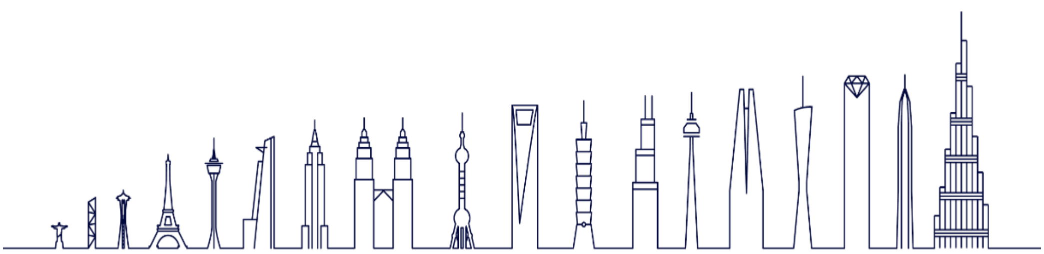
ZARDOYA OTIS, S.A

QUARTERLY REPORT FOR

SECOND QUARTER 2021

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



1. ENVIRONMENT AND PROSPECTS

The latest figures published by various experts forecast **that the world economy will grow at a record rate** due to the reduction in the incidence of COVID-19 as a result of the vaccination process. The **recovery Is expected to be V-shaped for the principal economies**, although it will be uneven across countries and industries. Governments are continuing to implement **appropriate tax and monetary measures to reactivate the economies and are betting on a sustainable recovery**, with initiatives concerning climate change, renewable energies and **digital transformation**, especially in Europe.

In our environment, **the IMF estimates for 2021 and 2022 reflect an upward revision**, supported by the **funds from the EU Recovery and Resilience Facility**, which will presumably lead to a **strong rebound in private consumption and an increase in public investment.**

The latest **IMF forecasts for the three countries in which the Zardoya Otis Group operates** are shown below:

			Forecasts		Outlook			
GDP	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
SPAIN	2.0%	-11.0%	6.4%	4.7%	2.8%	2.4%	1.4%	1.4%
PORTUGAL	2.5%	-7.6%	3.9%	4.8%	2.5%	2.3%	1.8%	1.7%
MOROCCO	2.5%	-7.0%	4.5%	3.9%	3.7%	3.6%	3.6%	3.5%

			Forecasts		Outlook			
CPI	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
SPAIN	0.7%	-0.3%	1.0%	1.3%	1.5%	1.6%	1.7%	1.7%
PORTUGAL	0.3%	-0.1%	0.9%	1.2%	1.3%	1.4%	1.5%	1.6%
MOROCCO	0.2%	0.6%	0.8%	1.2%	1.6%	1.8%	2.0%	2.0%

			Forecasts		Outlook			
UNEMPLOYMENT	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
SPAIN	14.1%	15.5%	16.8%	15.8%	15.0%	14.5%	14.4%	14.5%
PORTUGAL	6.5%	6.8%	7.7%	7.3%	6.9%	6.7%	6.6%	6.5%
MOROCCO	9.2%	11.9%	10.5%	9.7%	9.1%	8.7%	8.5%	8.3%

The most recent IMF projections for 2021 indicate a **recovery in the interannual GDP of around 4% - 6.5% in the three countries where the Group operates**, although unemployment will not begin to improve until 2022 (except in Morocco, where it is forecast that the unemployment rate will continue to decrease). The inflation forecast for 2021 will be around 1% in the three main countries where we operate.

Regarding the real estate industry, in 2020, Spain recorded the best figure since 2012 for **homes completed**, according to figures of the Ministry of Transport, Mobility and Urban Agenda in Spain.

According to the **latest Euroconstruct report**, in the second half of 2020, **new residential construction** in Spain recovered as the restrictions were relaxed, although not enough to avoid a decline of 11.1%, contrasting with the 3.4% rise in Portugal. Said report expects **new residential construction to recover by 7.0% in 2021 and 6% in 2022.**

Regarding **residential renovation**, we trust that the **upward trend** will continue with the support of the European Recovery Funds, which the **Federación Española de Ascensores (FEEDA)** (*Spanish Elevator Federation*) estimates at **6,800 million euros** and which will be used to allow **owners' associations** to enhance the elevator systems in buildings in terms of **accessibility, energy saving and digitalization**. Zardoya Otis can fully meet these needs as a result of its extensive and innovative product and service portfolio.

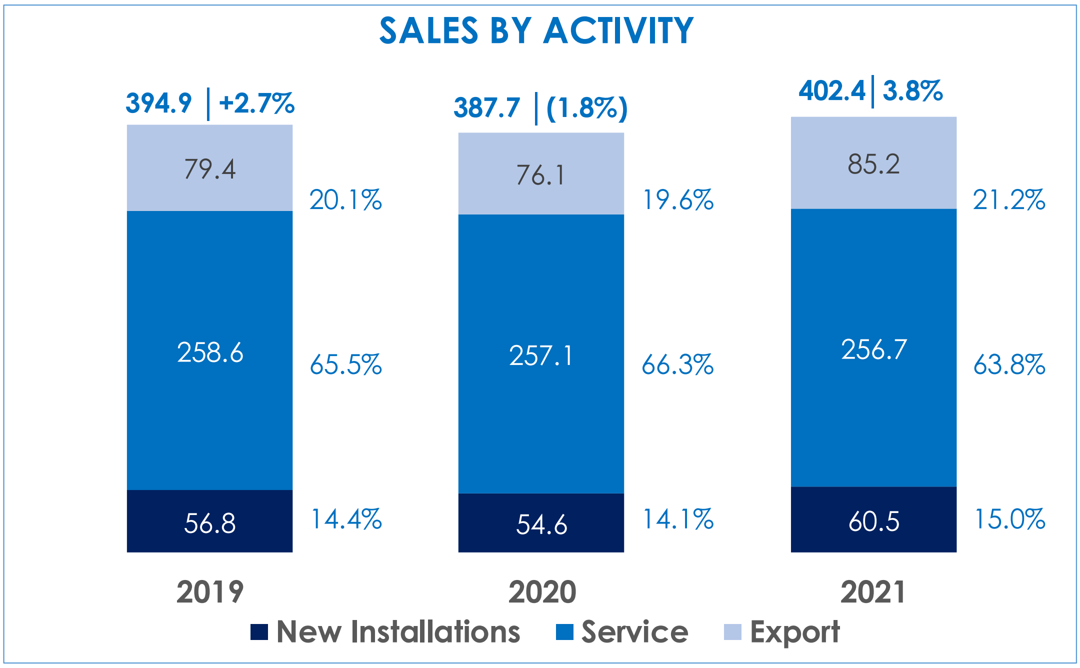
For 2021, a 7.5% growth rate in residential renovation is expected, rising to 9% in 2022. In 2023, growth will be 4.5%, which is one of the highest rates in the countries analyzed by Euroconstruct.

Considering the aggregated figures (**new construction + renovation**), the expected growth rates are 7.2% in 2021 and 7% in 2022, which are higher than before the pandemic (5.9%).

2. BUSINESS EVOLUTION

SALES:

Total consolidated sales at the end of the first semester of 2021 were 402.4 million euros, in comparison with the 387.7 million euros of the first semester of 2020, representing **an increase of 3.8%**. When comparing the figures for the first semesters of 2021 and 2020, we must remember that, at the end of the first semester of 2020, the state of emergency due to the pandemic had not yet been declared. The 3.8% increase in the sales figure is mainly reflected in the figures of the New Sales and Export activities.



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

New Installations

The value of new sales at the end of the first semester of 2021 was 60.5 million euros, 10.7% up on the figure for the same period of 2020. This increase took place on top of the increases in the preceding years, meaning that the cumulative growth between the first semester of 2016 and the first semester of 2021 was 72.8% (48.6% since the first semester of 2017).

In this first semester, new installations sales accounted for 15.0% of total sales (14.1% in the first semester of 2020).

Service

Consolidated service sales totalled 256.7 million euros, in line with the 257.1 million euros of the first semester of 2020, representing a slight annual decrease of 0.1%. Although the relaxation of the restriction measures began in the second half of May, the **Service activity figures were in line with those of 2020** at the end of the first semester. Since the second half of May, i.e. since almost the end of the first semester, owners' associations are gradually being allowed to resume their meetings and, therefore, make decisions. Furthermore, the gradual reactivation of tourism is enabling hotels to increase their capacity to some extent and to bring into service apparatus and equipment whose activity had been temporarily suspended.

The Service activity represented **63.8% of total Group sales** in this period (66.3% in the first semester of 2020). This lower percentage of the total is explained by the **significant increases in the New Sales and Exports figures** in comparison with the same period of last year (+10.7% and +12.1%, respectively).

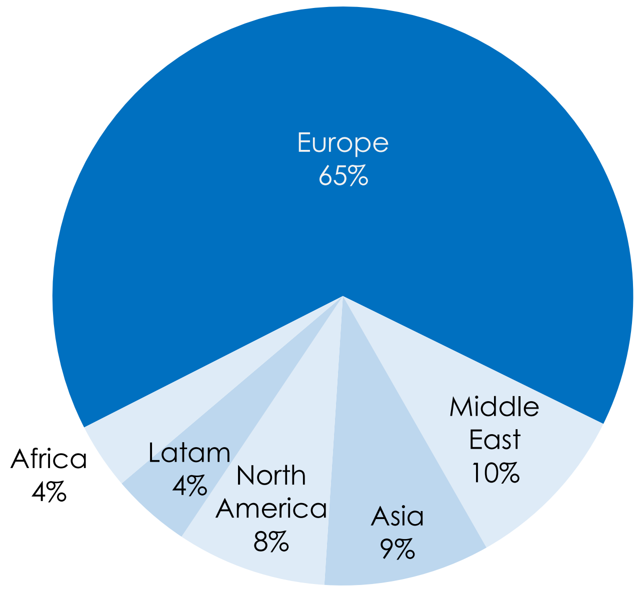
Exports

At the end of the first semester of 2021, **cumulative net export sales**, after elimination of the sales to our subsidiaries in Portugal, Morocco, Gibraltar and Andorra in the consolidation process, **were 85.2 million euros, 12.1%** up on the 76.1 million euros obtained in the first semester of 2020, a year in which the behaviour of export figures followed an upward trend during the whole year.

Exports to European countries rose by 19.4% in comparison with the same period of the preceding year and **those sent to African countries tripled**, 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 markets, as well as those of central and northern Europe, in order to offset the decline in other markets, such as Turkey and the Middle East.

In the first semester of 2021, **exports accounted for 21.2% of Group consolidated sales** (19.6% in the same period of 2020).

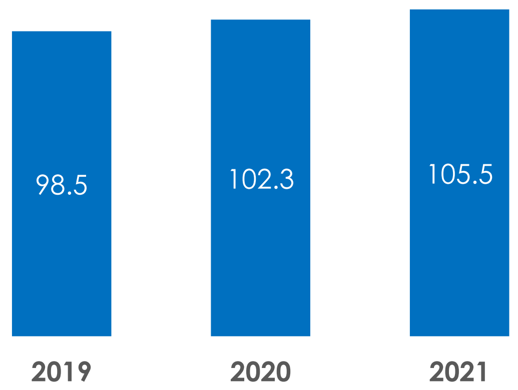
EXPORTS BY REGION



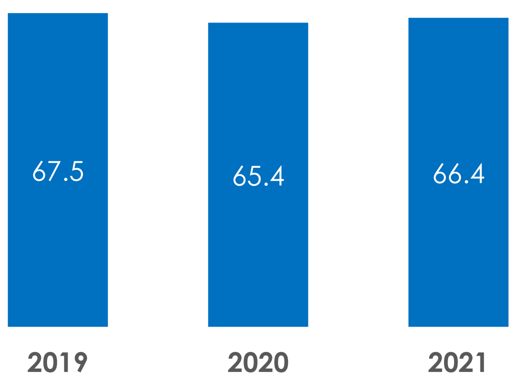
The graph shows the geographical destinations of the exports of 85.2 million euros in the first semester of 2021.

RESULTS

EBITDA (*)



CONSOLIDATED PROFIT AFTER TAX (**)



(*) EBITDA in millions of euros – cumulative figures at the end of each first semester.
(**) Consolidated profit after tax on continuing operations attributable to the Company's shareholders for each first semester – expressed in millions of euros.

The cumulative **EBITDA** (operating profit plus amortization and depreciation) at the end of the first semester of 2021 was **105.5 million euros, 3.2% higher** than the first semester figure in 2020.

If we refer only to the figures for the ***second quarter of 2021***, the EBITDA was **54.3 million euros**, representing a **5.6% increase** on the 51.4 million euros obtained in the ***second quarter of 2020***. In addition, if we compare the EBITDA for the *second quarter of 2021*, i.e. 54.3 million euros, with the 51.2 million euros of the *first quarter of 2021*, the increase is 6.1%.

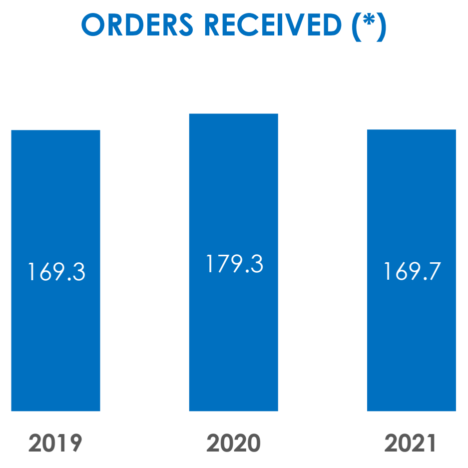
The EBITDA figures at the end of the first semesters of both 2021 and 2020 reflect the impact of application of "IFRS-16 Leases", which introduced the requirement for companies to show leased assets attached to the activity in their statements of financial position.

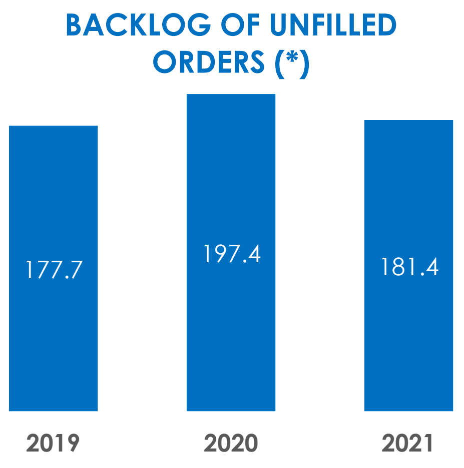
In the first semester of 2021, the positive effects of the **plan for growth and improvement in productivity** initiated by the Company over recent years could still be seen, allowing the EBITDA to increase in comparison with the same periods of preceding years. This plan is based on initiatives such as the optimization of maintenance routes, the adaptation of the sales structure to bring us closer to our customers, the identification of synergies based on our geographical coverage, the merger policy to unify redundant expenses, etc.

Consolidated profit before tax was **89.6 million euros** in the first semester of 2021, **2.9% up** on the figure for the same period of 2020.

Profit after tax was 66.4 million euros in the first semester of 2021, **1.6% higher** than the 65.4 million euros obtained in the first semester of 2020.

3. OTHER KEY DATA





(*) Includes cumulative figures at the end of each semester for New Sales, Modernizations and Exports – expressed in millions of euros.

Orders received and backlog of unfilled orders

In the first quarter of 2021, the amount of the orders received for modernizations, new installations and exports, including new and existing buildings and marine, was **169.7 million euros**, representing **a decrease of 5.4%** on the same period of 2020, **although surpassing the orders received in the same period of 2019**.

If we refer only to the figures for the ***second quarter of 2021***, orders received were **93.0 million euros**, **a 15.5% increase** on the **80.5 million euros** obtained in the ***second quarter of 2020*** and a 21.3% increase on the 76.7 million euros of the *first quarter of 2021.*

The backlog of unfilled orders at the end of the first semester of 2021 was 181.4 million euros, a decrease of 8.1% on the same period of 2020, although, once again, **surpassing the 2019 figures.**

These variations were due mainly to the effect of the pandemic, which had not yet been declared at the end of the first quarter of 2020, and, in general, to the excellent behaviour of orders during the previous period in most activities, including orders from the marine sector. Notwithstanding the drop in the figures at the end of the first semester of 2021, both orders received and the backlog of unfilled orders were still higher than the figures obtained in the first semester of 2019.

Units under maintenance

We ended the first semester of 2021 with **294,670 units**, representing **growth of 0.4%** on the units at the end of the first semester of 2020. This meant that over 1,200 new units had joined the portfolio, 70% of them organically.

4. CONDENSED CONSOLIDATED INCOME STATEMENT

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

	2021	2020
SALES	**402.4**	**387.7**
OTHER REVENUE	1.0	0.9
RAW MATERIALS AND CONSUMABLES USED	(136.0)	(123.7)
EMPLOYEE BENEFIT EXPENSE	(136.4)	(136.3)
OTHER EXPENSES	(25.5)	(26.3)
EBITDA (*)	**105.5**	**102.3**
AMORTIZATION, IMPAIRMENT AND GAINS/(LOSSES) ON DISPOSALS OF FIXED ASSETS (*)	(15.6)	(14.6)
OPERATING PROFIT	**89.9**	**87.7**
REVENUE FROM FINANCING ACTIVITIES	0.0	0.1
COST OF FINANCING ACTIVITIES (*)	(0.4)	(0.6)
NET FOREIGN EXCHANGE DIFFERENCES	0.0	(0.1)
OTHER GAIN/LOSS	**0.1**	**(0.0)**
PROFIT BEFORE TAX	**89.6**	**87.1**
INCOME TAX EXPENSE	(22.7)	(21.2)
PROFIT FOR THE YEAR	**66.9**	**65.9**
ATTRIBUTABLE TO:		
ATTRIBUTABLE SHAREHOLDERS	**66.4**	**65.4**
NCI	**0.5**	**0.5**

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 as follows:

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
January 11	0.068 euros	3rd interim 2020	470,464,311	31,991,573.15 €
	Treasury shares		(2,049,865)	(139,390.82) €
Total			**468,414,446**	**31,852,182.33 €**
April 9	0.070 euros	1st interim 2021	470,464,311	32,932,501.77 €
	Treasury shares		(163,477)	(11,443.39) €
Total			**470,300,834**	**32,921,058.38 €**
Total €				**64,773,240.71 €**

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 the first semester of 2021, Zardoya Otis, S.A. held 534,890 treasury shares with a value of EThs 3,061.

In the first semester of 2021, 3,011,939 treasury 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.

Between December 1, 2020 and May 31, 2021, 2,126,813 shares were bought for a value of Eths 12,096.

7. FINANCIAL RISK MANAGEMENT FIRST SEMESTER 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 IN THE FIRST QUARTER 2021 AND AFTER THE REPORTING DATE

On February 12, 2021, a company belonging to the CGU Zardoya Otis Group (Spain) acquired 100% of the shares of the company Puertas Automáticas Karpy, S.L.U.

ORDINARY GENERAL SHAREHOLDERS' MEETING 2021

On May 19, 2021, Zardoya Otis, S.A. held its Ordinary General Shareholders' Meeting on the second call on an exclusively remote basis. At said Meeting, a series of resolutions were passed and were duly notified to the National Securities Market Commission (CNMV), including the **approval of the second** of the four dividends planned in 2021 (on this occasion, charged to reserves) **for a gross amount of 0.072 euros per share**, the withholdings or taxes established by law being payable by the recipient. Subsequent to its approval, this dividend was paid out on July 9, 2021 as follows:

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
July 9	0.072 euros	Reserves	470,464,311	33,873,430.39 €
Treasury shares			(534,890)	(38,512.08 €)
Total			**469,929,421**	**33,834,918.31 €**

The amount resulting from multiplying the sum of 0.072 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 **fourth consecutive quarter in which the Company had increased the dividend paid per share**, thus demonstrating the Company's profitability in spite of the current economic circumstances.

MEASURES IN RELATION TO THE HAZARDOUS SITUATION CAUSED BY COVID-19

The various communications published previously concerning regular public information describe the **measures that, in the light of the situation caused by the pandemic, the Zardoya Otis Group has adopted** to ensure the health and safety of its customers and employees, as well as the continuity of its operations and the service levels, within the limitations imposed by the regulations in force during each phase of the process.

In addition to technical assistance, **Zardoya Otis is**, at present, **remotely monitoring** the performance of around **110,000 elevators** in order to, through predictive analysis, prevent incidents before they occur and also solve failures by remote intervention.

9. EXHIBIT – KEY FIGURES:

At the end of the first semester of 2021 (December 1, 2020 to May 31, 2021), the total consolidated figures and the comparison thereof with those of the same period of the preceding year were as follows:

Key Data, 1st Semester 2021			
Consolidated figures in millions of euros			
Results	**2021**	**2020**	**% variance 21/20**
EBITDA	105.5	102.3	3.2
Profit before tax	89.6	87.1	2.9
Profit after tax	66.4	65.4	1.6
Sales	**2021**	**2020**	**% variance 21/20**
New Installations	60.5	54.6	10.7
Service	256.7	257.1	(0.1)
Exports	85.2	76.1	12.1
Total	402.4	387.7	3,8
Orders received (**) Backlog of unfilled orders (**)	**2021**	**2020**	**% variance 21/20**
Orders received	169.7	179.3	(5.4)
Backlog	181.4	197.4	(8.1)
Units under maintenance	**2021**	**2020**	**% variance 21/20**
Units under maintenance	294.670	293.446	0.4

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