

OTIS REPORTS FIRST QUARTER 2023 RESULTS

Delivers solid first quarter results driven by mid-single digit organic Service growth and strong New Equipment orders performance

- 1Q Net sales down 2.0% and organic sales up 3.6%. GAAP EPS up 8.2% and adjusted EPS up 5.3%
- 1Q New Equipment orders up 7.4%; NE backlog up 3%, adjusted backlog up 10% at constant currency
- Maintenance portfolio units increased 4.2%
- 1Q GAAP cash flow from operations of \$278 million; free cash flow of \$253 million, or 76% of net income
- Updated full-year outlook¹ with sales up 2.5 to 4.5% at actual currency, adjusted EPS of \$3.40 to \$3.50 and reiterating free cash flow of \$1.5 to \$1.55 billion. Full-year share repurchase target increased to \$700 to \$800 million.

FARMINGTON, Conn., April 26, 2023 – Otis Worldwide Corporation (NYSE:OTIS) reported first quarter 2023 net sales of \$3.3 billion with 3.6% organic growth. GAAP diluted earnings per share (EPS) of \$0.79 was up 8.2% versus the prior year and adjusted EPS increased 5.3% to \$0.80.

"Otis delivered a strong start to the year with our maintenance portfolio up more than 4%, organic sales growth for the tenth consecutive quarter, and strong Service performance contributing to mid-single digit adjusted EPS growth. Our strong New Equipment and modernization order performance in the quarter drove backlog expansion which will continue to support long term maintenance portfolio growth," said Judy Marks, Chair, CEO & President. "Our achievements in the first quarter highlight the strength of our business model and demonstrate our ability to consistently execute on our strategy."

Key Figures

<i>(\$ millions, except per share amounts)</i>	Quarter Ended March 31,			
	2023	2022	Y/Y	Y/Y (CFX)
Net sales	\$ 3,346	\$ 3,414	(2.0)%	2.4 %
Adjusted net sales	\$ 3,346	\$ 3,360	(0.4)%	4.1 %
Organic sales growth				3.6 %
GAAP				
Operating profit	\$ 513	\$ 526	\$ (13)	
Operating profit margin	15.3 %	15.4 %	(10) bps	
Net income	\$ 331	\$ 311	6.4 %	
Earnings per share	\$ 0.79	\$ 0.73	8.2 %	
Adjusted non-GAAP comparison				
Operating profit	\$ 518	\$ 537	\$ (19)	\$ 7
Operating profit margin	15.5 %	16.0 %	(50) bps	
Net income	\$ 335	\$ 324	3.4 %	
Earnings per share	\$ 0.80	\$ 0.76	5.3 %	

First quarter net sales of \$3.3 billion decreased 2.0% versus the prior year with a 3.6% increase in organic sales and a 4.4% headwind from foreign exchange.

First quarter GAAP operating profit of \$513 million decreased \$13 million and adjusted operating profit of \$518 million decreased \$19 million. Excluding a \$26 million impact from foreign exchange translation, operating profit increased \$7 million driven primarily by strong Service segment performance. GAAP operating profit margin contracted 10 basis points to 15.3% and adjusted operating profit margin contracted 50 basis points to 15.5%, driven by lower New Equipment margins and headwinds in corporate costs, partially offset by favorable segment mix.

GAAP EPS of \$0.79 increased 8.2% compared to prior year and adjusted EPS of \$0.80 increased 5.3% as the benefit from our operational performance, continued tax rate improvement, and a lower share count led to 4 cents of adjusted EPS growth, with the accretion from the Zardoya transaction offsetting a 4 cent headwind from foreign exchange translation.

New Equipment

(\$ millions)	Quarter Ended March 31.			
	2023	2022	Y/Y	Y/Y (CFX)
Net sales	\$ 1,307	\$ 1,422	(8.1)%	(3.3)%
Adjusted net sales	\$ 1,307	\$ 1,375	(4.9)%	0.0 %
Organic sales				(0.1)%
GAAP				
Operating profit	\$ 67	\$ 93	\$ (26)	
Operating profit margin	5.1 %	6.5 %	(140) bps	
Adjusted non-GAAP comparison				
Operating profit	\$ 69	\$ 93	\$ (24)	\$ (19)
Operating profit margin	5.3 %	6.8 %	(150) bps	

In the first quarter, net sales of \$1.3 billion decreased 8.1% and were flat organically. High-single digit organic sales growth in EMEA was offset by mid-single digit decline in the Americas and low-single digit decline in Asia, as strong performance in Asia Pacific was offset by a decline in China.

GAAP operating profit decreased \$26 million to \$67 million and adjusted operating profit decreased \$19 million at constant currency as strong material productivity was more than offset by unfavorable regional and product mix. GAAP operating profit margin contracted 140 basis points to 5.1% and adjusted operating profit margin contracted 150 basis points to 5.3%.

New Equipment orders were up 7% at constant currency with 27% growth in Asia Pacific, 15% growth in the Americas and 1% growth in EMEA, modestly offset by a 3% decline in China. New equipment backlog was up 3% and adjusted backlog increased 10% at constant currency.

Service

(\$ millions)	Quarter Ended March 31,			
	2023	2022	Y/Y	Y/Y (CFX)
Net sales	\$ 2,039	\$ 1,992	2.4 %	6.5 %
Adjusted net sales	\$ 2,039	\$ 1,985	2.7 %	6.9 %
Organic sales				6.3 %

GAAP

Operating profit	\$ 476	\$ 447	\$ 29	
Operating profit margin	23.3 %	22.4 %	90 bps	

Adjusted non-GAAP comparison

Operating profit	\$ 479	\$ 459	\$ 20	\$ 40
Operating profit margin	23.5 %	23.1 %	40 bps	

In the first quarter, net sales of \$2.0 billion increased 2.4% with a 6.3% increase in organic sales that was partially offset by a 4.1% headwind from foreign exchange. Organic maintenance and repair sales increased 7.0% and organic modernization sales increased 3.3%.

GAAP operating profit of \$476 million increased \$29 million and adjusted operating profit of \$479 million increased \$40 million at constant currency as higher volume, favorable pricing and productivity were partially offset by annual wage inflation and higher material costs. GAAP operating profit margin expanded 90 basis points and adjusted operating profit margin expanded 40 basis points to 23.5%.

Cash flow

(\$ millions)	Quarter Ended March 31,		
	2023	2022	Y/Y
Cash flow from operations	\$ 278	\$ 504	\$ (226)
Free cash flow	\$ 253	\$ 474	\$ (221)
Free cash flow conversion	76 %	152 %	

First quarter cash from operations of \$278 million decreased \$226 million and free cash flow of \$253 million decreased \$221 million versus prior year due to working capital increases from payment timing.

2023 Outlook¹

Otis is revising its full year outlook:

- Adjusted net sales of \$13.9 to \$14.2 billion, up 2.5 to 4.5%
- Organic sales up 4 to 6%
 - Organic New Equipment sales up 3 to 5%
 - Organic Service sales up 5 to 7%
- Adjusted operating profit of \$2.2 to \$2.3 billion, up \$130 to \$175 million at constant currency; up \$90 million to \$150 million at actual currency
- Adjusted EPS of \$3.40 to \$3.50, up 7 to 10%; adjusted effective tax rate of 26.0 to 26.5%
- Free cash flow of \$1.5 to \$1.55 billion with conversion of 105 to 115% of GAAP net income
- Share repurchases of \$700 to \$800 million

¹Note: When we provide outlook for organic sales, adjusted operating profit, adjusted effective tax rate and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures generally is not available without unreasonable effort. See “Use and Definitions of Non-GAAP Financial Measures” below for additional information.

About Otis

Otis is the world's leading elevator and escalator manufacturing, installation and service company. We move 2 billion people a day and maintain approximately 2.2 million customer units worldwide, the industry's largest maintenance portfolio. Headquartered in Connecticut, USA, Otis is 69,000 people strong, including 41,000 field professionals, all committed to meeting the diverse needs of our customers and passengers in more than 200 countries and territories worldwide. For more information, visit www.otis.com and follow us on LinkedIn, Instagram, Facebook and Twitter @OtisElevatorCo.

Use and Definitions of Non-GAAP Financial Measures

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

Adjusted net sales, organic sales, adjusted selling, general and administrative (“SG&A”) expense, adjusted operating profit, adjusted net interest expense, adjusted net income, adjusted diluted earnings per share (“EPS”),

adjusted effective tax rate, adjusted remaining performance obligation ("RPO"), constant currency and free cash flow are non-GAAP financial measures.

Adjusted net sales represents net sales (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature ("other significant items").

Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items. Management believes organic sales is a useful measure in providing period-to-period comparisons of the results of the Company's ongoing operational performance.

Adjusted SG&A expense represents SG&A expense (a GAAP measure), excluding restructuring costs and other significant items.

Adjusted general corporate expenses and other represents general corporate expenses and other (a GAAP measure), excluding restructuring costs and other significant items.

Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items.

Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and related net interest expense pending the completion of a transaction.

The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for other significant items and the tax impact of restructuring costs and other significant items.

Adjusted net income represents net income attributable to Otis Worldwide Corporation (a GAAP measure), excluding restructuring costs and other significant items, including related tax effects. Adjusted EPS represents diluted earnings per share attributable to common shareholders (a GAAP measure), adjusted for the per share impact of restructuring and other significant items, including related tax effects.

Adjusted RPO or Adjusted Backlog represents RPO (otherwise referred to herein as backlog from time to time) (a GAAP measure) excluding other significant items.

Management believes that adjusted net sales, organic sales, adjusted SG&A, adjusted general corporate expenses and other, adjusted operating profit, adjusted net interest expense, adjusted net income, adjusted EPS, the adjusted effective tax rate and adjusted RPO are useful measures in providing period-to-period comparisons of the results of the Company's ongoing operational performance.

Additionally, GAAP financial results include the impact of changes in foreign currency exchange rates ("AFX"). We use the non-GAAP measure "at constant currency" or "CFX" to show changes in our financial results without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, income statement results are translated in U.S. dollars at the average exchange rate for the period presented. Management believes that this non-GAAP measure is useful in providing period-to-period comparisons of the results of the Company's ongoing operational performance.

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

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

Cautionary Statement

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for Otis’ future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “medium-term,” “near-term,” “confident,” “goals” and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, research & development spend, credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or statements that relate to climate change and our intent to achieve certain environmental, social and governance targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which Otis and its businesses operate and any changes therein, including financial market conditions, fluctuations in commodity prices and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof and the ongoing economic recovery therefrom and their effects on, among other things, global supply, demand and distribution), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis’ customers and suppliers; (2) the effect of changes in political conditions in the U.S. and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine and increased tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates in the near term and beyond; (3) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (4) future levels of indebtedness, capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability or costs, credit market conditions, including the recent tightening of credit conditions, and Otis’ capital structure; (6) the timing and scope of future repurchases of Otis’ common stock (“Common Stock”), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of COVID-19, the ongoing conflict between Russia and Ukraine or otherwise; (8) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof; (9) new business and investment opportunities; (10) the outcome of legal proceedings, investigations and other contingencies; (11) pension plan assumptions and future

contributions; (12) the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate; (14) the ability of Otis to retain and hire key personnel; (15) the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (16) the determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions in connection with the separation (the "Separation") of Otis and Carrier Global Corporation ("Carrier") from United Technologies Corporation (now known as Raytheon Technologies Corporation ("RTX")); and (17) our obligations and disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier in connection with the Separation. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary from those stated in forward-looking statements, see Otis' registration statement on Form 10 and the reports of Otis on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Otis assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Otis Worldwide Corporation
Condensed Consolidated Statements of Operations

Quarter Ended
March 31,
(Unaudited)

(amounts in millions, except per share amounts)

	2023	2022
Net Sales	\$ 3,346	\$ 3,414
Costs and Expenses:		
Cost of products and services sold	2,350	2,408
Research and development	35	37
Selling, general and administrative	455	459
Total Costs and Expenses	2,840	2,904
Other income (expense), net	7	16
Operating profit	513	526
Non-service pension cost (benefit)	—	—
Interest expense (income), net	33	37
Net income before income taxes	480	489
Income tax expense	128	136
Net income	352	353
Less: Noncontrolling interest in subsidiaries' earnings	21	42
Net income attributable to Otis Worldwide Corporation	\$ 331	\$ 311

Earnings Per Share of Common Stock:

Basic	\$ 0.80	\$ 0.73
Diluted	\$ 0.79	\$ 0.73

Weighted Average Number of Shares Outstanding:

Basic shares	414.3	424.2
Diluted Shares	417.8	427.7

Otis Worldwide Corporation
Segment Net Sales and Operating Profit

<i>(dollars in millions)</i>	Quarter Ended March 31, (Unaudited)		Quarter Ended March 31, (Unaudited)	
	2023		2022	
	Reported	Adjusted	Reported	Adjusted *
Net Sales				
New Equipment	\$ 1,307	\$ 1,307	\$ 1,422	\$ 1,375
Service	2,039	2,039	1,992	1,985
Consolidated Net Sales	\$ 3,346	\$ 3,346	\$ 3,414	\$ 3,360
Operating Profit				
New Equipment	\$ 67	\$ 69	\$ 93	\$ 93
Service	476	479	447	459
Segment Operating Profit	543	548	540	552
General corporate expenses and other	(30)	(30)	(14)	(15)
Consolidated Operating Profit	\$ 513	\$ 518	\$ 526	\$ 537
Segment Operating Profit Margin				
New Equipment	5.1 %	5.3 %	6.5 %	6.8 %
Service	23.3 %	23.5 %	22.4 %	23.1 %
Total Operating Profit Margin	15.3 %	15.5 %	15.4 %	16.0 %

* Adjusted amounts presented for the quarter ended March 31, 2022 have been adjusted to exclude the impact of our operations in Russia, for consistency to adjusted amounts presented for other periods in 2022.

Otis Worldwide Corporation

Reconciliation of Reported (GAAP) to Adjusted Operating Profit & Operating Profit Margin

<i>(dollars in millions)</i>	Quarter Ended March 31, (Unaudited)	
	2023	2022 *
New Equipment		
GAAP Net sales	\$ 1,307	\$ 1,422
Russia sales	—	(47)
Adjusted New Equipment Sales	\$ 1,307	\$ 1,375
GAAP Operating profit	\$ 67	\$ 93
Restructuring	2	4
Russia operations	—	(4)
Adjusted New Equipment Operating Profit	\$ 69	\$ 93
Reported New Equipment Operating Profit Margin	5.1 %	6.5 %
Adjusted New Equipment Operating Profit Margin	5.3 %	6.8 %
Service		
GAAP Net sales	\$ 2,039	\$ 1,992
Russia sales	—	(7)
Adjusted Service Sales	\$ 2,039	\$ 1,985
GAAP Operating profit	\$ 476	\$ 447
Restructuring	3	10
Russia operations	—	2
Adjusted Service Operating Profit	\$ 479	\$ 459
Reported Service Operating Profit Margin	23.3 %	22.4 %
Adjusted Service Operating Profit Margin	23.5 %	23.1 %
General Corporate Expenses and Other		
GAAP General corporate expenses and other	\$ (30)	\$ (14)
Russia other expense (income)	—	(3)
One-time separation costs, net and other	—	2
Adjusted General corporate expenses and other	\$ (30)	\$ (15)
Total Otis		
GAAP Operating profit	\$ 513	\$ 526
Restructuring	5	14
Russia operations	—	(5)
One-time separation costs, net and other	—	2
Adjusted Total Operating Profit	\$ 518	\$ 537
Reported Total Operating Profit Margin	15.3 %	15.4 %
Adjusted Total Operating Profit Margin	15.5 %	16.0 %

* Adjusted amounts presented for the quarter ended March 31, 2022 have been adjusted to exclude the impact of our operations in Russia, for consistency to adjusted amounts presented for other periods in 2022.

Otis Worldwide Corporation

Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Net Income, Earnings Per Share, and Effective Tax Rate

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31, (Unaudited)	
	2023	2022 *
Adjusted Operating Profit	\$ 518	\$ 537
Non-service pension cost (benefit)	—	—
Net interest expense ^{1,2}	33	33
Adjusted income from operations before income taxes	485	504
Income tax expense	128	136
Tax impact on restructuring and non-recurring items	1	2
Adjusted net income from operations	356	366
Noncontrolling interest	21	42
Adjusted net income attributable to Otis Worldwide Corporation	\$ 335	\$ 324
GAAP net income attributable to common shareholders	\$ 331	\$ 311
Restructuring	5	14
Zardoya Otis Tender Offer finance costs ¹	—	5
Russia operations ²	—	(5)
One-time separation costs, net and other	—	1
Tax effects of restructuring, non-recurring items and other adjustments	(1)	(2)
Adjusted net income attributable to common shareholders	\$ 335	\$ 324
Diluted Earnings Per Share	\$ 0.79	\$ 0.73
Impact to diluted earnings per share	0.01	0.03
Adjusted Diluted Earnings Per Share	\$ 0.80	\$ 0.76
Effective Tax Rate	26.7 %	27.8 %
Impact of adjustments on effective tax rate	(0.1) %	(0.4) %
Adjusted Effective Tax Rate	26.6 %	27.4 %

* Adjusted amounts presented for the quarter ended March 31, 2022 have been adjusted to exclude the impact of our operations in Russia, for consistency to adjusted amounts presented for other periods in 2022.

¹ Otis incurred interest costs associated with financing the Zardoya Otis Tender Offer. Net interest expense for the quarter ended March 31, 2022 is reflected as adjusted without those costs.

² Net interest expense is reflected as adjusted, without \$1 million of interest income from its operations in Russia in the quarter ended March 31, 2022.

Otis Worldwide Corporation
Components of Changes in Net Sales

Quarter Ended March 31, 2023 Compared with Quarter Ended March 31, 2022

	Factors Contributing to Total % Change in Net Sales			
	Organic	FX Translation	Acquisitions / Divestitures, net and Other	Total
New Equipment	(0.1)%	(4.8)%	(3.2)%	(8.1)%
Service	6.3%	(4.1)%	0.2%	2.4%
Maintenance and Repair	7.0%	(4.4)%	0.2%	2.8%
Modernization	3.3%	(3.8)%	0.8%	0.3%
Total Net Sales	3.6%	(4.4)%	(1.2)%	(2.0)%

Components of Changes in New Equipment Backlog

	March 31, 2023 Y/Y Growth %
New Equipment Backlog increase at actual currency	3%
Russia	2%
Foreign exchange impact to New Equipment Backlog	5%
Adjusted New Equipment Backlog increase at constant currency	10%

Otis Worldwide Corporation
Reconciliation of Adjusted Operating Profit at Constant Currency

Quarter Ended March 31, 2023 Compared with Quarter Ended March 31, 2022

<i>(dollars in millions)</i>	2023	2022 *	Y/Y
New Equipment			
Adjusted Operating Profit	\$ 69	\$ 93	\$ (24)
Impact of foreign exchange	5	—	5
Adjusted Operating Profit at constant currency	\$ 74	\$ 93	\$ (19)
Service			
Adjusted Operating Profit	\$ 479	\$ 459	\$ 20
Impact of foreign exchange	20	—	20
Adjusted Operating Profit at constant currency	\$ 499	\$ 459	\$ 40
Otis Consolidated			
Adjusted Operating Profit	\$ 518	\$ 537	\$ (19)
Impact of foreign exchange	26	—	26
Adjusted Operating Profit at constant currency	\$ 544	\$ 537	\$ 7

* Adjusted amounts presented for the quarter ended March 31, 2022 have been adjusted to exclude the impact of our operations in Russia, for consistency to adjusted amounts presented for other periods in 2022.

Otis Worldwide Corporation
Condensed Consolidated Balance Sheet

<i>(amounts in millions)</i>	March 31, 2023 (Unaudited)	December 31, 2022
Assets		
Cash and cash equivalents	\$ 1,117	\$ 1,189
Accounts receivable, net	3,364	3,357
Contract assets	710	664
Inventories	642	617
Other current assets	320	316
Total Current Assets	6,153	6,143
Future income tax benefits	281	285
Fixed assets, net	719	719
Operating lease right-of-use assets	468	449
Intangible assets, net	360	369
Goodwill	1,570	1,567
Other assets	294	287
Total Assets	\$ 9,845	\$ 9,819
Liabilities and Equity (Deficit)		
Short-term borrowings and current portion of long-term debt	\$ 646	\$ 670
Accounts payable	1,515	1,717
Accrued liabilities	1,679	1,794
Contract liabilities	2,983	2,662
Total Current Liabilities	6,823	6,843
Long-term debt	6,116	6,098
Future pension and postretirement benefit obligations	391	392
Operating lease liabilities	329	315
Future income tax obligations	278	279
Other long-term liabilities	546	556
Total Liabilities	14,483	14,483
Redeemable noncontrolling interest	129	135
Shareholders' Equity (Deficit):		
Common Stock and additional paid-in capital	172	162
Treasury Stock	(1,750)	(1,575)
Accumulated deficit	(2,653)	(2,865)
Accumulated other comprehensive income (loss)	(626)	(592)
Total Shareholders' Equity (Deficit)	(4,857)	(4,870)
Noncontrolling interest	90	71
Total Equity (Deficit)	(4,767)	(4,799)
Total Liabilities and Equity (Deficit)	\$ 9,845	\$ 9,819

Otis Worldwide Corporation
Condensed Consolidated Statement of Cash Flows

Quarter Ended
March 31,
(Unaudited)

<i>(dollars in millions)</i>	2023	2022
Operating Activities:		
Net income from operations	\$ 352	\$ 353
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	47	48
Stock compensation cost	15	13
Change in:		
Accounts receivable, net	14	(51)
Contract assets and liabilities, current	263	278
Inventories	(20)	(14)
Accounts payable	(218)	(36)
Pension contributions	(14)	(12)
Other operating activities, net	(161)	(75)
Net cash flows provided by operating activities	278	504
Investing Activities:		
Capital expenditures	(25)	(30)
Acquisitions of businesses and intangible assets, net of cash	(16)	(8)
Proceeds from sale of (investments in) marketable securities, net	—	(7)
Other investing activities, net	20	28
Net cash flows used in investing activities	(21)	(17)
Financing Activities:		
Increase (decrease) in short-term borrowings, net	(32)	26
Repayment of long-term debt	—	(500)
Dividends paid on Common Stock	(120)	(102)
Repurchases of Common Stock	(175)	(200)
Dividends paid to noncontrolling interest	(9)	(33)
Other financing activities, net	(5)	(14)
Net cash flows provided by (used in) financing activities	(341)	(823)
Summary of Activity:		
Net cash provided by operating activities	278	504
Net cash used in investing activities	(21)	(17)
Net cash provided by (used in) financing activities	(341)	(823)
Effect of foreign exchange rate changes on cash and cash equivalents	10	(63)
Net increase (decrease) in cash, cash equivalents and restricted cash	(74)	(399)
Cash, cash equivalents and restricted cash, beginning of period	1,195	3,477
Cash, cash equivalents and restricted cash, end of period	1,121	3,078
Less: Restricted cash	4	1,843
Cash and cash equivalents, end of period	\$ 1,117	\$ 1,235

Otis Worldwide Corporation
Free Cash Flow Reconciliation

<i>(dollars in millions)</i>	Quarter Ended March 31.	
	(Unaudited)	
	2023	2022
Net income attributable to Otis Worldwide Corporation	<u>\$ 331</u>	<u>\$ 311</u>
Net cash flows provided by operating activities	<u>\$ 278</u>	<u>\$ 504</u>
Net cash flows provided by operating activities as a percentage of net income attributable to Otis Worldwide Corporation	84 %	162 %
Capital expenditures	(25)	<u>(30)</u>
Capital expenditures as a percentage of net income attributable to Otis Worldwide Corporation	(8)%	<u>(10)%</u>
Free cash flow	<u>\$ 253</u>	<u>\$ 474</u>
Free cash flow as a percentage of net income attributable to Otis Worldwide Corporation	<u>76 %</u>	<u>152 %</u>