

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-39221

**OTIS**

**OTIS WORLDWIDE CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

83-3789412  
(I.R.S. Employer Identification No.)

One Carrier Place, Farmington, Connecticut 06032  
(Address of principal executive offices, including zip code)

(860) 674-3000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock (\$0.01 par value)

Trading Symbol(s)  
OTIS

Name of each exchange  
on which registered  
New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No .

At July 16, 2021 there were 426,778,666 shares of Common Stock outstanding.

**OTIS WORLDWIDE CORPORATION**  
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**Quarter Ended June 30, 2021**

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Otis Worldwide Corporation's and its subsidiaries' names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of Otis Worldwide Corporation and its subsidiaries. Names, abbreviations of names, logos, and products and service designators of other companies are either the registered or unregistered trademarks or tradenames of their respective owners. As used herein, the terms "we", "us", "our", "the Company" or "Otis", unless the context otherwise requires, mean Otis Worldwide Corporation and its subsidiaries. References to internet websites in this Form 10-Q are provided for convenience only. Information available through these websites is not incorporated by reference into this Form 10-Q.

**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements**

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

<i>(amounts in millions, except per share amounts)</i>	Quarter Ended June 30,	
	2021	2020
Net sales:		
Product sales	\$ 1,727	\$ 1,294
Service sales	1,974	1,735
	<u>3,701</u>	<u>3,029</u>
Costs and expenses:		
Cost of products sold	1,418	1,072
Cost of services sold	1,208	1,066
Research and development	39	37
Selling, general and administrative	484	441
	<u>3,149</u>	<u>2,616</u>
Other income (expense), net	9	3
Operating profit	561	416
Non-service pension cost (benefit)	2	1
Interest expense (income), net	27	41
Net income before income taxes	532	374
Income tax expense	153	109
Net income	379	265
Less: Noncontrolling interest in subsidiaries' earnings	53	41
<b>Net income attributable to common shareholders</b>	<u>\$ 326</u>	<u>\$ 224</u>
<b>Earnings per share (Note 3):</b>		
Basic	\$ 0.76	\$ 0.52
Diluted	\$ 0.76	\$ 0.52
Weighted average number of shares outstanding		
Basic shares	427.9	433.1
Diluted shares	431.6	434.1

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

<i>(amounts in millions, except per share amounts)</i>	Six Months Ended June 30,	
	2021	2020
Net sales:		
Product sales	\$ 3,185	\$ 2,417
Service sales	3,924	3,578
	<u>7,109</u>	<u>5,995</u>
Costs and expenses:		
Cost of products sold	2,605	1,986
Cost of services sold	2,410	2,221
Research and development	74	75
Selling, general and administrative	966	906
	<u>6,055</u>	<u>5,188</u>
Other income (expense), net	16	(62)
Operating profit	<u>1,070</u>	<u>745</u>
Non-service pension cost (benefit)	4	(2)
Interest expense (income), net	59	46
Net income before income taxes	<u>1,007</u>	<u>701</u>
Income tax expense	276	234
Net income	<u>731</u>	<u>467</u>
Less: Noncontrolling interest in subsidiaries' earnings	97	78
<b>Net income attributable to common shareholders</b>	<u><u>\$ 634</u></u>	<u><u>\$ 389</u></u>
<b>Earnings per share (Note 3):</b>		
Basic	\$ 1.48	\$ 0.90
Diluted	\$ 1.47	\$ 0.90
Weighted average number of shares outstanding		
Basic shares	429.8	433.1
Diluted shares	432.7	433.6

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 379	\$ 265	\$ 731	\$ 467
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	20	38	(2)	(84)
Pension and postretirement benefit plan adjustments	3	3	7	4
Change in unrealized cash flow hedging	1	(12)	(3)	(1)
Other comprehensive income (loss), net of tax	24	29	2	(81)
Comprehensive income (loss), net of tax	403	294	733	386
Less: Comprehensive income attributable to noncontrolling interest	(57)	(51)	(87)	(82)
Comprehensive income attributable to common shareholders	\$ 346	\$ 243	\$ 646	\$ 304

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 1,923	\$ 1,782
Accounts receivable (net of allowance for expected credit losses of \$170 and \$161)	3,194	3,148
Contract assets	492	458
Inventories, net	673	659
Other current assets	399	446
Total Current Assets	6,681	6,493
Future income tax benefits	334	334
Fixed assets (net of accumulated depreciation of \$1,163 and \$1,197)	781	774
Operating lease right-of-use assets	571	542
Intangible assets, net	458	484
Goodwill	1,742	1,773
Other assets	290	310
Total Assets	<u>\$ 10,857</u>	<u>\$ 10,710</u>
<b>Liabilities and (Deficit) Equity</b>		
Short-term borrowings	\$ 343	\$ 701
Accounts payable	1,569	1,453
Accrued liabilities	1,989	1,977
Contract liabilities	2,815	2,542
Total Current Liabilities	6,716	6,673
Long-term debt	5,457	5,262
Future pension and postretirement benefit obligations	643	654
Operating lease liabilities	386	367
Future income tax obligations	285	321
Other long-term liabilities	624	634
Total Liabilities	14,111	13,911
Commitments and contingent liabilities (Note 18)		
Redeemable noncontrolling interest	63	83
Shareholders' (Deficit) Equity:		
Common Stock and additional paid-in capital	86	59
Treasury Stock	(506)	—
Accumulated deficit	(2,633)	(3,076)
Accumulated other comprehensive income (loss)	(803)	(815)
Total Shareholders' (Deficit) Equity	(3,856)	(3,832)
Noncontrolling interest	539	548
Total (Deficit) Equity	(3,317)	(3,284)
Total Liabilities and (Deficit) Equity	<u>\$ 10,857</u>	<u>\$ 10,710</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

<i>(dollars in millions, except per share amounts)</i>	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	UTC Net (Deficit) Investment	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity	Redeemable Noncontrolling Interest
<b>Quarter Ended June 30, 2021</b>									
Balance at April 1, 2021	\$ 68	\$ (300)	\$ (2,855)	\$ —	\$ (823)	\$ (3,910)	\$ 559	\$ (3,351)	\$ 65
Net income	—	—	326	—	—	326	53	379	—
Other comprehensive income (loss), net of tax	—	—	—	—	20	20	5	25	(1)
Stock-based compensation and Common Stock issued under employee plans	18	—	(1)	—	—	17	—	17	—
Cash dividends declared (\$0.24 per common share)	—	—	(102)	—	—	(102)	—	(102)	—
Repurchase of Common Shares	—	(206)	—	—	—	(206)	—	(206)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	—	(75)	(75)	(1)
Acquisitions, disposals and other changes	—	—	(1)	—	—	(1)	(3)	(4)	—
<b>Balance at June 30, 2021</b>	<b>\$ 86</b>	<b>\$ (506)</b>	<b>\$ (2,633)</b>	<b>\$ —</b>	<b>\$ (803)</b>	<b>\$ (3,856)</b>	<b>\$ 539</b>	<b>\$ (3,317)</b>	<b>\$ 63</b>
<b>Quarter Ended June 30, 2020</b>									
Balance April 1, 2020	\$ —	\$ —	\$ —	\$ (3,959)	\$ (862)	\$ (4,821)	\$ 537	\$ (4,284)	\$ 95
Net transfers (to) from UTC	—	—	—	407	—	407	—	407	—
Issuance of common stock and reclassification of deficit	4	—	(3,556)	3,552	—	—	—	—	—
Net income	—	—	224	—	—	224	41	265	—
Other comprehensive income (loss), net of tax	—	—	—	—	19	19	11	30	(1)
Stock-based compensation	15	—	—	—	—	15	—	15	—
Cash dividends declared (\$0.20 per common share)	—	—	(87)	—	—	(87)	—	(87)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	—	(18)	(18)	—
Acquisitions, disposals and other changes	—	—	1	—	—	1	(1)	—	2
<b>Balance at June 30, 2020</b>	<b>\$ 19</b>	<b>\$ —</b>	<b>\$ (3,418)</b>	<b>\$ —</b>	<b>\$ (843)</b>	<b>\$ (4,242)</b>	<b>\$ 570</b>	<b>\$ (3,672)</b>	<b>\$ 96</b>

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

<i>(dollars in millions, except per share amounts)</i>	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	UTC Net Investment (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity	Redeemable Noncontrolling Interest
<b>Six Months Ended June 30, 2021</b>									
Balance January 1, 2021	\$ 59	\$ —	\$ (3,076)	\$ —	\$ (815)	\$ (3,832)	\$ 548	\$ (3,284)	\$ 83
Net income	—	—	634	—	—	634	97	731	—
Other comprehensive income (loss), net of tax	—	—	—	—	12	12	(8)	4	(2)
Stock-based compensation and Common Stock issued under employee plans	27	—	(1)	—	—	26	—	26	—
Cash dividends declared (\$0.44 per common share)	—	—	(189)	—	—	(189)	—	(189)	—
Repurchase of Common Shares	—	(506)	—	—	—	(506)	—	(506)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	—	(107)	(107)	(1)
Acquisitions, disposals and other changes	—	—	(1)	—	—	(1)	9	8	(17)
<b>Balance at June 30, 2021</b>	<b>\$ 86</b>	<b>\$ (506)</b>	<b>\$ (2,633)</b>	<b>\$ —</b>	<b>\$ (803)</b>	<b>\$ (3,856)</b>	<b>\$ 539</b>	<b>\$ (3,317)</b>	<b>\$ 63</b>
<b>Six Months Ended June 30, 2020</b>									
Balance January 1, 2020	\$ —	\$ —	\$ —	\$ 2,458	\$ (758)	\$ 1,700	\$ 531	\$ 2,231	\$ 95
Net transfers (to) from UTC	—	—	—	(6,150)	—	(6,150)	—	(6,150)	—
Issuance of common stock and reclassification of deficit	4	—	(3,556)	3,552	—	—	—	—	—
Net income	—	—	224	165	—	389	78	467	—
Other comprehensive income (loss), net of tax	—	—	—	—	(85)	(85)	7	(78)	(3)
Stock-based compensation	15	—	—	—	—	15	—	15	—
Cash dividends declared (\$0.20 per common share)	—	—	(87)	—	—	(87)	—	(87)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	—	(39)	(39)	—
Acquisitions, disposals and other changes	—	—	1	—	—	1	(7)	(6)	4
Adoption of credit loss standard, net of tax (Note 6)	—	—	—	(25)	—	(25)	—	(25)	—
<b>Balance at June 30, 2020</b>	<b>\$ 19</b>	<b>\$ —</b>	<b>\$ (3,418)</b>	<b>\$ —</b>	<b>\$ (843)</b>	<b>\$ (4,242)</b>	<b>\$ 570</b>	<b>\$ (3,672)</b>	<b>\$ 96</b>

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2021	2020
<b>Operating Activities:</b>		
Net income	\$ 731	\$ 467
Adjustments to reconcile net income to net cash flows provided by operating activities, net of acquisitions:		
Depreciation and amortization	102	92
Deferred income tax expense (benefit)	(39)	(21)
Stock compensation cost	31	27
Loss on fixed asset impairment	—	55
Change in operating assets and liabilities:		
Accounts receivable, net	(54)	(59)
Contract assets and liabilities, current	225	266
Inventories, net	(17)	(71)
Other current assets	55	(67)
Accounts payable	124	17
Accrued liabilities	(23)	62
Pension contributions	(18)	(20)
Other operating activities, net	1	75
Net cash flows provided by operating activities	<u>1,118</u>	<u>823</u>
<b>Investing Activities:</b>		
Capital expenditures	(84)	(75)
Investments in businesses and intangible assets, net of cash acquired (Note 8)	(51)	(16)
Investments in equity securities	(18)	(51)
Proceeds from sale of equity securities	58	—
Receipts (payments) on settlements of derivative contracts	17	(7)
Other investing activities, net	11	7
Net cash flows used in investing activities	<u>(67)</u>	<u>(142)</u>
<b>Financing Activities:</b>		
Net proceeds from (repayments of) borrowings (maturities of 90 days or less)	(70)	1
Proceeds from borrowings (maturities longer than 90 days)	152	—
Repayments of borrowings (maturities longer than 90 days)	(427)	—
Proceeds from issuance of long-term debt	199	6,300
Payment of long-term debt issuance costs	(2)	(43)
Net transfers to UTC	—	(6,330)
Dividends paid on Common Stock	(189)	(87)
Repurchases of Common Stock	(506)	—
Dividends paid to noncontrolling interest	(55)	(43)
Other financing activities, net	(18)	22
Net cash flows used in financing activities	<u>(916)</u>	<u>(180)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	8	(33)
Net increase in cash and cash equivalents	143	468
Cash, cash equivalents and restricted cash, beginning of year	<u>1,801</u>	<u>1,459</u>
Cash, cash equivalents and restricted cash, end of period	<u>1,944</u>	<u>1,927</u>
Less: Restricted cash	<u>21</u>	<u>15</u>
Cash and cash equivalents, end of period	<u>\$ 1,923</u>	<u>\$ 1,912</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**OTIS WORLDWIDE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The Condensed Consolidated Financial Statements at June 30, 2021 and for the quarters and six months ended June 30, 2021 and 2020 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results for the interim periods. The Condensed Consolidated Balance Sheet at December 31, 2020 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles ("GAAP") in the United States ("U.S."). The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in our Annual Report to Shareholders ("2020 Annual Report") incorporated by reference in our Annual Report on [Form 10-K](#) for fiscal year 2020 ("2020 Form 10-K" or "Form 10-K").

**Note 1: Description of Business and Separation from United Technologies Corporation**

Otis (as defined below) is the world's leading elevator and escalator manufacturing, installation and service company. Our operations are classified into two segments: New Equipment and Service. Through the New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways, for residential and commercial building and infrastructure projects. The Service segment provides maintenance and repair services for both our products and those of other manufacturers, and provides modernization services to upgrade elevators and escalators.

On November 26, 2018, United Technologies Corporation, subsequently renamed to Raytheon Technologies Corporation on April 3, 2020 ("UTC" or "RTX", as applicable), announced its intention to spin-off its Otis reportable segment and its Carrier reportable segment into two separate publicly-traded companies (the "Separation"). On April 3, 2020, the Company became an independent publicly-traded company through a pro-rata distribution of 0.5 shares of Common Stock for every share of UTC common stock held at the close of business on the record date of March 19, 2020 (the "Distribution"). Otis began to trade as a separate public company (New York Stock Exchange ("NYSE"): OTIS) on April 3, 2020.

Unless the context otherwise requires, references to "Otis", "we", "us", "our" and "the Company" refer to (i) Otis Worldwide Corporation's business (the "Business") prior to the Separation and (ii) Otis Worldwide Corporation and its subsidiaries following the Separation, as applicable. References to "UTC" relate to pre-Separation matters, and references to "RTX" relate to post-Separation matters.

The Separation was completed pursuant to a Separation and Distribution Agreement ("Separation Agreement") and other agreements with our former parent, UTC, related to the Separation, including but not limited to a transition services agreement (the "Transition Service Agreement" or "TSA"), a tax matters agreement (the "Tax Matters Agreement" or "TMA"), an employee matters agreement (the "Employee Matters Agreement" or "EMA") and an intellectual property agreement (the "Intellectual Property Agreement"). For further discussion on these agreements, see Note 5.

**Note 2: Basis of Presentation**

Prior to the Separation on April 3, 2020, our historical financial statements were prepared on a standalone combined basis and were derived from the consolidated financial statements and accounting records of our former parent, UTC. For the period subsequent to April 3, 2020, our financial statements are presented on a consolidated basis as the Company became a standalone public company (collectively, the financial statements for all periods presented, including the historical results of the Company prior to April 3, 2020, are now referred to as "Condensed Consolidated Financial Statements" to reflect this change). They have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted.

Prior to the Separation on April 3, 2020, the Condensed Consolidated Statements of Operations included all revenues and costs directly attributable to Otis, including costs for facilities, functions and services used by Otis. Costs for certain functions and services performed by centralized UTC organizations were directly charged to Otis based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, usage or other allocation methods. All charges and allocations for facilities, functions and services performed by UTC organizations have been deemed settled in cash by Otis to our former parent, UTC, in the period in which the cost was recorded on the Condensed Consolidated Statements of

Operations. Current and deferred income taxes were determined based on the standalone results of Otis. However, because the Company was included in our former parent UTC's tax group in certain jurisdictions, the Company's actual tax balances may differ from those reported. The Company's portion of its domestic income taxes and certain income taxes for jurisdictions outside the U.S. are deemed to have been settled in the period the related tax expense was recorded prior to the Separation.

All significant intracompany accounts and transactions within the Company have been eliminated in the preparation of the Condensed Consolidated Financial Statements. Prior to the Separation, the Condensed Consolidated Financial Statements of the Company include assets and liabilities that have been determined to be specifically or otherwise attributable to the Company.

**Use of Estimates.** The preparation of these Condensed Consolidated Financial Statements and accompanying notes in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates.

We assessed certain accounting matters that generally require consideration of forecasted financial information in the context of the information reasonably available to us and the unknown future impacts of COVID-19 at June 30, 2021 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for credit losses, the carrying value of our goodwill and other long-lived assets, financial assets and revenue recognition. While there was not a material impact to our Condensed Consolidated Financial Statements as of June 30, 2021 and for the quarters and six months ended June 30, 2021 and 2020, respectively, resulting from our assessments of these matters, future assessment of our current expectations at that time of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our Condensed Consolidated Financial Statements in future reporting periods.

Certain amounts presented in the prior period have been reclassified to conform to the current period presentation, which are immaterial.

### Note 3: Earnings per Share

On April 3, 2020, the date of consummation of the Separation, 433,079,455 shares of the Company's common stock, par value \$0.01 per share, were distributed to UTC shareholders of record as of March 19, 2020. This share amount is being utilized for the calculation of basic and diluted earnings per share for all periods presented prior to the Separation as all common stock was owned by UTC prior to the Separation. For the quarter and six months ended June 30, 2020, these shares are treated as issued and outstanding at January 1, 2020 for purposes of calculating historical basic and diluted earnings per share.

<i>(dollars in millions, except per share amounts; shares in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income attributable to common shareholders	\$ 326	\$ 224	\$ 634	\$ 389
Basic weighted average number of shares outstanding	427.9	433.1	429.8	433.1
Stock awards and equity units (share equivalent)	3.7	1.0	2.9	0.5
<b>Diluted weighted average number of shares outstanding</b>	<b>431.6</b>	<b>434.1</b>	<b>432.7</b>	<b>433.6</b>
<b>Earnings Per Share of Common Stock:</b>				
Basic:	\$ 0.76	\$ 0.52	\$ 1.48	\$ 0.90
Diluted:	\$ 0.76	\$ 0.52	\$ 1.47	\$ 0.90

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the common stock is lower than the exercise price of the related stock awards during the period because the effect would be anti-dilutive. In addition, the computation of diluted earnings per share excludes the effect of the potential exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. There were 2.1 million and 9.3 million of anti-dilutive stock awards excluded from the computation for the quarters ended June 30, 2021 and 2020, respectively, and 2.1 million and 9.3 million for the six months ended June 30, 2021 and 2020, respectively.

**Note 4: Revenue Recognition**

We account for revenue in accordance with Accounting Standards Codification ("ASC") Topic 606: *Revenue from Contracts with Customers*.

**Performance Obligations.** The Company's revenue streams include new equipment, maintenance and repair and modernization (including related installation). New equipment, modernization and repair services revenue is typically recognized over time as we are enhancing an asset the customer controls. Maintenance revenue is recognized on a straight-line basis over the life of the maintenance contract.

For new equipment and modernization transactions, equipment and installation are typically procured in a single contract providing the customer with a complete installed elevator or escalator unit. The combination of equipment and installation are typically a single performance obligation. For repair services, the customer typically contracts for specific short-term services which form a single performance obligation. For these performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion in order to measure progress.

For maintenance contracts, given the continuous nature of the maintenance services throughout the year, we recognize revenue on maintenance contracts on a straight-line basis which aligns with the cost profile of these services.

**Contract Assets and Liabilities.** Contract assets reflect revenue recognized in advance of customer billing. Contract liabilities are recognized when a customer pays consideration, or we have a right to receive an amount of unconditional consideration, in advance of the satisfaction of performance obligations under the contract. We typically receive progress payments from our customers as we perform our work over time.

Total Contract assets and Contract liabilities at June 30, 2021 and December 31, 2020 are as follows:

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Contract assets, current	\$ 492	\$ 458
Total contract assets	492	458
Contract liabilities, current	2,815	2,542
Contract liabilities, non-current (included within Other long-term liabilities)	40	44
Total contract liabilities	2,855	2,586
Net contract liabilities	\$ 2,363	\$ 2,128

Contract assets increased by \$34 million during the six months ended June 30, 2021 as a result of the progression of current contracts and timing of billing on customer contracts. Contract liabilities increased by \$269 million during the six months ended June 30, 2021 primarily due to contract billings in excess of revenue earned. In the six months ended June 30, 2021 and 2020, we recognized revenue of \$1.7 billion and \$1.3 billion related to contract liabilities as of January 1, 2021 and 2020, respectively.

**Remaining Performance Obligations ("RPO").** RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of June 30, 2021, our total RPO was \$17.5 billion. Of the total RPO as of June 30, 2021, we expect 89% will be recognized as sales over the following 24 months.

**Note 5: Related Parties**

In connection with the Separation as further described in Note 1, the Company entered into several agreements with our former parent, UTC, and Carrier. These agreements include the Separation Agreement that sets forth certain agreements with UTC and Carrier regarding the principal actions to be taken in connection with the Separation, including identifying the assets transferred, the liabilities assumed and the contracts transferred to each of UTC, Carrier and Otis as part of the Separation, and when and how these transfers and assumptions occurred.

Other agreements that we entered into that govern aspects of our relationship with RTX and Carrier following the Separation include the TSA, TMA, EMA and Intellectual Property Agreement. Under the TSA, RTX provides the Company certain services and we provide certain services to RTX for a limited time, which is expected to end during the second half of 2021. The TMA governs the parties' respective rights, responsibilities and obligations with respect to tax matters, and among other things imposes restrictions on Otis during the two-year period following the Distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free. The EMA allocates among Otis, UTC, and Carrier the liabilities and responsibilities relating to employment matters, employee compensation and benefit plans, benefit programs and other related matters.

**Net Transfers from (to) UTC and Separation Transactions.** In connection with the Separation, certain assets and liabilities were contributed to the Company by our former parent, UTC, leading up to and at the time of the Separation. During the quarter ended March 31, 2020, net liabilities of \$43 million were contributed to the Company by our former parent, UTC, primarily consisting of deferred tax assets and liabilities and fixed assets. Prior to the Separation, these non-cash contributions were recorded as Net transfers (to) from UTC on the Condensed Consolidated Statements of Changes in Equity through UTC Net Investment during the quarter ended March 31, 2020.

Upon Separation, the following were recorded as Net transfers (to) from UTC and Separation-related transactions on the Consolidated Statements of Changes in Equity through UTC Net Investment:

<i>(dollars in millions)</i>	
Cash and cash equivalents	\$ 220
Taxes and other	187
<b>Total</b>	<b>\$ 407</b>

Prior to the Separation, our former parent ,UTC, paid Otis Cash and cash equivalents of \$190 million in connection with the Separation Agreement, and approximately \$30 million as settlement of related party receivables due from UTC to Otis as a result of a cash overdraft as of March 31, 2020.

Additionally, the Tax Cuts and Jobs Act (the "TCJA") imposed a non-recurring toll charge, paid in installments over an 8-year period on deemed repatriated earnings of foreign subsidiaries as of December 31, 2017. Under the terms of the TMA, Otis will indemnify RTX for a percentage of the toll charge installment payments due after April 3, 2020. As a result, a portion of Otis' future income tax obligations corresponding to the toll charge was reclassified as a contractual indemnity obligation within Other long-term liabilities on the Condensed Consolidated Balance Sheet. The TMA also provides for RTX to indemnify Otis for certain foreign tax obligations as a result of Otis' inclusion in certain foreign consolidated tax returns prior to the Separation. As a result, Otis has reflected this contractual indemnification asset within Other current assets and the related tax obligations within Accrued liabilities on the Condensed Consolidated Balance Sheet. As a result of the Separation and the provisions of the TMA, Otis' total net tax-related liabilities on April 3, 2020 were reduced by \$191 million, comprising the following impacts to the Condensed Consolidated Balance Sheet:

<i>(dollars in millions)</i>	Increase (Decrease)
<b>Assets</b>	
Other current assets	\$ 167
Total Current Assets	167
Future income tax benefits	(4)
<b>Total Assets</b>	<b>\$ 163</b>
<b>Liabilities and (Deficit) Equity</b>	
Accrued liabilities	\$ 110
Total Current Liabilities	110
Future income tax obligations	(377)
Other long-term liabilities	239
<b>Total Liabilities</b>	<b>(28)</b>
Total Shareholders' (Deficit) Equity	191
Total (Deficit) Equity	191
<b>Total Liabilities and (Deficit) Equity</b>	<b>\$ 163</b>

There were also \$4 million of Other long-term liabilities recorded upon Separation on the Condensed Consolidated Balance Sheet.

**Shared Costs.** The Condensed Consolidated Financial Statements have been prepared on a standalone basis for the periods prior to the Separation on April 3, 2020, and for those periods are derived from the consolidated financial statements and accounting records of UTC. Prior to the Separation, the Company had been managed and operated in the normal course of business with other affiliates of UTC, and UTC incurred significant corporate costs such as treasury, tax, accounting, human resources, audit, legal, purchasing, information technology and other such services. The costs associated with these services generally included all payroll and benefit costs, as well as overhead costs related to certain functions. All such amounts have been deemed to have been incurred and settled by the Company in the period in which the costs were recorded.

Accordingly, for periods prior to the Separation, shared costs of \$16 million were allocated to the Company and reflected as expenses in Selling, general and administrative expense on the Condensed Consolidated Statements of Operations for the six months ended June 30, 2020. There were no allocated centralized costs for the periods after the Separation.

**Separation Costs, net.** We have incurred non-recurring Separation costs, net as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Separation costs, net	\$ —	\$ 21	\$ 9	\$ 53

Separation-related costs, net are primarily recorded in Selling, general and administrative expense on the Condensed Consolidated Statements of Operations. The Selling, general and administrative expenses prior to the Separation primarily consisted of employee-related costs, costs to establish certain standalone functions and information technology systems, professional services fees, costs to exit from certain services previously provided under the TSA and other transaction-related

costs to transition to being a standalone public company. The Selling, general and administrative expenses after the Separation primarily consist of costs to exit from certain services previously provided under the TSA and other transaction-related costs to transition to being a standalone public company. Additional Separation-related items, which are recorded in Other income (expense), net include indemnification payments received from RTX related to finalization of a tax settlement in accordance with the TMA and other Separation related costs. The TMA indemnification benefit is fully offset by related costs in the income tax provision.

**Long-Term Debt, Accounts Receivable and Accounts Payable.** Certain related party transactions between the Company and our former parent, UTC, have been included within UTC Net Investment on the Condensed Consolidated Balance Sheets in the historical periods presented. The total effect of the settlement of these related party transactions is reflected as a financing activity on the Condensed Consolidated Statements of Cash Flows.

**Note 6: Accounts Receivable, Net**

Accounts receivable, net consisted of the following at June 30, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Trade receivables	\$ 3,028	\$ 2,987
Customer financing notes receivable	125	130
Unbilled receivables	118	104
Miscellaneous receivables	93	88
	<u>3,364</u>	<u>3,309</u>
Less: allowance for expected credit losses	170	161
<b>Accounts receivable, net</b>	<b>\$ 3,194</b>	<b>\$ 3,148</b>

The changes in allowance for credit losses related to Accounts receivable, net for the six months ended June 30, 2021 and 2020, respectively, are as follows:

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2021	2020
Balance as of January 1	\$ 161	\$ 83
Impact of credit standard adoption	—	28
Provision for expected credit losses	15	13
Write-offs charged against the allowance for expected credit losses	(5)	(6)
Foreign exchange and other	(1)	22
<b>Balance as of June 30</b>	<b>\$ 170</b>	<b>\$ 140</b>

For the quarter and six months ended June 30, 2020, there was approximately \$22 million of previously reserved balances reclassified to allowance for credit losses. As a result, there was no impact to the Consolidated Statements of Operations for the quarter and six months ended June 30, 2020.

**Note 7: Inventories, net**

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Raw materials and work-in-process	\$ 121	\$ 113
Finished goods	552	546
<b>Total</b>	<b>\$ 673</b>	<b>\$ 659</b>

Raw materials, work-in-process and finished goods are net of valuation reserves of \$109 million and \$112 million as of June 30, 2021 and December 31, 2020, respectively.

**Note 8: Business Acquisitions, Dispositions, Goodwill and Intangible Assets**

**Business Acquisitions.** Our investments in businesses and intangibles assets, net of cash acquired, totaled \$51 million and \$16 million in the six months ended June 30, 2021 and 2020, respectively. The acquisitions and investments consisted of a number of acquisitions primarily in our Service segment. Transaction costs incurred were not considered significant.

**Goodwill.** Changes in our Goodwill balances during the six months ended June 30, 2021 were as follows:

<i>(dollars in millions)</i>	Balance as of January 1, 2021	Goodwill Resulting From Business Combinations	Foreign Currency Translation and Other	Balance as of June 30, 2021
New Equipment	\$ 357	\$ —	\$ (6)	\$ 351
Service	1,416	1	(26)	1,391
<b>Total</b>	<b>\$ 1,773</b>	<b>\$ 1</b>	<b>\$ (32)</b>	<b>\$ 1,742</b>

**Intangible Assets.** Identifiable intangible assets are comprised of the following:

<i>(dollars in millions)</i>	June 30, 2021		December 31, 2020	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<b>Amortized:</b>				
Purchased service portfolios	\$ 2,092	\$ (1,672)	\$ 2,123	\$ (1,661)
Patents, trademarks/trade names	22	(17)	22	(16)
Customer relationships and other	70	(44)	54	(45)
	<u>2,184</u>	<u>(1,733)</u>	<u>2,199</u>	<u>(1,722)</u>
<b>Unamortized:</b>				
Trademarks and other	7	—	7	—
<b>Total</b>	<b>\$ 2,191</b>	<b>\$ (1,733)</b>	<b>\$ 2,206</b>	<b>\$ (1,722)</b>

Amortization of intangible assets for the quarter and six months ended June 30, 2021 was \$22 million and \$45 million, respectively, compared to \$23 million and \$45 million for the same periods in 2020.

**Note 9: Borrowings and Lines of Credit**

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Commercial paper	\$ 304	\$ 664
Other borrowings	39	37
<b>Total short-term borrowings</b>	<b>\$ 343</b>	<b>\$ 701</b>

**Commercial Paper.** As of June 30, 2021, we had an aggregate \$1.5 billion unsecured, unsubordinated commercial paper programs in place. We use our commercial paper borrowings for general corporate purposes including to finance acquisitions, pay dividends and for debt refinancing. The need for commercial paper borrowings may arise if the use of domestic cash for general corporate purposes exceeds the sum of domestic cash generation and foreign cash repatriated to the U.S.

In September 2020, we issued €420 million of Euro denominated commercial paper, €166 million of which was repaid in the six months ended June 30, 2021. The Euro denominated commercial paper qualifies as a net investment hedge against our investments in European businesses. As of June 30, 2021, the net investment hedge is deemed to be effective.

We also issued \$150 million of U.S. Dollar commercial paper in November 2020, which was fully repaid during the six months ended June 30, 2021. The commercial paper issued in 2020 was used to pay down the term loan described further below.

**Long-term debt.** As of June 30, 2021, we had a credit agreement, as amended, with various banks providing for a \$1.5 billion unsecured, unsubordinated 5-year revolving credit facility, effective as of April 3, 2020, with an interest rate of LIBOR plus 125 basis points and a commitment fee rate of 12.5 basis points. As of June 30, 2021, there were no borrowings under the revolving credit facility. The undrawn portion of the revolving credit facility serves as a backstop for the issuance of commercial paper.

On February 10, 2020, the Company entered into a term loan credit agreement, as amended, providing for a \$1.0 billion unsecured, unsubordinated 3-year term loan credit facility (the "term loan"). The Company drew on the full amount of the term loan on March 27, 2020 and then prepaid the full amount during 2020, resulting in the termination of the term loan credit agreement. Additionally, on February 27, 2020, we issued \$5.3 billion unsecured, unsubordinated notes. The net proceeds of the term loan and the notes of approximately \$6.3 billion were distributed to our former parent, UTC, during the quarter ended March 31, 2020.

On March 11, 2021, we issued ¥21.5 billion Japanese Yen denominated (\$199 million), unsecured, unsubordinated 5-year notes due March 2026 ("Yen Notes"). The net proceeds of the Yen Notes were used to repay a portion of our outstanding Euro denominated commercial paper. The Yen Notes qualify as a net investment hedge against our investments in Japanese businesses. As of June 30, 2021, the net investment hedge is deemed to be effective.

The Company is in compliance with all covenants in the revolving credit agreement and the indenture governing the notes as of June 30, 2021.

Long-term debt consisted of the following:

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
LIBOR plus 45 bps floating rate notes due 2023 <sup>1,2</sup>	\$ 500	\$ 500
2.056% notes due 2025 <sup>2</sup>	1,300	1,300
0.37% notes due 2026 (¥21.5 billion principal value) <sup>2</sup>	195	—
2.293% notes due 2027 <sup>2</sup>	500	500
2.565% notes due 2030 <sup>2</sup>	1,500	1,500
3.112% notes due 2040 <sup>2</sup>	750	750
3.362% notes due 2050 <sup>2</sup>	750	750
Other (including finance leases)	4	5
<b>Total principal long-term debt</b>	<b>5,499</b>	<b>5,305</b>
Other (discounts and debt issuance costs)	(42)	(43)
<b>Total long-term debt</b>	<b>5,457</b>	<b>5,262</b>
Less: current portion	—	—
<b>Long-term debt, net of current portion</b>	<b>\$ 5,457</b>	<b>\$ 5,262</b>

<sup>1</sup> The three-month LIBOR rate at June 30, 2021 was approximately 0.15%.

<sup>2</sup> We may redeem these notes at our option pursuant to certain terms.

Debt issuance costs are presented as a reduction of debt on the Condensed Consolidated Balance Sheets and are amortized as a component of interest expense over the term of the related debt using the effective interest method. The Condensed Consolidated Statements of Operations for the quarters and six months ended June 30, 2021 and 2020 reflects the following:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Debt issuance costs amortization	\$ 2	\$ 3	\$ 3	\$ 3
Total interest expense on external debt	34	42	67	55

The unamortized debt issuance costs at June 30, 2021 and December 31, 2020 were \$42 million and \$43 million, respectively.

The average maturity of our long-term debt at June 30, 2021 is approximately 10.5 years. The average interest expense rate on our borrowings for the quarters and six months ended June 30, 2021 and 2020, and as of June 30, 2021 and December 31, 2020 was as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Average interest rate - average outstanding during period:				
Short-term borrowings	(0.3) %	— %	(0.3)%	— %
Total long-term debt	2.3 %	2.5 %	2.4 %	2.5 %
Average interest rate - average as of:	June 30, 2021		December 31, 2020	
Short-term borrowings		(0.3) %		(0.2) %
Total long-term debt		2.4 %		2.4 %

#### Note 10: Employee Benefit Plans

**Pension and Postretirement Plans.** The Company sponsors both funded and unfunded domestic and foreign defined benefit pension and other postretirement benefit plans, and defined contribution plans. Contributions to our plans were as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Defined benefit plans	\$ 5	\$ 10	\$ 18	\$ 20
Defined contribution plans	14	14	33	30
Multi-employer pension and postretirement plans	42	36	80	73

The following table illustrates the components of net periodic benefit cost for the Company's defined benefit pension plans:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Service cost	\$ 11	\$ 10	\$ 22	\$ 20
Interest cost	4	4	7	8
Expected return on plan assets	(6)	(6)	(12)	(13)
Recognized actuarial net loss	4	3	9	7
Total net periodic benefit cost	\$ 13	\$ 11	\$ 26	\$ 22

**Postretirement Benefit Plans.** The Company sponsors postretirement benefit plans that provide health benefits to eligible retirees. The postretirement plans are unfunded. The net periodic benefit cost was less than \$1 million for the quarters and six months ended June 30, 2021 and 2020, respectively.

**UTC Sponsored Defined Benefit Plans.** Defined benefit pension and postretirement benefit plans were sponsored by our former parent, UTC, have been accounted for as multi-employer plans in these Condensed Consolidated Financial Statements. The Company's participation in the defined pension and postretirement benefit plans sponsored by our former parent, UTC, concluded upon the completion of the Separation. The amounts for pension and postretirement expenses for the six months ended June 30, 2020 for Service cost and Non-service pension benefit were \$1 million and \$5 million, respectively, all prior to the Separation.

**Stock-based Compensation.** In conjunction with the Separation, the Company adopted the 2020 Long-Term Incentive Plan (the "Plan"). The Plan became effective on April 3, 2020. As of June 30, 2021, approximately 26 million shares remain available for awards under the Plan.

*Stock-based Compensation Expense*

The Company measures the cost of all share-based payments, including stock options, at fair value on the grant date and recognize this cost in the Condensed Consolidated Statements of Operations. A forfeiture rate assumption is applied on grant date to adjust the expense recognition for awards that are not expected to vest. For the quarter and six months ended June 30, 2020, stock-based compensation expense includes expense attributable to Otis, which is based on the awards and terms previously granted under the UTC incentive compensation plan to Otis employees. Accordingly, the amounts presented for the quarter and six months ended June 30, 2020 are not necessarily indicative of future awards and do not necessarily reflect the results that Otis would have experienced as an independent publicly-traded company.

Stock-based compensation expense and the resulting tax benefits were as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Stock-based compensation expense (Share Based)	\$ 17	\$ 15	\$ 31	\$ 27
Stock-based compensation expense (Cash Based)	1	1	1	(7)
Total gross stock-based compensation expense	18	16	32	20
Less: future tax benefit	2	2	4	4
Stock-based compensation expense, net of tax	\$ 16	\$ 14	\$ 28	\$ 16

As of June 30, 2021, there was approximately \$85 million of total unrecognized compensation cost related to non-vested equity awards granted under the Plan. This cost is expected to be recognized ratably over a weighted-average period of 2.0 years.

**Note 11: Stock**

**Preferred Stock.** There are 125 million shares of \$0.01 par value authorized Preferred Stock, of which none were issued or outstanding as of June 30, 2021 and December 31, 2020.

**Common Stock.** There are 2 billion shares of \$0.01 par value Common Stock authorized. As of June 30, 2021, 434.1 million shares of Common Stock were issued, which includes 7.3 million shares of treasury stock. As of December 31, 2020, 433.4 million shares of Common Stock were issued and outstanding.

**Share Repurchase Program.** As of June 30, 2021, the Company was authorized by the Board of Directors to purchase up to \$1 billion of Common Stock under a share repurchase program, of which \$506 million has been utilized. During the quarter and six months ended June 30, 2021 the Company repurchased 2.6 million and 7.3 million shares of Common Stock, respectively, for approximately \$206 million and \$506 million, respectively. The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

**Note 12: Accumulated Other Comprehensive Income (Loss)**

A summary of the changes in each component of Accumulated other comprehensive income (loss), net of tax for the quarters and six months ended June 30, 2021 and 2020 is provided below:

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
<b>Quarter Ended June 30, 2021</b>				
Balance at March 31, 2021	\$ (624)	\$ (199)	\$ —	\$ (823)
Other comprehensive income (loss) before reclassifications, net	16	—	2	18
Amounts reclassified, pre-tax	—	4	(1)	3
Tax benefit reclassified	—	(1)	—	(1)
<b>Balance at June 30, 2021</b>	<b>\$ (608)</b>	<b>\$ (196)</b>	<b>\$ 1</b>	<b>\$ (803)</b>
<b>Six Months Ended June 30, 2021</b>				
Balance at December 31, 2020	\$ (616)	\$ (203)	\$ 4	\$ (815)
Other comprehensive income (loss) before reclassifications, net	8	—	(7)	1
Amounts reclassified, pre-tax	—	9	4	13
Tax benefit reclassified	—	(2)	—	(2)
<b>Balance at June 30, 2021</b>	<b>\$ (608)</b>	<b>\$ (196)</b>	<b>\$ 1</b>	<b>\$ (803)</b>

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
<b>Quarter Ended June 30, 2020</b>				
Balance at March 31, 2020	\$ (704)	\$ (166)	\$ 8	\$ (862)
Other comprehensive income (loss) before reclassifications, net	28	(1)	(12)	15
Amounts reclassified, pre-tax	—	3	—	3
Tax benefit reclassified	—	1	—	1
<b>Balance at June 30, 2020</b>	<b>\$ (676)</b>	<b>\$ (163)</b>	<b>\$ (4)</b>	<b>\$ (843)</b>
<b>Six Months Ended June 30, 2020</b>				
Balance at December 31, 2019	\$ (588)	\$ (167)	\$ (3)	\$ (758)
Other comprehensive income (loss) before reclassifications, net	(88)	(1)	(1)	(90)
Amounts reclassified, pre-tax	—	7	—	7
Tax benefit reclassified	—	(2)	—	(2)
<b>Balance at June 30, 2020</b>	<b>\$ (676)</b>	<b>\$ (163)</b>	<b>\$ (4)</b>	<b>\$ (843)</b>

Amounts reclassified that relate to defined benefit pension and postretirement plans include amortization of prior service costs and actuarial net losses recognized during each period presented. These costs are recorded as components of net periodic pension cost for each period presented. See Note 10 – *Employee Benefit Plans* for additional information.

**Note 13: Income Taxes**

The decrease in the effective tax rate for the quarter ended June 30, 2021 is primarily due to a tax benefit related to the incorporation of TCJA tax regulations that were enacted in the third quarter of 2020, partially offset by an income tax settlement related to the Separation as discussed in Note 5, "Related Parties". In addition, the decrease in the effective tax rate for the six months ended June 30, 2021 is due to the absence of the tax cost relating to Separation-related expenses and a fixed asset impairment incurred in the first quarter of 2020, as well as a reduction in the deferred tax liability related to repatriation of foreign earnings as a result of changes to the Company's planned debt repayments and changes in estimates related to Otis' pre-Separation tax attributes recorded in the quarter ended March 31, 2021.

The Company conducts business globally and, as a result, the Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Portugal, Russia, South Korea, Spain, Switzerland, the United Kingdom and the United States. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2010.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. The evaluation considers any additional worldwide uncertain tax positions, the closure of tax statutes or the re-valuation of current uncertain tax positions arising from the issuance of legislation, regulatory or other guidance or developments in examinations, in appeals, or in the courts. Based on the preceding factors, it is reasonably possible that within the next 12 months unrecognized tax benefits could change within the range of a \$10 million increase to a \$380 million decrease and associated interest could change within the range of a \$5 million increase to a \$160 million decrease.

See Note 18, "Contingent Liabilities" for discussion regarding uncertain tax positions, included in the above range, related to pending litigation with respect to certain deductions claimed in Germany.

**Note 14: Restructuring Costs**

During the quarter and six months ended June 30, 2021, we recorded restructuring costs totaling \$11 million and \$26 million, respectively, for new and ongoing restructuring actions, compared to \$20 million and \$26 million, respectively, for the same periods of 2020. We recorded these charges as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of products and services sold	\$ 10	\$ 10	\$ 14	\$ 10
Selling, general and administrative	1	10	12	16
Total	\$ 11	\$ 20	\$ 26	\$ 26

**2021 and 2020 Actions.** During the six months ended June 30, 2021, we recorded restructuring costs of \$16 million for restructuring actions initiated in 2021, consisting of \$6 million in Cost of products and services sold and \$10 million in Selling, general and administrative expenses. During the six months ended June 30, 2021, we recorded pre-tax restructuring costs totaling \$10 million for restructuring actions initiated in 2020, consisting of \$9 million in Cost of products and services sold and \$1 million in Selling, general and administrative expenses.

The 2021 and 2020, actions relate to ongoing cost-reduction efforts, including workforce reductions. We are targeting to complete in 2021 the majority of remaining restructuring actions initiated in 2021 and 2020, with certain utilization beyond 2021.

The following table summarizes the accrual balance and utilization for the 2021 and 2020 restructuring actions, which are primarily for severance costs:

<i>(dollars in millions)</i>	2021 Actions	2020 Actions
<b>Quarter Ended June 30, 2021</b>		
Restructuring accruals at March 31, 2021	\$ 10	\$ 29
Net pre-tax restructuring costs	3	8
Utilization, foreign exchange and other costs	(6)	(7)
<b>Balance at June 30, 2021</b>	<u>\$ 7</u>	<u>\$ 30</u>
<b>Six Months Ended June 30, 2021</b>		
Restructuring accruals at December 31, 2020	\$ —	\$ 42
Net pre-tax restructuring costs	16	10
Utilization, foreign exchange and other costs	(9)	(22)
<b>Balance at June 30, 2021</b>	<u>\$ 7</u>	<u>\$ 30</u>

The following table summarizes expected, incurred and remaining costs for the 2021 and 2020 restructuring actions:

<i>(dollars in millions)</i>	Expected Costs	Costs Incurred During 2020	Costs Incurred Quarter Ended March 31, 2021	Costs Incurred Quarter Ended June 30, 2021	Remaining Costs at June 30, 2021
Total 2021 Actions	\$ 24	\$ —	\$ (13)	\$ (3)	\$ 8
Total 2020 Actions	\$ 86	\$ (71)	\$ (2)	\$ (8)	\$ 5

**2019 and Prior Actions.** During the six months ended June 30, 2021, no restructuring costs were recorded for restructuring actions initiated in 2019 and prior.

#### Note 15: Financial Instruments

We enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments under ASC 820, *Fair Value Measurement*. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, commodity prices and foreign exchange rates. These fluctuations can increase the costs of financing, investing in and operating the business. We may use derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, commodity price and interest rate exposures.

The average of the notional amount of foreign exchange contracts hedging foreign currency transactions was \$3.0 billion at June 30, 2021 and December 31, 2020. The average of the notional amount of contracts hedging commodity purchases was \$4 million and \$0 million at June 30, 2021 and December 31, 2020, respectively.

The following table summarizes the fair value and presentation on the Condensed Consolidated Balance Sheets for derivative instruments as of June 30, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	Balance Sheet Classification	June 30, 2021	December 31, 2020
<b>Derivatives designated as Cash flow hedging instruments:</b>			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	\$ 9	\$ 9
Foreign exchange contracts	Other assets	4	4
	Total asset derivatives	<u>\$ 13</u>	<u>\$ 13</u>
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	\$ (9)	\$ (7)
Foreign exchange contracts	Other long-term liabilities	(4)	(4)
	Total liability derivatives	<u>\$ (13)</u>	<u>\$ (11)</u>
<b>Derivatives not designated as Cash flow hedging instruments:</b>			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	\$ 12	\$ 23
Foreign exchange contracts	Other assets	4	10
	Total asset derivatives	<u>\$ 16</u>	<u>\$ 33</u>
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	\$ (5)	\$ (24)
Foreign exchange contracts	Other long-term liabilities	—	(8)
	Total liability derivatives	<u>\$ (5)</u>	<u>\$ (32)</u>

*Derivatives designated as Cash flow hedging instruments*

The amounts of gain or (loss) are attributable to foreign exchange contract activity reclassified from Accumulated other comprehensive income (loss) and were immaterial for the quarters and six months ended June 30, 2021 and 2020, respectively.

The effect of cash flow hedging relationships on Accumulated other comprehensive income (loss) as of June 30, 2021 and December 31, 2020 are presented in the table below:

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Gain (loss) recorded in Accumulated other comprehensive income (loss)	\$ 1	\$ 4

The Company utilizes the critical terms match method in assessing firm commitment derivatives for hedge effectiveness. Accordingly, the hedged items and derivatives designated as hedging instruments are highly effective.

Assuming current market conditions continue, a pre-tax loss of less than \$1 million is expected to be reclassified from Accumulated other comprehensive loss into Cost of products sold to reflect the fixed prices obtained from foreign exchange hedging within the next 12 months. At June 30, 2021, all derivative contracts accounted for as cash flow hedges will mature by December 2024.

### Net Investment Hedges

We have foreign-denominated commercial paper and long-term debt that qualify as net investment hedges. Changes in the value of these net investment hedges due to foreign currency gains or losses are deferred as foreign currency translation adjustments in Other comprehensive income (loss) on the Condensed Consolidated Statements of Comprehensive Income, and will remain in Accumulated other comprehensive income (loss) until the hedged investments are sold or substantially liquidated.

We have €254 million of Euro denominated commercial paper, which qualifies as a net investment hedge against our investments in European businesses. As of June 30, 2021, the net investment hedge is deemed to be effective. During the quarter and six months ended June 30, 2021, we have recognized losses of \$5 million and gains of \$12 million, respectively, associated with this net investment hedge in Other comprehensive income (loss).

We have ¥21.5 billion of Japanese Yen denominated long-term debt, which qualifies as a net investment hedge against our investments in Japanese businesses. As of June 30, 2021, the net investment hedge is deemed to be effective. During the quarter and six months ended June 30, 2021, we have recognized gains of \$1 million and \$4 million, respectively, associated with this net investment hedge in Other comprehensive income (loss).

### Derivatives not designated as Cash flow hedging instruments

The effect of derivatives not designated as Cash flow hedging instruments within Other income (expense) net, on the Condensed Consolidated Statements of Operations was as follows:

(dollars in millions)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Foreign exchange contracts	—	(1)	(1)	(2)

### Note 16: Fair Value Measurements

In accordance with the provisions of ASC 820: *Fair Value Measurements*, the following tables provide the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring and non-recurring basis in our Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020:

(dollars in millions)	June 30, 2021			
	Total	Level 1	Level 2	Level 3
<b>Recurring fair value measurements:</b>				
Equity securities	\$ 24	\$ 24	\$ —	\$ —
Derivative assets	29	—	29	—
Derivative liabilities	(18)	—	(18)	—

(dollars in millions)	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<b>Recurring fair value measurements:</b>				
Equity securities	\$ 59	\$ 59	\$ —	\$ —
Derivative assets	46	—	46	—
Derivative liabilities	(43)	—	(43)	—

**Valuation Techniques.** Our equity securities include equity investments that are traded in active markets, either domestically or internationally, and are measured at fair value using closing stock prices from active markets. The fair value gains or losses related to our equity securities are recorded through Other income (expense), net. Our derivative assets and liabilities include foreign exchange contracts that are measured at fair value using internal models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Our notes, as described in Note 9, "Borrowings and Lines of Credit", are measured at fair value using closing bond prices from active markets.

As of June 30, 2021, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value at June 30, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	June 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables, net	\$ 71	\$ 70	\$ 65	\$ 62
Customer financing notes receivable, net	121	120	128	126
Short-term borrowings	(343)	(343)	(701)	(701)
Long-term debt (excluding leases and other)	(5,494)	(5,682)	(5,300)	(5,717)
Long-term liabilities (including current portion)	(261)	(252)	(263)	(234)

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in the Condensed Consolidated Balance Sheet at June 30, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Long-term receivables, net	\$ 70	\$ —	\$ 70	\$ —
Customer financing notes receivable, net	120	—	120	—
Short-term borrowings	(343)	—	(343)	—
Long-term debt (excluding leases and other)	(5,682)	—	(5,682)	—
Long-term liabilities (including current portion)	(252)	—	(252)	—

<i>(dollars in millions)</i>	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Long-term receivables, net	\$ 62	\$ —	\$ 62	\$ —
Customer financing notes receivable, net	126	—	126	—
Short-term borrowings	(701)	—	(701)	—
Long-term debt (excluding leases and other)	(5,717)	—	(5,717)	—
Long-term liabilities (including current portion)	(234)	—	(234)	—

#### Note 17: Guarantees

The Company provides service and warranty on its products beyond normal service and warranty policies. The changes in the carrying amount of service and product guarantees for the six months ended June 30, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	2021		2020	
Balance as of December 31	\$	25	\$	27
Warranties		2		8
Settlements made		(7)		(7)
Foreign exchange and other		3		(1)
Balance as of June 30	\$	23	\$	27

The Company provides certain financial guarantees to third parties. As of June 30, 2021, Otis has stand-by letters of credit with maximum potential payment totaling \$155 million. We accrue costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on

an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with the FASB ASC Topic 460: *Guarantees*, we record these liabilities at fair value. As of June 30, 2021, Otis has determined there are no estimated costs probable under these guarantees.

#### **Note 18: Contingent Liabilities**

Except as otherwise noted, while we are unable to predict the final outcome, based on information currently available, we do not believe that resolution of any of the following matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. In addition to the specific amounts noted below, where we have recorded loss contingency accruals for the other below matters, the amounts in aggregate are not material. Legal costs generally are expensed when incurred.

**Environmental.** As previously disclosed, the Company's operations are subject to environmental regulation by authorities with jurisdiction over its operations. The Company has accrued for the costs of environmental remediation activities, including, but not limited to, investigatory, remediation, operating and maintenance costs and performance guarantees, and periodically reassesses these amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote. The outstanding liability for environmental obligations was \$12 million as of June 30, 2021 and December 31, 2020, and is included in Accrued liabilities and Other long-term liabilities on the Condensed Consolidated Balance Sheets.

#### **Legal Proceedings.**

##### *German Tax Litigation*

As previously disclosed, we have been involved in administrative review proceedings with the German Tax Office, which concern approximately €215 million (approximately \$258 million as of June 30, 2021) of tax benefits that we have claimed related to a 1998 reorganization of the corporate structure of our operations in Germany. Upon audit, these tax benefits were disallowed by the German Tax Office. We estimate interest associated with the aforementioned tax benefits is an additional approximately €118 million (approximately \$142 million as of June 30, 2021).

On August 3, 2012, a suit was filed in the local German Tax Court (Berlin-Brandenburg). In 2015, our former parent, UTC, now RTX, made tax and interest payments to German tax authorities of €275 million (approximately \$300 million) in order to avoid additional interest accruals pending final resolution of this matter. In March 2016, the local German Tax Court dismissed the suit, and we appealed this decision to the German Federal Tax Court. Following a hearing on July 24, 2018, the German Federal Tax Court remanded the matter to the local German Tax Court for further proceedings. On December 7, 2020, the local German Tax Court ruled against the Company. We have filed an appeal with the German Federal Tax Court. There is no assurance, however, that the German Federal Tax Court will agree to hear the appeal or, if it does, rule in the Company's favor, and the decision of the German Tax Office ultimately could be sustained.

Pursuant to the TMA, the Company retains the liability associated with the remaining interest, and has recorded an interest accrual of €45 million (approximately \$53 million as of June 30, 2021), net of payments and other deductions, included within Accrued liabilities on the Condensed Consolidated Balance Sheets at June 30, 2021. In the event that the Company prevails in this matter, any recoveries would be allocated between RTX and the Company pursuant to the terms of the TMA.

##### *Asbestos Matters*

As previously disclosed, we have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos. While we have never manufactured any asbestos-containing component parts, and no longer incorporate asbestos in any current products, certain of our historical products have contained components manufactured by third parties incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos related claims were not material individually or in the aggregate as of and for the periods ended June 30, 2021 and December 31, 2020.

The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$23 million to \$45 million as of June 30, 2021 and December 31, 2020. Because no amount within the range of estimates is more likely to occur than any other, we have recorded the minimum amount of \$23 million, which is principally recorded in Other long-term liabilities on our Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31,

2020. Amounts are on a pre-tax basis, not discounted, and excludes the Company's legal fees to defend the asbestos claims (which will continue to be expensed as they are incurred). In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately \$5 million, which is principally included in Other assets on our Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020.

#### *Putative Class Action Lawsuit*

On August 12, 2020, a putative class action lawsuit, (Geraud Darnis et al. v. Raytheon Technologies Corporation et al.), was filed in the United States District Court for the District of Connecticut against Otis, Raytheon Technologies Corporation ("RTX"), Carrier, each of their directors, and various incentive and deferred compensation plans. The named plaintiffs are former employees of UTC and its current and former subsidiaries, including Otis and Carrier. They seek to recover monetary damages, as well as related declaratory and equitable relief, based on claimed decreases in the value of long-term incentive awards and deferred compensation under nonqualified deferred compensation plans allegedly caused by the formula used to calculate the adjustments to such awards and deferred compensation from RTX, Carrier, and Otis following the spin-offs of Carrier and Otis and the subsequent combination of UTC and Raytheon Company. Otis believes that the claims against the Company are without merit. At this time, Otis is unable to predict the outcome, or reasonably estimate the possible loss or range of loss, if any, which could result from this action.

#### **Other.**

As previously disclosed, we have commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the normal course of business. We accrue contingencies based on a range of possible outcomes. If no amount within this range is a better estimate than any other, we accrue the minimum amount. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, we expect that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows or results of operations.

As previously disclosed, in certain European countries, claims for overcharges on elevators and escalators related to civil cartel cases have been made, which we have accrued for based on our evaluation of the claims. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, historical settlement experience of these cases have not been material to the business, financial condition, cash flows or results of operations, however the future outcome of these cases cannot be determined.

As previously disclosed, in the ordinary course of business, the Company is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against the Company and its subsidiaries and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

#### **Note 19: Segment Financial Data**

Our operations are classified into two operating segments: New Equipment and Service. Through the New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators as well as escalators and moving walkways to customers in the residential and commercial building and infrastructure projects. The Service segment provides maintenance and repair services for both our products and those of other manufacturers, and provides modernization services to upgrade elevators and escalators. The operating segments are generally based on the management structure of the Company, how management allocates resources, assesses performance and makes strategic and operational decisions.

**Segment Information.** Segment information for the quarters ended June 30, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margin	
	2021	2020	2021	2020	2021	2020
New Equipment	\$ 1,727	\$ 1,294	\$ 147	\$ 79	8.5 %	6.1 %
Service	1,974	1,735	441	381	22.3 %	22.0 %
Total segments	3,701	3,029	588	460	15.9 %	15.2 %
General corporate expenses and other	—	—	(27)	(44)	—	—
Total	\$ 3,701	\$ 3,029	\$ 561	\$ 416	15.2 %	13.7 %

Segment information for the six months ended June 30, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margin	
	2021	2020	2021	2020	2021	2020
New Equipment	\$ 3,185	\$ 2,417	\$ 251	\$ 143	7.9%	5.9%
Service	3,924	3,578	871	781	22.2%	21.8%
Total segments	7,109	5,995	1,122	924	15.8%	15.4%
General corporate expenses and other <sup>1</sup>	—	—	(52)	(179)	—	—
Total	\$ 7,109	\$ 5,995	\$ 1,070	\$ 745	15.1%	12.4%

<sup>1</sup> The decrease in General corporate expenses and other during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is primarily driven by a fixed asset impairment charge and related costs of \$67 million in the six months ended June 30, 2020, as well as lower non-recurring Separation-related and shared costs of \$60 million in the six months ended June 30, 2021 compared to the same period in 2020. For further discussion on these Separation-related and shared costs, see Note 5.

Total assets are not presented for each segment as they are not presented to, or reviewed by, the Chief Operating Decision Maker.

**Geographic External Sales.** Geographic Net sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. and China, there were no individually significant countries with sales exceeding 10% of Net sales during the quarters and six months ended June 30, 2021 and 2020.

<i>(dollars in millions)</i>	External Net Sales			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
United States Operations	\$ 939	\$ 805	\$ 1,875	\$ 1,695
International Operations				
China	803	613	1,365	933
Other	1,959	1,611	3,869	3,367
Total	\$ 3,701	\$ 3,029	\$ 7,109	\$ 5,995

Segment Net sales disaggregated by product and service type for the quarters and six months ended June 30, 2021 and 2020 are as follows:

(dollars in millions)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Disaggregated Net sales by type</b>				
New Equipment	\$ 1,727	\$ 1,294	\$ 3,185	\$ 2,417
Maintenance and Repair	1,617	1,423	3,220	2,933
Modernization	357	312	704	645
Total Service	1,974	1,735	3,924	3,578
<b>Total</b>	<b>\$ 3,701</b>	<b>\$ 3,029</b>	<b>\$ 7,109</b>	<b>\$ 5,995</b>

**Major Customers.** There were no customers that individually accounted for 10% or more of the Company's consolidated Net sales for the quarters and six months ended June 30, 2021 and 2020.

#### Note 20: Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this update remove certain exceptions of Topic 740 including: exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or gain from other items; exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. There are also additional areas of guidance in regards to: franchise and other taxes partially based on income and the interim recognition of enactment of tax laws and rate changes. The provisions of this ASU are effective for years beginning after December 15, 2020, with early adoption permitted. The Company adopted this standard effective January 1, 2021. The adoption of this ASU did not have a material impact on our Condensed Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is currently effective and upon adoption may be applied prospectively to contract modifications made on or before December 31, 2022. We are currently evaluating the impact of adopting this standard but do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

Other new accounting pronouncements adopted and issued but not effective until after June 30, 2021 did not and are not expected to have a material impact on our financial position, results of operations or liquidity.

With respect to the unaudited condensed consolidated financial information of Otis Worldwide Corporation for the quarters and six months ended June 30, 2021 and 2020, PricewaterhouseCoopers LLP (PricewaterhouseCoopers) reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated July 28, 2021, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers has not carried out any significant or additional audit tests beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the Act) for its report on the unaudited condensed consolidated financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Act.

#### **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Otis Worldwide Corporation

##### ***Results of Review of Interim Financial Information***

We have reviewed the accompanying condensed consolidated balance sheet of Otis Worldwide Corporation and its subsidiaries (the "Company") as of June 30, 2021, and the related condensed consolidated statements of operations, of comprehensive income and of changes in equity for the three-month and six-month periods ended June 30, 2021 and 2020 and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2021 and 2020, including the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 5, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

##### ***Basis for Review Results***

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut  
July 28, 2021

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### BUSINESS OVERVIEW

We are the world's leading elevator and escalator manufacturing, installation and service company. Our Company is organized into two segments, New Equipment and Service. Through our New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways for residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers and general contractors who develop and/or design buildings for residential, commercial, retail or mixed-use activity. We sell our New Equipment directly to customers, as well as through agents and distributors.

Through our Service segment, we perform maintenance and repair services for both our own products and those of other manufacturers and provide modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services to address equipment and component wear and tear and breakdowns. Modernization services enhance equipment operation and improve building functionality. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

We serve our customers through a global network of approximately 69,000 employees. These include sales personnel, field technicians with separate skills in performing installation and service, as well as engineers driving our continued product development and innovation. We function under a centralized operating model whereby a global strategy is set around New Equipment and Service because we seek to grow our maintenance portfolio, in part, through the conversion of new elevator and escalator installations into service contracts. Accordingly, we benefit from an integrated global strategy, which sets priorities and establishes accountability across the full product lifecycle.

The current status of significant factors affecting our business environment in 2021 is discussed below. For additional discussion, refer to the "Business Overview" section in Management's Discussion and Analysis of Financial Condition and Results of Operations in our [Form 10-K](#).

#### Separation from United Technologies Corporation

As previously disclosed, on April 3, 2020, Otis became an independent, publicly-traded company and its Common Stock is listed under the symbol "OTIS" on the New York Stock Exchange ("NYSE") as a result of the separation ("the Separation") of each of Otis and Carrier Global Corporation ("Carrier") from United Technologies Corporation, subsequently renamed Raytheon Technologies Corporation ("UTC" or "RTX", as applicable).

Prior to the Separation, our historical financial statements were prepared on a standalone combined basis and were derived from the consolidated financial statements and accounting records of our former parent, UTC. For the period subsequent to April 3, 2020, our financial statements are presented on a consolidated basis as the Company became a standalone public company. The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

We entered into a transition services agreement ("TSA") and tax matters agreement ("TMA") with our former parent, UTC, and Carrier on April 2, 2020. We received and continue to receive services for information technology, technical and engineering support, application support for operations, general administrative services and other support services under the TSA. The TSA and the related trailing exit costs are expected to wind-down during the second half of 2021. For additional discussion, see Note 5 "Related Parties" to the Condensed Consolidated Financial Statements.

**Impact of COVID-19 on our Company.**

The results of our operations and overall financial performance were impacted due to the COVID-19 pandemic during the quarters and six months ended June 30, 2021 and 2020. COVID-19 has had and could continue to have a negative impact on our business in the future, including impacts to overall financial performance during the remainder of 2021, as a result of the following, among other things:

- Customer demand impacting our new equipment, maintenance and repair, and modernization businesses
- Cancellations or delays of customer orders
- Customer liquidity constraints and related credit reserves
- Supplier capacity constraints, delays and related costs

We currently do not expect any significant impact to our capital and financial resources from the COVID-19 pandemic, including to our overall liquidity position based on our available cash and cash equivalents and our access to credit facilities and the capital markets. We are focused on navigating these challenges presented by COVID-19 by continuing to preserve our liquidity and managing our cash flow by taking the necessary measures to meet our short-term liquidity needs.

See the Liquidity and Financial Condition section in this Form 10-Q for further detail and Item 1A. Risk Factors in our [Form 10-K](#) for additional risks related to COVID-19.

**CRITICAL ACCOUNTING ESTIMATES**

Preparation of our Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the Condensed Consolidated Financial Statements, or are the most sensitive to change due to outside factors, are discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" included in our [Form 10-K](#). Except as disclosed in Note 20 to our Condensed Consolidated Financial Statements in this Form 10-Q, pertaining to adoption of new accounting pronouncements, there have been no material changes in these policies.

**RESULTS OF OPERATIONS**

**Net Sales**

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 3,701	\$ 3,029	\$ 7,109	\$ 5,995
Percentage change year-over-year	22.2 %		18.6 %	

The factors contributing to the total percentage change year-over-year in total Net sales for the quarter and six months ended June 30, 2021 are as follows:

	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021
Organic volume	15.4 %	12.9 %
Foreign currency translation	6.5 %	5.5 %
Acquisitions and divestitures, net	0.3 %	0.2 %
Total % change	22.2 %	18.6 %

The Organic volume increase of 15.4% for the quarter ended June 30, 2021 was driven by increases in organic sales of 25.4% in New Equipment and 7.8% in Service.

The Organic volume increase of 12.9% for the six months ended June 30, 2021 was driven by increases in organic sales of 25.3% in New Equipment and 4.5% in Service.

See "Segment Review" section for a discussion of Net sales by segment.

### Cost of Products and Services Sold

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total cost of products and services sold	\$ 2,626	\$ 2,138	\$ 5,015	\$ 4,207
Percentage change year-over-year	22.8 %		19.2 %	

The factors contributing to the percentage change year-over-year for the quarter and six months ended June 30, 2021 in total cost of products and services sold are as follows:

	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021
Organic volume	15.6 %	13.1 %
Foreign currency translation	6.9 %	5.8 %
Acquisitions and divestitures, net	0.3 %	0.2 %
Restructuring	— %	0.1 %
Total % change	22.8 %	19.2 %

The organic increase in total cost of products and services sold for the quarter and six months ended June 30, 2021 was primarily driven by the organic sales increases noted above and overall segment mix between New Equipment and Service.

### Gross Margin

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Gross margin	\$ 1,075	\$ 891	\$ 2,094	\$ 1,788
Gross margin percentage	29.0 %		29.5 %	

Gross margin decreased 40 and 30 basis points for the quarter and six months ended June 30, 2021, respectively, when compared to the same periods for 2020, as improvement in gross margins in New Equipment and Service was more than offset by overall segment mix.

See the "Segment Review" section for discussion of operating results by segment.

### Research and Development

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Research and development	\$ 39	\$ 37	\$ 74	\$ 75
Percentage of Net sales	1.1 %		1.3 %	

Research and development was relatively flat for the quarter and six months ended June 30, 2021, when compared to the same periods for 2020. We continue to fund our strategic investment projects, including investments in Internet of Things technologies.

Research and development expense as a percentage of net sales decreased for the quarter and six months ended June 30, 2021, when compared to the same periods in 2020, primarily as a result of the increase in net sales in the current year.

**Selling, General and Administrative**

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Selling, general and administrative	\$ 484	\$ 441	\$ 966	\$ 906
Percentage of Net sales	13.1 %	14.6 %	13.6 %	15.1 %

Selling, general and administrative expenses increased approximately \$43 million and \$60 million for the quarter and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily due to the following:

- Higher employment and information technology costs, including incremental standalone public company costs, and the absence of cost containment actions taken during 2020 in response to COVID-19, partially offset by
- Lower non-recurring Separation-related costs and the absence of corporate allocations from UTC of \$18 million and \$57 million for the quarter and six months ended June 30, 2021, respectively, compared to the same periods in 2020.
- Selling, general and administrative expenses also reflected the impact from unfavorable foreign exchange of \$21 million and \$37 million for the quarter and six months ended June 30, 2021, respectively, compared to the same periods in 2020.

The quarter ended June 30, 2021, compared to the same period in 2020, also benefited from lower credit loss reserves.

Selling, general and administrative expenses as a percentage of Net sales decreased 150 basis points for the quarter and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily driven by higher net sales.

We are continuously evaluating our cost structure and have implemented restructuring actions as a method of keeping our cost structure competitive. For further discussion, see “Restructuring Costs” below and Note 14 in the Notes to the Condensed Consolidated Financial Statements.

**Restructuring Costs**

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2021	2020
Restructuring costs	\$ 26	\$ 26

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions, and to a lesser degree, facility exit and lease termination costs associated with the consolidation of field and manufacturing operations. We continue to closely monitor the economic environment and may undertake further restructuring actions to keep our cost structure aligned with the demands of the prevailing market conditions.

Total restructuring costs were \$26 million for the six months ended June 30, 2021 and included \$16 million of costs related to 2021 actions and \$10 million of costs related to 2020 actions.

All of the expected pre-tax charges will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. During the six months ended June 30, 2021, we had cash outflows of approximately \$28 million related to the restructuring actions and remaining cash payments of \$50 million are expected, including \$13 million of additional restructuring expenses to complete the actions and \$37 million of restructuring accruals as of June 30, 2021.

We generally expect to achieve annual recurring savings within the two-year period subsequent to initiating the actions, including \$26 million for the 2021 actions and \$58 million for the 2020 actions, of which approximately \$15 million was realized during the six months ended June 30, 2021.

For additional discussion of restructuring, see Note 14 to the Condensed Consolidated Financial Statements.

**Other Income (Expense), Net**

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Other income (expense), net	\$ 9	\$ 3	\$ 16	\$ (62)

Other income (expense), net primarily includes the impact of changes in the fair value and settlement of embedded and foreign exchange derivatives, gains or losses on sale of businesses and fixed assets, earnings from equity method investments, fair value changes on equity securities, impairments, non-recurring Separation-related expenses and certain other operating items.

The increase in Other income (expense), net of \$6 million for the quarter ended June 30, 2021, when compared to the same period in 2020, is primarily due to the impact of changes in fair value and settlement of embedded and foreign exchange derivatives.

The increase in Other income (expense), net of \$78 million for the six months ended June 30, 2021, when compared to the same period in 2020, is primarily due to a fixed asset impairment of \$(55) million and related licensing costs of \$(12) million recognized during the quarter ended March 31, 2020 as well as the impact of changes in fair value and settlement of embedded derivatives and foreign exchange derivatives.

**Interest Expense (Income), Net**

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest expense (income), net	\$ 27	\$ 41	\$ 59	\$ 46

Interest expense (income), net primarily relates to interest expense on our external debt, offset by interest income earned on cash balances, short-term investments and, in the prior year, related party activity between Otis and our former parent, UTC, in the prior year.

The decrease in Interest expense (income), net of \$(14) million in the quarter ended June 30, 2021, compared to the same period in 2020, was primarily driven by lower interest expense as a result of the debt refinancing and debt repayments during 2021 and 2020.

The increase in Interest expense (income), net of \$13 million for the six months ended June 30, 2021, compared to the same period in 2020, was primarily driven by a full six months impact of interest expense on the external debt associated with the Separation, which was not outstanding for the full six months ended June 30, 2020, offset by the favorable activity noted above.

The average interest rate on our external debt for the quarter and six months ended June 30, 2021 is 2.3% and 2.4%, respectively and for the same periods in 2020 is 2.5%.

For additional discussion of borrowings, see Note 9 to the Condensed Consolidated Financial Statements.

**Income Taxes**

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Effective tax rate	28.8 %	29.1 %	27.4 %	33.4 %

The decrease in the effective tax rate for the quarter ended June 30, 2021 is primarily due to a tax benefit related to the incorporation of TCJA tax regulations that were enacted in the third quarter of 2020, partially offset by an income tax settlement related to the Separation. In addition, the decrease in the effective tax rate for the six months ended June 30, 2021 is also due to the absence of the tax cost relating to Separation-related expenses and a fixed asset impairment incurred in the first quarter of 2020, as well as a reduction in the deferred tax liability related to repatriation of foreign earnings as a result of changes to the Company's planned debt repayments and changes in estimates related to Otis' pre-Separation tax attributes

recorded in the quarter ended March 31, 2021.

We anticipate some variability in the tax rate quarter to quarter from potential discrete items.

For additional discussion of income taxes and the effective income tax rate, see Note 13 to the Condensed Consolidated Financial Statements.

#### Noncontrolling Interest in Subsidiaries' Earnings

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Noncontrolling interest in subsidiaries' earnings	\$ 53	\$ 41	\$ 97	\$ 78

Noncontrolling interest in subsidiaries' earnings increased for the quarter ended June 30, 2021 and for six months ended June 30, 2021 in comparison to the same periods in 2020 due primarily to an increase in net income from subsidiaries and the impact from foreign exchange. There was no other significant activity for the quarter and six months ended June 30, 2021.

#### Net Income Attributable to Common Shareholders

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income attributable to common shareholders	\$ 326	\$ 224	\$ 634	\$ 389
Diluted earnings per share from operations	\$ 0.76	\$ 0.52	\$ 1.47	\$ 0.90

Net income attributable to common shareholders increased for the quarter and six months ended June 30, 2021, compared to the same periods in 2020, primarily due to the following:

- Higher operating profit partially offset by higher noncontrolling interest in subsidiaries' earnings;
- The benefit of a lower effective tax rate; and
- The benefit of lower interest expense for the quarter ended June 30, 2021, and partially offset by higher interest expense for the six months ended June 30, 2021.

Net income attributable to common shareholders for the quarter and six months ended June 30, 2021 includes:

- Restructuring charges, net of taxes, of \$8 million (\$11 million pre-tax) and \$21 million (\$26 million pre-tax), respectively;
- Non-recurring Separation-related expenses (benefit), net of taxes, of approximately \$(2) million (\$0 million pre-tax), and \$5 million (\$9 million pre-tax), respectively;
- Non-recurring tax expenses of \$11 million and a tax benefit of \$6 million, respectively, related to the Separation;
- The restructuring charges and non-recurring items described in the three immediately preceding bullets resulted in an impact of \$0.03 and \$0.04, respectively, on diluted earnings per share.

Net income attributable to common shareholders for the quarter and six months ended June 30, 2020 includes:

- Restructuring charges, net of taxes, of \$15 million (\$20 million pre-tax) and \$19 million (\$26 million pre-tax), respectively;
- With respect to the quarter ended June 30, 2020, non-recurring Separation-related expenses, net of taxes, of approximately \$5 million (\$21 million pre-tax), which includes the non-recurring Separation-related costs and a non-recurring tax benefit of \$13 million related to the Separation, and with respect to the six months ended June 30, 2020, \$98 million (\$136 million pre-tax) which include the non-recurring Separation costs and a fixed asset impairment, respectively;

- The restructuring charges and non-recurring items described in the two immediately preceding bullets resulted in an impact of \$0.04 and \$0.27, respectively, on diluted earnings per share.

## Segment Review

Summary performance for our operating segments for the quarters ended June 30, 2021 and 2020 was as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margin	
	2021	2020	2021	2020	2021	2020
New Equipment	\$ 1,727	\$ 1,294	\$ 147	\$ 79	8.5 %	6.1 %
Service	1,974	1,735	441	381	22.3 %	22.0 %
Total segment	3,701	3,029	588	460	15.9 %	15.2 %
General corporate expenses and other	—	—	(27)	(44)	—	—
Total	\$ 3,701	\$ 3,029	\$ 561	\$ 416	15.2 %	13.7 %

Summary performance for our operating segments for the six months ended June 30, 2021 and 2020 was as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margin	
	2021	2020	2021	2020	2021	2020
New Equipment	\$ 3,185	\$ 2,417	\$ 251	\$ 143	7.9 %	5.9 %
Service	3,924	3,578	871	781	22.2 %	21.8 %
Total segment	7,109	5,995	1,122	924	15.8 %	15.4 %
General corporate expenses and other	—	—	(52)	(179)	—	—
Total	\$ 7,109	\$ 5,995	\$ 1,070	\$ 745	15.1 %	12.4 %

Beginning in this Quarterly Report on Form 10-Q, we are changing how we present and discuss operating profit in our Segment Review of the Management's Discussion and Analysis. Previously, we presented and discussed the percentage change in segment operating profit between periods using organic/operational profit, which excluded the impact of foreign currency translation, acquisitions and divestitures and restructuring costs. We are now presenting and discussing the change in the total dollar amount of segment operating profit and the percentage change in operating profit margin between periods. There is no change in the amounts of operating profit that we have previously disclosed. We will continue to use the same key metrics to explain the changes in our operating performance that we previously used. For example, as discussed below, the drivers of the changes in the second quarter relative to the prior year quarter are volume, rate drivers, selling general and administrative expense, foreign exchange and restructuring which are consistent with what we have disclosed in the past where applicable. In addition, we will discuss the impact of foreign currency translation, acquisitions and divestitures and restructuring to the extent they are meaningful to understanding our performance. We believe this changed approach aligns better with how we measure our performance.

## New Equipment

The New Equipment segment designs, manufactures, sells and installs a wide range of passenger and freight elevators, as well as escalators and moving walkways in residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers, government agencies and general contractors who develop and/or design buildings for residential, infrastructure, commercial, retail or mixed-use activity. We sell directly to customers as well as through agents and distributors.

Summary performance for New Equipment for the quarters and six months ended June 30, 2021 and 2020 was as follows:

(dollars in millions)	Quarter Ended June 30,					Six Months Ended June 30,				
	2021	2020	Change	Change		2021	2020	Change	Change	
Net sales	\$ 1,727	\$ 1,294	\$ 433	33.5	%	\$ 3,185	\$ 2,417	\$ 768	31.8	%
Cost of sales	1,418	1,072	346	32.3	%	2,605	1,986	619	31.2	%
Operating expenses	309	222	87	39.2	%	580	431	149	34.6	%
Operating profit	\$ 162	\$ 143	\$ 19	13.3	%	\$ 329	\$ 288	\$ 41	14.2	%
Operating profit margin	\$ 147	\$ 79	\$ 68	86.1	%	\$ 251	\$ 143	\$ 108	75.5	%
	8.5	%	6.1	%		7.9	%	5.9	%	

Summary analysis of the New Equipment Net sales change for the quarter and six months ended June 30, 2021 compared with the quarter and six months ended June 30, 2020 was as follows:

Components of Net sales change:	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021
Organic	25.4 %	25.3 %
Foreign currency translation	7.9 %	6.3 %
Acquisitions/Divestitures, net	0.2 %	0.2 %
Total % change	33.5 %	31.8 %

### Quarter Ended June 30, 2021

#### Net sales

The organic sales increase of 25.4% was driven by double digit growth in Asia, Americas and EMEA, partially due to the ongoing recovery from COVID-19.

#### Operating profit

New Equipment operating profit increased \$68 million, primarily due to higher volume of \$70 million, with an operating margin increase of 240 basis points. Favorable material and field installation productivity were mostly offset by commodity headwinds and unfavorable price and mix. Foreign currency tailwinds of \$10 million and lower restructuring costs of \$5 million largely offset higher selling, general and administrative costs of \$20 million.

### Six Months Ended June 30, 2021

#### Net sales

The organic sales increase of 25.3% was driven by double digit growth in Asia, Americas and EMEA, partially due to the ongoing recovery from COVID-19.

#### Operating profit

New Equipment operating profit increased \$108 million, primarily due to higher volume of \$120 million, with an operating margin increase of 200 basis points. Favorable material and field installation productivity were mostly offset by commodity headwinds and unfavorable price and mix. Foreign currency tailwinds of \$15 million, were more than offset by

higher selling, general and administrative costs of \$25 million.

## Service

The Service segment performs maintenance and repair services for both our products, and those of other manufacturers, and provides modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services that address equipment and component wear and tear, and breakdowns. Modernization services enhance equipment operation and improve building functionality. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics, to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

Summary performance for Service for the quarters and six months ended June 30, 2021 and 2020 was as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,					Six Months Ended June 30,				
	2021	2020	Change	Change		2021	2020	Change	Change	
Net sales	\$ 1,974	\$ 1,735	\$ 239	13.8	%	\$ 3,924	\$ 3,578	\$ 346	9.7	%
Cost of sales	1,208	1,066	142	13.3	%	2,410	2,221	189	8.5	%
Operating expenses	766	669	97	14.5	%	1,514	1,357	157	11.6	%
Operating profit	325	288	37	12.8	%	643	576	67	11.6	%
Operating profit margin	\$ 441	\$ 381	\$ 60	15.7	%	\$ 871	\$ 781	\$ 90	11.5	%
	22.3	%	22.0	%		22.2	%	21.8	%	

Summary analysis of Service Net sales change for the quarter and six months ended June 30, 2021 compared with the quarter and six months ended June 30, 2020 was as follows:

Components of Net sales change:	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021
Organic	7.8 %	4.5 %
Foreign currency translation	5.7 %	4.9 %
Acquisitions/Divestitures, net	0.3 %	0.3 %
Total % change	13.8 %	9.7 %

### Quarter Ended June 30, 2021

#### Net sales

The organic sales increase of 7.8% is due to sales increases in maintenance and repair of 7.5% and modernization of 9.3%.

Maintenance and repair net sales increased 13.6% as a result of an organic sales increase of 7.5%, partially due to the ongoing recovery from COVID-19, foreign currency tailwinds of 5.7% and the impact from net acquisitions and divestitures of 0.4%.

Modernization net sales increased 14.4% as a result of organic sales increase of 9.3%, partially due to the ongoing recovery from COVID-19, foreign currency tailwinds of 4.8% and the impact from net acquisitions and divestitures of 0.3%.

#### Operating profit

Service operating profit increased \$60 million, primarily due to higher volume of \$50 million, with an operating margin increase of 30 basis points. Favorable pricing and lower bad debt were partially offset by headwinds from prior year cost containment and field actions in response to COVID-19. Foreign exchange tailwinds of \$25 million and lower restructuring costs of \$5 million, were offset by higher selling general and administrative costs of \$30 million.

**Six Months Ended June 30, 2021***Net sales*

The organic sales increase of 4.5% is due to sales increases in maintenance and repair of 4.4% and modernization of 4.7%.

Maintenance and repair net sales increased 9.8% as a result of an organic sales increase of 4.4%, partially due to the ongoing recovery from COVID-19, foreign currency tailwinds of 5.1% and the impact from net acquisitions and divestitures of 0.3%.

Modernization net sales increased 9.1% as a result of organic sales increase of 4.7%, partially due to the ongoing recovery from COVID-19, foreign currency tailwinds of 4.2% and the impact from net acquisitions and divestitures of 0.2%.

*Operating profit*

Service operating profit increased \$90 million, primarily due to higher volume of \$60 million, with an operating margin increase of 40 basis points. Favorable pricing and lower bad debt were partially offset by headwinds from prior year cost containment and field actions in response to COVID-19. Foreign exchange tailwinds of \$44 million, were more than offset by higher selling general and administrative costs of \$50 million.

**General Corporate Expenses and Other**

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
General corporate expenses and other	\$ (27)	\$ (44)	\$ (52)	\$ (179)

General corporate expenses and other for the quarter ended June 30, 2021 decreased \$(17) million primarily due to lower Separation costs incurred when compared to the same quarter in 2020.

The decrease in General corporate expenses and other of \$(127) million for the six months ended June 30, 2021, when compared to the same period in 2020, is primarily due to the absence of a fixed asset impairment of \$(55) million and related licensing costs of \$(12) million recognized during the quarter ended March 31, 2020 and lower non-recurring Separation costs and prior year UTC allocations of \$(60) million when compared to the same period in 2020.

## LIQUIDITY AND FINANCIAL CONDITION

<i>(dollars in millions)</i>	June 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 1,923	\$ 1,782
Total debt	5,800	5,963
Net debt (total debt less cash and cash equivalents)	3,877	4,181
Total equity	(3,317)	(3,284)
Total capitalization (total debt plus total equity)	2,483	2,679
Net capitalization (total debt plus total equity less cash and cash equivalents)	560	897
Total debt to total capitalization	234 %	223 %
Net debt to net capitalization	692 %	466 %

At June 30, 2021, we had cash and cash equivalents of approximately \$1.9 billion, of which approximately 86% was held by the Company's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost-effectiveness with which those funds can be accessed. On occasion, we are required to maintain cash deposits with certain banks with respect to contractual obligations related to acquisitions and divestitures or other legal obligations. As of June 30, 2021 and December 31, 2020, the amount of such restricted cash was approximately \$21 million and \$15 million, respectively.

From time-to-time we may need to access the capital markets to obtain financing. We may incur indebtedness or issue equity as needed. Although we believe that the arrangements in place as of June 30, 2021 permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future could be impacted by many factors, including (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy, including the impact of COVID-19. There can be no assurance that we will continue to have access to the capital markets on terms acceptable to us.

The following is a summary of the debt issuances for the six months ended June 30, 2021:

<i>(dollars in millions)</i>		Aggregate Principal Balance
<i>Issuance Date</i>	<i>Description of Debt</i>	
March 11, 2021	Japanese Yen Notes (¥21,500 million principal value)	\$ 199

The proceeds from the issuance of the Japanese Yen Notes were used to repay a portion of our outstanding Euro denominated commercial paper. For additional discussion of borrowings, see Note 9 to the Condensed Consolidated Financial Statements.

Following the enactment of the TCJA, and after reassessing as part of the Separation, the Company determined that it no longer intends to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. For the remainder of the Company's undistributed international earnings, unless tax effective to repatriate, we will continue to permanently reinvest these earnings.

We expect to fund our ongoing operating, investing and financing requirements mainly through cash flows from operations, available liquidity through cash on hand and available bank lines of credit and access to capital markets.

On April 27, 2020, our Board of Directors authorized a share repurchase program for up to \$1.0 billion of Common Stock, of which approximately \$506 million has been utilized as of June 30, 2021. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. During the six months ended June 30, 2021 the Company repurchased 7.3 million shares of Common Stock for approximately \$506 million.

Cash Flow - Operating Activities

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2021	2020
Net cash flows provided by operating activities	\$ 1,118	\$ 823

Cash generated from operating activities in the six months ended June 30, 2021 was \$295 million higher than the same period in 2020, primarily due to higher net income of \$264 million and increased cash inflows related to current assets and current liabilities activity of \$162 million, as described below. These were partially offset by \$59 million lower non-cash adjustments from Net income, including the fixed asset impairment of \$55 million in the six months ended June 30, 2020, and \$74 million lower Other operating activities, net, primarily due to long-term accruals and other activity in the six months ended June 30, 2020.

**Six Months Ended June 30, 2021 Changes in Working Capital**

The six months ended June 30, 2021 cash inflows related to current assets and current liabilities operating activity were \$310 million. These cash inflows were primarily driven by:

- Contract assets, current and Contract liabilities, current, net change of \$225 million, driven by the timing of billings on contracts compared to the progression on current contracts; and
- Accounts payable, which increased by \$124 million, due to increased volume and the timing of payments to suppliers.

The cash inflows were partially offset by cash outflows related to:

- Accounts receivable, net, which increased \$54 million, due to increased volume; and
- Inventories, net, which increased \$17 million, due to the impact of higher production inventory related to higher volume and timing.

Additionally, Other current assets decreased by \$55 million due to prepaid income tax refunds and indemnification payments received pursuant to the TMA in order to pay foreign tax obligations. Accrued liabilities decreased \$23 million primarily due to the payment of \$23 million in foreign tax obligations pursuant to the TMA described above and income tax liabilities in certain jurisdictions. The receipt and payment of indemnification assets and foreign tax obligations resulted in minimal cash flow for the six months ended June 30, 2021. See Note 5 to the Condensed Consolidated Financial Statements for further discussion on transactions with our former parent, UTC.

**Six Months Ended June 30, 2020 Changes in Working Capital**

The six months ended June 30, 2020 cash inflows related to current assets and current liabilities operating activity were \$148 million. These cash inflows were primarily driven by:

- Contract assets, current and Contract liabilities, current, net change of \$266 million, driven by the timing of billings on contracts compared to the progression on current contracts; and
- Accounts payable, which increased \$17 million, primarily due to the timing of payments to suppliers.

The cash inflows were partially offset by cash outflows related to:

- Inventories, net, which increased \$71 million, due to higher production inventory and purchases of inventory in advance of potential supply chain disruptions due to COVID-19; and
- Accounts receivable, net, which increased \$59 million, due to slower collections from customers in certain industries impacted by COVID-19.

Additionally, Other current assets increased \$67 million, primarily due to tax prepayments in certain tax jurisdictions and Accrued liabilities increased \$62 million, primarily due to the timing of payments for income tax liabilities in certain tax jurisdictions.

#### Cash Flow - Investing Activities

Cash flows used in investing activities primarily reflect capital expenditures, investments in businesses and securities, and settlement of derivative contracts.

#### **Six Months Ended June 30, 2021 compared to Six Months Ended June 30, 2020**

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change
	2021	2020	
<b>Investing Activities:</b>			
Capital expenditures	\$ (84)	\$ (75)	\$ (9)
Investments in businesses and intangible assets, net of cash acquired	(51)	(16)	(35)
Investments in equity securities	(18)	(51)	33
Proceeds from sale of equity securities	58	—	58
Receipts (payments) on settlements of derivative contracts	17	(7)	24
Other investing activities, net	11	7	4
<b>Net cash flows used in investing activities</b>	<b>\$ (67)</b>	<b>\$ (142)</b>	<b>\$ 75</b>

Cash flows used in investing activities in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 decreased \$75 million, including the following drivers:

- \$58 million of proceeds from the sale of equity securities in the six months ended June 30, 2021;
- \$33 million in lower investments in equity securities resulting from higher investments made in the six months ended June 30, 2020; these drivers of a decrease were partially offset by
- \$35 million of higher payments for investments in businesses and intangible assets in the six months ended June 30, 2021.

Additionally, as discussed in Note 15 to the Condensed Consolidated Financial Statements, we enter into derivative instruments for risk management purposes. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates and foreign exchange rates. These fluctuations can increase the costs of financing, investing and operating the business. We use derivative instruments, including forward contracts and options to manage certain foreign currency exposures. The settlement of these derivative instruments resulted in a net cash receipts of \$17 million and payments of \$7 million during the six months ended June 30, 2021 and 2020, respectively.

#### *Germany Fire*

As previously disclosed, during 2020 there was a fire at the Company's manufacturing facility in Germany. During the six months ended June 30, 2021, the Company settled the related property damage claim with the insurance company and received final payment of \$16 million, as reflected in Other investing activities, net in the Condensed Consolidated Statements of Cash Flows. The Company continues to be in discussions with the insurance company on the business interruption insurance claim. We do not anticipate any material impact to our operations or financial results in the future from this event.

For additional discussion, see "Business Overview" in section "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2020 Annual Report, incorporated by reference in our 2020 [Form 10-K](#).

**Cash Flow - Financing Activities**

Financing activities primarily include increases or decreases in short-term borrowings, issuance or repayment of long-term debt, dividends paid to common shareholders, repurchases of Common Stock and dividends paid to noncontrolling interests. The prior year activity includes transfers to and from our former parent, UTC, prior to the Separation, consisting of, among other things, cash transfers, distributions, cash investments and changes in receivables and payables. See Note 5 to the Condensed Consolidated Financial Statements for further discussion.

(dollars in millions)	Six Months Ended June 30,		Change
	2021	2020	
<b>Financing Activities:</b>			
Increase (decrease) in short-term borrowings, net	\$ (345)	\$ 1	\$ (346)
Proceeds from issuance of long-term debt	199	6,300	(6,101)
Payment of long-term debt issuance costs	(2)	(43)	41
Net transfers to UTC	—	(6,330)	6,330
Dividends paid on Common Stock	(189)	(87)	(102)
Repurchases of Common Stock	(506)	—	(506)
Dividends paid to noncontrolling interest	(55)	(43)	(12)
Other financing activities, net	(18)	22	(40)
<b>Net cash flows used in financing activities</b>	<b>\$ (916)</b>	<b>\$ (180)</b>	<b>\$ (736)</b>

Net cash used in financing activities increased \$736 million in the six months ended June 30, 2021 compared to the same period in 2020 primarily due to the following:

- Repurchase of Common Stock of \$506 million and higher dividends paid on Common Stock of \$102 million during the six months ended June 30, 2021;
- Net repayments on borrowings of \$148 million, which were made with cash flow from operations during the six months ended June 30, 2021, comprised of the following activity:
  - Net repayments of short-term borrowings of \$345 million (compared to net borrowings of \$1 million during the six months ended June 30, 2020); partially offset by
  - Net proceeds from the issuance of long-term debt of \$197 million;
- Net transfers to UTC related to the Separation of \$6.3 billion during the six months ended June 30, 2020 was primarily funded by the net proceeds from issuance of long-term debt of \$6.3 billion.

For additional discussion of borrowings activity, see Note 9 to the Condensed Consolidated Financial Statements.

**Off-Balance Sheet Arrangements and Contractual Obligations**

The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Off-Balance Sheet Arrangements and Contractual Obligations" in our 2020 Annual Report, incorporated by reference in our 2020 Form 10-K, discloses our off-balance sheet arrangements and contractual obligations. As of June 30, 2021, there have been no material changes to these off-balance sheet arrangements and contractual obligations, outside the ordinary course of business except for those disclosed in the "Note 9, Borrowings and Lines of Credit" within Item 1 of this Form 10-Q.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the Company's market risk during the quarter and six months ended June 30, 2021. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in the section entitled "Market Risk and Risk Management" in our 2020 Annual Report, incorporated by reference in our 2020 [Form 10-K](#).

**Item 4. Controls and Procedures**

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation under the supervision and with the participation of our management, including the President and Chief Executive Officer ("CEO"), the Executive Vice President and Chief Financial Officer ("CFO") and the Vice President and Chief Accounting Officer ("CAO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2021. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, our CFO and our CAO have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, our CFO and our CAO, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-Q 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,” “confident,” “goals,” and other words of similar meaning in connection with a discussion of future operating or financial performance or the Separation. 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 and other measures of financial performance or potential future plans, strategies or transactions of Otis following the Separation, including the estimated costs associated with the Separation 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:

- the effect of economic conditions in the industries and markets in which Otis and its businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions, pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations), natural disasters and the financial condition of Otis’ customers and suppliers;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions in the U.S. and other countries in which Otis and its businesses operate and Otis’ capital structure;
- 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;
- fluctuations in prices and delays and disruption in delivery of materials and services from suppliers;
- cost reduction or containment actions, restructuring costs and related savings and other consequences thereof;
- new business and investment opportunities;
- the anticipated benefits of moving away from diversification and balance of operations across product lines, regions and industries;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the effect of changes in political conditions in the U.S., including the new U.S. Administration, and other countries in which Otis and its businesses operate, including China's response to the new U.S. administration and the United Kingdom’s recent withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;
- 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, including changes as a result of the new U.S. Administration;
- the ability of Otis to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the expected benefits of the Separation and the timing thereof;
- a determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions;
- risks associated with indebtedness incurred as a result of financing transactions undertaken in connection with the Separation;

- the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Otis' estimates; and
- the impact of the Separation on Otis' businesses, resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

In addition, this Form 10-Q includes important information as to risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. See the "Notes to Condensed Consolidated Financial Statements" under the headings "Note 2: Basis of Presentation" and "Note 18: Contingent Liabilities," the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview", "Critical Accounting Estimates", "Results of Operations", and "Liquidity and Financial Condition", and the sections titled "Legal Proceedings" and "Risk Factors" in this Form 10-Q and our Form 10-Q for the quarter ended March 31, 2021. Additional important information as to these factors is included in our 2020 [Form 10-K](#) in "Item 1. Business", "Item 1A. Risk Factors", "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview", "Critical Accounting Estimates" "Results of Operations" and "Liquidity and Financial Condition" and "Item 8. Financial Statements and Supplementary Data under the headings "Note 1: Business Overview and Separation from United Technologies Corporation" and "Note 21: Contingent Liabilities". The forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the SEC.

**PART II – OTHER INFORMATION****Item 1. Legal Proceedings**

See Note 18, Contingent Liabilities to the Condensed Consolidated Financial Statements, for discussion regarding material legal proceedings.

Except as otherwise noted above, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to "Part II - Other Information, Item 1. Legal Proceedings" in our Form 10-Q for the quarter ended March 31, 2021 and Part I, Item 3, "Legal Proceedings," of our 2020 [Form 10-K](#).

**Item 1A. Risk Factors**

There have been no material changes in the Company's risk factors from those disclosed in Item 1A. Risk Factors, in our 2020 [Form 10-K](#).

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Purchases of Equity Securities**

The following table provides information about our purchases during the quarter ended June 30, 2021 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

2021	Total Number of Shares Purchased (thousands)	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of a Publicly Announced Program (thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (dollars in millions)
April 1 - April 30	365	\$ 78.31	365	\$ 671
May 1 - May 31	2,272	78.10	2,272	494
June 1 - June 30	—	—	—	\$ 494
Total	2,637	\$ 78.13	2,637	

<sup>(1)</sup> Average price paid per share includes costs associated with the repurchases.

On April 27, 2020, our Board of Directors authorized a share repurchase program for up to \$1 billion of Common Stock. At June 30, 2021, the maximum dollar value of shares that may yet be purchased under this current program was approximately \$494 million. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with rules 10b5-1 and 10b-18 under the Exchange Act.

**Item 6. Exhibits**

Exhibit

Number

Description

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[Otis Worldwide Corporation Amended and Restated Savings Restoration Plan, incorporated by reference to Exhibit 10.15 to Otis' Amendment No. 1 to Registration Statement on Form 10 \(Commission file number 001-39221\) filed with the SEC on March 11, 2020, is filed herewith to correct an inaccurate hyperlink that was inadvertently included in Exhibit 10.19 of Otis' 2020 Form 10-K.](#)

[Letter of Amendment to Service Agreement between Zardoya Otis S.A and Bernardo Calleja Fernández.\\*](#)

[Amendment No. 1 to Otis Worldwide Corporation Executive Annual Bonus Plan.\\*](#)

[Otis Worldwide Corporation Board of Directors Deferred Stock Unit Plan \(Amended and Restated effective as of February 4, 2021\).\\*](#)

[Letter re: unaudited interim financial information.\\*](#)

[Rule 13a-14\(a\)/15d-14\(a\) Certification.\\*](#)

[Rule 13a-14\(a\)/15d-14\(a\) Certification.\\*](#)

[Rule 13a-14\(a\)/15d-14\(a\) Certification.\\*](#)

[Section 1350 Certifications.\\*](#)

XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.\*

XBRL Taxonomy Extension Schema Document.\*

XBRL Taxonomy Extension Calculation Linkbase Document.\*

XBRL Taxonomy Extension Definition Linkbase Document.\*

XBRL Taxonomy Extension Label Linkbase Document.\*

XBRL Taxonomy Extension Presentation Linkbase Document.\*

Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

**Notes to Exhibits List:**

\* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the quarters and six months ended June 30, 2021 and 2020, (ii) Condensed Consolidated Statements of Comprehensive Income for the quarters and six months ended June 30, 2021 and 2020, (iii) Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020, (v) Condensed Consolidated Statements of Changes in Equity for the quarters and six months ended June 30, 2021 and 2020 and (vi) Notes to Condensed Consolidated Financial Statements.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**OTIS WORLDWIDE CORPORATION**  
**(Registrant)**

Dated: July 28, 2021

by: \_\_\_\_\_ /s/ RAHUL GHAI  
Rahul Ghai  
Executive Vice President and Chief Financial Officer  
(on behalf of the Registrant and as the Registrant's Principal Financial Officer)

Dated: July 28, 2021

by: \_\_\_\_\_ /s/ MICHAEL P. RYAN  
Michael P. Ryan  
Vice President and Chief Accounting Officer  
(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

## LETTER OF AMENDMENT OF THE CONTRACT SIGNED BETWEEN THE COMPANY AND THE CHAIRMAN

Mr Bernardo Calleja  
Calle Golfo de Salónica, 73  
28033 Madrid

May 19, 2021

Dear Sr. Calleja:

We are writing to you in relation to the contract signed between yourself and Zardoya Otis, S.A. (the "Company") on January 26, 2021, subsequently amended in the terms set out in the minutes of the Board of Directors meeting held on February 23, 2021, all of which was in accordance with article 249 of the Capital Companies Law (the "**Contract**").

We hereby inform you that, as a consequence of the approval of the new Director Compensation Policy for the financial years 2021 to 2023, approved at the Ordinary General Shareholders' Meeting held on today's date ("Compensation Policy"), it is necessary to update some sections of the contract, specifically:

Clause 8.3. (Pension Plan) will henceforth be worded as follows:

*"In addition to the Fixed Compensation, the Company will contribute, in benefit of Mr Calleja, and additional to any other retributions he may have, a further annual sum of €76,000 (or the amount the Board may decide) into the defined-contribution pension insurance policy (53081).*

*No contributions will be made to the defined-benefit pension insurance policy (7179), which will be frozen effective February 1, 2021."*

Likewise, the compensation items to which you are entitled under clause 8 (Compensation and Benefits) of the Contract will be fixed from time to time by resolutions of the Company's Board of Directors, subsequent to a proposal from the Nominating and Compensation Commission and in accordance with the Capital Companies Law and the Compensation Policy then in force. The Contract will be deemed to be automatically amended in the terms decided by the Company's Board of Directors at any moment in time.

This letter will form an integral part of the Contract for all purposes.

In everything not expressly modified by this, the Contract will remain in force in all its terms, which the Parties expressly ratify.

In witness of your agreement with the foregoing, we ask you to sign this letter and return it to us as proof of your acceptance and assent.

Yours faithfully,  
Zardoya Otis, S.A.  
P.p.

/s/ Jose Miguel Andrés Torrecillas  
Mr. Jose Miguel Andrés Torrecillas Accepted:  
Madrid, May 19, 2021

/s/ Bernardo Calleja  
Mr Bernardo Calleja

**OTIS WORLDWIDE CORPORATION  
EXECUTIVE ANNUAL BONUS PLAN**

**AMENDMENT NO. 1**

The Otis Worldwide Corporation Executive Annual Bonus Plan (the "Plan") is hereby amended, effective April 27, 2021 as follows:

1. The Plan is renamed as the "Otis Worldwide Corporation Short-Term Incentive Plan."
2. The reference to "annual bonus" in the first sentence of Section 6 is replaced with "short-term incentive" and the last sentence of Section 6 is amended and restated in its entirety to read as follows:

The short-term incentive target shall be expressed as a percentage of the Eligible Employee's annual salary in effect at the end of the Performance Period (or, for purposes of Section 9, the first day of the month immediately preceding the month in which a Change in Control occurs), unless otherwise specified in the Award.

3. The second and third sentences of Section 7 are revised to read as follows:

Cash payments made in respect of Awards will be paid as soon as administratively practicable following the end of the applicable Performance Period and the Committee's determination of the achievement of the underlying performance goals, and, for Eligible Employees on a United States-based payroll, no later than the 15<sup>th</sup> day of the third month following the end of the Performance Period (or such later date that would not cause such Awards to fail to qualify as short-term deferrals under Section 409A). In order to be eligible to receive an Award, an Eligible Employee must be employed on the date the Award is paid, subject to Section 9 hereof and any rules established under the Plan from time to time.

4. The reference to "target bonus" in Section 9 is replaced with "short-term incentive target."

June 16, 2021 /s/ Nora E. LaFreniere  
Nora E. LaFreniere  
General Counsel & Corporate Secretary

**OTIS WORLDWIDE CORPORATION**  
**BOARD OF DIRECTORS**  
**DEFERRED STOCK UNIT PLAN**

**(Amended and Restated effective as of February 4, 2021)**

**OTIS WORLDWIDE CORPORATION BOARD OF DIRECTORS  
DEFERRED STOCK UNIT PLAN**

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APPENDIX A Otis Corporation Board of Directors Deferred Stock Unit Prior Plan (the “Prior Otis Plan”)

**ARTICLE I**  
**INTRODUCTION AND PURPOSE**

**1.01 Purpose of Plan**

The Otis Worldwide Corporation Board of Directors Deferred Stock Unit Plan (the “Plan”) was established to provide an arrangement for non-employee directors to receive an annual Deferred Stock Unit Award and to defer their Annual Retainer in the form of deferred stock units equal in value to shares of the Corporation’s common stock for the purpose of aligning the interests of non-employee directors with those of the Corporation’s shareowners. The Plan was amended and restated, effective February 4, 2021, to provide that non-employee director compensation amounts will be those approved by the Committee from time to time and to reflect the change in the name of United Technologies Corporation (“UTC”) to Raytheon Technologies Corporation (“RTC”).

**1.02 Impact of Spin-off from UTC**

On April 3, 2020, UTC separated into three independent companies, UTC, Otis Worldwide Corporation (the “Corporation” or “Otis”) and Carrier Global Corporation (“Carrier”), through spin-off transactions. The transaction by which the Corporation ceased to be a subsidiary of UTC is referred to herein as the “Spin-off.” In connection with the Spin-off, and pursuant to the terms of the Employee Matters Agreement entered into, by and among the Corporation, UTC, and Carrier (the “Employee Matters Agreement”), the Corporation and the Plan assumed all obligations and liabilities of UTC and its subsidiaries under the UTC DSU Plan with respect to “Otis Transferred Directors” (as such term is defined in the Employee Matters Agreement). Any benefits due under the UTC DSU Plan with respect to Otis Transferred Directors or Beneficiaries of Otis Transferred Directors is the responsibility of the Corporation and this Plan, and any such benefits accrued, but not yet paid under the UTC DSU Plan, immediately prior to the Effective Date, is administered and paid under the terms of this Plan. All deferral and distribution elections and designations of Beneficiary made under the UTC DSU Plan by an Otis Transferred Director or Beneficiary of an Otis Transferred Director, and, in effect, immediately prior to the Effective Date, shall continue to apply and shall be administered under this Plan, until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. Pursuant to the terms of the Employee Matters Agreement between the Corporation, UTC and Carrier: (a) vested Deferred Stock Units were

converted, upon the Spin-off, into Otis, UTC and Carrier Deferred Stock Units; (b) vested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award (as defined in the UTC DSU Plan) were converted, upon the Spin-off, into Otis, UTC and Carrier Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award; and (c) unvested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award were converted to Otis Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award. Otis Deferred Stock Units credited to Participants under this Plan shall be distributed in shares of Otis Common Stock issued under the LTIP; however, UTC and Carrier Deferred Stock Units shall be distributed in cash. The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (i) increase the value of any Participant's Account; (ii) modify any Participant's distribution election; or (iii) alter the procedures in effect under the Plan with respect to elections and distributions other than the substitution of cash for certain shares. The Plan shall be under no obligation to hold or issue shares of UTC or Carrier Common Stock.

Immediately following the Spin-off, UTC completed an all-stock merger of equals transaction with Raytheon Company. Upon closing of the merger, UTC changed its name to Raytheon Technologies Corporation, and its shares of common stock began trading under the ticker symbol "RTX." The Plan shall be under no obligation to hold or issue shares of RTC.

Otis has also established the Otis Worldwide Corporation Board of Directors Deferred Stock Unit Prior Plan (the "Prior Otis Plan"), set forth in [Appendix A](#) hereto, which is a continuation of the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004 ("Prior UTC Plan"), as it has been modified thereafter, from time to time, in a manner that does not constitute a "material modification" for purposes of Section 409A for the benefit of Otis Transferred Director who have a benefit earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, which were previously held under and subject to the terms of the Prior UTC Plan.

### **1.03 Effective Date of Plan**

Pursuant to the terms of the Employee Matters Agreement, this Plan became effective as of the Spin-off date. The Plan was amended and restated effective February 4, 2021 to provide

that non-employee director compensation amounts will be those approved by the Committee from time to time.

**ARTICLE II**  
**DEFINITIONS**

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

“**Account**” means a bookkeeping account established for a Participant under Article IV that is credited with Deferred Stock Units, but excluding accounts under the Prior Otis Plan. Accounts under the Prior Otis Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Otis Plan.

“**Annual Deferred Stock Unit Award**” means the annual grant of Deferred Stock Units made to Participants in accordance with Section 3.02.

“**Annual Meeting**” means the Corporation’s Annual Meeting of Shareowners.

“**Annual Retainer**” means the annual retainer fee payable to a Participant under Section 3.01 for services to the Corporation in the capacities indicated.

“**Beneficiary**” means a Participant’s beneficiary, designated in writing in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if all of the Participant’s designated Beneficiaries predecease the Participant, the Participant’s estate.

“**Board**” means the Board of Directors of the Corporation.

“**Board Cycle**” means the period beginning on an Annual Meeting and ending at the start of the next Annual Meeting.

“**Carrier**” means Carrier Global Corporation.

“**Carrier Deferred Stock Units**” means Deferred Stock Units of Carrier Global Corporation distributable in cash in accordance with Article V. Each Carrier Deferred Stock Unit is equal in value to a share of Carrier Common Stock.

“**Closing Price**” means, with respect to any date specified by the Plan, the closing price of common stock on the composite tape of New York Stock Exchange on such date (or if there was no reported sale of common stock on such date, on the next following day on which there was such a reported sale) which common stock is the underlying referenced security of the relevant Deferred Stock Unit.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. References to any Section of the Internal Revenue Code shall include any final regulations or other applicable guidance. References to “Section 409A” shall include any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.

“**Committee**” means the Nominations and Governance Committee (and any successor Committee) of the Board.

“**Conversion Date**” means the date Deferred Stock Units are converted to shares of Otis Common Stock, immediately prior to the delivery of such shares to a Participant or Beneficiary in accordance with Article V herein.

“**Corporation**” means Otis Worldwide Corporation.

“**Deferred Annual Retainer**” means any portion of a Participant’s Annual Retainer deferred in accordance with Article V.

“**Deferred Stock Units**” means hypothetical shares of common stock that will be settled in actual shares, or an amount of cash equal to the fair market value of shares, of common stock, that have been deferred in accordance with Section 409A.

“**Distribution Anniversary Date**” means an anniversary of the Distribution Commencement Date.

“**Distribution Commencement Date**” means the first business day that is 30 days following the date of Separation from Service.

“**Election**” means an irrevocable election by a Participant either to defer all or a portion of the Annual Retainer otherwise payable in cash or to specify how an Account will be distributed (i.e., as a lump sum, or in 10 or 15 annual installments).

“**Employee Matters Agreement**” means the Employee Matters Agreement entered into, by and among the Corporation, UTC, and Carrier.

“**LTIP**” means the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as amended from time to time.

“**Otis**” means Otis Worldwide Corporation.

“**Otis Common Stock**” means the common stock of the Corporation.

“**Otis Deferred Stock Units**” means, Deferred Stock Units of the Corporation convertible into actual shares of Otis Common Stock as of the Conversion Date, prior to a distribution to be

made in accordance with Article V. Each Otis Deferred Stock Unit is equal in value to a share of Otis Common Stock. Otis Deferred Stock Units are “restricted stock units” awarded under the LTIP and distributed and administered in accordance with the terms of this Plan.

“**Participant**” means a non-employee member of the Board. A Participant, including an Otis Transferred Director, who has an existing Account under the Plan, but is not, or is no longer, eligible under the preceding sentence, shall not be eligible for additional awards under the Plan, but shall remain a Participant under the Plan with respect to his or her Account until it is distributed or forfeited in accordance with the terms of the Plan.

“**Plan**” means this Otis Worldwide Corporation Board of Directors Deferred Stock Unit Plan, as amended from time to time.

“**Plan Year**” means the calendar year.

“**Prior Otis Plan**” has the meaning set forth in Section 1.02. All amounts deferred under the Prior Otis Plan, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, shall continue to be subject to the terms and conditions of the Prior Otis Plan.

“**Prior UTC Plan**” means the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004.

“**Recapitalization Event**” means a transaction or event described in Section 4.05(a)(iv).

“**Separation from Service**” means a Participant’s resignation, removal, or retirement from the Board (for a reason other than death) that constitutes a good-faith, complete termination of the Participant’s relationship with the Corporation and that also qualifies as a “separation from service” for purposes of Section 409A of the Code.

“**Separation from Service Anniversary Date**” means an anniversary of the date of Separation from Service.

“**Spin-off**” means the separation from United Technologies Corporation of Otis Worldwide Corporation and Carrier Global Corporation into independent publicly traded companies in 2020.

“**Transferred New Director Restricted Stock Unit Award**” means the one-time Deferred Stock Unit Award previously granted to an Otis Transferred Director under the UTC DSU Plan upon election to the UTC Board as a New Director Restricted Stock Unit Award and credited to the Participant’s New Director Restricted Stock Unit Account under the UTC DSU Plan which,

immediately following the effective time of the Spin-off, shall be credited under this Plan to the Transferred New Director Restricted Stock Unit Account as provided in [Section 4.03](#).

“*UTC*” means United Technologies Corporation and, with respect to periods on or after April 3, 2020, RTC.

“*UTC Deferred Stock Units*” means Deferred Stock Units of UTC distributable in cash in accordance with [Article V](#). Each UTC Deferred Stock Unit is equal in value to a share of UTC Common Stock.

“*UTC DSU Plan*” means UTC’s Board of Directors Deferred Stock Unit Plan.

### ARTICLE III

#### ELIGIBLE COMPENSATION

##### 3.01 Annual Retainer

(a) *Annual Retainer Amount*. Subject to subsection (b) of this [Section 3.01](#), each Participant will receive a base Annual Retainer in an amount determined by the Committee from time to time. In addition to the base Annual Retainer, additional Annual Retainer fees in the amounts determined by the Committee from time to time will be received by Participants if serving in the leadership roles on the Board and/or its committees identified by the Committee from time to time.

(b) *New Participants*. If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive the full amount of the then applicable Annual Retainer. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive 50% of the applicable Annual Retainer Amount set forth in subsection (a) above. Such amounts will be eligible for deferral in accordance with [Article V](#). In connection with the Spin-off, Participants serving on the Board on the date of the Spin-off will receive the full amount of the applicable Retainer in respect of the period from the Spin-off date through the Annual Meeting in 2021, which period shall be treated as a “Board Cycle” for purposes of this Plan.

##### 3.02 Annual Deferred Stock Unit Award

(a) *Annual Deferred Stock Unit Award*. Subject to subsection (b) of this [Section 3.02](#), each Participant will receive a base annual Deferred Stock Unit Award with a value as determined by the Committee from time to time, valued at the time of issuance, credited to the Participant’s Account. In addition to the base annual Deferred

Stock Unit Award, additional annual Deferred Stock Units in the amounts determined by the Committee from time to time shall be received by Participants serving in the leadership roles on the Board and/or its committees identified by the Committee from time to time.

(b) *New Participants*. If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal in value to the amounts specified in subsection (a) above. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal to 50% of the value specified in subsection (a). In connection with the Spin-off, Participants serving on the Board on the date of the Spin-off will receive the full amount of the Annual Deferred Stock Unit Award in respect of the Board Cycle commencing on the Spin-off date.

### **3.03 Transferred New Director Restricted Stock Unit Award**

New Director Restricted Stock Unit Awards granted under the UTC DSU Plan shall not be granted under this Plan. Any outstanding New Director Restricted Stock Unit Awards credited for the benefit of an Otis Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Otis Transferred Director as provided in Section 4.03.

### **3.04 Duplication of Benefits**

To the extent that a new Participant has received compensation for his or her service on the board of directors of an entity that becomes, or was previously, affiliated with the Corporation, and such compensation relates to the same Plan Year for which the Participant shall receive compensation under this Plan, the Annual Retainer and Annual Deferred Stock Unit Award, under Sections 3.01 and 3.02 respectively, may be appropriately adjusted to prevent a duplication of benefits for the same period of service.

## **ARTICLE IV ACCOUNTS AND CREDITS**

### **4.01 Annual Deferred Stock Unit Award**

The Annual Deferred Stock Unit Award shall be credited automatically to an Account established for the Participant, effective as of (a) with respect to the Annual Deferred Stock Unit

Award relating to the Board Cycle that commences on the Spin-off date, the date that is two business days following the date of the Company's earnings release for the first quarter of 2020 and (b) with respect to the Annual Deferred Stock Unit Award relating to each Board Cycle commencing thereafter, the date of the Annual Meeting. Participants may not elect to receive the Annual Deferred Stock Unit Award as current cash compensation.

#### **4.02 Elective Annual Retainer**

The current Annual Retainer will be paid to the Participant as soon as administratively practicable following the date of the Spin-off, and on the date of the Annual Meeting thereafter, unless the Participant makes a timely irrevocable election in accordance with Article V to defer the receipt of the Annual Retainer as Otis Deferred Stock Units subject to the terms of this Plan, in lieu of a current cash payment.

#### **4.03 Transferred New Director Restricted Stock Unit Award**

(a) *Transferred New Director Restricted Stock Unit Accounts.* Any outstanding New Director Restricted Stock Unit Award credited under the UTC DSU Plan for the benefit of an Otis Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time of the Spin-off as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Otis Transferred Director. Such Account shall also be credited with dividend equivalents in the form of additional Deferred Stock Units which relate to the underlying common stock of UTC, Carrier or Otis, which will vest immediately, but will otherwise be subject to the same restrictions applicable to the Deferred Stock Units credited to the Account. Transferred New Director Restricted Stock Units and any additional dividend equivalents in the form of additional Deferred Stock Units may not be settled prior to a Separation from Service.

(b) *Forfeiture of Transferred New Director Restricted Stock Unit Accounts.* Under the UTC DSU Plan, at the time of the award, the value of a Participant's New Director Restricted Stock Unit Award is subject to 100% forfeiture if the Participant's Separation from Service occurs before the first Annual Meeting following the date of the Participant's first election to the Board. Thereafter, the percentage of the New Director Restricted Stock Unit Award subject to forfeiture is reduced by 20 percentage points as of the date of each succeeding Annual Meeting until the fifth annual meeting when 100% of the value of the New Director Restricted Stock Unit Award will be vested. The amount of the Transferred New Director

Restricted Stock Unit Award subject to forfeiture shall continue to be reduced under this Plan annually as of April 30th, continuing on the same timeline and at the same percentages as provided under the UTC DSU Plan taking into account service as director on UTC Board and Otis Board, provided that a Participant has not experienced a Separation of Service. There will be no forfeiture of interest in the Transferred New Director Restricted Stock Unit Award in the event the Separation of Service occurs by reason of the Participant's death, Disability, or for any reason following a "Change in Control" as such terms are defined in the LTIP while the Participant is a member of the Board, or in the event of the Participant's resignation or retirement from the Board for the purpose of accepting full-time employment in public or charitable service.

#### **4.04 Accounts**

(a) *Plan Accounts.* All (i) Deferred Annual Retainers and (ii) Annual Deferred Stock Unit Awards, including assumed Otis Transferred Director benefits under the UTC DSU Plan, earned or vested after December 31, 2004, which include Transferred New Director Restricted Stock Unit Awards (if applicable), shall be maintained in a Participant's Account established under, and subject to the terms and conditions of the Plan, as amended from time to time. Subaccounts may be maintained within Participants' Accounts, to the extent that the Committee determines such an arrangement to be necessary or useful, in the administration of the Plan.

(b) *Prior Plan Accounts.* All assumed Otis Transferred Director benefits under the UTC DSU Plan, including Deferred Stock Unit and Transferred New Director Restricted Stock Unit Awards, earned and vested prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A (e.g., increases in unit value and dividend equivalents), shall be maintained in separate account(s) under the Prior Otis Plan and shall remain subject to the terms and conditions of the Prior Otis Plan which reflect a continuation of the Prior UTC Plan as in effect on October 3, 2004. Prior Otis Plan accounts shall be equal to the value earned and vested on December 31, 2004, as subsequently adjusted in accordance with the terms of the Prior Otis Plan. The Prior Otis Plan and Prior Otis Plan accounts are not intended to be subject to Section 409A. No amendment to Appendix A that would constitute a "material modification" for purposes of Section 409A shall be effective unless the amending instrument states that it is intended to

materially modify Appendix A, and to cause the Prior Otis Plan to become subject to Section 409A.

#### 4.05 Deferred Stock Unit Accounts

(a) *Calculation of Deferred Stock Units.* A Participant's Account (including a Transferred New Director Restricted Stock Unit Account) shall be credited with the number of Deferred Stock Units in accordance with the following rules:

(i) *Opening Account Balances for Transferred Directors.* As of the effective time of the Spin-off, there shall be credited under the Plan the Deferred Stock Units of the Transferred Otis Directors previously held under the UTC DSU Plan, as such Deferred Stock Units balances are adjusted as of the effective time of the Spin-off in accordance with the terms of the Employee Matters Agreement as detailed in Section 1.02 of the Plan.

(ii) *Initial Crediting of Deferred Stock Units.* The Annual Deferred Stock Unit Award and Deferred Annual Retainer (if any) credited to a Participant's Account for a Plan Year under Sections 4.01 and 4.02 shall result in a number of Deferred Stock Units (including fractional Deferred Stock Units) credited to Participant's Account equal to the sum of the dollar amounts of the Annual Deferred Stock Unit Award and the Deferred Annual Retainer (if any), divided by the Closing Price on the date of the Annual Meeting. Notwithstanding the foregoing, for (i) Annual Deferred Stock Unit Awards and Deferred Annual Retainers (if any) relating to the Board Cycle that commences on the date of the Spin-off, the relevant Closing Price shall be the Closing Price on the date that is two business days following the date of the Company's earnings release for the first quarter of 2020, (ii) Annual Deferred Stock Unit Awards for a new Participant, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board and (iii) any Deferred Stock Units attributable to a new Participant's Deferred Annual Retainer, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board if the Participant returns the deferral election on or prior to the date he or she is elected to the Board, otherwise the relevant Closing Price shall be the Closing Price on the last day of the 30-day election period described in Section 5.02.

(iii) *Deemed Reinvestment of Dividends.* The number of Deferred Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on the underlying referenced common stock that relates to a Deferred Stock Unit. The number of additional Otis, Carrier or UTC Deferred Stock Units credited to a Participant's Account as a result of such dividend payment on an Otis DSU, Carrier DSU or UTC DSU, respectively, shall be determined by (A) multiplying the total number of relevant Deferred Stock Units (including fractional Deferred Stock Units) credited to the Participant's Account on the dividend payment date by the amount of the dividend paid per share of Otis, Carrier or UTC common stock that is the underlying referenced common stock for purposes of the relevant Deferred Stock Unit on the dividend payment date, and (B) dividing the product so determined by the Closing Price of the underlying referenced common stock on the dividend payment date.

(iv) *Effect of Recapitalization.* In the event of a transaction or event described in this subparagraph (iv) (a "Recapitalization Event"), the number of the applicable Deferred Stock Units credited to a Participant's Account shall be adjusted in the same manner as an outstanding share of common stock which is the underlying referenced security of such Deferred Stock Units. A Recapitalization Event includes a dividend (other than regular quarterly dividends) or other extraordinary distribution to a holder of a share of common stock which is the underlying referenced security of such Deferred Stock Unit (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event that has a material effect on a share of common stock which is the underlying referenced security of such Deferred Stock Unit and requires conforming adjustment to the value and/or number of applicable Deferred Stock Units which reference such security to prevent dilution or enlargement of the value of Participants' Accounts.

#### **4.06 Hypothetical Nature of Accounts and Investments**

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds, shares or other assets. The Otis, UTC, and Carrier Deferred Stock Units established hereunder shall be used solely to determine the amounts to be distributed hereunder, shall not be or represent an equity security of the Corporation, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Corporation prior to a Conversion Date as provided for under the terms of this Plan and shall not carry any voting or dividend rights.

## ARTICLE V

### ELECTION PROCEDURES AND DISTRIBUTIONS

#### 5.01 Annual Retainer Deferral Election

Participants who elect to defer the receipt of the Annual Retainer as Otis Deferred Stock Units for any Plan Year must make a written deferral election for that year on an Election form provided by the Committee.

#### 5.02 Annual Retainer Deferral Election Deadline

A written Election form must be completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer will be earned or, for new Participants, no later than 30 days after their election to the Board (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant fails to timely submit a properly completed Election form, the Participant's Annual Retainer earned in the next succeeding year shall be paid in cash as provided in Section 4.02. The Participant's deferral election shall be irrevocable following the Election deadline.

#### 5.03 Distribution Commencement Date

(a) *Otis Deferred Stock Units*. Otis Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, the Separation from Service Anniversary Date) and will be converted into shares of Otis Common Stock and be distributed in stock from a Participant's Account as of the Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in Section 5.05, valuation shall occur, and distribution shall

commence, no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(b) *UTC and Carrier Deferred Stock Units.* UTC and Carrier Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, on the Separation from Service Anniversary Date) and will be distributed in cash from a Participant's Account as of the Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in [Section 5.05](#), valuation shall occur and distribution shall commence no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(c) *Death.* If a Participant dies at any time before the Participant's Plan Account has been fully distributed, the full remaining value of the Participant's Plan Accounts will be distributed to the designated Beneficiary or the Participant's estate in a lump sum no later than December 31st of the year immediately following the year in which the death occurred.

(d) *Administrative Adjustments in Payment Date.* A distribution is treated as being made on the date when it is due under the Plan if the distribution occurs on the date specified by the Plan, or on a later date that is either (a) in the same calendar year (for a distribution whose specified due date is on or before September 30) or (b) by the 15th day of the third calendar month following the date specified by the Plan (for a distribution with a specified due date that is on or after October 1). A distribution is also treated as having been made on the date when it is due under the Plan if the distribution is made not more than 30 days before the due date specified by the Plan. A Participant may not, directly or indirectly, designate the taxable year of a distribution made in reliance on the administrative rules in this [Section 5.03](#).

#### **5.04 Election of Form and Amount of Distribution**

(a) *Full Distribution.* Following a Separation from Service, a Participant shall receive (i) a number of shares of Otis Common Stock equal to the of the number of whole Otis Deferred Stock Units credited to his or her Account, and (ii) the cash value of the UTC and Carrier Deferred Stock Units credited to his or her Account (if applicable), unless the Participant timely elected to receive distributions from his or her Account in 10 or 15 annual installments in accordance with subsection (b), below. A distribution of shares of Otis Common Stock shall

occur as provided in [Section 5.03](#). UTC and Carrier Deferred Stock Units and Otis fractional Deferred Stock Units will be paid in cash.

(b) *10 or 15 Annual Installments*. A Participant may elect to receive distributions from his or her Account in 10 or 15 installments, in lieu of a full distribution under subsection (a) above. Annual installment distributions of whole Otis Deferred Stock Units shall be in shares of Otis Common Stock, and annual installment distributions of UTC and Carrier Deferred Stock Units and fractional Otis Deferred Stock Units shall be in cash. Installment distributions shall commence as of the Distribution Commencement Date and continue as of each Distribution Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal 1/10th or 1/15th (if Participant elects 10 or 15 installment payments respectively) of the value of the Participant's Accounts, determined as of the Distribution Commencement Date. Each successive annual installment shall equal the value of the Participant's Accounts, determined as of the Distribution Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which shall be the number of remaining annual installments. Payment of each installment in shares of Otis Common Stock with respect to Otis Deferred Stock Units and cash with respect to UTC and Carrier Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Otis, UTC and Carrier Deferred Stock Units.

(c) *Form of Distribution Election*. A valid election to receive annual distributions under subsection (b) shall be made in writing on an Election form, completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer or Otis Deferred Stock Unit Award is earned, or for new Participants, prior to the date the Participant is elected to the Board, and in no event later than 30 days after such election (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant does not make a valid distribution Election, the Participant shall be deemed to have elected to receive his or her Account in a full and immediate distribution as provided in subsection (a). Except as provided below in [Section 5.05](#) (Change in Distribution Election), a Participant's distribution Election shall become irrevocable on the Election deadline date.

#### **5.05 Change in Distribution Election**

A Participant may make a one-time irrevocable Election to extend the deferral period or change the form of distribution that the Participant elected under Section 5.04. A deferral extension election and/or change to the form of distribution must meet the following requirements:

- (a) The new Election must be made at least 12 months prior to the Distribution Commencement Date (and the new election shall be ineffective if the Distribution Commencement Date occurs within 12 months after the date of the new Election);
- (b) The new Election will not take effect until 12 months after the date when the Participant submits a new Election form to the Office of the Corporate Secretary;
- (c) The new Distribution Commencement Date must be a minimum of five years later than the date on which the distribution would otherwise have commenced; and
- (d) The new form of distribution must be one of the forms of payment provided under Section 5.04(a) or (b).

## ARTICLE VI ADMINISTRATION

### 6.01 In General

The Committee (or its delegate) shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including, without limitation, the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any Election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right to otherwise interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.04, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

### 6.02 Plan Amendment and Termination

(a) The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. To the extent that any rule or procedure adopted by the

Committee is inconsistent with a provision of the Plan that is administrative, technical or ministerial in nature, the Plan shall be deemed amended to the extent of the inconsistency.

(b) In the event of suspension of the Plan, no additional deferrals shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of this Plan, the Prior Otis Plan and the applicable Elections on file.

(c) Upon the termination of the Plan with respect to all Participants, and termination of all arrangements sponsored by the Corporation or its affiliates that would be aggregated with the Plan under Section 409A, the Corporation shall have the right, in its sole discretion, and notwithstanding any Elections made by the Participant, to distribute the Participant's vested Account in full, to the extent permitted under Section 409A. All distributions that may be made pursuant to this Section 6.02(c) shall be made no earlier than the 13th month and no later than the 24 months after the termination of the Plan. The Corporation may not accelerate distributions pursuant to this Section 6.02(c) if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. Section 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate distributions under this Section 6.02(c), it shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination. The Committee may also provide for distribution of Plan Accounts following a termination of the Plan under any other circumstances permitted by Section 409A.

#### **6.03 Reports to Participants**

The Committee shall make available an annual statement to each Participant reporting the value of the Participant's Account and his or her account(s) under the Prior Otis Plan as of the end of the most recent Plan Year.

#### **6.04 Delegation of Authority**

The Committee may delegate to officers of the Corporation any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its members.

#### **6.05 Distribution of Shares**

The Otis Deferred Stock Units granted under the Plan shall be issued under the LTIP, but subject to administration and distribution in accordance with the terms of this Plan. All shares of

Otis Common Stock so distributed in accordance with the terms of the Plan shall be transferred to a brokerage account designated by the Participant entitled to receive the shares. This Plan shall be under no obligation to hold or issue shares of UTC or Carrier Common Stock.

**ARTICLE VII**  
**MISCELLANEOUS**

**7.01 Rights Not Assignable**

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

**7.02 Certain Rights Reserved**

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

**7.03 Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee determines to be required by law to be withheld from such credits and payments.

**7.04 Compliance with Section 409A**

This Section 7.04 shall apply notwithstanding any other provision of this Plan. To the extent that rights or payments under this Plan are subject to Section 409A, the Plan shall be construed and administered in compliance with the conditions of Section 409A and regulations and other guidance issued pursuant to Section 409A for deferral of income taxation until the time the compensation is paid. Any distribution election that would not comply with Section 409A of

the Code shall not be effective for purposes of this Plan. To the extent that a provision of this Plan does not comply with Section 409A of the Code, such provision shall be void and without effect. The Corporation does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment, however. In no event shall the Corporation; any director, officer, or employee of the Corporation (other than the Participant); or any member of the Committee be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of the Plan's failure to satisfy the requirements of Section 409A, or as a result of the Plan's failure to satisfy any other requirements of applicable tax laws. In the event that a Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Corporation), amounts that constitute "non-qualified deferred compensation" within the meaning of Section 409A that would otherwise be payable during the six-month period immediately following a Participant's Separation from Service by reason of such Separation from Service shall instead be paid or provided on the first business day of the seventh month following the month in which Participant's Separation from Service occurs.

#### **7.05 Incompetence**

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a distribution is due under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any distribution that is due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be distributed, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant, or Beneficiary, or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such distribution of shares or cash payment (as the case may be) shall be a complete discharge of any liability under the Plan with respect to the amount so distributed or paid.

#### **7.06 Inability to Locate Participants and Beneficiaries**

Each Participant and Beneficiary entitled to receive a distribution under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable to locate a Participant or Beneficiary to whom a distribution is due under the Plan, the total amount payable

to such Participant or Beneficiary shall be forfeited as of the last day of the calendar year in which the distribution first becomes due.

#### **7.07 Successors**

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term “successors” as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Corporation, and any successors and assigns of any such corporation or other business entity.

#### **7.08 Usage**

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan.

(b) *Number.* The singular form shall include the plural, where appropriate.

#### **7.09 Severability**

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

#### **7.10 Share Ownership Requirements**

Participants, including Otis Transferred Directors, are expected to own shares of Otis Common Stock and have Deferred Stock Units equal in aggregate value to at least five times the then applicable base Annual Retainer amount set forth in Section 3.01 no later than the fifth Annual Meeting following a Participant’s first election to the Board.

**7.11 Governing Law**

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

**APPENDIX A**

This Appendix A sets forth the United Technologies Corporation Board of Directors Deferred Stock Unit Plan as in effect on October 3, 2004, as assumed by Otis Worldwide Corporation with regard to Otis Transferred Directors (as defined below) (this “Prior Otis Plan”), and as modified thereafter, from time to time, in a manner that does not constitute a “material modification” for purposes of Section 409A. Amounts that were earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of this Prior Otis Plan.

Effective October 13, 2010, but prior to the Spin-off (as defined below), Stock Units credited to Participants under this Prior Otis Plan were convertible into shares of UTC Common Stock that were issued under the LTIP of United Technologies Corporation. Notwithstanding any provision of this Prior Otis Plan to the contrary, all distributions with respect to Stock Units under this Prior Otis Plan shall be distributed in shares of Common Stock. The settlement of Stock Units in shares of Common Stock in lieu of cash shall in no event: (a) increase the value of any Participant’s Account; (b) modify any Participant’s distribution election; or (c) alter the procedures in effect under this Prior Otis Plan with respect to elections and distributions other than the substitution of shares for cash.

Effective as of the Spin-off from United Technologies Corporation of Otis Worldwide Corporation (“Otis”) and Carrier Global Corporation (“Carrier”) into separate, independent public companies in 2020 (the “Spin-off”), Stock Units credited to Participants under this Prior Otis Plan were converted, at Spin-off, into Otis, UTC, and Carrier Stock Units. Effective on and after the Spin-off date, the term “Company” shall mean Otis Worldwide Corporation. Otis Deferred Stock Units credited to Participants under this Prior Otis Plan shall be convertible into shares of Otis Common Stock; however, UTC and Carrier Deferred Stock Units shall be distributed in cash. Payment of any installment in shares of Otis Common Stock with respect to Otis Deferred Stock Units and cash with respect to UTC and Carrier Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Otis, UTC and Carrier Deferred Stock Units. For these purposes, the definition of “Closing Price” shall include the price of the underlying referenced security for an Otis Stock Unit or Carrier Stock Unit, as applicable; the

definition of "Stock Unit" shall include a hypothetical share of Otis and Carrier, as applicable; and Otis Stock Units and Carrier Stock Units shall be increased or otherwise adjusted under Sections 402(a)(2) and (4) by reference to the underlying referenced security for an Otis Stock Unit or Carrier Stock Unit, as applicable.

The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (a) increase the value of any Participant's Account; (b) modify any Participant's distribution election; or (c) alter the procedures in effect under this Prior Otis Plan with respect to elections and distributions other than the substitution of cash for certain shares.

**UNITED TECHNOLOGIES CORPORATION**

**BOARD OF DIRECTORS**

**DEFERRED STOCK UNIT PLAN**

Effective January 1, 1996

**UNITED TECHNOLOGIES CORPORATION  
BOARD OF DIRECTORS  
DEFERRED STOCK UNIT PLAN**

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**ARTICLE I**  
**INTRODUCTION**

**1.01 Purpose of Plan**

The purpose of the Plan is to enhance the Company's ability to attract and retain non-employee members of the Board whose training, experience and ability will promote the interests of the Company and to directly align the interests of such non-employee Directors with the interests of the Company's shareowners by providing compensation based on the value of UTC Common Stock. The Plan is designed to permit such non-employee directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board.

**1.02 Effective Date of Plan**

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's annual Director's retainer Fees with respect to service on and after January 1, 1996.

**ARTICLE II**  
**DEFINITIONS**

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

**Account** shall mean a bookkeeping account established for a Participant under Section 4.01.

**Article** shall mean an article of the Plan.

**Beneficiary** shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

**Board** shall mean the Board of Directors of the Company.

**Closing Price** shall mean, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

**Committee** shall mean the Nominating Committee of the Board.

**Company** shall mean United Technologies Corporation.

**Director's Fees** shall mean the annual retainer fee payable to a Participant for services to the Company as a member of the Board. Director's Fees do not include special meeting fees.

**Participant** shall mean each member of the Board (other than a member of the Board who is also an employee of the Company or a subsidiary thereof) who is or becomes a member of the Board on or after January 1, 1996.

**Payment Anniversary Date** shall mean an anniversary of the Payment Commencement Date.

**Payment Commencement Date** shall mean the first business day of the first month following the month in which the Participant terminates service as a member of the Board.

**Plan** shall mean this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as set forth herein and as amended from time to time.

**Plan Year** shall mean the calendar year.

**Section** shall mean a Section of the Plan.

**Stock Unit** shall mean a hypothetical share of UTC Common Stock as described in Section 4.02.

**UTC Common Stock** shall mean the common stock of the Company.

### ARTICLE III

#### CREDITS

##### 3.01 Transition Credits

As soon as practicable on or after January 1, 1996, the Company shall credit to the Account of each Participant a number of Stock Units determined in accordance with the schedules set forth in Appendix I and Appendix II to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under the United Technologies Corporation Directors Retirement Plan as of its termination on December 31, 1995. The credits set forth in Appendix II shall be provided in lieu of any benefits to which the Participant otherwise would be entitled under certain deferred compensation arrangements entered into prior to January 1, 1996. The number of units set forth in Appendix II shall equal the number of tax deferred stock units (if any) credited to the Participant under any such prior deferred compensation arrangement, determined as of December 31, 1995.

##### 3.02 Automatic Credits

As of the beginning of each Plan Year, the Company shall credit Stock Units to each Participant's Account equal in value to 60% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1).

### **3.03 Elective Credits**

A Participant may elect, with respect to each Plan Year, to defer the entire portion (but not a partial portion) of the 40% of the Participant's Director's Fees that are not automatically deferred in accordance with Section 3.02 and that otherwise would be paid to the Participant in cash. If the Participant makes such an election, the Company shall credit Stock Units to the Participant's Account equal in value to 40% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1), as of the beginning of the Plan Year with respect to which the election is made (or, if later, as of the first day in the Plan Year on which the individual becomes a Participant). An election under this Section 3.03 shall be made in a form and manner satisfactory to the Committee and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that an individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant.

## **ARTICLE IV ACCOUNTS AND INVESTMENTS**

### **4.01 Accounts**

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article III, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Section 4.02, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts shall be maintained to the extent the Committee determines them to be necessary or useful in the administration of the Plan.

### **4.02 Stock Units**

(a) **Deemed Investment in UTC Common Stock.** Except as provided in subsection (b), below, a Participant's Account shall be treated as if it were invested in Stock Units that are equivalent in value to the fair market value of shares of UTC Common Stock in accordance with the following rules:

(1) *Conversion into Stock Units.* Any Director's Fees credited to a Participant's Account for a Plan Year under Section 3.02 or 3.03 shall be converted into Stock Units (including fractional Stock Units) by dividing the amount credited by the Closing Price on the first business day of the Plan Year; provided that in the case of an individual who becomes a Participant after the first day of a Plan Year, the Closing Price shall be determined as of the day on which the individual becomes a Participant.

(2) *Deemed Reinvestment of Dividends.* The number of Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Stock Units credited to a Participant's Account as a result of such increase shall be determined by (i) multiplying the total number of Stock Units (excluding fractional Stock Units) credited to the Participant's Account immediately before such increase by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(3) *Conversion Out of Stock Units.* The dollar value of the Stock Units credited to a Participant's Account on any date shall be determined by multiplying the number of Stock Units (including fractional Stock Units) credited to the Participant's Account by the Closing Price on that date.

(4) *Effect of Recapitalization.* In the event of a transaction or event described in this paragraph (4), the number of Stock Units credited to a Participant's Account shall be adjusted in such manner as the Committee, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (4) if (i) it is a dividend (other than regular quarterly dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Committee determines that such transaction or event affects the shares of UTC Common Stock, such that an adjustment pursuant to this paragraph (4) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) *Change in Deemed Investment Election.* A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have such Account credited with Stock Units during the installment period unless the Participant irrevocably elects to have his or her Account treated, as of the Payment Commencement Date, as if the Account were invested in cash. If a Participant makes such election, the Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the January through October Period in the calendar year prior to the Plan Year in which the interest is credited, plus 1%. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made before the Payment Commencement Date.

#### **4.03 Hypothetical Nature of Accounts and Investments**

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds or assets. The Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

### **ARTICLE V PAYMENTS**

#### **5.01 Entitlement to Payment**

Credits to a Participant's Account under Section 3.02 or 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made solely in cash and as further provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

#### **5.02 Payment Commencement Date**

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made in a lump sum to the Participant's Beneficiary as soon as practicable after

the Committee receives all documents and other information that it requests in connection with the payment.

### 5.03 Form and Amount of Payment

(a) *Fifteen Annual Installments.* A Participant shall receive his or her benefits in 15 annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment or in less than 15 annual installments in accordance with subsection (b), below. Annual installments shall be payable to the Participant in cash beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one- fifteenth (1/15th) of the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of 15 over the number of installment payments previously made (i.e., 1/14th, 1/13th, etc.). If the Participant dies after the Participant's Payment Commencement Date but before all 15 installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) *Lump Sum, or Less Than 15 Annual Installments.* A Participant may elect to receive his or her benefits under the Plan in the form of a lump-sum payment or in two to fourteen installments in lieu of the fifteen installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash as of the Payment Commencement Date and shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Installments shall be paid in the manner set forth in subsection (a) above, except that for purposes of determining the amount of the first annual installment, the denominator of the fraction shall equal the number of scheduled annual installments. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made at least two years before the Participant's Payment Commencement Date.

**ARTICLE VI  
ADMINISTRATION**

**6.01 In General**

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.03, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

**6.02 Plan Amendment and Termination**

The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination shall determine the right to payment in respect of any amounts that remain credited to a Participant's or Beneficiary's Account upon termination.

**6.03 Reports to Participants**

The Committee shall furnish an annual statement to each Participant (or Beneficiary) reporting the value of the Participant's (or Beneficiary's) Account as of the end of the most recent Plan Year.

**6.04 Delegation of Authority**

The Committee may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its member.

**ARTICLE VII**  
**MISCELLANEOUS**

**7.01 Rights Not Assignable**

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

**7.02 Certain Rights Reserved**

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

**7.03 Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

**7.04 Incompetence**

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any payment due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant or Beneficiary or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

**7.05 Inability to Locate Participants and Beneficiaries**

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Committee requesting payment, the Committee shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

**7.06 Successors**

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

**7.07 Usage**

- (a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan
- (b) *Number.* The singular form shall include the plural, where appropriate.

**7.08 Severability**

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness,

invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

**7.09 Governing Law**

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

July 28, 2021

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Commissioners:

We are aware that our report dated July 28, 2021 on our review of interim financial information of Otis Worldwide Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (Nos. 333-237550 and 333-240269) and Form S-8 (No. 333-237551) of Otis Worldwide Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

## CERTIFICATION

I, Judith F. Marks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2021

/s/ JUDITH F. MARKS

Judith F. Marks

President and Chief Executive Officer

## CERTIFICATION

I, Rahul Ghai, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2021

/s/ RAHUL GHAI

Rahul Ghai

Executive Vice President and Chief Financial Officer

## CERTIFICATION

I, Michael P. Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2021

/s/ MICHAEL P. RYAN

Michael P. Ryan

Vice President and Chief Accounting Officer

**Section 1350 Certifications**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Otis Worldwide Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: July 28, 2021

/s/ JUDITH F. MARKS

Judith F. Marks  
President and Chief Executive Officer

Date: July 28, 2021

/s/ RAHUL GHAI

Rahul Ghai  
Executive Vice President and Chief Financial Officer

Date: July 28, 2021

/s/ MICHAEL P. RYAN

Michael P. Ryan  
Vice President and Chief Accounting Officer