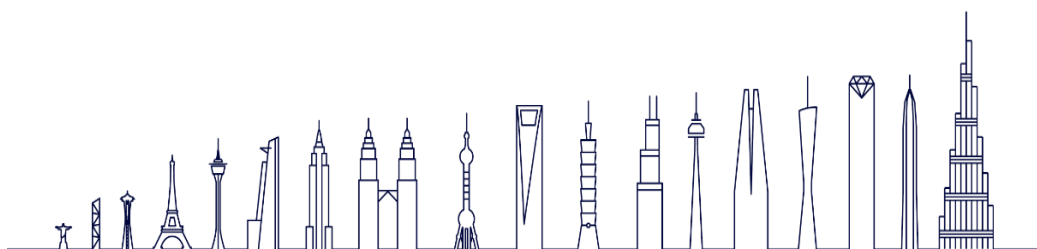




# **ZARDOYA OTIS, S.A**

## **QUARTERLY REPORT FOR 4TH QUARTER 2021**

**FISCAL YEAR: DECEMBER 1, 2020 – NOVEMBER 30, 2021**



## 1. ENVIRONMENT AND OUTLOOK

The International Monetary Fund (IMF) states, in its latest update, that **the global recovery is continuing, although with less momentum, since uncertainty has increased** and there are still divergences in relation to vaccine access and early policy support.

In this environment, the IMF projects that the global economy will grow **4.9% in 2022**, specifically **4.5% in advanced economies**, partly affected by supply disruptions, and **5.1% in emerging and developing economies**, where the near-term prospects among commodity-exporting countries improve. Notwithstanding the foregoing, they also indicate that **the rapid spread of the Delta/Omicron variants and the threat of new variants** have increased uncertainty about how quickly the pandemic can be overcome.

Details of the latest **IMF forecasts for the 3 countries in which the Zardoya Otis Group operates** are shown below:

GDP			Forecasts		Outlook			
	2019	2020	2021	2022	2023	2024	2025	2026
SPAIN	2.1%	-10.8%	5.7%	6.4%	2.6%	2.0%	1.6%	1.5%
PORTUGAL	2.7%	-8.4%	4.4%	5.1%	2.5%	2.2%	2.0%	1.8%
MOROCCO	2.6%	-6.3%	5.7%	3.1%	3.7%	3.5%	3.5%	3.4%

UNEMPLOYMENT			Forecasts		Outlook			
	2019	2020	2021	2022	2023	2024	2025	2026
SPAIN	14.1%	15.5%	15.4%	14.8%	14.1%	13.9%	14.0%	13.7%
PORTUGAL	6.6%	7.0%	6.9%	6.7%	6.3%	6.1%	6.0%	5.9%
MOROCCO	10.2%	12.2%	12.0%	11.5%	11.0%	10.4%	9.9%	9.4%

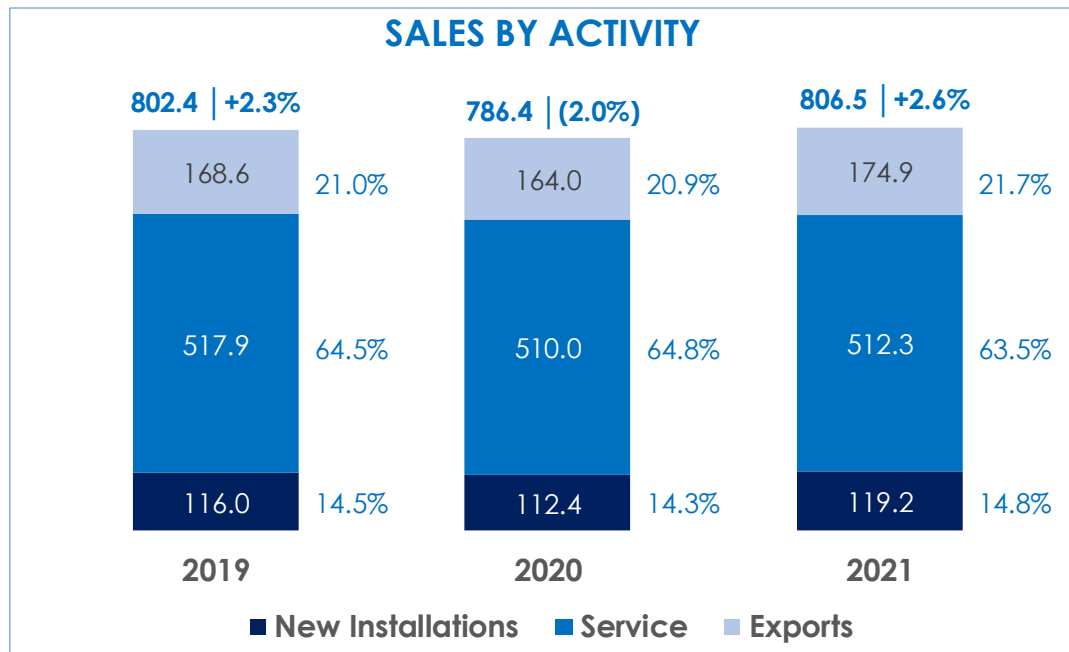
Regarding **inflation**, the most recent data from reliable sources (**FUNCAS**) indicate that Spain closes 2021 with a **3.1% increase in interannual terms**, with **3.7% expected for 2022**, primarily as a consequence of the **heavy rise in energy product prices** (+21.2% in 2021 and +11.5% forecast for 2022, respectively). Attention should be drawn to the fact that, **according to FUNCAS, in monthly terms**, the figures for **November and December 2021 were 5.5% and 6.5%**, although 1.8% and 0.6% are expected for the same months of 2022, following a gradual decrease throughout the rest of the year.

In relation to the real estate sector, according to the **latest Euroconstruct report dated November 2021**, in 2021, **new residential construction** in Spain recovered as the restrictions were relaxed, rising from (10.6%) in 2020 to 7.5% in 2021. Although Portugal showed only a minor increase of 0.3% in 2021, this took place on top of significant growth in previous years. The report expects this indicator **to recover by 8% in 2022 and 3% in 2023 (0.5% and 0.7% in Portugal)**.

## 2. BUSINESS EVOLUTION

### SALES:

**Total consolidated sales at the end 2021 were 806.5 million euros**, in comparison with 786.4 million euros at the end of the preceding year, representing an **increase of 2.6%**. Furthermore, we should remember that, at the end of the first quarter of 2020, the state of emergency due to the pandemic had not yet been declared. The aforementioned 2.6% increase in the sales figure may be seen in the figures for the New Installations and Export activities.



(Millions of euros – cumulative figures at the end of each fiscal year)

### New Installations

**The value of new installations at the end of 2021 was 119.2 million euros, 6.1% up** on the 112.4 million euros of 2020. In 2021, new installation sales accounted for 14.8% of total sales (14.3% in 2020).

### Service

Consolidated service sales totalled **512.3 million euros** (510.0 million euros at the end of 2020), representing an **increase of 0.5%**.

Although the relaxation of the restriction measures had begun in the second half of May, the Service activity figures were already in line with those of the preceding year at the end of the third quarter. The tentative reactivation of tourism has been taking place very gradually and has only allowed hotels to increase their capacity to some extent and bring into service apparatus and equipment whose activity had been temporarily suspended. In addition, meetings of Homeowners Associations, where decisions to purchase or improve elevators are made, have not yet recovered pre-pandemic levels due to the new waves that are appearing.

Service activity accounted for 63.5% of total Group billing in the period (64.8% in 2020). This lower percentage of the total is partly explained by the **significant increases in the new sales and exports figures** in comparison with the end of 2020 (+6.1% and +6.6%, respectively).

## Exports

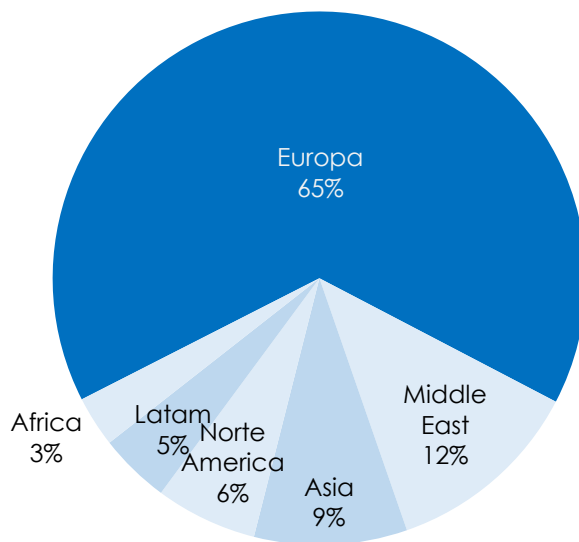
At the end of 2021, **cumulative net export sales**, after elimination of the sales to our subsidiaries in the consolidation process, **were 174.9 million euros, 6.6% up** on the 164.0 million euros obtained at the end of the preceding year.

The behaviour of export figures followed a **solid trend throughout 2021**, starting with a figure close to 40 million euros in the first quarter, which remained at around 45 million euros in each one of the following quarters, reaching figures that compared favourably with those obtained during 2020.

Export sales accounted for 21.7% of consolidated Group sales at the end of 2021 (20.9% at the end of 2020).

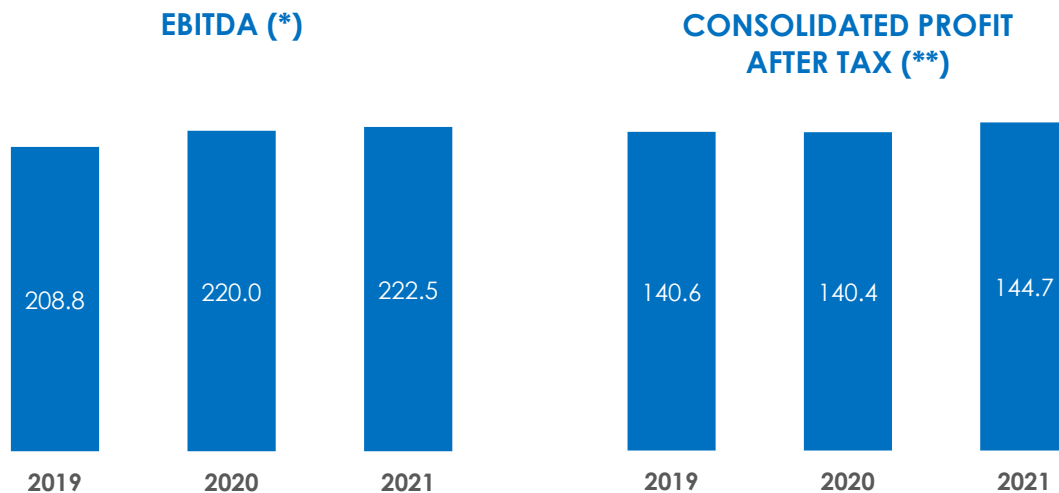
**Exports to European countries rose by 16.6%** in comparison with the 2020 and **those sent to African countries increased by 108%** as a result of the **development of specific products** for these markets and the initiatives that we have been taking for some time to introduce our products into these countries, as well as those of central and northern Europe, in order to offset the decline in other markets, principally the Middle East.

### EXPORTS BY REGION



The graph shows the geographical destinations of the exports of 174.9 million euros in 2021.

## RESULTS:



(\*) EBITDA in millions of euros – cumulative figures at the end of each fiscal year.

(\*\*) Consolidated profit for the year after tax on continuing operations attributable to the Company's shareholders – expressed in millions of euros.

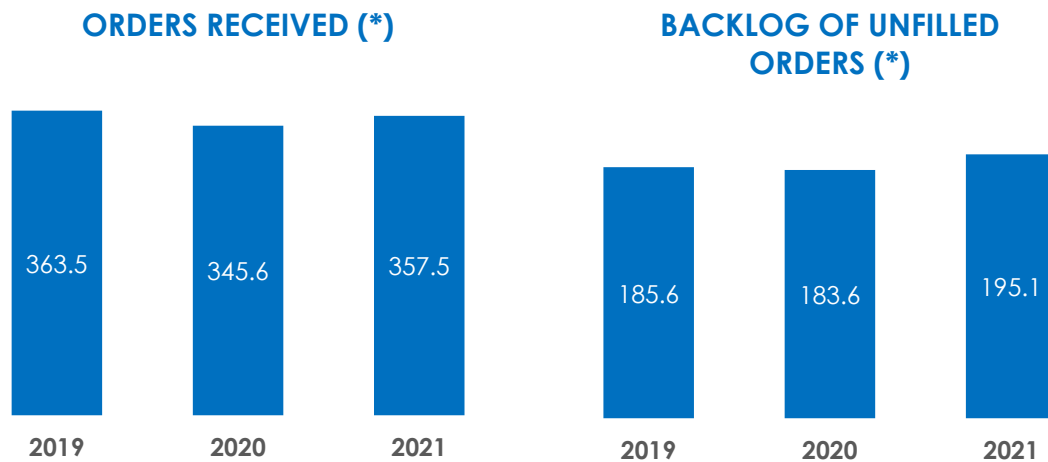
The **EBITDA** (operating profit plus amortization and depreciation) **at the end of the 2021 fiscal year was 222.5 million euros, 1.2% up on the 2020 figure**. Special attention should be drawn to the fact that **the EBITDA figures were maintained and improved throughout the year**, in spite of the important obstacle posed by the **general increase in raw material prices**. Thus, the Company recorded increases in the cumulative EBITDA figures in each one of the quarters of 2021 in comparison with those of 2020.

The EBITDA figures at the end of both 2021 and 2020 continued to reflect the impact of application of "IFRS-16 Leases", which introduced the requirement for companies to show leased assets attached to the activity in their statements of financial position.

**Consolidated profit before tax was 190.0 million euros** at the end of 2021, **2.4% up** on the 2020 figure. This figure includes an impact of EThs 3,305 of the sale of the old San Sebastián plant.

**Profit after tax was 144.7 million euros** at the end of 2021, **3.0% higher** than the 140.4 million euros obtained in 2020.

### 3. OTHER KEY DATA



(\*) Includes cumulative year-end figures for New Sales, Modernizations and Exports – expressed in millions of euros.

#### Orders received and backlog of unfilled orders

**At the end of 2021, the total cumulative amount was 357.5 million euros**, including orders received for modernizations, new installations and exports, including new and existing buildings and marine. The marine activity was affected by the consequences of the pandemic, since it includes international cruise ship activity.

**The cumulative figure for 2021 represents an increase of 3.4%** on the 345.6 million euros obtained in 2020 and an order volume of close to 90 million euros per quarter.

**The backlog of unfilled orders at the end of 2021 was 195.1 million euros, an increase of 6.2%** on the 183.6 million euros obtained in the 2020 period.

#### Units under maintenance

**Our maintenance portfolio rose by 0.6%** in comparison with the same period of the preceding year, totalling **296,106 units at the end of 2021**, due to the inclusion of close to 1,800 units. Special attention should be drawn to the fact that we have succeeded in maintaining and increasing our portfolio almost exclusively through organic growth.

#### 4. CONDENSED CONSOLIDATED INCOME STATEMENT

(Cumulative figures at the year end expressed in millions of euros)

	2021	2020
<b>SALES</b>	<b>806.5</b>	<b>786.4</b>
OTHER REVENUE	2.2	1.7
RAW MATERIALS AND CONSUMABLES USED	(270.0)	(248.1)
EMPLOYEE BENEFIT EXPENSE	(268.0)	(268.9)
OTHER EXPENSES	(48.1)	(51.1)
<b>EBITDA</b>	<b>222.5</b>	<b>220.0</b>
AMORTIZATION, IMPAIRMENT AND GAINS/(LOSSES) ON DISPOSALS OF FIXED ASSETS (*)	(35.3)	(33.6)
<b>OPERATING PROFIT</b>	<b>187.2</b>	<b>186.3</b>
REVENUE FROM FINANCING ACTIVITIES	0.1	0.2
COST OF FINANCING ACTIVITIES (*)	(0.7)	(1.1)
NET FOREIGN EXCHANGE DIFFERENCES	0.1	(0.1)
<b>OTHER GAIN/LOSS</b>	<b>3.4</b>	<b>0.2</b>
<b>PROFIT BEFORE TAX</b>	<b>190.0</b>	<b>185.6</b>
INCOME TAX EXPENSE	(44.3)	(44.5)
<b>PROFIT FOR THE YEAR</b>	<b>145.8</b>	<b>141.1</b>
ATTRIBUTABLE TO:		
ATTRIBUTABLE SHAREHOLDERS	144.7	140.4
NCI	1.1	0.7

#### 5. DIVIDENDS

At its meetings held in December 2020 and March 2021, the Board of Directors approved, respectively, the third interim dividend charged to the profit for 2020 and the first interim dividend charged to the 2021 profit, which were paid out on January 11 and April 9, respectively. In addition, the Ordinary General Shareholders' Meeting of Zardoya Otis held on June 16, 2021 passed a resolution to distribute a dividend charged to reserves, which was paid out on July 9, 2021. Subsequently, at its September meeting, the Board of Directors approved the second interim dividend charged to the 2021 profit, which was paid out on October 11.

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
January 11	<b>€ 0.068</b>	3rd interim 2020	470,464,311	€ 31,991,573.15
	Treasury shares		(2,049,865)	(€ 139,390.82)
<b>Total</b>			<b>468,414,446</b>	<b>€ 31,852,182.33</b>
April 9	<b>€ 0.070</b>	1st interim 2021	470,464,311	€ 32,932,501.77
	Treasury shares		(163,477)	(€ 11,443.39)
<b>Total</b>			<b>470,300,834</b>	<b>€ 32,921,058.38</b>
July 9	<b>€ 0.072</b>	Reserves	470,464,311	€ 33,873,430.39
	Treasury shares		(534,890)	(€ 38,512.08)
<b>Total</b>			<b>469,929,421</b>	<b>€ 33,834,918.31</b>
October 11	<b>€ 0.074</b>	2nd interim 2021	470,464,311	€ 34,814,359.01
	Treasury shares		(533,655)	(€ 39,490.47)
<b>Total</b>			<b>469,930,656</b>	<b>€ 34,774,868.54</b>
<b>Total €</b>				<b>€ 133,383,027.56</b>

## 6. TREASURY SHARES

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2018 authorized the Board of Directors to acquire, directly or indirectly, treasury shares of Zardoya Otis, S.A., observing the legal limits and requirements. At its meeting of December 11, 2018, the Board of Directors decided to acquire treasury shares so that they could be used in the company acquisition transactions that the Company carries out habitually.

At November 30, 2020, Zardoya Otis, S.A. held 1,420,016 treasury shares with a value of EThs 8,807. At the end of 2021, Zardoya Otis, S.A. held 533,655 treasury shares with a value of EThs 3,053. At the end of 2021, Zardoya Otis, S.A. held 533,655 treasury shares with a value of EThs 3,053.

During the 2021 fiscal year, 3,013,174 shares were handed over in the following transactions:

- On December 22, 2020, Zardoya Otis acquired a non-controlling interest of 20% in Ascensores Eleva, S.L. by means of an exchange of shares.
- On March 4, 2021, Zardoya Otis acquired a non-controlling interest of 48% in Montes Tallón, S.A. by means of an exchange of shares.
- On March 11, 2021, it acquired 100% of Ascensores Fit, S.L. by handing over shares.
- On August 4, it paid part of the debt for the purchase of Ascensores Eleva S.L. by means of an exchange of shares.

Between December 1, 2020 and November 30, 2021, 2,126,813 shares were bought for a value of EThs 12,096.

## 7. FINANCIAL RISK MANAGEMENT AT THE END OF THE FOURTH QUARTER OF 2021

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management program is focused on the uncertainty of the financial markets and trying to minimize any potential adverse effects on the Group's financial profitability.

Risk management is controlled by Group Management in accordance with the supplementary information to the annual corporate governance report as of November 30, 2020. Management assesses and hedges financial risks in close collaboration with the Group's operating units, in order to:

- Ensure that the most important risks are identified, assessed and managed,
- Ensure an appropriate operating segregation of the risk management functions,
- Ensure that the risk exposure level accepted by the Group in its operations is in line with its risk profile.



## 8. SIGNIFICANT EVENTS UP TO THE END OF THE FOURTH QUARTER 2021 AND AFTER THE REPORTING DATE

In 2021, a company belonging to the CGU Zardoya Otis Group (Spain) acquired 100% of the shares in the company Puertas Automáticas Karpy, S.L.U. (February 12, 2021) and also 100% of the shares in the company Door Matic Industries 2018, S.L. (June 11, 2021).

At its December meeting, the Board of Directors approved the third interim dividend charged to the 2021 profit, which was paid out on January 10, 2022 as follows:

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
January 10	€ 0.076	3rd interim 2021	470,464,311	€ 35,755,287.64
	Treasury shares		(533,655)	(€ 40,557.78)
<b>Total</b>			<b>469,930,656</b>	<b>€ 35,714,729.86</b>

The amount resulting from multiplying the sum of 0.076 euros by the number of treasury shares that existed at the time the shareholders became entitled to receive payment of the dividend was deducted from this maximum amount.

This was the **sixth consecutive quarter in which the Company had increased the dividend paid per share.**

## PUBLIC TAKEOVER BID ANNOUNCED BY OTIS WORLDWIDE CORPORATION

On September 23, 2021, the company Opal Spanish Holdings, S.A.U. ("**OSH**" or the "**Offeror**"), a company indirectly controlled in full by Otis Worldwide Corporation, an indirect shareholder of the Company holding 50.01% of its shares, published, in a notification of Inside Information (register No. 1066), the prior announcement of the public tender offer for the totality of the shares representing the share capital of Zardoya Otis, S.A. (the "**Offer**"). Said notification included some of the terms and conditions of the Offer.

The consideration that the Offeror proposed to the Zardoya Otis, S.A. shareholders was initially 7.00 euros in cash for each share (the "**Initial Offer Price**"). This dropped to 6.93 euros per share (price rounded up to two decimal places) on October 7, 2021 (ex-dividend date) (as published in a notification of Other Relevant Information with register No. 12098), as a consequence of distribution of the second interim dividend charged to the 2021 profit for a sum of 0.074 euros per share. This dividend was paid out to the shareholders on October 11, 2022.

Subsequently, on October 28, 2021, the CNMV informed that the application for authorization of the Offer had been admitted for processing.

On December 16, 2021, the Offeror published a notification of Other Relevant Information (register No. 13202) stating that the Offer price would be reduced as the result of the distribution of a third interim dividend of 0.076 euros per share charged to the 2021 profit, which was to be paid out by Zardoya Otis, S.A. to its shareholders on

January 10, 2022, meaning that the Offer would be fixed at 6.86 euros per share effective January 6, 2022 (ex-dividend date).

On December 21, 2021, the Offeror published Inside Information (register No. 1231) informing of signature of an agreement with Euro-Syns, S.A. ("**Euro-Syns**"), holder of 11.19% of the shares of Zardoya Otis, S.A., whereby Euro-Syns irrevocably undertook to accept the Offer for the totality of the shares it held in Zardoya Otis, S.A. at a price of 7.14 euros per share. Said price included an improvement of 21 euro cents on the Initial Offer Price and had been adjusted by the second dividend distributed by ZOSA. The price was to be adjusted after distribution of the third interim dividend charged to the 2021 profit.

Subsequently, on January 10, 2022, the Offeror published Other Relevant Information (register No. 13554) notifying that the Offer price had been fixed at 7.07 euros per share effective January 6, 2022 (ex-dividend date) as a consequence of the foregoing.

Likewise, pursuant to the terms of the prior announcement and the application for authorization of the Offer, said publication stated that the Offer price would be reduced by an amount equivalent to the gross amount per share of any distribution of dividends, reserves or share premium, or any other distribution that the Company might make to its shareholders, provided that publication of the outcome of the Offer in the stock exchange bulletins coincided with or was later than the ex-dividend date of said distribution.

The Company's' Board of Directors has been continuously monitoring all the foregoing and will issue a report with its opinion and observations when required to do so by law.

As of today's date, the Offer has been admitted for processing and is awaiting authorization by the CNMV. The admission of the application for processing does not imply any type of pronouncement on the decision concerning the authorization of the Offer or any of its terms or conditions, which will be issued within the time limits and in accordance with the other requirements set forth in the relevant regulations.

Meanwhile, observing the restrictions and duties set out in the regulations on public takeover bids, the Company will continue with the normal course of its business in the best interests of its shareholders, customers and employees.

## 9. EXHIBIT – KEY DATA:

At the end of fiscal year 2021 (December 1, 2020 to November 30, 2021), the total consolidated figures and the comparison thereof with those of the same period of the preceding year were as follows:

Key Data, 4th Quarter 2021			
Consolidated figures in millions of euros			
Results	2021	2020	% variance 21/20
EBITDA	222.5	220.0	1.2
Profit before tax	190.0	185.6	2.4
Profit after tax	144.7	140.4	3.0

Sales	2021	2020	% variance 21/20
New Installations	119.2	112.4	6.1
Service	512.3	510.0	0.5
Exports	174.9	164.0	6.6
Total	806.5	786.4	2.6

Orders received (**)	2021	2020	% variance 21/20
Backlog of unfilled orders (**)	2021	2020	21/20
Orders received	357.5	345.6	3.4
Backlog of unfilled orders	195.1	183.6	6.2

Units under maintenance	2021	2020	% variance 21/20
Units under maintenance	296,106	294,333	0.6

(\*\*) Includes the New Installations, Modernizations and Exports figures.