Otis A/S

Ellekær 9A, DK-2730 Herlev

Annual Report for 1 December 2021 - 30 November 2022

CVR No 32 34 91 10

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2023

Muharrem Cinay
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Otis A/S for the financial year 1 December 2021 - 30 November 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 November 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 30 June 2023

Executive Board

Muharrem Cinay
CEO

Board of Directors

Andrew Steven Bierer Chairman	Romain Michel Tracz	Robert William Sadler
Wesley Esther G. Steels	Vagn Holm Staff Representative	

Independent Auditor's Report

To the Shareholder of Otis A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 November 2022 and of the results of the Company's operations for the financial year 1 December 2021 - 30 November 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Otis A/S for the financial year 1 December 2021 - 30 November 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to

Independent Auditor's Report

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Leif Ulbæk Jensen
statsautoriseret revisor
mne23327

Thomas Lauritsen
statsautoriseret revisor
mne34342

Company Information

The Company	Otis A/S Ellekær 9A DK-2730 Herlev Telephone: + 45 44 888 999 Website: www.otis.dk CVR No: 32 34 91 10 Financial period: 1 December - 30 November Incorporated: 27 February 1962 Financial year: 61st financial year Municipality of reg. office: Herlev
Board of Directors	Andrew Steven Bierer, Chairman Romain Michel Tracz Robert William Sadler Wesley Esther G. Steels Vagn Holm
Executive Board	Muharrem Cinay
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Plesner Amerika Plads 37 2100 København Ø
Bankers	Nordea Bank Danmark Vesterbrogade 8 0900 København C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	375.720	338.509	349.638	373.496	324.899
Gross profit/loss	17.367	58.569	43.227	55.603	60.247
Operating profit/loss	-51.170	14.175	2.053	19.657	22.065
Net financials	7.605	4.496	-12.332	-19.701	-30.678
Net profit/loss for the year	-33.422	15.709	-11.094	-4.277	-13.419
Balance sheet					
Balance sheet total	250.965	207.257	183.937	115.099	125.208
Equity	8.944	42.461	25.613	30.312	34.688
Investment in property, plant and equipment	0	899	3.042	-1.222	2.627
Number of employees	217	216	218	207	190
Ratios					
Gross margin	4,6%	17,3%	12,4%	14,9%	18,5%
Profit margin	-14,0%	4,2%	0,6%	5,3%	6,8%
Return on assets	-21,0%	6,8%	1,1%	17,1%	17,6%
Solvency ratio	3,6%	20,5%	13,9%	26,3%	27,7%
Return on equity	-130,0%	46,2%	-39,7%	-13,2%	-32,8%

Management's Review

Key activities

Otis A/S is a 100% owned subsidiary of Alder Holdings SAS in France which is a part of Otis Worldwide Corporation.

Otis A/S represents the Otis Group in Denmark, on the Faroe Islands and occasionally Greenland – and in Norway via the subsidiary Otis AS.

Otis A/S sells, installs and performs service on elevators and escalators.

Capital resources

Otis A/S has received a letter of support from its ultimate parent company OTIS Worldwide Corporation securing the ability to continue as a going concern.

Development in the year

Otis A/S' result before tax is a loss of DKK -45,034,592 against a profit previous year of DKK 18,671,404. The operating loss is DKK 51,169,805 against a profit previous year of DKK 14,175,170.

The result is unsatisfactory compared to the expectation for the year.

2021/22 has continued with challenges, mainly in New Equipment sales and the execution of one major project (Metro Copenhagen) which had a negative impact for the year of DKK 20.9 million. The project is complex, but the project team was strengthened with the right resources to get the work back on track. There was also a slow down in the New Equipment orders market that became apparent in late 2022 but the outlook is that it will pick up again in 2023. Inflation in material costs and salaries have also affected the result negatively as well as subcontractor labour taxes for the period 2019-2022 which had negative impact on the result before tax of DKK 5.3 million.

There has been a high turnover of key positions in both the leadership and finance team, which has been addressed with replacements being recruited and the team getting up to speed.

The result from the subsidiary in Norway is a profit of DKK 8,518,028 compared to a profit in 2021 of DKK 5,180,988. The increase in profit from the investment in the subsidiary is in line with the expectation.

The equity has at the end of the financial year 2021/22 decreased to DKK 8,944,425.

Management’s Review

Targets and expectations for the year ahead

In 2021/22 there was a slow down in the New Equipment orders market that became apparent in late 2022 but the outlook is that it will pick up again in 2022/23. Revenue is expected to be between be in the range of DKK 330 - 360 million. The Norwegian subsidiary is expected to sustain its good results and to continue to grow (0-40% growthis expected). Consolidated there is an expectation of stability in the 2022/23 result before tax for Otis A/S between DKK 10 - 15 million. The completion and handover of the Metroproject in Copenhagen is anticipated towards the end of 2023 and we do not anticipate any significant positive/negative impact to the Income Statement at this stage.

Uncertainties relating to recognition and measurement

Otis A/S has some degree of uncertainty in relation to the recognition and measurement of ongoing contracts This year a provision for loss has been recognised regarding the Metro project. Please refer to note 15 for further information.

Otis A/S is also taking part in ongoing cases where the claims raised against the Company could potentially be reduced or waived. Please refer to note 18 for further information.

Special risks - operating risks and financial risks

Risks in rates of exchange connected to investments in subsidiary, which means the development in rates of exchange between Danish and Norwegian Kroner, will not be covered, since it is the opinion of the company, that a current rate insurance of such long term investments will not be optimal from a total risk and cost point of view.

Foreign exchange risks

The main part of Otis A/S’ business in foreign currency is effected in Euro, which is by the company not judged to be a major foreign exchange risk and is therefore not covered by foreign exchange transactions.

Management’s Review

External environment

Otis A/S observes all prevailing rules for waste sorting and disposal. All liquids damaging environment are kept according to regulations.

Metal, wires, and oil, which are a big part of the company’s waste, are systematically recirculated.

Due to the character of the work, all employees on jobsites and stock have to observe a number of internal safety directions in order to avoid accidents.

Observation of these directions is systematically audited by Otis A/S as well as the group.

Safety is included in bonus schemes for Executive Board and employees with management responsibility.

Safety is measured and reported through a number of key figures.

Intellectual capital resources

Otis A/S works continuesly to update the com-petencies of the individual mechanic within new products and techniques.

Statement of corporate social responsibility

For a description of our business model, please refer to section ‘ Key activities’ in this Management's Review.

Otis A/S is committed to be a leader in Environment, Health, Safety and Quality by protecting the health and safety of its employees, our customers, contractors and the natural environment while continuously focusing on improvement and customer satisfaction. We will not be satisfied until our workplaces are safe from hazards, our employees are injury free, our products and services are safe and our commitment and record in protecting the environment is unmatched.

Specifically, Otis A/S is committed to:

• Comply with all local legal requirements as well as policies, standards and practices of the corporation

• Eliminate all employee injuries by making the workplace free from hazards and unsafe actions and promoting the health and wellness of our employees

• Drive pollutants in our operations to the lowest achievable levels

• Establish and support safety and environmental protection goals and standards

• Implement the EHSQ Management System in order to reduce risks and continually improve the effectiveness of our EHSQ processes

Management's Review

• Integrate safety and environmental considerations into the sale, installation and maintenance of our products and services

• Make safety and environmental considerations priorities in our investment decisions and dealings with our contractors and suppliers

• Provide the resources necessary to direct, support, monitor and maintain accountability for the implementation of this policy

• Improve the key processes of the company through turnback collection and analysis and implementation of the continuous improvement model

• Ensure products, services, company policies and procedures and all employee actions comply with regulatory requirements, codes and standards and we deliver on our promises to the customer. Business objectives are established and reviewed regularly.

Our Environmental Footprint

We take a holistic approach to managing our environmental footprint, considering impacts from both our field operations and the lifecycle of the products we install.

Otis A/S operates a fleet of approximately 180 motor vehicles, representing our largest impact to the environment. Initiatives are in place to transition our fleet from fossil fuel to electric. Additionally, operational plans include optimizing our service routes to limit overall travel distance.

As a selling company, we have limited impact on the manufacturing processes of our products. However, through lifecycle assessments (LCAs) conducted by our Otis suppliers as part of our products' Environmental Product Declarations (EPDs), we are assured that our vendors have identified raw material extraction and energy consumption during the elevator's usage phase as the most relevant product-related environmental impacts. The Otis Worldwide group has been at the forefront of innovations to reduce the environmental impacts of elevator use since we first introduced the Otis Gen2 elevator two decades ago. The Gen2 elevator, now standard with the ReGen drive, is up to 75% more efficient than conventional hydraulic systems (Otis Global ESG Report 2022 ADA p.24).

Goals and objectives

In Otis A/S, we make use of nearly 180 vehicles to reach our customers and maintain the quality, safety and reliability of our elevators and escalators. We report our fleet fuel consumption through a global data management tool to our parent company. In 2022 Otis A/S consumed 345,502L of vehicle fuel. Given the significant contribution that our fleet makes to our GHG emissions footprint, we have identified fleet efficiency as a key part of our strategy to reach our 2030 goals. We plan to integrate more electric and hybrid vehicles into our fleet. We typically upgrade vehicles to newer, more efficient models when leases expire (every four years). As battery-electric vehicles and charging infrastructure become more readily available, we expect the annual GHG emissions of our fleet to decrease.

Additionally, Otis A/S has decided to achieve ISO 14001 certification by 2025.

Management's Review

ISO 14001 is an international standard that specifies requirements for an effective Environmental management system. It requires the operation to measure and assess its environmental impacts and put a framework in place to minimize these impacts and provide a basis for continuous improvement. Achieving ISO 14001 is a testament to the robustness of the Otis environmental management system and our commitment to operate in a sustainable manner from (Otis Global ESG Report 2022 ADA p.26).

Protecting our People

The safety our employees and subcontractors is an Otis Absolute and "we will not be satisfied until our workplaces are safe from hazards, our employees are injury free, our products and services are safe".

Health and Safety is one of Otis's key absolutes and will not be compromised, so we will continue with "stop work authority" allowing employees to stop work in unsafe conditions and report incidents. We will also continue to carry out audits and assessments of job sites and office locations to ensure a safe working environment.

Management's Review

Goals and objectives

Our goal is to present a workplace free from Fatal and Serious Injuries. Additionally, we strive to improve, year over year in the area of Lost Time (LTIR) and Recordable injuries (TRIR).

(TRIR= Total recordable incidents*200000/Total hours worked
LTIR= Lost work incidents*200000/Total hours worked (200000=100 full time workers in 1 year)).

While we have seen an increase of reportable and lost time incidents from 2020 through 2022 with a total of 10 incidents in 2022, we have also recognized an overall more engaged workforce and an increase of reporting of near misses, near hits, and Stop Work Authorities". We will never discourage reporting of a safety concern or incident. Additionally, we use every Incident as a lesson learned to prevent reoccurrence in the future, with communication of the cause and corrective actions sent to all relevant employees.

Ethics and Compliance

Our reputation is priceless. Millions of people, from customers and shareholders, to employees and passengers, trust us because they expect, and know, that we do business the right way – the ethical, lawful and honest way. Everything we do and make runs on that spirit of integrity (Otis "The Absolutes" Guide p.6).

Human Rights

We are committed to protecting human rights and to reducing the risk of human trafficking or unhealthy working conditions in our global supply chain, and we demand the same of our suppliers. Otis maintains an Anti-Human Trafficking (AHT) Program designed to detect and mitigate all forms of human trafficking and exploitation of people, wherever it occurs. We have adopted a Global Modern Slavery Statement and an AHT policy that clearly state that Otis requires our suppliers to comply with the principles of the Otis Supplier Code of Conduct or applicable law – for example, laws prohibiting human trafficking and child labor, including international standards governing the Worst Forms of Child Labor. Our AHT Program meets, and strives to exceed, the standards set forth by government agencies around the world to protect and uphold human rights. (Otis Global ESG Report 2022 ADA p.45).

Responsible Procurement

Suppliers are critical to our success and account for a significant percentage of total cost to our business annually via direct materials, such as raw materials and components for new equipment and service; indirect services, such as logistics; fleet vehicles; professional services; and subcontractors that assist with elevator installations.

Our Supplier Code of Conduct outlines our expectations of suppliers, holding them accountable to the same standards we establish for ourselves, including that they promote a commitment to ethical business practices by:

- Respecting all human rights and fair labor practices
- Respecting anti-corruption, fair competition and antitrust rules
- Providing training to their employees and conducting reasonable due diligence to ensure compliance to the Code
- Ensuring timely reporting of both actual and suspected violations
- Promoting an environment where legal and ethical issues can be raised without fear of retaliation,

including making reporting channels available to employees and business partners (Otis Global ESG Report 2022 ADA p.47).

In the event of violations, we expect business partners to cooperate in comprehensive and fair investigations, ensuring that their own suppliers also participate if necessary. Suppliers and their business partners must also correct any nonconformances identified in quality assurance assessments. Failure to do so can result in the termination of our business contract (Otis Global ESG Report 2022 ADA p.44).

CONFLICT MINERALS

Conflict minerals, as defined by Section 1502 of the Dodd-Frank Act, refer to certain metals – namely tantalum, tin, wolfram and gold – whose extraction is often linked to armed conflict in the Democratic Republic of Congo. Otis is committed to contributing to the elimination of human rights violations associated with conflict minerals and maintains a conflict minerals program that includes our Conflict Minerals Policy. In addition, we file an annual Conflict Minerals report with the U.S. Securities and Exchange Commission, which details our efforts to survey suppliers to ensure they comply with our policy and are sourcing minerals responsibly. (Otis Global ESG Report 2022 ADA p.46)

Goals and Objectives

Our goal is to have zero verified cases of Human Rights Violations or Corruption within Otis A/S.

The greatest risk for Corruption in Otis A/S is in our handling of Government Contracts. Such risks include the actual or the appearance of bribary, or other conflict of interest related to our dealings with Governmental Customers.

To support and achieve our Zero Verified Case goal in relation to Human Rights and Corruption, we have and will continue to educate and train our employees, suppliers and subcontractors on identification, prevention and reporting of Human Rights Violations and Corruption as part of our Ethics and Compliance Program.

All suspected cases of Human Rights Violations and Corruption are reported to our Ethics and Compliance Officers. This can be accomplished through various means such as in person, via email or phone, reports may be made anonamously if so desired. Ethics and Compliance officers are located in each Otis country and region and available to all Otis employees, customers, vendors and business partners.

There have been no such reported cases of Human Rights Violations recorded in Otis A/S in 2021/22.

There have been no such reported cases of corruption recorded in Otis A/S in 2021/22.

Management's Review

Identifying Interested Parties and Risk Assessment

Interested Party	Internal/External	Internal Process	What does the interested want	What do we want from the	Risk	Reason for Interest	Risk to business
Certification Bodies	External	Sales FOD NE FOD SVC	Continued participation in certification scheme	Advice / guidance where applicable	Loss of reputation. Loss of business	Assesses conformity of the company against ISO 9001 & 14001 and so must be kept notified of any changes to our Environmental Management System	Loss of certification
Market Particpants on sales side	External	Sales, FOD NE FOD SVC Finance	To maximise sales	Compliance to legal obligations	Loss of business	Provide challenges to our ability to provide competitive products to our customers	Loss of business leading to loss of skilled / unskilled workers
Customers	External	Sales, FOD NE FOD SVC Finance IT	Service / delivery as per signed contract	Repeat business. Good relations	Loss of business	Lifts / escalators integral to building infrastructure	Loss of business leading to loss of skilled / unskilled workers
Employees	Internal	HR FOD NE FOD SVC EHSQ IT	To work for a sustainable / responsible company	To understand and comply with the EMS	Lack of compliance leads to an environmental incident	Long term employment	Poor environmental record leads to difficulty recruiting
Local Authority	External	Legal EHSQ Sales Finance	Pollution control	No enforcement action. Good relations	Loss of reputation. Loss of business	Environmental Regulator	Enforcement action. Loss of business. Loss of reputation
Local Residents	External	EHS Legal	No negative environmental conditions or spills	Good relations	Loss of reputation	Pollution prevention and control	Loss of business. Loss of reputation
Parent Company (OTIS)	Internal	Legal HR EHS	Compliance to legal obligations	Advise / guidance	Loss of reputation. Loss of business	Good financial performance, legal compliance	Increased internal obligations
Political Parties	External	All	Compliance to legal obligations / jobs creation / contribution to local & national economy	Simplified regulatory structure	Government intervention	Influence on the economy	Good / bad publicity.
Pressure Groups/ Media	External	Communications	Compliance to legal obligations / jobs creation / contribution to local & national economy	Good relations	Loss of business. Loss of reputation	Pollution prevention & control	Bad publicity. Boycott of OTIS
Public	External	Legal HR EHS Quality	Compliance to legal obligations / jobs creation / contribution to local & national economy	Good relations	Loss of business. Loss of reputation	Users of the product / service	Boycott of OTIS
Regulators & Industry Bodies	External	Legal	Compliance to legal obligations	Advice / guidance. Good relations	Loss of business. Loss of reputation	Dictate controlling regulations and guidance that impact on the management system	Enforcement action. Loss of business. Loss of reputation
Shareholders	External	Finance Sales Legal	Compliance to legal obligations. Return on investment	Continued support and investment	Loss of business. Loss of reputation	Expectation of a good return on their investment	Loss of investor confidence. Loss of business. Loss of reputation
Suppliers	External	Supply Chain	Continueing contracts	Compliance to legal obligations. Return on	Loss of business. Loss of reputation	Providing supporting services, labour and / or materials	Loss of business
Unions	External	HR FOD NE FOD SVC EHSQ	Compliance to legal obligations / jobs creation / contribution to local & national economy	Good relations	Loss of business. Loss of reputation	Direct impact on some of our employees and reputation	Good / bad publicity

Management's Review

Statement on gender composition

General:

As the pioneers of our industry, we have set the standards and achieved many milestones, but there is always more to do to become the company we want to be. Our goals are aimed at increasing inclusion in our workforce and making life better through community engagement and partnerships everywhere we do business.

Goal:

Achieve a female representation of at least 25% in the supreme management body by the end of 2025. Currently 0% are females.

Policy:

At the end of 2021 Otis Worldwide was the first company in the industry to join the Paradigm for Parity coalition, pledging to achieve executive gender parity by 2030. Several new initiatives underpin our progress toward this goal, including a pay parity assessment, assembly of balanced slates for hiring, programs offered through external partners, including the Signature Leaders program and Simmons Leadership Conference. These practices are contributing to the development and career growth of females within Otis.

Explanation for not meeting target in 2022: Otis A/S isn't meeting the target of having 25% females in the supreme management body due to the fact the company faced an overall decrease in female representation across the board in past years. From January 2020 until today the overall female population declined from 8.5% to 5.1% and the female people managers from 9% to 7.6%.

The exact reason for this decline in female representation can be explained by many factors but the real driver is unknown to the company.

Nevertheless, the decline female representation amongst all levels in the organization caused Otis A/S to consider specific actions (like mentioned above) to increase the females in the company.

Goal:

Achieve a female representation of at least 21% amongst all people managers in Otis A/S by the end of 2025. Currently 8% of our people managers are females.

Policy:

The practices to enable us to achieve 25% female representation in the supreme management body in Denmark will also help us achieving this goal. In addition the following is done: Aim at presenting at least 50% female candidates for every white collar position and actively promote our apprenticeship programs to female students so Otis A/S can invest in female representation in field management.

Management's Review

Data Ethics

Otis A/S aims to be transparent about the data we use by documenting how we collect it, why we collect it and how we process the data where a risk of ethical considerations is relevant. Clear and transparent global data management policies regarding systems that use data is a key element of ethical behaviour.

Otis is committed to maintaining levels of protection of data aligned to best practices in the industry which, as a minimum, comply with the requirements of the applicable legislation and Otis's contractual obligations. However, being a company with a strong ethical commitment, Otis also regards ethical use of data being more than just legally compliant. In this way Otis recognizes the importance of ethical considerations when it comes to the use of any type of data (personal as non-personal) and therefore endeavor to bring awareness of the topic in the organization.

Foreign subsidiaries

Otis A/S has subsidiaries in Norway represented in Oslo and a number of big cities in Norway.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 December - 30 November

	Note	2021/22	2020/21
		DKK	DKK
Revenue	2	**375.720.371**	**338.508.699**
Cost of sales	3	-358.353.456	-279.939.654
Gross profit/loss		**17.366.915**	**58.569.045**
Distribution expenses	3	-9.654.431	-10.245.185
Administrative expenses	3	-58.882.289	-34.148.690
Operating profit/loss		**-51.169.805**	**14.175.170**
Other operating expenses		-1.469.829	0
Profit/loss before financial income and expenses	4	**-52.639.634**	**14.175.170**
Result from investments in subsidiaries	9	8.518.028	5.180.988
Financial income		20.081	1.543
Financial expenses	5	-933.067	-686.297
Profit/loss before tax		**-45.034.592**	**18.671.404**
Tax on profit/loss for the year	6	11.612.999	-2.962.323
Net profit/loss for the year		**-33.421.593**	**15.709.081**

Balance Sheet 30 November

Assets

	Note	2021/22	2020/21
		DKK	DKK
Software		9.638.375	10.580.694
Goodwill		3.943.168	5.021.037
Intangible assets	7	**13.581.543**	**15.601.731**
Other fixtures and fittings, tools and equipment		720.692	1.657.373
Property, plant and equipment	8	**720.692**	**1.657.373**
Investments in subsidiaries	9	58.736.661	50.313.860
Deposits	10	356.534	352.780
Fixed asset investments		**59.093.195**	**50.666.640**
Fixed assets		**73.395.430**	**67.925.744**
Raw materials and consumables		4.103.685	3.233.262
Prepayments for goods		0	5.932.112
Inventories		**4.103.685**	**9.165.374**
Trade receivables		45.724.371	64.459.426
Contract work in progress	11	103.367.176	22.700.426
Receivables from group enterprises		8.379.039	37.487.851
Other receivables		1.265.967	749.023
Deferred tax asset	14	9.345.747	0
Corporation tax		2.801.015	2.344.515
Prepayments	12	2.582.596	2.425.045
Receivables		**173.465.911**	**130.166.286**
Currents assets		**177.569.596**	**139.331.660**
Assets		**250.965.026**	**207.257.404**

Balance Sheet 30 November

Liabilities and equity

	Note	2021/22	2020/21
		DKK	DKK
Share capital		10.000.000	10.000.000
Fair value reserve		1.043.850	1.139.077
Retained earnings		-2.099.425	31.322.168
Equity		**8.944.425**	**42.461.245**
Provision for deferred tax	14	0	2.276.857
Other provisions	15	15.640.104	2.283.259
Provisions		**15.640.104**	**4.560.116**
Payables to group enterprises		134.292.870	74.000.000
Long-term debt	16	**134.292.870**	**74.000.000**
Trade payables		21.809.369	15.977.863
Contract work in progress, liabilities	11	18.207.961	30.302.647
Payables to group enterprises	16	29.212.211	16.920.696
Other payables		19.436.217	21.355.589
Deferred income	17	3.421.869	1.679.248
Short-term debt		**92.087.627**	**86.236.043**
Debt		**226.380.497**	**160.236.043**
Liabilities and equity		**250.965.026**	**207.257.404**

Capital resources	1
Distribution of profit	13
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Fee to auditors appointed at the general meeting	20
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Statement of Changes in Equity

	Share capital	Fair value reserve	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 December	10.000.000	1.139.077	31.322.168	42.461.245
Exchange adjustments	0	-95.227	0	-95.227
Net profit/loss for the year	0	0	-33.421.593	-33.421.593
Equity at 30 November	**10.000.000**	**1.043.850**	**-2.099.425**	**8.944.425**

Notes to the Financial Statements

1 Capital resources

Otis A/S has received a letter of support from its ultimate parent company OTIS Worldwide Corporation securing the ability to continue as a going concern.

2 Revenue

The Company's activitites are located in Denmark. The company sells, installs and services elevators and escalators.

	2021/22	2020/21
	DKK	DKK
Geographical segments		
Revenue, Denmark	375.720.371	338.508.699
	375.720.371	**338.508.699**
Business segments		
New Equipment	169.679.063	125.229.337
Service	206.041.308	213.279.362
	375.720.371	**338.508.699**

3 Staff

	2021/22	2020/21
Wages and Salaries	136.105.833	128.413.732
Pensions	12.266.173	10.058.021
Other social security expenses	493.350	490.031
	148.865.356	**138.961.784**
Including remuneration to the Executive Board	**2.690.370**	**2.819.555**
Average number of employees	**217**	**216**

4 Special items

Special items comprise income and expenses that are special because of their size or nature.

The result for the year has been negatively affected by one-off costs in an amount of DKK 25,139,667 (2020/21: DKK 0) and comprise loss on the Metro project of DKK 20,852,512 and labour taxes of DKK 5,287,155. The special items are recognized as production costs.

Notes to the Financial Statements

		2021/22	2020/21
		DKK	DKK
5	**Financial expenses**		
	Interest paid to group enterprises	468.912	95.846
	Other financial expenses	134.140	443.239
	Exchange loss	330.015	147.212
		933.067	**686.297**
6	**Tax on profit/loss for the year**		
	Current tax for the year	0	2.061.407
	Deferred tax for the year	-11.622.604	918.459
	Adjustment of tax concerning previous years	9.605	-17.543
		-11.612.999	**2.962.323**

7 Intangible assets

	Software	Goodwill	Total
	DKK	DKK	DKK
Cost at 1 December	12.471.887	64.995.033	77.466.920
Disposals for the year	0	-54.488.800	-54.488.800
Cost at 30 November	12.471.887	10.506.233	22.978.120
Impairment losses and amortisation at 1 December	1.891.193	59.973.996	61.865.189
Amortisation for the year	942.319	1.077.869	2.020.188
Reversal of amortisation of disposals for the year	0	-54.488.800	-54.488.800
Impairment losses and amortisation at 30 November	2.833.512	6.563.065	9.396.577
Carrying amount at 30 November	**9.638.375**	**3.943.168**	**13.581.543**
Amortised over	10 years	10-11 years	

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 December	2.793.009
Cost at 30 November	2.793.009
Impairment losses and depreciation at 1 December	1.135.636
Depreciation for the year	936.681
Impairment losses and depreciation at 30 November	2.072.317
Carrying amount at 30 November	**720.692**
Depreciated over	3-10 years

9 Investments in subsidiaries

	2021/22	2020/21
	DKK	DKK
Cost at 1 December	185.773.405	185.773.405
Cost at 30 November	185.773.405	185.773.405
Value adjustments at 1 December	-135.459.545	-141.779.610
Exchange adjustment	-95.227	1.139.077
Net profit/loss for the year	11.959.912	8.578.514
Amortisation of goodwill	-4.029.824	-3.977.889
Deferred tax	587.940	580.363
Value adjustments at 30 November	-127.036.744	-135.459.545
Carrying amount at 30 November	**58.736.661**	**50.313.860**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Otis AS	Norway	NOK 6.600.000	100%

Notes to the Financial Statements

10 Other fixed asset investments

	Deposits
	DKK
Cost at 1 December	352.780
Additions for the year	3.754
Cost at 30 November	356.534
Carrying amount at 30 November	**356.534**

11 Contract work in progress

	2021/22	2020/21
	DKK	DKK
Selling price of work in progress	284.183.205	160.250.348
Payments received on account	-199.023.990	-167.852.569
	85.159.215	**-7.602.221**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	103.367.176	22.700.426
Prepayments received recognised in debt	-18.207.961	-30.302.647
	85.159.215	**-7.602.221**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13 Distribution of profit

	2021/22	2020/21
Retained earnings	-33.421.593	15.709.081
	-33.421.593	**15.709.081**

Notes to the Financial Statements

14 Deferred tax asset

	2021/22	2020/21
	DKK	DKK
Deferred tax asset at 1 December	-2.276.857	-1.358.398
Amounts recognised in the income statement for the year	11.622.604	-918.459
Deferred tax asset at 30 November	**9.345.747**	**-2.276.857**
Intangible assets	2.814.168	2.919.527
Property, plant and equipment	-186.366	19.703
Provisions	-1.611.178	-1.317.246
Trade receivables	-1.822.175	-447.930
Contract work in progress	-3.289.650	1.102.803
Tax loss carry-forward	-5.250.546	0
Transferred to deferred tax asset	9.345.747	0
	0	**2.276.857**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	9.345.747	0
Carrying amount	**9.345.747**	**0**

The Company has recognized a tax asset as there have been taxable income historically, and it is expected to be used within the next 3-5 years.

15 Other provisions

Warranty provisions	687.150	2.283.259
Provision for loss on construction contracts	14.952.954	0
	15.640.104	**2.283.259**

The Company provides a 1 to 5 year warranty on certain products and undertakes to repair or replace items that are not satisfactory. Other provisions have been recognized for expected warranty claims, which have been calculated on the basis of past experience regarding the level of repairs.

The Company has experienced a negative development in the Metro project with an expected total expense on the contract of DKK 20.9 million of which DKK 15.0 million remains as a provision as per 30 November 2022.

Notes to the Financial Statements

16 Long-term debt

	2021/22	2020/21
	DKK	DKK
Payables to group enterprises		
Between 1 and 5 years	134.292.870	74.000.000
Long-term part	134.292.870	74.000.000
Other short-term debt to group enterprises	29.212.211	16.920.696
	163.505.081	**90.920.696**

17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

18 Contingent assets, liabilities and other financial obligations

Contingent assets

On the balance sheet date, the Company has an ongoing case in the National Tax Tribunal after having appealed the decision from the Danish Tax Agency regarding non-withholding of tax for foreign subcontractors (labour taxes) for the period 2014-2018. Furthermore, the Company received a decision regarding the income years 2019-2020, which the management also have appealed. The management disagrees with the Danish Tax Agency's decision and maintains the principle view that there is no basis for an assumption that there is an employment relationship. And in the alternative, that the claim must be reduced in relation to the actual salary payments. The company has expensed the entire claim in previous year of TDKK 11,747 regarding 2014-18 and has expenced TDKK 5,287 this year relating to the income year 2019-2020. A receivable has not been recognized in the financial statements as Management cannot measure the expected outcome of the case reliably.

Rental and lease obligations

	2021/22	2020/21
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	8.216.317	7.240.816
Between 1 and 5 years	12.840.492	7.753.979
	21.056.809	**14.994.795**

Notes to the Financial Statements

19 Related parties

	Basis
Controlling interest	
Otis Wordwide Corporation 1 Carrier Place Farmington, CT 06032 USA	Controlling parent
Alder Holding SAS, c/o Otis France Tour Défense Plaza 23-27, Rue Delarivière Lefoullon 92800 Puteaux, France	Parent

Transactions

Transactions with related parties have not been disclosed for in accordance with section 98 C(7) of the Danish Financial Statements Act as there have been no transactions with related parties, which have not been effected at arm's length.

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for det ultimative moderselskab:

Name	Place of registered office
Otis Worldwide Corporation	USA

Koncernrapporten for Otis Worldwide Corporation kan rekvireres på følgende adresse:

Otis Worldwide Corporation
1 Carrier Place
Farmington, CT 06032 USA

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

	2021/22	2020/21
	DKK	DKK
PricewaterhouseCoopers		
Audit fee	450	345
Tax advisory services	40	20
Other services	90	58
	580	**423**

21 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Otis A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Otis Worldwide Corporation, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Otis Worldwide Corporation, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

22 Accounting Policies (continued)

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Revenue

Information on business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

Notes to the Financial Statements

22 Accounting Policies (continued)

discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management.

Cost of sales also includes provisions for losses on contract work.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

22 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10-11 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Depreciation period and residual value are reassessed annually.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes to the Financial Statements

22 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of rent deposit.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Notes to the Financial Statements

22 Accounting Policies (continued)

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1 year. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

22 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$