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Raytheon Technologies Reports Q2 2022 Results

Commercial Aerospace continues to drive sales and EPS growth; Q2 defense book-to-bill of 1.35

ARLINGTON, Va., July 26, 2022 – Raytheon Technologies Corporation (NYSE: RTX) reported second quarter 2022 results.

Second quarter 2022

- Sales of \$16.3 billion, up 3 percent versus prior year including 4 percent organic growth
- GAAP EPS from continuing operations of \$0.88, up 28 percent versus prior year, including \$0.28 of acquisition accounting adjustments and net significant and/or non-recurring charges
- Adjusted EPS of \$1.16, up 13 percent versus prior year
- Operating cash flow from continuing operations of \$1.3 billion; Free cash flow of \$807 million
- Achieved approximately \$80 million of incremental RTX gross cost synergies
- Repurchased over \$1.0 billion of RTX shares

Outlook for full year 2022

- Confirms sales of \$67.75 - \$68.75 billion
- Confirms adjusted EPS to \$4.60 - \$4.80
- Confirms free cash flow of approximately \$6.0 billion. Assumes the legislation requiring R&D capitalization for tax purposes is deferred beyond 2022.
- Confirms share repurchase of at least \$2.5 billion of RTX shares

“A strong start to the summer travel season drove continued top-line growth and adjusted EPS that exceeded our expectations,” said Raytheon Technologies Chairman and CEO Greg Hayes. “Resilient end-market demand along with our differentiated technology solutions generated over \$24 billion of awards in the quarter.”

“Looking ahead, while we expect the global supply chain environment, labor availability and inflation will remain challenging near term, we are actively engaged with our customers and suppliers to meet demand and remain cost competitive. We continue to be focused on strategic investments in technology and innovation that will drive our industry leadership today and into the future.”

Second quarter 2022

Raytheon Technologies reported second quarter sales of \$16.3 billion, up 3 percent over the prior year, including 4 points of organic sales growth partially offset by 1 point of net acquisitions and divestitures headwind. GAAP EPS from continuing operations of \$0.88 was up 28 percent versus the prior year and included \$0.28 of acquisition accounting adjustments and net significant and/or non-recurring charges. This includes \$0.23 of acquisition accounting adjustments primarily related to intangible amortization, \$0.04 related to the disposition of

non-core businesses at Collins Aerospace, and \$0.01 of restructuring. Adjusted EPS of \$1.16 was up 13 percent versus prior year.

The company recorded net income from continuing operations in the second quarter of \$1.3 billion, up 25 percent versus prior year and included \$418 million of acquisition accounting adjustments and net significant and/or non-recurring charges. Adjusted net income was \$1.7 billion, up 10 percent versus prior year. Operating cash flow from continuing operations in the second quarter was \$1.3 billion. Capital expenditures were \$479 million, resulting in free cash flow of \$807 million.

Summary Financial Results – Continuing Operations

(\$ in millions, except EPS)	2nd Quarter		
	2022	2021	% Change
<i>Reported</i>			
Sales	\$ 16,314	\$ 15,880	3 %
Net Income	\$ 1,304	\$ 1,040	25 %
EPS	\$ 0.88	\$ 0.69	28 %
<i>Adjusted</i>			
Sales	\$ 16,314	\$ 15,880	3 %
Net Income	\$ 1,722	\$ 1,565	10 %
EPS	\$ 1.16	\$ 1.03	13 %
Operating Cash Flow from Continuing Operations	\$ 1,286	\$ 1,326	(3)%
Free Cash Flow	\$ 807	\$ 966	(16)%

Backlog and Bookings

Backlog at the end of the second quarter was \$161 billion, of which \$96 billion was from commercial aerospace and \$65 billion was from defense.

Notable defense bookings during the quarter included:

- \$4.0 billion for F135 production Lots 15 and 16 at Pratt & Whitney
- \$1.2 billion of classified bookings at Raytheon Intelligence & Space (RIS)
- \$662 million for Stinger replenishment for the U.S. Army at Raytheon Missiles & Defense (RMD)
- \$648 million for Standard Missile-3 (SM-3) for the Missile Defense Agency (MDA) at RMD
- \$423 million for a SPY-6 Hardware Production and Sustainment contract for the U.S. Navy at RMD
- \$408 million for F135 sustainment services at Pratt & Whitney
- \$253 million on the Development, Operations and Maintenance (DOMino) cyber program for the Department of Homeland Security (DHS) at RIS
- \$217 million for Tomahawk for the U.S. Navy at RMD

Segment Results

The company's reportable segments are Collins Aerospace, Pratt & Whitney, Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD).

Collins Aerospace

(\$ in millions)	2nd Quarter		
	2022	2021	Change
<i>Reported</i>			
Sales	\$ 5,011	\$ 4,545	10 %
Operating Profit	\$ 546	\$ 506	8 %
ROS	10.9 %	11.1 %	(20) bps
<i>Adjusted</i>			
Sales	\$ 5,011	\$ 4,545	10 %
Operating Profit	\$ 617	\$ 518	19 %
ROS	12.3 %	11.4 %	90 bps

Collins Aerospace had second quarter 2022 adjusted sales of \$5,011 million, up 10 percent versus the prior year. The increase in sales was driven by a 25 percent increase in commercial aftermarket and a 14 percent increase in commercial OE, which more than offset a 6 percent decline in military. The increase in commercial sales was driven primarily by the recovery of commercial air traffic which has resulted in higher flight hours, aircraft fleet utilization, and narrowbody OE volume. This was partially offset by lower material receipts on military programs and expected declines in F-35 volume.

Collins Aerospace recorded adjusted operating profit of \$617 million in the quarter, up 19 percent versus the prior year. The increase in adjusted operating profit was primarily driven by drop through on higher commercial aftermarket, which more than offset higher SG&A expense, the absence of prior year favorable contract settlements, and lower military sales volume.

Pratt & Whitney

(\$ in millions)	2nd Quarter		
	2022	2021	Change
<i>Reported</i>			
Sales	\$ 4,969	\$ 4,280	16 %
Operating Profit	\$ 302	\$ 112	170 %
ROS	6.1 %	2.6 %	350 bps
<i>Adjusted</i>			
Sales	\$ 4,969	\$ 4,280	16 %
Operating Profit	\$ 303	\$ 96	216 %
ROS	6.1 %	2.2 %	390 bps

Pratt & Whitney had second quarter 2022 adjusted sales of \$4,969 million, up 16 percent versus the prior year. The increase in sales was driven by a 26 percent increase in commercial aftermarket, a 22 percent increase in commercial OE, and a 5 percent increase in military. The increase in commercial sales was primarily due to higher shop visits and related spare part sales and favorable large engine mix and volume. The increase in military sales was driven primarily by the timing of the award for the Lot 15 and 16 F135 production contract in Q2 and higher F135 aftermarket volume.

Pratt & Whitney recorded adjusted operating profit of \$303 million in the quarter, up 216 percent versus the prior year. The increase in adjusted operating profit was primarily driven by drop through on higher commercial aftermarket sales volume, favorable commercial OE mix, and higher military sales volume. This was partially offset by higher SG&A and R&D.

Raytheon Intelligence & Space

(\$ in millions)	2nd Quarter		
	2022	2021	Change
<i>Reported</i>			
Sales	\$ 3,570	\$ 3,805	(6)%
Operating Profit	\$ 315	\$ 415	(24)%
ROS	8.8 %	10.9 %	(210) bps
<i>Adjusted</i>			
Sales	\$ 3,570	\$ 3,805	(6)%
Operating Profit	\$ 315	\$ 415	(24)%
ROS	8.8 %	10.9 %	(210) bps

RIS had second quarter 2022 adjusted sales of \$3,570 million, down 6 percent versus the prior year. The decrease in sales was primarily driven by the divestiture of the Global Training and Services business. Excluding the impact of acquisitions and divestitures, sales were down 1 percent versus prior year. Lower expected sales in Command, Control and Communications as well as lower sales within Sensing and Effects were partially offset by higher sales in classified cyber programs within Cyber, Training and Services.

RIS recorded adjusted operating profit of \$315 million, down 24 percent versus the prior year. The decrease in adjusted operating profit was primarily driven by lower net program efficiencies, including unfavorable development program adjustments, the impact of the Global Training and Services divestiture, and the absence of a prior year land sale.

Raytheon Missiles & Defense

(\$ in millions)	2nd Quarter		
	2022	2021	Change
<i>Reported</i>			
Sales	\$ 3,558	\$ 3,985	(11)%
Operating Profit	\$ 348	\$ 532	(35)%
ROS	9.8 %	13.4 %	(360) bps
<i>Adjusted</i>			
Sales	\$ 3,558	\$ 3,985	(11)%
Operating Profit	\$ 348	\$ 532	(35)%
ROS	9.8 %	13.4 %	(360) bps

RMD had second quarter 2022 adjusted sales of \$3,558 million, down 11 percent versus prior year. The decrease in sales was primarily driven by continuing supply chain constraints and expected declines on certain Land

Warfare and Air Defense programs, which were partially offset by higher volume on SPY-6 production and Next Generation Interceptor development.

RMD recorded adjusted operating profit of \$348 million, down 35 percent versus the prior year. The decrease in adjusted operating profit was driven primarily by lower net program efficiencies across various programs resulting from continued supply chain constraints, unfavorable program mix and lower volume primarily in Land Warfare and Air Defense programs.

About Raytheon Technologies

Raytheon Technologies Corporation is an aerospace and defense company that provides advanced systems and services for commercial, military and government customers worldwide. With four industry-leading businesses — Collins Aerospace Systems, Pratt & Whitney, Raytheon Intelligence & Space and Raytheon Missiles & Defense — the company delivers solutions that push the boundaries in avionics, cybersecurity, directed energy, electric propulsion, hypersonics, and quantum physics. The company, formed in 2020 through the combination of Raytheon Company and the United Technologies Corporation aerospace businesses, is headquartered in Arlington, Virginia.

Conference Call on the Second Quarter 2022 Financial Results

Raytheon Technologies' financial results conference call will be held on Tuesday, July 26, 2022 at 8:30 a.m. ET. The conference call will be webcast live on the company's website at www.rtx.com and will be available for replay following the call. The corresponding presentation slides will be available for downloading prior to the call.

Use and Definitions of Non-GAAP Financial Measures

Raytheon Technologies Corporation ("RTC") 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.

Adjusted net sales, organic sales, adjusted operating profit (loss), adjusted net income and adjusted earnings per share ("EPS") are non-GAAP financial measures. Adjusted net sales represents consolidated net sales (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature (hereinafter referred to as "other significant items"). 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. Adjusted operating profit (loss) represents operating profit (loss) (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Acquisition accounting adjustments include the amortization of acquired intangible assets related to acquisitions, the amortization of the property, plant and equipment fair value adjustment acquired through acquisitions and the amortization of customer contractual obligations related to loss making or below market contracts acquired.

Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. For the Business segments, when applicable, adjustments of net sales similarly reflect continuing operations excluding other significant items, organic sales similarly excludes the impact of foreign currency, acquisitions and divestitures, and other significant items, and adjustments of operating profit (loss) and operating profit margins (also referred to as return on sales (ROS)) similarly reflect continuing operations, excluding restructuring, acquisition accounting adjustments and other significant items.

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

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.

When we provide our expectation for adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations and expected cash flow from operations, respectively) 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, 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.

Cautionary Statement Regarding Forward-Looking Statements

This press release 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 Raytheon Technologies Corporation ("RTC") 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," "goals," "objectives," "confident," "on track" and other words of similar meaning. 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 payments and rates, research and development spending, cost savings, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits to RTC of the United Technologies Corporation ("UTC") acquisition of Rockwell Collins in 2018, the merger (the "merger") between UTC and Raytheon Company ("Raytheon")) or the spin-offs by UTC of Otis Worldwide Corporation and Carrier Global Corporation into separate independent companies (the "separation transactions"), including estimated synergies and customer cost savings

resulting from the merger and the anticipated benefits and costs of the separation transactions and other statements that are not solely 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: (1) the effect of changes in global economic, capital market and political conditions in the U.S. and globally, such as from the global sanctions and export controls with respect to Russia, and any changes therein, including related to financial market conditions, fluctuations in commodity prices, inflation, interest rates and foreign currency exchange rates, disruptions in global supply chain and labor markets, and geopolitical risks; (2) risks associated with U.S. government sales, including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration or the allocation of funds to governmental responses to COVID-19, a continuing resolution, a government shutdown, or otherwise, and uncertain funding of programs; (3) challenges in the development, production, delivery, support, and performance of RTC advanced technologies and new products and services and the realization of the anticipated benefits (including our expected returns under customer contracts), as well as the challenges of operating in RTC's highly-competitive industries; (4) the effect of and risks relating to the coronavirus disease 2019 (COVID-19) pandemic on RTC's business, supply chain, operations and the industries in which it operates, including the decrease in global air travel, and the timing and extent of the recovery from COVID-19; (5) risks relating to RTC international operations from, among other things, changes in trade policies and implementation of sanctions, foreign currency fluctuations, economic conditions, political factors, sales methods, and U.S. or local government regulations; (6) the condition of the aerospace industry; (7) risks relating to RTC's reliance on U.S. and non-U.S. suppliers and commodity markets, including the effect of sanctions, delays and disruptions in the delivery of materials and services to RTC or its suppliers and price increases; (8) the scope, nature, timing and challenges of managing acquisitions, investments, divestitures and other transactions, including the realization of synergies and opportunities for growth and innovation, the assumption of liabilities and other risks and incurrence of related costs and expenses; (9) compliance with legal, environmental, regulatory and other requirements, including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anticorruption requirements, such as the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations in the U.S. and other countries in which RTC and its businesses operate; (10) the outcome of pending, threatened and future legal proceedings, investigations and other contingencies, including those related to U.S. government audits and disputes; (11) factors that could impact RTC's ability to engage in desirable capital-raising or strategic transactions, including its capital structure, levels of indebtedness, capital expenditures and research and development spending, and the availability of credit, credit market conditions and other factors; (12) uncertainties associated with the timing and scope of future repurchases by RTC of its common stock or declarations of cash dividends, which may be discontinued, accelerated, suspended or delayed at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (13) the risks relating to realizing expected benefits from RTC strategic initiatives such as cost reduction, restructuring, digital transformation and other operational initiatives; (14) the risks relating to the integration of legacy businesses of UTC and RTC as well as the merger, and the realization of the anticipated benefits of those transactions; (15) risks of additional tax exposures due to new tax legislation or other developments, in the U.S. and other countries in which RTC and its businesses operate; (16) the ability of RTC to attract, train and retain qualified personnel and maintain its culture and high ethical standards, and the ability of our personnel to continue to operate our facilities and businesses around the world; (17) risks relating to a RTC product safety failure or other failure affecting

RTC's or its customers' or suppliers' products or systems; (18) risks relating to cyber-attacks on RTC's information technology infrastructure, products, suppliers, customers and partners, threats to RTC facilities and personnel, as well as other events outside of RTC's control such as public health crises, damaging weather or other acts of nature; (19) the effect of changes in accounting estimates for our programs on our financial results; (20) the effect of changes in pension and other postretirement plan estimates and assumptions and contributions; (21) risks relating to an impairment of goodwill and other intangible assets; (22) the effects of climate change and changing climate-related regulations, customer and market demands, products and technologies; and (23) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions and other internal restructurings as tax-free to UTC and former UTC shareowners, in each case, for U.S. federal income tax purposes. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the reports of RTC, UTC and Raytheon on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and RTC assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

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Raytheon Technologies Corporation
Condensed Consolidated Statement of Operations

	Quarter Ended June 30,		Six Months Ended June 30,	
	(Unaudited)		(Unaudited)	
<i>(dollars in millions, except per share amounts; shares in millions)</i>	2022	2021	2022	2021
Net Sales	\$ 16,314	\$ 15,880	\$ 32,030	\$ 31,131
Costs and Expenses:				
Cost of sales	12,856	12,655	25,416	25,192
Research and development	698	657	1,333	1,246
Selling, general and administrative	1,424	1,368	2,893	2,588
Total Costs and Expenses	14,978	14,680	29,642	29,026
Other income, net	17	82	45	190
Operating profit	1,353	1,282	2,433	2,295
Non-service pension income	(474)	(490)	(954)	(981)
Interest expense, net	329	342	647	688
Income from continuing operations before income taxes	1,498	1,430	2,740	2,588
Income tax expense	160	342	276	687
Net income from continuing operations	1,338	1,088	2,464	1,901
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	34	48	57	89
Income from continuing operations attributable to common shareowners	1,304	1,040	2,407	1,812
Loss from discontinued operations attributable to common shareowners	—	(8)	(19)	(27)
Net income attributable to common shareowners	\$ 1,304	\$ 1,032	\$ 2,388	\$ 1,785
Earnings (loss) Per Share attributable to common shareowners - Basic:				
Income from continuing operations	\$ 0.88	\$ 0.69	\$ 1.62	\$ 1.20
Loss from discontinued operations	—	—	(0.01)	(0.02)
Net income attributable to common shareowners	\$ 0.88	\$ 0.69	\$ 1.61	\$ 1.18
Earnings (loss) Per Share attributable to common shareowners - Diluted:				
Income from continuing operations	\$ 0.88	\$ 0.69	\$ 1.61	\$ 1.20
Loss from discontinued operations	—	(0.01)	(0.01)	(0.02)
Net income attributable to common shareowners	\$ 0.88	\$ 0.68	\$ 1.60	\$ 1.18
Weighted Average Shares Outstanding:				
Basic shares	1,479.2	1,506.4	1,482.9	1,508.7
Diluted shares	1,489.6	1,513.5	1,493.7	1,513.7

Raytheon Technologies Corporation
Segment Net Sales and Operating Profit

<i>(dollars in millions)</i>	Quarter Ended (Unaudited)				Six Months Ended (Unaudited)			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Net Sales								
Collins Aerospace Systems	\$ 5,011	\$ 5,011	\$ 4,545	\$ 4,545	\$ 9,835	\$ 9,835	\$ 8,915	\$ 8,915
Pratt & Whitney	4,969	4,969	4,280	4,280	9,498	9,498	8,310	8,310
Raytheon Intelligence & Space	3,570	3,570	3,805	3,805	7,142	7,142	7,570	7,570
Raytheon Missiles & Defense	3,558	3,558	3,985	3,985	7,085	7,085	7,778	7,778
Total segments	17,108	17,108	16,615	16,615	33,560	33,560	32,573	32,573
Eliminations and other	(794)	(794)	(735)	(735)	(1,530)	(1,530)	(1,442)	(1,442)
Consolidated	\$16,314	\$16,314	\$15,880	\$15,880	\$32,030	\$32,030	\$31,131	\$31,131
Operating Profit								
Collins Aerospace Systems	\$ 546	\$ 617	\$ 506	\$ 518	\$ 986	\$ 1,201	\$ 820	\$ 850
Pratt & Whitney	302	303	112	96	453	611	132	136
Raytheon Intelligence & Space	315	315	415	415	693	693	803	803
Raytheon Missiles & Defense	348	348	532	532	735	735	1,028	1,028
Total segments	1,511	1,583	1,565	1,561	2,867	3,240	2,783	2,817
Eliminations and other	(47)	(47)	(40)	(40)	(81)	(87)	(71)	(71)
Corporate expenses and other unallocated items	(42)	(33)	(149)	(89)	(178)	(130)	(230)	(140)
FAS/CAS operating adjustment	379	379	425	425	757	757	848	848
Acquisition accounting adjustments	(448)	—	(519)	—	(932)	—	(1,035)	—
Consolidated	\$ 1,353	\$ 1,882	\$ 1,282	\$ 1,857	\$ 2,433	\$ 3,780	\$ 2,295	\$ 3,454
Segment Operating Profit Margin								
Collins Aerospace Systems	10.9 %	12.3 %	11.1 %	11.4 %	10.0 %	12.2 %	9.2 %	9.5 %
Pratt & Whitney	6.1 %	6.1 %	2.6 %	2.2 %	4.8 %	6.4 %	1.6 %	1.6 %
Raytheon Intelligence & Space	8.8 %	8.8 %	10.9 %	10.9 %	9.7 %	9.7 %	10.6 %	10.6 %
Raytheon Missiles & Defense	9.8 %	9.8 %	13.4 %	13.4 %	10.4 %	10.4 %	13.2 %	13.2 %
Total segment	8.8 %	9.3 %	9.4 %	9.4 %	8.5 %	9.7 %	8.5 %	8.6 %

Raytheon Technologies Corporation
Condensed Consolidated Balance Sheet

<i>(dollars in millions)</i>	June 30, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Assets		
Cash and cash equivalents	\$ 4,767	\$ 7,832
Accounts receivable, net	10,394	9,661
Contract assets	11,836	11,361
Inventory, net	10,142	9,178
Other assets, current	4,323	4,018
Total Current Assets	41,462	42,050
Customer financing assets	2,675	2,848
Fixed assets, net	14,741	14,972
Operating lease right-of-use assets	1,866	1,958
Goodwill	53,806	54,436
Intangible assets, net	37,562	38,516
Other assets	6,905	6,624
Total Assets	\$ 159,017	\$ 161,404
Liabilities, Redeemable Noncontrolling Interest and Equity		
Short-term borrowings	\$ 113	\$ 134
Accounts payable	9,732	8,751
Accrued employee compensation	2,028	2,658
Other accrued liabilities	12,459	10,162
Contract liabilities	13,430	13,720
Long-term debt currently due	26	24
Total Current Liabilities	37,788	35,449
Long-term debt	31,274	31,327
Operating lease liabilities, non-current	1,593	1,657
Future pension and postretirement benefit obligations	7,543	7,855
Other long-term liabilities	8,791	10,417
Total Liabilities	86,989	86,705
Redeemable noncontrolling interest	38	35
Shareowners' Equity:		
Common Stock	37,640	37,445
Treasury Stock	(14,539)	(12,727)
Retained earnings	50,271	50,265
Accumulated other comprehensive loss	(2,931)	(1,915)
Total Shareowners' Equity	70,441	73,068
Noncontrolling interest	1,549	1,596
Total Equity	71,990	74,664
Total Liabilities, Redeemable Noncontrolling Interest and Equity	\$ 159,017	\$ 161,404

Raytheon Technologies Corporation
Condensed Consolidated Statement of Cash Flows

	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2022	2021	2022	2021
<i>(dollars in millions)</i>				
Operating Activities:				
Net income from continuing operations	\$ 1,338	\$ 1,088	\$ 2,464	\$ 1,901
Adjustments to reconcile net income from continuing operations to net cash flows provided by operating activities:				
Depreciation and amortization	999	1,132	2,013	2,255
Deferred income tax (benefit) provision	(546)	22	(1,147)	175
Stock compensation cost	109	143	212	227
Net periodic pension and other postretirement income	(354)	(357)	(714)	(715)
Change in:				
Accounts receivable	(1,346)	1,092	(790)	293
Contract assets	(306)	(246)	(525)	(557)
Inventory	(446)	(20)	(1,033)	(133)
Other current assets	(72)	(65)	(353)	(258)
Accounts payable and accrued liabilities	2,425	(1,271)	2,109	(733)
Contract liabilities	(259)	11	(309)	(45)
Other operating activities, net	(256)	(203)	(165)	(361)
Net cash flows provided by operating activities from continuing operations	1,286	1,326	1,762	2,049
Investing Activities:				
Capital expenditures	(479)	(360)	(918)	(747)
Investments in businesses	—	—	—	(6)
Dispositions of businesses, net of cash transferred	53	25	88	1,074
Customer financing assets receipts (payments), net	12	(21)	(7)	(102)
Increase in collaboration intangible assets	(41)	(28)	(91)	(60)
(Payments) receipts from settlements of derivative contracts, net	(118)	1	(151)	50
Other investing activities, net	(45)	40	(57)	30
Net cash flows (used in) provided by investing activities from continuing operations	(618)	(343)	(1,136)	239
Financing Activities:				
Repayment of long-term debt	(2)	(21)	(2)	(307)
Change in short-term borrowings, net	(23)	(38)	(17)	(51)
Dividends paid on Common Stock	(798)	(756)	(1,543)	(1,461)
Repurchase of Common Stock	(1,036)	(632)	(1,779)	(1,007)
Net transfers to discontinued operations	—	(19)	—	(24)
Other financing activities, net	(23)	(109)	(286)	(269)
Net cash flows used in financing activities from continuing operations	(1,882)	(1,575)	(3,627)	(3,119)
Discontinued Operations:				
Net cash used in operating activities	—	(19)	—	(24)
Net cash used in investing activities	—	—	—	—
Net cash provided by financing activities	—	19	—	24
Net cash used in discontinued operations	—	—	—	—
Effect of foreign exchange rate changes on cash and cash equivalents	(35)	56	(20)	79
Net decrease in cash, cash equivalents and restricted cash	(1,249)	(536)	(3,021)	(752)
Cash, cash equivalents and restricted cash, beginning of period	6,081	8,616	7,853	8,832
Cash, cash equivalents and restricted cash, end of period	4,832	8,080	4,832	8,080
Less: Restricted cash, included in Other assets	65	29	65	29
Cash and cash equivalents, end of period	\$ 4,767	\$ 8,051	\$ 4,767	\$ 8,051

Raytheon Technologies Corporation
Reconciliation of Adjusted (Non-GAAP) Results
Adjusted Sales, Adjusted Operating Profit & Operating Profit Margin

<i>(dollars in millions - Income (Expense))</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	(Unaudited)		(Unaudited)	
	2022	2021	2022	2021
Collins Aerospace Systems				
Net sales	\$ 5,011	\$ 4,545	\$ 9,835	\$ 8,915
Operating profit	\$ 546	\$ 506	\$ 986	\$ 820
Restructuring	(2)	(12)	(5)	(30)
Impairment charges and reserve adjustments related to Russia sanctions ⁽¹⁾	—	—	(141)	—
Charges associated with disposition of businesses	(69)	—	(69)	—
Adjusted operating profit	\$ 617	\$ 518	\$ 1,201	\$ 850
Adjusted operating profit margin	12.3 %	11.4 %	12.2 %	9.5 %
Pratt & Whitney				
Net sales	\$ 4,969	\$ 4,280	\$ 9,498	\$ 8,310
Operating profit	\$ 302	\$ 112	\$ 453	\$ 132
Restructuring	(1)	16	(3)	(4)
Impairment charges and reserve adjustments related to Russia sanctions ⁽¹⁾	—	—	(155)	—
Adjusted operating profit	\$ 303	\$ 96	\$ 611	\$ 136
Adjusted operating profit margin	6.1 %	2.2 %	6.4 %	1.6 %
Raytheon Intelligence & Space				
Net sales	\$ 3,570	\$ 3,805	\$ 7,142	\$ 7,570
Operating profit	\$ 315	\$ 415	\$ 693	\$ 803
Adjusted operating profit margin	8.8 %	10.9 %	9.7 %	10.6 %
Raytheon Missiles & Defense				
Net sales	\$ 3,558	\$ 3,985	\$ 7,085	\$ 7,778
Operating profit	\$ 348	\$ 532	\$ 735	\$ 1,028
Adjusted operating profit margin	9.8 %	13.4 %	10.4 %	13.2 %
Eliminations and Other				
Net sales	\$ (794)	\$ (735)	\$ (1,530)	\$ (1,442)
Operating loss	\$ (47)	\$ (40)	\$ (81)	\$ (71)
Impairment charges and reserve adjustments related to Russia sanctions ⁽¹⁾	—	—	6	—
Adjusted operating loss	\$ (47)	\$ (40)	\$ (87)	\$ (71)
Corporate expenses and other unallocated items				
Operating loss	\$ (42)	\$ (149)	\$ (178)	\$ (230)
Restructuring	(9)	(60)	(48)	(65)
Costs associated with the separation of the commercial businesses	—	—	—	(8)
Transaction and integration costs associated with the Raytheon Merger	—	—	—	(17)
Adjusted operating loss	\$ (33)	\$ (89)	\$ (130)	\$ (140)
FAS/CAS Operating Adjustment				
Operating profit	\$ 379	\$ 425	\$ 757	\$ 848
Acquisition Accounting Adjustments				
Operating loss	\$ (448)	\$ (519)	\$ (932)	\$ (1,035)
Acquisition accounting adjustments	(448)	(519)	(932)	(1,035)
Adjusted operating profit	\$ —	\$ —	\$ —	\$ —
RTC Consolidated				
Net sales	\$ 16,314	\$ 15,880	\$ 32,030	\$ 31,131
Operating profit	\$ 1,353	\$ 1,282	\$ 2,433	\$ 2,295
Restructuring	(12)	(56)	(56)	(99)
Acquisition accounting adjustments	(448)	(519)	(932)	(1,035)

Total significant non-recurring and non-operational items included in Operating profit above	(69)	—	(359)	(25)
Adjusted operating profit	\$ 1,882	\$ 1,857	\$ 3,780	\$ 3,454

- (1) Total significant non-recurring and non-operational items in the table above for the six months ended June 30, 2022 includes a net pre-tax charge of \$0.3 billion related to the impact of the sanctions imposed upon Russia in response to the Russia-Ukraine conflict, primarily consisting of charges related to increased estimates for credit losses on both our accounts receivables and contract assets, inventory reserves, impairment of customer financing assets for products under lease and contract fulfillment costs, and recognition of supplier obligations. Management has determined that these items are directly attributable to the sanctions, incremental to similar costs (or income) incurred for reasons other than the sanctions and not expected to recur, and therefore, not indicative of the Company's ongoing operational performance.

Raytheon Technologies Corporation
Reconciliation of Adjusted (Non-GAAP) Results
Adjusted Income from Continuing Operations, Earnings Per Share, and Effective Tax Rate

<i>(dollars in millions - Income (Expense))</i>	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2022	2021	2022	2021
Income from continuing operations attributable to common shareowners	\$ 1,304	\$ 1,040	\$ 2,407	\$ 1,812
Total Restructuring	(12)	(56)	(56)	(99)
Total Acquisition accounting adjustments	(448)	(519)	(932)	(1,035)
Total significant non-recurring and non-operational items included in Operating profit	(69)	—	(359)	(25)
<i>Significant non-recurring and non-operational items included in Non-service Pension Income</i>				
Non-service pension restructuring	—	—	5	—
Tax effect of restructuring and significant non-recurring and non-operational items above	111	123	293	257
<i>Significant non-recurring and non-operational items included in Income Tax Expense</i>				
Tax impact from UK rate change	—	(73)	—	(73)
Tax impact from business disposal	—	—	—	(148)
<i>Significant non-recurring and non-operational items included in Noncontrolling Interest</i>				
Noncontrolling interest share of certain Russia sanction charges	—	—	11	—
Less: Impact on net income attributable to common shareowners	(418)	(525)	(1,038)	(1,123)
Adjusted income from continuing operations attributable to common shareowners	\$ 1,722	\$ 1,565	\$ 3,445	\$ 2,935
Diluted Earnings Per Share	\$ 0.88	\$ 0.69	\$ 1.61	\$ 1.20
Impact on Diluted Earnings Per Share	(0.28)	(0.34)	(0.70)	(0.74)
Adjusted Diluted Earnings Per Share	\$ 1.16	\$ 1.03	\$ 2.31	\$ 1.94
Effective Tax Rate	10.7 %	23.9 %	10.1 %	26.5 %
Impact on Effective Tax Rate	(2.7) %	4.3 %	(3.8) %	7.2 %
Adjusted Effective Tax Rate	13.4 %	19.6 %	13.9 %	19.3 %

Raytheon Technologies Corporation
Free Cash Flow Reconciliation

<i>(dollars in millions)</i>	Quarter Ended June 30, (Unaudited)	
	2022	2021
Net cash flows provided by operating activities from continuing operations	\$ 1,286	\$ 1,326
Capital expenditures	(479)	(360)
Free cash flow	\$ 807	\$ 966

<i>(dollars in millions)</i>	Six Months Ended June 30, (Unaudited)	
	2022	2021
Net cash flows provided by operating activities from continuing operations	\$ 1,762	\$ 2,049
Capital expenditures	(918)	(747)
Free cash flow	\$ 844	\$ 1,302