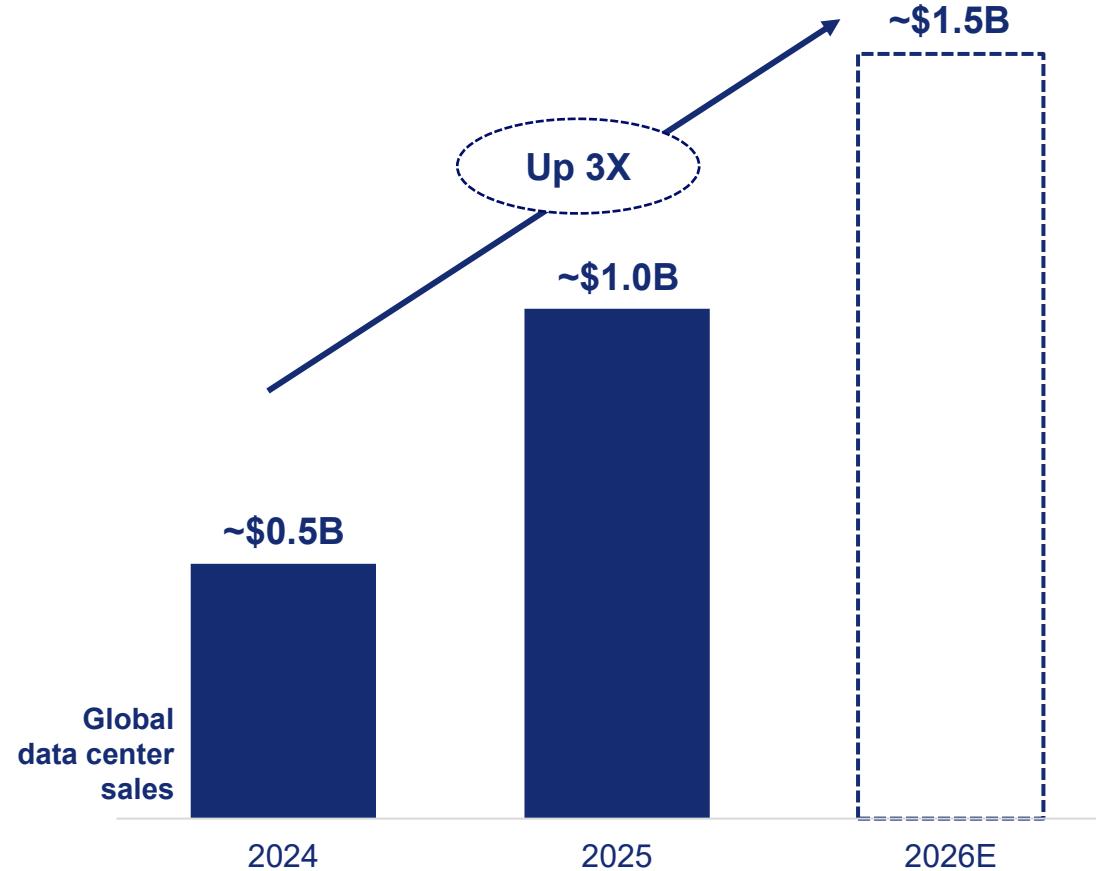
~\$3.7B returned to shareholders through dividends and repurchases



1. See appendix for additional information regarding non-GAAP measures

2. Excludes NORESCO

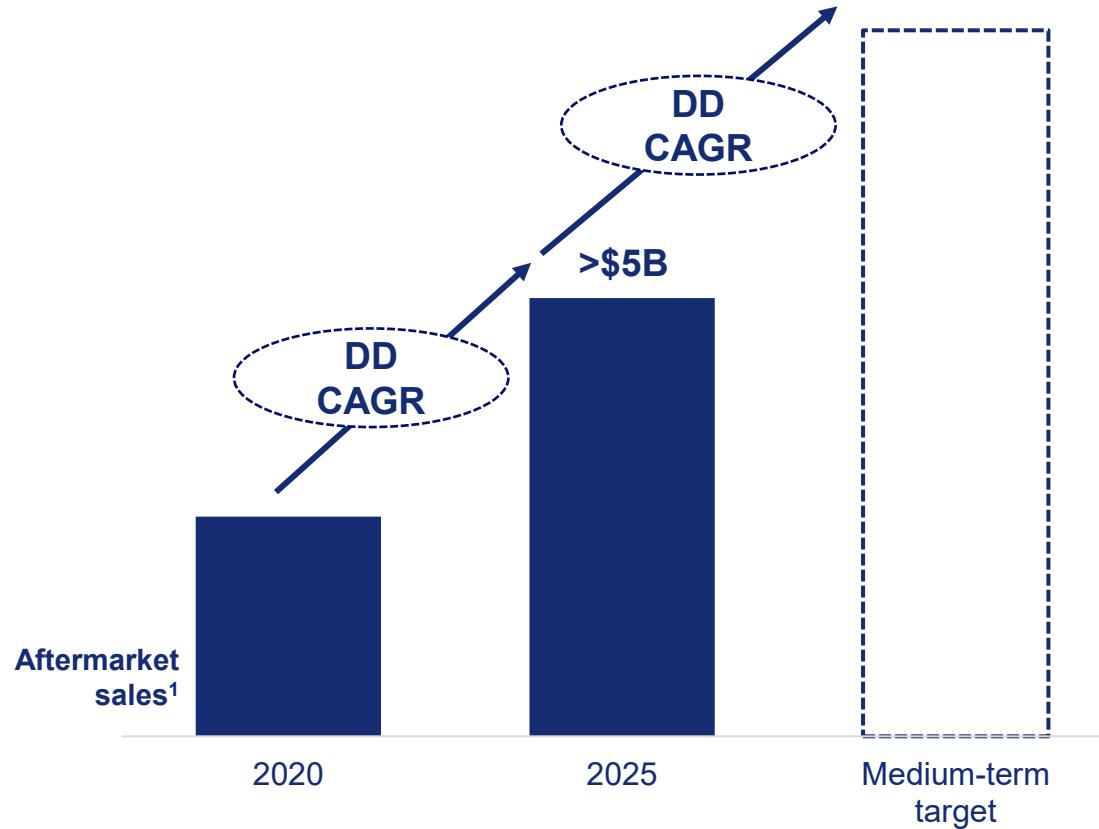
# Driving outsized growth in data centers



## 2025 Highlights

- Orders up 4x in Q4, up ~60% for full year
- Product platforming and strong global presence driving outsized growth
- Launched CDUs, expanding QuantumLeap™ offering
- CSA CHVAC capacity up >3x since 2023
- Expecting long-term recurring aftermarket revenue through service agreements and parts capture

# Continuing to drive double-digit aftermarket growth



## 2025 Highlights

- Double-digit CAGR from 2020 – 2025
- Expanding parts capture through supplier and channel alignment and network optimization
- Attachment rate up ~3x in CSA
- Connected chillers up ~50% globally
- 110K chillers under long-term agreements
- Significant growth with sales up ~20%
- Driving increased customer value through energy savings, emissions reductions and reliability

# Differentiated home energy management systems

## Carrier Energy (CSA Residential)

- Carrier products consume ~13% of the grid during peak hours
- New integrated heat pump / battery expected to alleviate grid constraints during peak hours and affordability challenges
- Field trials progressing well
- Working with ~20 utilities and hyperscaler customers
- Launching in 2026

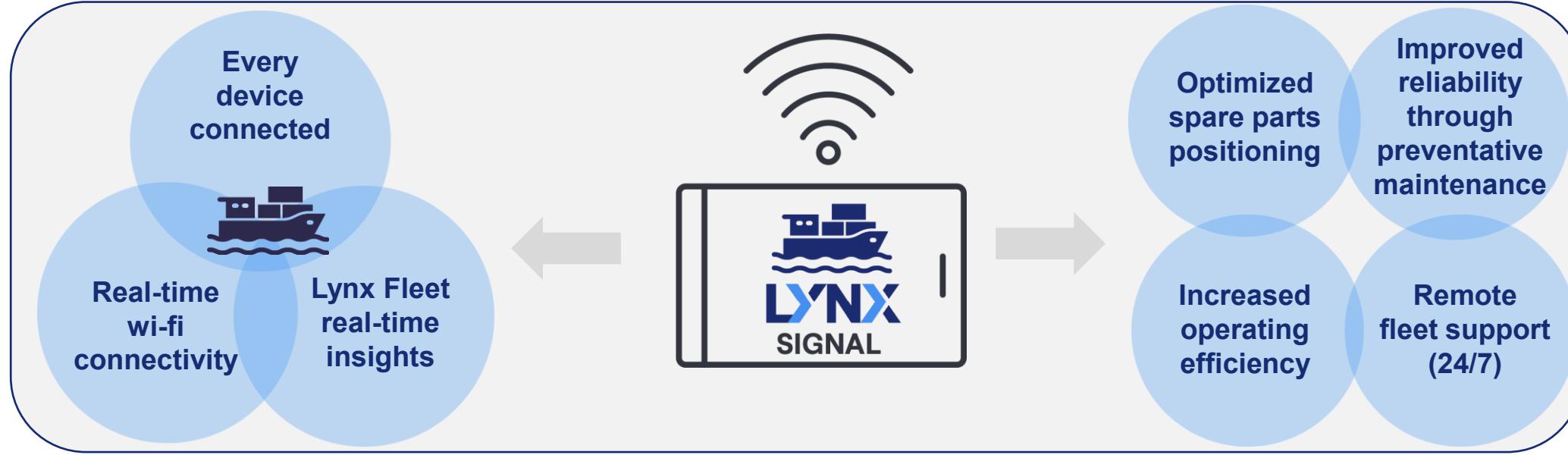
## System Profi (CSE Residential)

- Targeting 2x increase of System Profi installers by end of 2026
- System Profi installers grew their revenues double-digits in 2025
- System Profi installers' net promoter score is more than 2x the average installer
- Expected to more than double the number of certified installers in 2026

► Disruptive technologies offered through market-leading channels to significantly expand TAM

# End-to-end transportation system solutions

## Example: Container connectivity (CST)



### Customer benefits

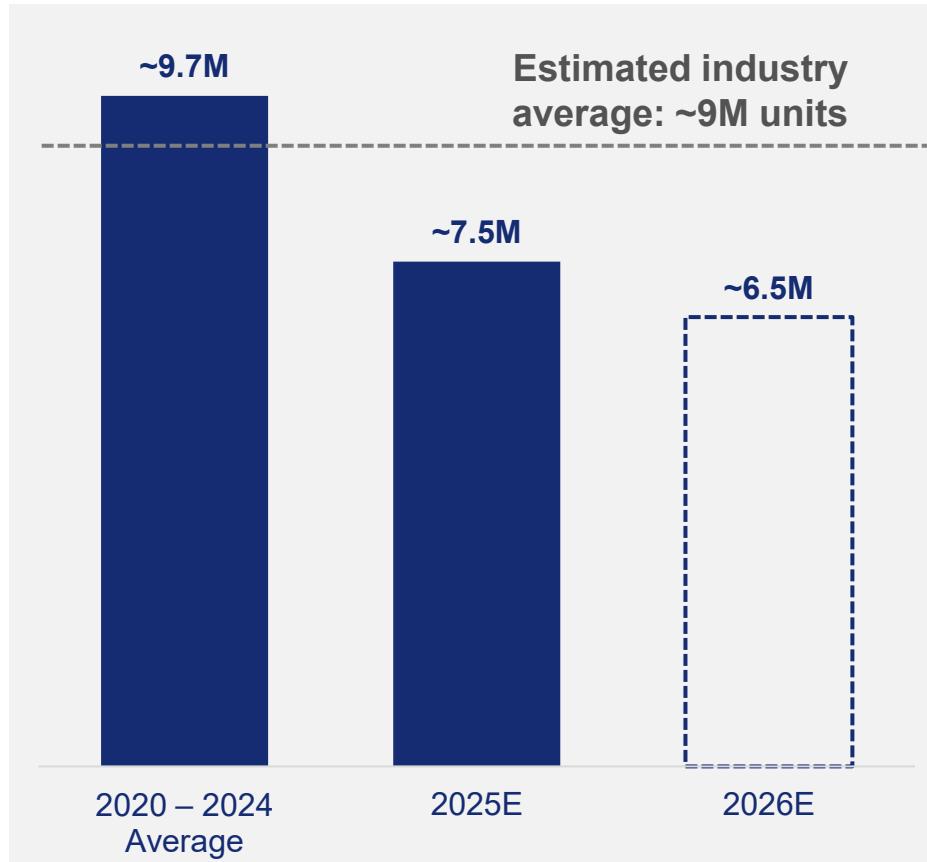
- On ship reefer insights and automation
- Global continuous connectivity
- Lower operating costs
- Predictive maintenance
- Reliability improvements

### Carrier benefits

- Profitable asset-light growth
- Increase recurring revenues
- Grow share of wallet
- Improve customer stickiness

# CSA Residential outlook

## Industry unit volumes<sup>1</sup>



## Key highlights

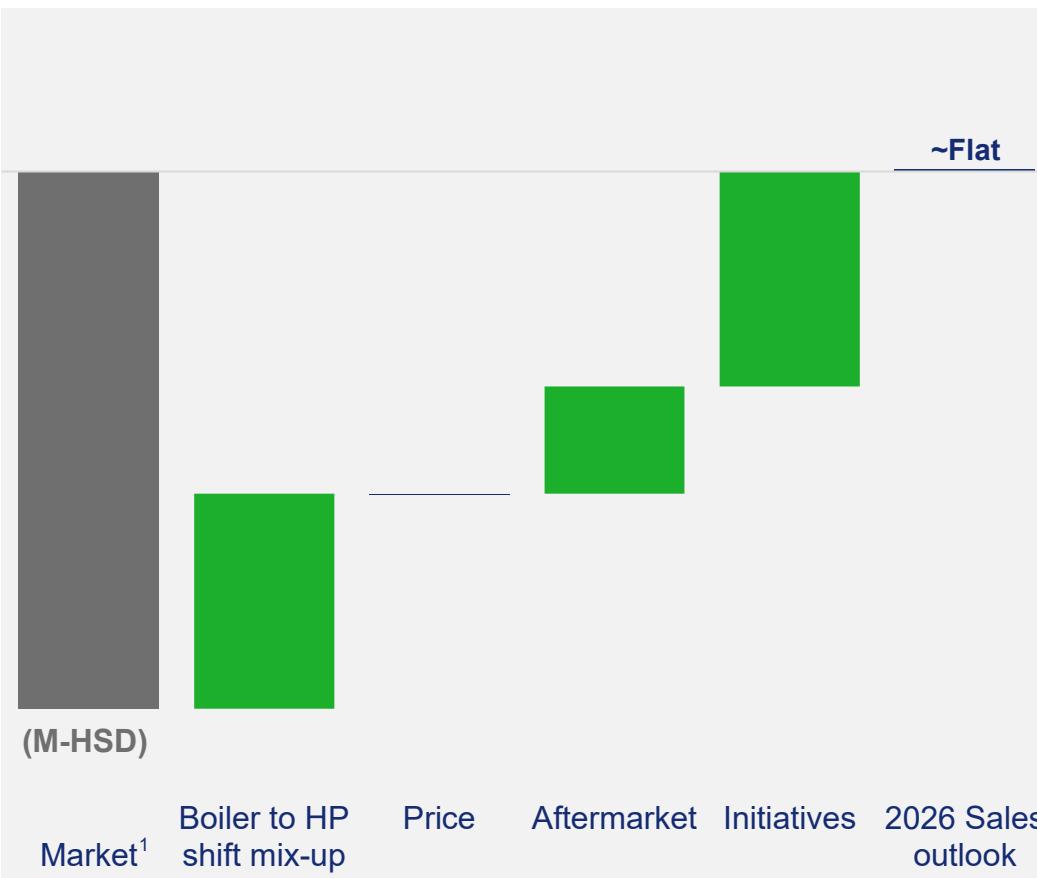
- Premier high margin business
- Leading market position with strong brands and channel
- Growing new home construction share with key homebuilder win
- Heat pumps nearly 50% of annual shipments
- Launched initial A2W heat pump / domestic hot water system in 2025

## 2026 Planning assumptions

- Industry unit volumes down (10%) – (15%)
  - Assumes H2 2025 market conditions continue through 2026
  - New home construction and existing home sales flattish
- Carrier sales down HSD
  - H1 down ~(20%), H2 up ~10% reflecting absence of de-stocking

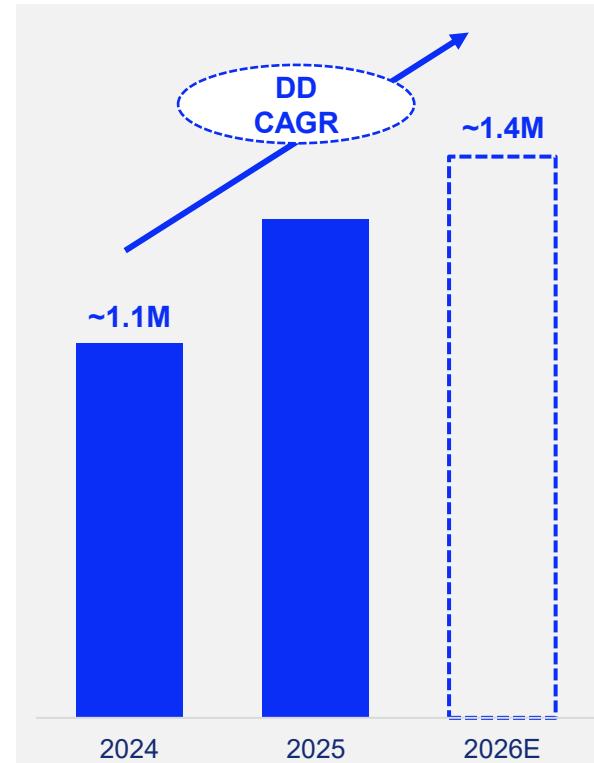
# CSE Residential and Light commercial outlook

## Sales drivers

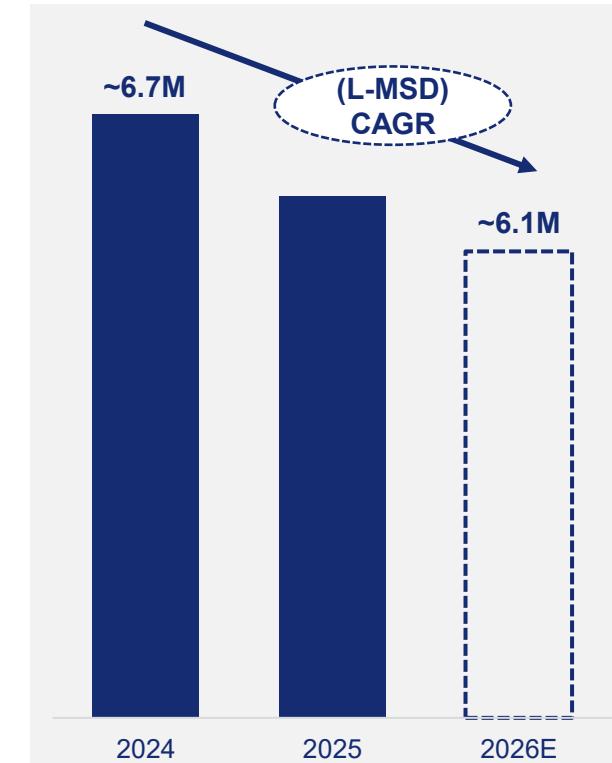


## Europe heating industry outlook<sup>2</sup>

### Heat pump outlook



### Boiler outlook



► Favorable mix and strategic initiatives offsetting assumed end-market weakness

# 2026 Outlook

	CS Americas	CS Europe	CS AME	CS Transportation	2026 Guidance <sup>2</sup>
<b>2026 Business outlook</b>	Commercial <span style="color: green; font-size: 2em;">++</span> Residential <span style="color: red; font-size: 1.5em;">-</span> Light CML <span style="color: red; font-size: 1.5em;">-</span>	Commercial <span style="color: green; font-size: 1.5em;">+</span> RLC HPs <span style="color: green; font-size: 1.5em;">+</span> RLC boilers <span style="color: red; font-size: 1.5em;">-</span>	China CHVAC <span style="color: green; font-size: 1.5em;">+</span> China RLC <span style="color: red; font-size: 1.5em;">-</span> Rest of Asia <span style="color: green; font-size: 1.5em;">+</span>	Truck / Trailer <span style="color: black; font-size: 1.5em;">~</span> Container <span style="color: red; font-size: 1.5em;">-</span> Sensitech <span style="color: green; font-size: 1.5em;">+</span>	<b>Sales</b> ~\$22 Billion <b>Adj. operating profit</b> ~\$3.4 Billion
<b>Market leader<sup>1</sup></b>	<b>#1 Residential</b> <b>#1 Light CML</b> <b>#3 Commercial</b>	<b>#1 Commercial</b> <b>#2 Residential and Light Commercial</b>	<b>#1 Commercial</b>	<b>#1 Truck / Trailer</b> <b>#1 Container</b> <b>#1 Cargo monitoring</b>	<b>Adj. EPS</b> ~\$2.80
<b>2026 Organic<sup>2</sup> growth rate</b>	~LSD	~LSD	~Flat	~Flat	<b>Free cash flow</b> ~\$2 Billion



1. Internal estimates

2. See appendix for additional information regarding non-GAAP measures

# Q4 & FY 2025 Results

	Q4 2025	Y/Y	FY 2025	Y/Y
Sales	\$4,837M	(6%)	\$21,747M	(3%)
Organic sales <sup>1</sup>		(9%)		(1%)
Acq / div, net		0%		(3%)
FX		3%		1%
Adjusted operating profit <sup>1</sup>	\$455M	(33%)	\$3,292M	
Adjusted operating margin <sup>1</sup>	9.4%	(380) bps	15.1%	(70) bps
Adjusted effective tax rate <sup>1</sup>	18.1%		20.4%	
Adjusted EPS <sup>1</sup>	\$0.34	(37%)	\$2.59	1%
Free cash flow <sup>1,2</sup>	\$909M		\$2,121M	



1. See appendix for additional information regarding non-GAAP measures  
 2. Includes results of continuing operations and discontinued operations

# Q4 & FY 2025 Climate Solutions Americas (CSA)

	Q4 2025	Y/Y	FY 2025	Y/Y	Q4 Highlights
Sales	\$1,935M	(17%)	\$10,470M	(1%)	<ul style="list-style-type: none"> <li>Orders up ~35% with commercial<sup>2</sup> up &gt;80% building a strong backlog for 2026 and beyond</li> </ul>
Organic sales <sup>1</sup>		(17%)		(1%)	<ul style="list-style-type: none"> <li>Strong commercial<sup>2</sup> performance, sales up double-digits           <ul style="list-style-type: none"> <li>Data center sales up ~2x</li> </ul> </li> </ul>
Acq / div, net		0%		0%	<ul style="list-style-type: none"> <li>Q4 resi sales down ~(40%), light commercial down ~(20%)</li> </ul>
FX		0%		0%	<ul style="list-style-type: none"> <li>Margin decline reflects lower sales, unfavorable business mix, and factory under-absorption</li> </ul>
Segment operating profit	\$168M	(61%)	\$2,150M	(7%)	<ul style="list-style-type: none"> <li>Resi year-end distributor inventories down significantly, as expected</li> </ul>
Segment operating margin	8.7%	(990) bps	20.5%	(160) bps	



1. See appendix for additional information regarding non-GAAP measures  
 2. Excludes NORESCO

# Q4 & FY 2025 Climate Solutions Europe (CSE)

	Q4 2025	Y/Y	FY 2025	Y/Y	Q4 Highlights
Sales	\$1,332M	6%	\$5,044M	1%	
Organic sales <sup>1</sup>		(2%)		(3%)	
Acq / div, net		0%		0%	
FX		8%		4%	
Segment operating profit	\$120M	50%	\$444M	(5%)	
Segment operating margin	9.0%	260 bps	8.8%	(60) bps	<ul style="list-style-type: none"> <li>Residential and light commercial sales down (MSD)</li> <li>Commercial sales up MSD</li> <li>Margin expansion driven by strong productivity and synergies partially offset by volume and mix</li> <li>Continued shift towards electrification</li> </ul>

# Q4 & FY 2025 Climate Solutions Asia Pacific Middle East & Africa (CSAME)

	Q4 2025	Y/Y	FY 2025	Y/Y	Q4 Highlights
Sales	\$798M	(9%)	\$3,339M	(5%)	<ul style="list-style-type: none"> <li>Continued pressure in China with total sales down ~(20%)</li> <li>• RLC down ~(30%), including ~10pts due to field inventory de-stocking</li> <li>• Commercial down (MSD)</li> </ul>
Organic sales <sup>1</sup>		(9%)		(5%)	
Acq / div, net		0%		0%	
FX		0%		0%	
Segment operating profit	\$95M	Flat	\$448M	(4%)	<ul style="list-style-type: none"> <li>Strong growth in India and Australia with sales up MT</li> </ul>
Segment operating margin	11.9%	100 bps	13.4%	10 bps	<ul style="list-style-type: none"> <li>Margin expansion driven by strong productivity partially offset by lower sales</li> </ul>

# Q4 & FY 2025 Climate Solutions Transportation (CST)

	Q4 2025	Y/Y	FY 2025	Y/Y	Q4 Highlights
Sales	\$772M	13%	\$2,894	(17%)	<ul style="list-style-type: none"> <li>Strong growth in container with sales up &gt;45% driven by strong OptimaLine adoption</li> </ul>
Organic sales <sup>1</sup>		10%		4%	
Acq / div, net		0%		(22%)	<ul style="list-style-type: none"> <li>Global truck and trailer sales flat</li> </ul>
FX		3%		1%	<ul style="list-style-type: none"> <li>Growth in NATT offset by declines in Europe and Asia</li> </ul>
Segment operating profit	\$112M	15%	\$452M	(7%)	<ul style="list-style-type: none"> <li>Margin expansion driven by strong operational productivity, partially offset by mix</li> </ul>
Segment operating margin	14.5%	30 bps	15.6%	160 bps	

# Q4 2025 Organic orders up 16% vs. up 13% in Q4 2024<sup>3,4</sup>

Climate Solutions Americas <sup>1</sup>	Q4 '24	Q4 '25	Climate Solutions Asia Pacific MEA	Q4 '24	Q4 '25
<b>Total CSA</b>	<b>~10%</b>	<b>~35%</b>	<b>Total CSAME</b>	<b>(0 – 5%)</b>	<b>5 – 10%</b>
Residential	10 – 15%	(0 – 5%)	China region <sup>5</sup>	~(30%)	15 – 20%
Light commercial	(20 – 25%)	~70%	Balance of segment	+HT	~Flat
Commercial <sup>1</sup>	10 – 15%	~80%			
Climate Solutions Europe	Q4 '24	Q4 '25	Climate Solutions Transportation <sup>2</sup>	Q4 '24	Q4 '25
<b>Total CSE</b>	<b>(5 – 10%)</b>	<b>0 – 5%</b>	<b>Total CST</b>	<b>~55%</b>	<b>~Flat</b>
Residential and Light commercial	(5 – 10%)	0 – 5%	Global Truck & Trailer	~80%	~(10%)
Commercial	~(5%)	0 – 5%	Container	~40%	~20%

► Strong Q4 orders intake

1. Excludes NORESCO

2. Excludes Commercial Refrigeration

3. 2024 orders restated to reflect re-segmentation completed in April 2025

4. Exclude Viessmann Climate Solutions due to acquisition date

5. China region includes Mainland China, Hong Kong and Macau

# FY 2026 Organic sales<sup>1</sup> guidance

Sales	2025 Actual	2026 Outlook
<b>Climate Solutions Americas (CSA)</b> Residential Light commercial Commercial <sup>3</sup>	<b>\$10,470M</b> (HSD) (20%) >25%	<b>~LSD</b> (HSD) (HSD) MT
<b>Climate Solutions Europe (CSE)</b> Residential and Light commercial Commercial	<b>\$5,044M</b> (MSD) LSD	<b>~LSD</b> Flat MSD
<b>Climate Solutions Asia Pacific MEA (CSAME)</b> China region <sup>4</sup> Balance of segment	<b>\$3,339M</b> (DD) LSD	<b>~Flat</b> (HSD) M-HSD
<b>Climate Solutions Transportation (CST)</b>	<b>\$2,894M</b>	<b>~Flat</b>
<b>Carrier</b>	<b>\$21,747M</b> <b>Organic (1%)</b> FX +1% Divestitures (3%) (3%) reported	<b>~\$22B</b> <b>Organic Flat to LSD</b> FX +1% Divestitures (1%) <sup>2</sup> Flat to LSD reported

1. See appendix for additional information regarding non-GAAP measures

2. Assumes Riello financials included through Q1 2026.

3. Excludes Noresco

4. China region includes Mainland China, Hong Kong and Macau

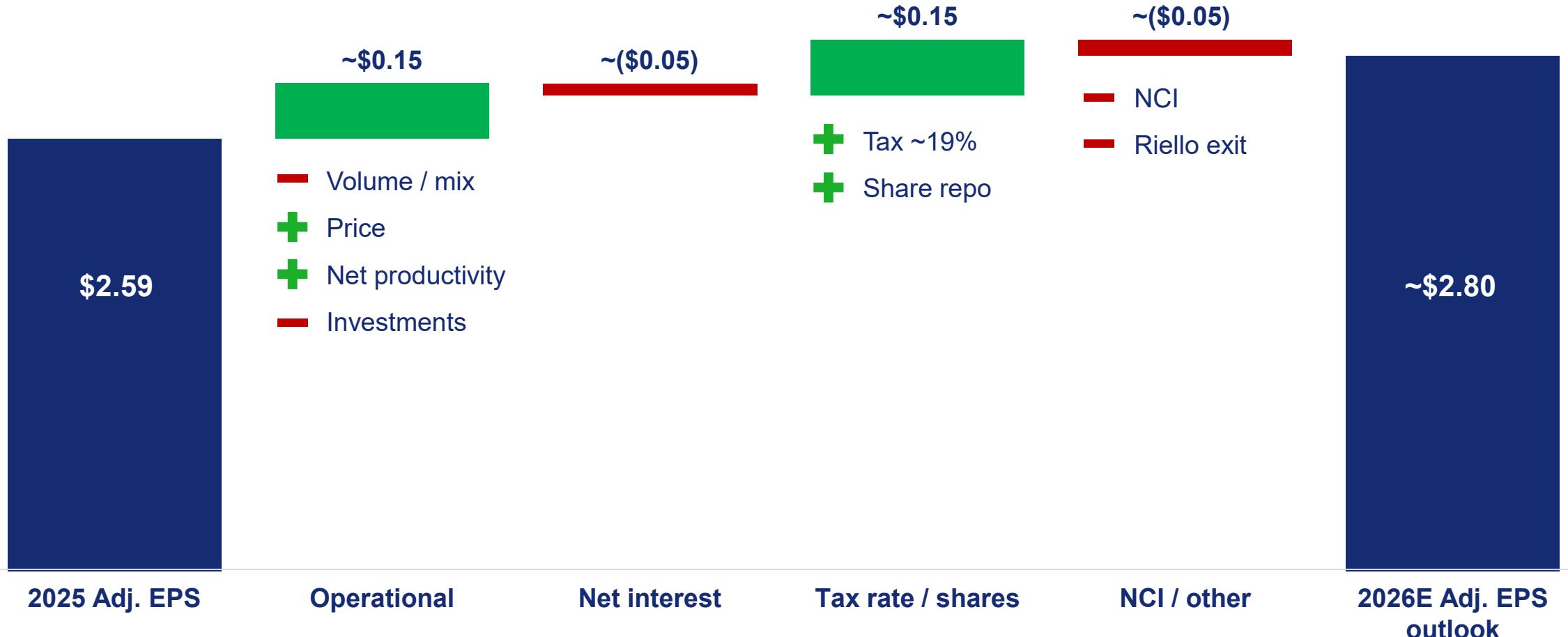
# FY 2026 Profit and cash guidance

Adj. operating profit and margin	2025 Actual Adj. op. profit Adj. op. profit margin %	2026 Outlook Adj. op. profit margin expansion
CS Americas	\$2,150M 20.5%	25 – 50 bps
CS Europe	\$444M 8.8%	~100 bps
CS Asia Pacific Middle East & Africa	\$448M 13.4%	Flat – 25 bps
CS Transportation	\$452M 15.6%	Flat – 25 bps
Carrier adj. operating profit	\$3,292M 15.1%	~\$3.4B
Adj. EPS <sup>1</sup>	\$2.59	~\$2.80
Free cash flow <sup>1,2</sup>	\$2,121M	~\$2B
Share repurchases	\$2,892M	~\$1.5B



1. See appendix for additional information regarding non-GAAP measures  
2. Includes results of continuing operations and discontinued operations

# FY 2026 Adjusted EPS<sup>1</sup> guidance bridge



# APPENDIX

# Q4 2025 Adjusted EPS<sup>1</sup> bridge



# FY 2025 Adjusted EPS<sup>1</sup> bridge



# Additional items

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	2025 Actual	2026 Outlook
Average shares outstanding (diluted)	862.4M	~833M
Corporate expenses / eliminations and other	\$202M	~\$240M
Interest expense, net <sup>1</sup>	\$364M	~\$400M
Adjusted effective tax rate <sup>1</sup>	20.4%	~19%
Non-controlling interest	\$103M	~\$120M
Capital expenditures	\$392M	~\$500M
Depreciation and amortization	\$1,274M	~\$1.3B

# Use and definitions of non-GAAP financial measures

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

Organic sales, adjusted operating profit, adjusted operating margin, adjusted earnings per share ("EPS"), adjusted effective tax rate and net debt are non-GAAP financial measures and are associated with Carrier's continuing operations unless specifically noted.

Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items of a nonoperational nature (hereinafter referred to as "other significant items"). Adjusted operating profit represents consolidated operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted operating margin represents adjusted operating profit as a percentage of consolidated net sales (a GAAP measure). Adjusted EPS represents diluted earnings per share (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Net debt represents long-term debt (a GAAP measure) less cash and cash equivalents (a GAAP measure).

Free cash flow is a non-GAAP financial measure that represents net cash flows provided by continuing operating activities (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing Carrier's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of Carrier's common stock and distribution of earnings to shareowners. Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price and may not be subject to penalty if cancelled.

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

As a result of Carrier's portfolio transformation, Carrier 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. In connection with the revised structure, the Chief Operating Decision Maker changed the measure used to evaluate segment profitability from Operating profit to Segment operating profit. 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. All prior period comparative information has been recast to reflect the revised segment structure.

# Segment summary

<i>(In millions)</i>	(Unaudited)			
	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
<b>Segment net sales</b>				
Climate Solutions Americas	\$ 1,935	\$ 2,341	\$ 10,470	\$ 10,527
Climate Solutions Europe	1,332	1,252	5,044	4,984
Climate Solutions Asia Pacific, Middle East & Africa	798	874	3,339	3,500
Climate Solutions Transportation	772	681	2,894	3,475
<b>Segment net sales</b>	<b><u>\$ 4,837</u></b>	<b><u>\$ 5,148</u></b>	<b><u>\$ 21,747</u></b>	<b><u>\$ 22,486</u></b>
<b>Segment operating profit</b>				
Climate Solutions Americas	\$ 168	\$ 435	\$ 2,150	\$ 2,323
Climate Solutions Europe	120	80	444	469
Climate Solutions Asia Pacific, Middle East & Africa	95	95	448	466
Climate Solutions Transportation	112	97	452	485
<b>Segment operating profit</b>	<b><u>\$ 495</u></b>	<b><u>\$ 707</u></b>	<b><u>\$ 3,494</u></b>	<b><u>\$ 3,743</u></b>
<b>Segment operating margin</b>				
Climate Solutions Americas	8.7 %	18.6 %	20.5 %	22.1 %
Climate Solutions Europe	9.0 %	6.4 %	8.8 %	9.4 %
Climate Solutions Asia Pacific, Middle East & Africa	11.9 %	10.9 %	13.4 %	13.3 %
Climate Solutions Transportation	14.5 %	14.2 %	15.6 %	14.0 %

# Organic sales reconciliation

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
Climate Solutions Americas	(17)%	—%	—%	—%	(17)%
Climate Solutions Europe	(2)%	8%	—%	—%	6%
Climate Solutions Asia Pacific, Middle East & Africa	(9)%	—%	—%	—%	(9)%
Climate Solutions Transportation	10%	3%	—%	—%	13%
<b>Consolidated</b>	<b>(9)%</b>	<b>3%</b>	<b>—%</b>	<b>—%</b>	<b>(6)%</b>

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
Climate Solutions Americas	(1)%	—%	—%	—%	(1)%
Climate Solutions Europe	(3)%	4%	—%	—%	1%
Climate Solutions Asia Pacific, Middle East & Africa	(5)%	—%	—%	—%	(5)%
Climate Solutions Transportation	4%	1%	(22)%	—%	(17)%
<b>Consolidated</b>	<b>(1)%</b>	<b>1%</b>	<b>(3)%</b>	<b>—%</b>	<b>(3)%</b>

# Earnings before income taxes reconciliation

(In millions)	(Unaudited)			
	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
<b>Reconciliation to Earnings before income taxes</b>				
Segment operating profit	\$ 495	\$ 707	\$ 3,494	\$ 3,743
Corporate and other	(40)	(29)	(202)	(201)
Restructuring costs	(73)	(11)	(178)	(108)
Amortization of acquired intangibles	(220)	(172)	(856)	(689)
Acquisition step-up amortization	—	(31)	—	(282)
Acquisition/divestiture-related costs	(23)	(8)	(55)	(95)
Viessmann-related hedges	—	—	—	(86)
CCR gain	—	318	7	318
VCS pre-acquisition product replacement cost	(38)	—	(38)	—
Gain on liability adjustment	—	—	—	46
Non-service pension (expense) benefit	(2)	—	(10)	(1)
Interest (expense) income, net	(94)	(81)	(364)	(371)
<b>Earnings before income taxes</b>	<b>\$ 5</b>	<b>\$ 693</b>	<b>\$ 1,798</b>	<b>\$ 2,274</b>

# Adjusted operating profit reconciliation

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<i>(In millions)</i>	(Unaudited)			
	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
<b>Reconciliation of Segment operating profit to Adjusted operating profit</b>				
Climate Solutions Americas	\$ 168	\$ 435	\$ 2,150	\$ 2,323
Climate Solutions Europe	120	80	444	469
Climate Solutions Asia Pacific, Middle East & Africa	95	95	448	466
Climate Solutions Transportation	112	97	452	485
Segment operating profit	\$ 495	\$ 707	\$ 3,494	\$ 3,743
Corporate and other	(40)	(29)	(202)	(201)
<b>Adjusted operating profit</b>	<b>\$ 455</b>	<b>\$ 678</b>	<b>\$ 3,292</b>	<b>\$ 3,542</b>

# Q4 and full year 2025 EPS reconciliation

<i>(In millions, except per share amounts)</i>	(Unaudited)					
	Three Months Ended December 31, 2025			Year Ended December 31, 2025		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 4,837	\$ —	\$ 4,837	\$ 21,747	\$ —	\$ 21,747
Operating profit	\$ 101	354 <sup>a</sup>	\$ 455	\$ 2,172	1,120 <sup>a</sup>	\$ 3,292
<i>Operating margin</i>	<i>2.1 %</i>		<i>9.4 %</i>	<i>10.0 %</i>		<i>15.1 %</i>
Earnings before income taxes	\$ 5	354 <sup>a,b</sup>	\$ 359	\$ 1,798	1,131 <sup>a,b</sup>	\$ 2,929
Income tax (expense) benefit	\$ 32	(97) <sup>c</sup>	\$ (65)	\$ (240)	(356) <sup>c</sup>	\$ (596)
<i>Effective tax rate</i>	<i>(741.2)%</i>		<i>18.1 %</i>	<i>13.4 %</i>		<i>20.4 %</i>
<b>Earnings from continuing operations attributable to common shareowners</b>	<b>\$ 28</b>	<b>\$ 257</b>	<b>\$ 285</b>	<b>\$ 1,455</b>	<b>\$ 775</b>	<b>\$ 2,230</b>
<b>Summary of Adjustments:</b>						
Restructuring costs	\$ 73 <sup>a</sup>			\$ 178 <sup>a</sup>		
Amortization of acquired intangibles	220 <sup>a</sup>			856 <sup>a</sup>		
Acquisition/divestiture-related costs	23 <sup>a</sup>			55 <sup>a</sup>		
CCR gain	— <sup>a</sup>			(7) <sup>a</sup>		
VCS pre-acquisition product replacement cost	38 <sup>a</sup>			38 <sup>a</sup>		
Defined benefit pension settlement	— <sup>b</sup>			11 <sup>b</sup>		
<b>Total adjustments</b>	<b>\$ 354</b>			<b>\$ 1,131</b>		
Tax effect on adjustments above	\$ (97)			\$ (301)		
Tax specific adjustments	—			(55)		
<b>Total tax adjustments</b>	<b>\$ (97) <sup>c</sup></b>			<b>\$ (356) <sup>c</sup></b>		
Diluted shares outstanding	846.7		846.7	862.4		862.4
<b>Diluted earnings per share:</b>						
<b>Continuing operations</b>	<b>\$ 0.03</b>		<b>\$ 0.34</b>	<b>\$ 1.69</b>	<b>\$ 2.59</b>	

# Q4 and full year 2024 EPS reconciliation

<i>(In millions, except per share amounts)</i>	(Unaudited)					
	Three Months Ended December 31, 2024			Year Ended December 31, 2024		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 5,148	\$ —	\$ 5,148	\$ 22,486	\$ —	\$ 22,486
Operating profit	\$ 774	(96) <sup>a</sup>	\$ 678	\$ 2,646	896 <sup>a</sup>	\$ 3,542
<i>Operating margin</i>	<i>15.0 %</i>		<i>13.2 %</i>	<i>11.8 %</i>		<i>15.8 %</i>
Earnings before income taxes	\$ 693	(87) <sup>a,b</sup>	\$ 606	\$ 2,274	831 <sup>a,b</sup>	\$ 3,105
Income tax (expense) benefit	\$ (723)	627 <sup>c</sup>	\$ (96)	\$ (1,062)	400 <sup>c</sup>	\$ (662)
<i>Effective tax rate</i>	<i>104.3 %</i>		<i>15.8 %</i>	<i>46.7 %</i>		<i>21.3 %</i>
<b>Earnings from continuing operations attributable to common shareowners</b>	<b><u>\$ (48)</u></b>	<b><u>\$ 540</u></b>	<b><u>\$ 492</u></b>	<b><u>\$ 1,108</u></b>	<b><u>\$ 1,231</u></b>	<b><u>\$ 2,339</u></b>
<b>Summary of Adjustments:</b>						
Restructuring costs	\$ 11 <sup>a</sup>			\$ 108 <sup>a</sup>		
Amortization of acquired intangibles	172 <sup>a</sup>			689 <sup>a</sup>		
Acquisition step-up amortization <sup>(1)</sup>	31 <sup>a</sup>			282 <sup>a</sup>		
Acquisition/divestiture-related costs	8 <sup>a</sup>			95 <sup>a</sup>		
CCR gain	(318) <sup>a</sup>			(318) <sup>a</sup>		
Viessmann-related hedges	— <sup>a</sup>			86 <sup>a</sup>		
Gain on liability adjustment <sup>(2)</sup>	— <sup>a</sup>			(46) <sup>a</sup>		
Debt extinguishment (gain)	— <sup>b</sup>			(97) <sup>b</sup>		
Debt prepayment costs	9 <sup>b</sup>			32 <sup>b</sup>		
<b>Total adjustments</b>	<b><u>\$ (87)</u></b>			<b><u>\$ 831</u></b>		
Tax effect on adjustments above	\$ (35)			\$ (262)		
Tax specific adjustments <sup>(3)</sup>	<u>662</u>			<u>662</u>		
<b>Total tax adjustments</b>	<b><u>\$ 627 <sup>c</sup></u></b>			<b><u>\$ 400 <sup>c</sup></u></b>		
Diluted shares outstanding	903.4		903.4	911.7		911.7
<b>Diluted earnings per share:</b>						
<b>Continuing operations</b>	<b><u>\$ (0.05)</u></b>		<b><u>\$ 0.54</u></b>	<b><u>\$ 1.22</u></b>		<b><u>\$ 2.56</u></b>

<sup>(1)</sup>Amortization of the step-up to fair value of acquired inventory and backlog.

<sup>(2)</sup>Gain associated with an adjustment to our tax-related liability owed to UTC.

<sup>(3)</sup>Tax expense associated with the integration of the Viessmann and Carrier legal entity structure.

# Free cash flow reconciliation

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<i>(In millions)</i>	(Unaudited)			
	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Net cash flows provided by operating activities	\$ 1,040	\$ 132	\$ 2,513	\$ 563
Less: Capital expenditures - continuing operations	(131)	(217)	(392)	(519)
Less: Capital expenditures - discontinued operations	—	(4)	—	(14)
<b>Free cash flow</b>	<b>\$ 909</b>	<b>\$ (89)</b>	<b>\$ 2,121</b>	<b>\$ 30</b>

# Net debt reconciliation

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<i>(In millions)</i>	<b>(Unaudited)</b>	
	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
Long-term debt	\$ 11,365	\$ 11,026
Short-term borrowings and current portion of long-term debt	468	1,336
Less: Cash and cash equivalents	1,555	3,969
<b>Net debt</b>	<b>\$ 10,278</b>	<b>\$ 8,393</b>



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