ZARDOYA OTIS, S.A.
Lorea García Jáuregui
Secretaria del Consejo de Administración

ZARDOYA OTIS, S.A.
Golfo de Salónica, 73
28033 Madrid - España
Teléfono 91 343 51 00
www.otis.com

Comisión Nacional del Mercado de Valores
Dirección General de Mercados
Edison, 4
28006 MADRID

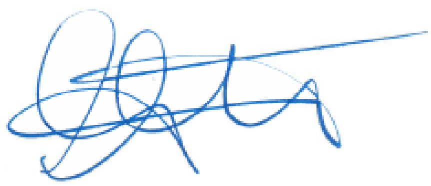
Madrid, 28 de Julio de 2021

Acompañando esta carta, adjuntamos la siguiente información en inglés:

- Auditor Report
- Condensed Consolidated Interim Financial Statements for 1st Semester 2021
- Quarterly Report for 1st Semester 2021

NOTA: la citada información en inglés ha sido traducida por la propia entidad como traducción de cortesía y no tiene la consideración de oficial, prevaleciendo en todo caso y a esos efectos la versión en castellano.

Atentamente,



Lorea García Jáuregui

Limited review report of Zardoya Otis, S.A. and subsidiaries

(Together with the Condensed Consolidated Interim Financial Statements and the Consolidated Interim Directors' Report of Zardoya Otis, S.A. and subsidiaries for the period ended 31 May 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Limited Review Report on the Condensed Consolidated Interim Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Zardoya Otis, S.A.

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Zardoya Otis, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the statement of financial position at 31 May 2021, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes thereto for the six-month period then ended (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union, for the preparation of condensed interim financial information, pursuant to article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 31 May 2021 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 30 November 2020. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 31 May 2021 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have determined that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 31 May 2021. Our work is limited to the examination of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Zardoya Otis, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of the board of directors of Zardoya Otis, S.A. in relation to the publication of the six-monthly financial report required by article 119 of the Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

María Lacarra
28 July 2021

ZARDOYA OTIS S.A.
AND SUBSIDIARIES

Condensed Consolidated Interim Financial
Statements for the six-month period ended
May 31, 2021

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim Financial Statements for the six-month period ended May 31, 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

		May 2021	November 2020	May 2020
	ASSETS			
	Non-current assets			
	Property, plant & equipment (Note 7)	67,677	64,134	60,193
	Leased assets (Note 26)	22,573	28,516	27,624
	Intangible assets (Note 8)	151,744	156,852	164,899
	Goodwill (Note 8)	162,033	161,078	162,363
	Non-current financial assets (Notes 9 & 28)	7,035	8,009	7,992
	Deferred tax assets (Note 14)	23,361	22,833	23,877
	Total non-current assets	**434,423**	**441,422**	**446,948**
	Current assets			
	Inventories (Note 16)	29,098	29,479	30,247
	Trade and other receivables (Notes 9 & 28)	206,339	205,634	201,814
	Current financial assets (Notes 9 & 28)	59	106	214
	Cash and cash equivalents (Note 28)	52,257	57,886	40,785
	Total current assets	**287,753**	**293,105**	**273,060**
	Total assets	**722,176**	**734,527**	**720,008**

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim Financial Statements for the six-month period ended May 31, 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

		May 2021	November 2020	May 2020
	EQUITY			
	Share capital (Note 10)	47,046	47,046	47,046
	Share Premium	306	306	306
	Legal reserve	11,290	10,914	10,538
	Reserves in subsidiaries & other reserves	256,180	284,942	269,935
	Treasury stock (Note 11)	(3,061)	(8,087)	(2,572)
	Retained earnings	133,144	140,404	151,133
	Interim dividends paid (Note 25)	(66,733)	(68,161)	(75,212)
	Exchange differences	(98)	(25)	(109)
	Non-controlling interests	2,666	10,473	11,184
	Total equity	**380,740**	**417,811**	**412,249**
	LIABILITIES			
	Non-current liabilities			
	Provisions (Note 17)	11,296	11,040	9,687
	Lease liabilities (Note 26)	11,919	17,696	18,077
	Non-current financial liabilities (Notes 12 & 28)	3,679	5,003	5,655
	Deferred tax liabilities (Note 14)	22,301	22,658	23,450
	Total non-current liabilities	**49,195**	**56,397**	**56,869**
	Current liabilities			
	Provisions (Note 17)	12,812	11,721	11,571
	Lease liabilities (Note 26)	10,655	10,820	9,547
	Current financial liabilities (Notes 12 & 28)	37,655	3,466	8,406
	Trade and other payables (Notes 12 & 28)	221,487	229,108	209,740
	Current tax liabilities (Note 13)	9,632	5,204	11,626
	Total current liabilities	**292,241**	**260,319**	**250,890**
	Total liabilities	**341,436**	**316,716**	**307,759**
	Total equity and liabilities	**722,176**	**734,527**	**720,008**

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim Financial Statements for the six-month period ended May 31, 2021

CONDENSED CONSOLIDATED INCOME STATEMENT
(Thousands of euros)

		Six-month period ended May 31	
		2021	**2020**
	Sales (Note 18)	402,434	387,736
	Other income	964	892
	Raw materials and consumables used (Note 20)	(135,959)	(123,746)
	Employee compensation and benefit expenses (Note 19)	(136,451)	(136,281)
	Depreciation, amortization and impairment charges (Notes 7, 8 & 26)	(15,588)	(14,563)
	Impairment of trade and other receivables (Note 9)	(751)	(673)
	Other expenses (Note 21)	(24,712)	(25,650)
	Operating profit	**89,937**	**87,715**
	Finance income (Note 22)	30	61
	Finance cost (Note 22)	(441)	(588)
	Net exchange differences (Note 22)	48	(79)
	Other (losses) / gains	75	(4)
	Profit before tax	**89,649**	**87,105**
	Income tax (Note 23)	(22,700)	(21,242)
	Profit for the period	**66,949**	**65,863**
	Attributable to:		
	Owners of the parent company	66,411	65,366
	Non-controlling interests	538	497
	Basic earnings per share (in euros per share)		
	- Profit from continuing activities (Note 24)	0.14	0.14

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim Financial Statements for the six-month period ended May 31, 2021

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
(Thousands of euros)

	Six month period ended May 31	
	2021	**2020**
Profit for the period	66,949	65,863
Other comprehensive income		
Items that may subsequently be taken to P&L:		
Exchange rate differences	(73)	(171)
Total comprehensive income for the period, net of taxes	66,876	65,692
Attributable to:		
– Owners of the parent company	66,338	65,195
– Non-controlling interests	538	497

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of euros)

	Share capital	Share premium	Attributable to owners of the parent company: Legal reserve	Treasury stock	Accumulated foreign exchange difference	Reserves in subsidiaries and other reserves	Retained earnings	Non-controlling Interests	Total equity
Balance at November 30, 2020	**47,046**	**306**	**10,914**	**(8,087)**	**(25)**	**264,573**	**92,612**	**10,472**	**417,811**
Profit for the period	-	-	-	-	(73)	-	66,411	538	66,876
Transactions with shareholders or owners									
Application of 2020 profit (Note 25)	-	-	376	-	-	40,015	(140,404)	-	(100,013)
Dividend for 2020 (Note 25)	-	-	-	-	-	-	100,013	-	100,013
Interim dividend 2020 (Note 25)	-	-	-	-	-	-	(31,852)	-	(31,852)
Interim dividend 2021 (Note 25)	-	-	-	-	-	-	(32,898)	-	(32,898)
Dividend charged to reserves in F.Y. 2021 (Note 25)	-	-	-	-	-	(33,835)	-	-	(33,835)
Purchase of treasury stock	-	-	-	(12,096)	-	-	-	-	(12,096)
Transactions with non-controlling interests	-	-	-	17,122	-	(2,294)	-	(8,344)	6,484
Other movements	-	-	-	-	-	250	-	-	250
Balance at May 31, 2021	**47,046**	**306**	**11,290**	**(3,061)**	**(98)**	**268,709**	**53,882**	**2,666**	**380,740**

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim Financial Statements for the six-month period ended May 31, 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of euros)

	Share capital	Share premium	Attributable to owners of the parent company					Non-controlling Interests	Total equity
			Legal reserve	Treasury stock	Accumulated foreign exchange difference	Reserves in subsidiaries and other reserves	Legal reserve		
Balance at November 30, 2019	**47,046**	**306**	**10,538**	**(2,572)**	**62**	**269,935**	**85,767**	**11,852**	**422,934**
Profit for the period	-	-	-	-	(171)	-	65,366	497	65,692
Transactions with shareholders or owners									
Interim dividend 2019	-	-	-	-	-	-	(37,606)	-	(37,606)
Dividend 2020	-	-	-	-	-	-	(37,606)	-	(37,606)
Other movements	-	-	-	-	-	-	-	(1,165)	(1,165)
Balance at May 31, 2020	**47,046**	**306**	**10,538**	**(2,572)**	**(109)**	**269,935**	**75,921**	**11,184**	**412,249**

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousands of euros)

	Six months period Ended May 31	
	2021	**2020**
Net profit	**66,411**	**65,366**
Cash flows from operating activities		
Adjustments to profit		
Amortization/depreciation/provisions (Notes 7, 8 & 26)	15,588	14,563
Provisions (Note 9)	751	673
Taxes (Note 23)	21,815	21,242
Other gains / (losses)	683	0
Finance expenses	393	667
Finance income	(30)	(61)
Profit attributable to non-controlling interests	538	497
Changes in working capital		
Tax payments	(18,680)	(20,127)
Changes in inventories	736	(7,073)
Changes in trade and other receivables	(521)	6,824
Changes in trade and other payables	336	(4,475)
Net cash flow from operating activities	**88,020**	**78,096**
Cash flows from investing activities		
Payments for investments		
Investment in property, plant & equipment (Notes 7 y 8)	(6,822)	(1,836)
Investment in intangible assets	(215)	(802)
Acquisition of subsidiaries	(2,847)	(4,676)
Collections from investments		
Business combinations	(644)	27
Net cash flow from investing activities	**(10,528)**	**(7,287)**
Cash flows from financing activities		
Payments for		
Dividends paid (Note 25)	(64,751)	(75,212)
Bank borrowings	(1)	(531)
Operating leases (Note 27)	(6,274)	(4,871)
Treasury stock	(12,096)	0
Net cash flows from financing activities	**(83,122)**	**(80,614)**
Net increase/(decrease) in cash and cash equivalents	**(5,630)**	**(9,805)**
Cash & cash equivalents at the beginning of the period	57,886	50,589
Cash & cash equivalents at the end of the period	52,257	40,785

Notes 1 to 32 form an integral part of these Condensed Consolidated Interim Financial Statements.

ZARDOYA OTIS S.A. AND SUBSIDIARIES – Condensed Consolidated Interim

Financial Statements for the six-month period ended May 31, 2021

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Thousands of euros)

1. General information

Zardoya Otis S.A. (hereinafter, the Company) and its subsidiaries (together, the Group) have the main business activity of the manufacture and installation of elevators, the provision of the related maintenance service and the export of equipment for installation abroad. The Group has manufacturing plants in Madrid and San Sebastian and a modernization centre in Vigo (Pontevedra).

ZARDOYA OTIS S.A. is a company incorporated and registered in Madrid. Its head offices are in Madrid, calle Golfo de Salónica 73.

Alder Holdings SAS, incorporated in France, holds an interest in the Group of 50.01% of the Company’s shares. This company forms part of the Otis Group, incorporated in the United States, where the ultimate parent is Otis Worldwide Corporation. The Company is listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

The annual consolidated financial statements for the year 2020 were approved by the Board of Directors on February 23, 2021 and by the General Shareholders’ Meeting held on May 19, 2021. These condensed consolidated interim financial statements were approved by the Board of Directors on July 27, 2021 and submitted to a limited review by the Group auditor at the Board’s request.

2. Bases of presentation

The condensed consolidated interim financial statements of the Group (Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto, all of which are condensed, consolidated and interim), expressed in thousands of euros, for the six-month period ended May 31, 2021 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and must be read in conjunction with the consolidated annual financial statements for the year ended November 30, 2020, which were prepared in accordance with International Financial Reporting Standards endorsed by the European Union (IFRS-EU) and approved under the European Commission Regulations currently in force.

3. Accounting policies

The accounting policies and consolidation processes applied in these condensed consolidated interim financial statements for the six-month period ended May 31, 2021 are the same as those used when preparing the consolidated annual financial statements for the annual period ended November 30, 2020. No changes in accounting regulations have come into force during 2021, except for the following

-Amendments to IFRS 3: Definition of a Business. Clarification of the definition of a business.

-Amendments to IAS 1 and IAS 8: Definition of Material. Amendments to align the definition of material with the definition used in the Conceptual Framework.

-Amendments to IFRS 9, IAS 39 and IFRS 7: Benchmark Interest Rate Reform – Phase 1: amendments related to the benchmark interest rate reform currently in progress, IBOR Reform Phase 1.

-Amendments to IFRS 16: Covid-19 Related Rent Concessions. The entity must apply the rule in its first financial statements under IFRS for periods beginning on or after 1 June, 2020.

-Amendments to IFRS 16 Leases: Rent Concessions: amendments to make it easier for lessees to account for Covid-19 related rent concessions.

-Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: provisions for onerous contracts.

This amendments do not suppose significant changes compared with the ones applied in 2020.

Significant changes in the six-month period

The accounting estimates used are the same as those used for the annual financial statements for the year ended in November 2020. In the first half of 2021, no value adjustments were applied that significantly affected the items included in the assets, liabilities, equity, profit and loss or cash flows presented. The corporate income tax calculated corresponds to the tax rate expected to be applicable to the profit for the entire 12-month period.

Impacts of COVID-19

The communications of regular public information published previously for 2020 set out the measures that the Zardoya Otis Group has, in the light of the situation caused by the pandemic, adopted to ensure the health and safety of its customers and employees, as well as the continuity of its operations and the service levels, within the limitations imposed by the regulations in force in each phase of the process.

Specifically, the Zardoya Otis Group implemented an Action Plan for Mitigation of the Effects of COVID-19, the main features of which were:

- Creation of a Crisis Committee with the participation of the General Management, Human Resources, Health, Safety and Works, Operations, Manufacturing, Medical Services, IT and the Communication area, intended to monitor the situation in real time and implement the necessary response actions.
- Actions were implemented with preventive measures to protect employees and customers, assessing the Specific Risk in the different activities (on-site workers, administrative and sales representatives and plant workers). The expenses incurred in these measures have no significant effect on these financial statements.
- Actions to maintain service continuity through the relevant Contingency Plans.
- Actions to mitigate the supply risk in respect of our service, material and equipment suppliers. Possible risks were identified, with actions to mitigate them, and savings were implemented through a reduction in certain supplies and services.

In the first six months, there were no significant impacts on the Group's activity due to COVID-19.

4. Changes in the companies that form part of the Group and transactions with non-controlling interests

In the six-month period to which these condensed consolidated interim financial statements refer, the following transactions and changes in the consolidated group took place, as well as transactions with non-controlling interests through the treasury share program for a total of 3,011,939 shares:

- On December 22, 2020, Zardoya Otis acquired a non-controlling interest of 20% in Ascensores Eleva, S.L. by handing over treasury shares it held on its portfolio on the transaction date.

- On March 4, 2021, Zardoya Otis acquired a non-controlling interest of 48% in Montes Tallón, S.A. by handing over treasury shares it held on its portfolio on the transaction date.

- On March 11, 2021, it acquired 100% of Ascensores Fit, S.L. by handing over treasury shares it held on its portfolio on the transaction date.

The only transaction that took place outside the treasury share program was:

- Portis S.L. acquired 100% of the shares of Puertas Automáticas Karpy S.L.U. on February 12, 2021 for a value of EThs 700. The company's activity is the assembly, maintenance and repair of automatic doors in León (see Note 27).

Financial risk management

Financial risk factors

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

Risk management is controlled by Group Management in accordance with policies approved by the Board of Directors of the parent company. Management assesses and hedges financial risks in close collaboration with the Group's operating units, in order to:

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

a) Market risk

(i) Foreign Exchange risk

The Group operates internationally and, therefore, is occasionally exposed to foreign exchange risk arising from transactions in US dollars. Foreign exchange risk arises from future commercial transactions and assets and liabilities recognized. However, these transactions are not significant and the effect of a change in the interest rate would not have a material effect on the Group's condensed consolidated financial information as of May 31, 2021.

To hedge the foreign exchange risk on future commercial transactions for importing materials, Group companies can use forward contracts negotiated by the Otis Group Treasury Center if the risk is seen to increase.

The Group holds an investment in foreign currency in Otis Maroc S.A., the net assets of which are exposed to foreign exchange risk. However their value is not significant and the effect of a change in the exchange rate would not have a material effect on the Group's financial statements.

In relation to commercial export and import transactions, the Group is exposed to exchange rate risk that is not significant. At May 31, 2021, the only outstanding balances in currencies other than the euro were payables with a value equivalent to EThs 1,448 (EThs 1,476 at May 31, 2020).

b) Credit risk

The Group's credit risk arises mainly on trade receivables and bank deposits.

Regarding the risk on trade receivables, the Group has no significant concentrations of risk with customers and there are no significant old credit balances (Note 9) with a single customer. The Group has policies in place to ensure that installation sales are made to customers with appropriate credit histories and, in addition, regular debt-monitoring procedures are conducted by the departments involved in debt collection.

To minimize credit risk, the Group has risk management policies in place to limit the amount of risk with any one financial institution.

The Group assesses the expected credit losses associated to its trade receivables prospectively.

The Group applies the simplified approach of IFRS 9 to measure the expected credit losses. This requires lifetime expected losses to be recognized for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been regrouped on the basis of shared credit risk characteristics and the days past due. Contract assets are related to work in progress not yet invoiced and have substantially the same risk characteristics as trade receivables for the same types of contracts.

The Group has concluded that the expected loss rates for trade receivables are reasonably close to the loss rates for contract assets.

The Group's model considers internal information, such as the balance exposed in trade receivables, external factors, such as customer credit ratings and risk ratings by agencies, as well as the specific circumstances of the customers on the basis of the information available on past events, present conditions and prospective elements.

At May 31, 2021, the provision for impairment of trade receivables was EThs 70,761 (EThs 68,921 at May 31, 2020).

At May 31, 2021, the Group held current bank deposits of EThs 9,448 (EThs 5,380 at May 31, 2020). The banks and financial institutions with which the Group works enjoy recognized prestige and high credit ratings in Spain and Portugal.

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. For this purpose, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

As of May 31, 20210, cash and cash equivalents represented EThs 52,256 (EThs 40,785 at May 31, 2020), including amounts held as cash, in banks and as current deposits with financial institutions.

The change in the statement of cash flows in relation to operating, investing and financing activities is shown below:

	05.31.21	05.31.20
Cash at beginning of period	**57,886**	**50,589**
Cash flow from operating activities	88,020	78,096
Cash flow from investing activities	(10,528)	(7,287)
Cash flow from financing activities	(83,122)	(80,613)
Cash at end of period	**52,257**	**40,785**

d) Cash flow and fair value interest rate risk

As the Group does not hold important remunerated assets, income and cash flows from operating activities are substantially independent of changes in market interest rates.

The Group does not use financial derivatives to hedge interest rate risks derived from its activity.

The Group's interest rate risk arises on non-current borrowings tied to variable indexes. The variable interest rate applied to the loans from financial institutions is subject to fluctuations in the Euribor.

At the end of May 2021, the Group dd not hold any debt with financial institutions tied to either a fixed or variable interest rate.

e) Capital risk management

The Group's objectives in relation to capital management are to safeguard its capacity to maintain sustained long-term profitability; to have the capacity to fund both its internal and external growth through acquisitions; to obtain adequate yields for the shareholders and to maintain an optimal capital structure that includes equity, the generation of its own cash from the business in each year and, as far as necessary, borrowings at the lowest cost possible.

The Group considers leverage as a capital management indicator. It is calculated by dividing the net debt by the total capital. The net debt is calculated as total borrowings plus other financial liabilities less noncurrent and current financial liabilities less cash and cash equivalents.

	05.31.2021	05.31.2020	11.30.2020
Noncurrent and current financial liabilities (Note 12)	41,334	14,061	8,469
Lease liabilities	22,574	27,624	28,516
Financial assets	(7,094)	(8,206)	(8,115)
Cash and cash equivalents	(52,257)	(40,785)	(57,886)
Net financial debt	4,557	(7,306)	(29,016)
Equity	380,740	412,249	417,811
Leverage (*)	**0.01**	**-0.018**	**-0.07**

(*) (Net financial debt/(Net financial debt + Equity))

At May 31, 2020, the net financial debt represented -0.043 of EBITDA (-0.0984 at the end of 2020). (EBITDA = Operating profit plus amortization plus depreciation).

The Group has no bank debt and the leverage ratio is positive because the financial liabilities include the outstanding dividend of EThs 33,835 at May 31, 2021 (in comparison with EThs zero at May 31, 2020). As stated in the note on Events after the Reporting Date, in 2020, the Ordinary General Shareholders' Meeting was held in June and, therefore, the distribution of the dividend and the respective liability were recognized in said month.

If we do not consider the effect mentioned in the preceding paragraph concerning the outstanding dividend, the leverage ratio would be negative: -0.08. However, eliminating said impact and the short-term impact recognized due to the application of adoption of IRFS 16, the amount of which was EThs 10,655, the working capital would be positive: EThs 40,002. As stated in Note 28, at May 31, 2021, the Group held a cash and cash equivalents balance of EThs 52,257 (EThs 40,785 at May 31, 2020), which denotes a favourable position in terms of the availability of cash.

6. Segment reporting

Zardoya Otis has Service Excellence as its main goal. From this standpoint, the objective is to satisfy vertical transport users throughout the full cycle of the product, starting with the design and manufacture of elevators, integrating the technological advances that have made the Group market leaders, applied not only to new, but also to existing buildings, and including their maintenance and replacement. In consequence, installation (and replacement) and maintenance of elevators are not considered separate segments but complementary products and services of the same nature, with an integrated production cycle, addressed to the same type of customers and with a single distribution network, that represent a single business segment for the Group, managed as such and subject to similar risks and opportunities. Therefore, the segments are identified on the basis of the geographical differentiation between the markets of Spain and Portugal and Morocco / North Africa, as they have independent supervision, as set out in IFRS 8.

The distinction between segments relates to the structure of the management information that is produced on a monthly basis, regularly reviewed and used as a basis for decision-making by Management and the Board of Directors.

May 2021	Sales	Operating profit	Assets			Liabilities
			Total assets	Amortization/ depreciation charge	Noncurrent investments in assets	
Zardoya Otis Group – Spain	368,972	81,575	585,456	15,227	6,593	273,091
Otis Group – Portugal	31,308	10,595	95,649	314	422	34,788
Otis Maroc – Morocco	9,500	(40)	41,071	48	91	33,557
Eliminations- intra-group transactions	(7,346)	(2,194)	-	-	-	-
Consolidated	402,434	89,937	722,176	15,588	7,106	341,436

May 2020	Sales	Operating profit	Assets			Liabilities
			Total assets	Amortization/ depreciation charge	Noncurrent investments in assets	
Zardoya Otis Group – Spain	355,148	76,040	614,297	9,323	1,948	270,183
Otis Group – Portugal	30,763	11,125	67,803	397	40	24,132
Otis Maroc – Morocco	9,143	1,079	37,898	195	705	13,444
Eliminations- intra-group transactions	(7,318)	(529)	-	-	-	-
Consolidated	387,736	87,715	720,008	9,915	2,693	307,759

Additionally, the information on the parent company and the subsidiaries is shown separately:

May 2021	Sales	Operating profit	Profit before tax	%	Noncurrent investments in assets
Zardoya Otis S.A.	290,287	62,764	100,975	21.62%	6,499
Spanish Group companies (20 companies)	112,339	18,812	19,601	16.75%	94
Otis Portugal Group & Enor – Portugal (3 companies)	31,308	10,595	10,605	33.84%	422
Otis Maroc – Morocco	9,500	(40)	(43)	(0.42) %	91
Group total	443,434	92,131	131,138	20.78%	7,106
Eliminations – intra-group transactions	(41,000)	(2,194)	(41,489)		
Consolidated	402,434	89,937	89,649	22.35%	7,106

May 2020	Sales	Operating profit	Profit before tax	%	Noncurrent investments in assets
Zardoya Otis S.A.	275,671	60,532	98,753	21.88	1,948
Spanish Group companies (15 companies)	102,275	15,507	16,495	15.16	0
Otis Portugal Group & Enor – Portugal (3 companies)	30,763	11,125	11,144	36.16	40
Otis Maroc – Morocco	9,143	1,079	936	11.80	705
Group total	417,853	88,243	127,328	21.07	2,693
Eliminations – intra-group transactions	(30,116)	(529)	(40,223)		
Consolidated	387,736	87,712	87,105	22.56	2,693

Note 18 provides details of revenue by business line and segment for May 2021 and May 2020.

The operating profit of the Otis Maroc segment was affected by a non-recurring expense related to litigation concerning collection rights in a claim. The Group expects to recover EThs 608 as a result of the court appeal filed by the Group company in Morocco. If this effect is eliminated, the operating profit of the Morocco segment is positive, in line with the results in previous years.

7. Property, plant and equipment

Details of the different categories of property, plant and equipment and movement on these accounts in the six months ended May 31, 2020 and 2021, are shown below:

	Land & buildings	Machinery	Furniture, fittings & equipment	Total
As of November 30, 2019				
Cost	63,785	31,367	73,537	168,689
Accumulated depreciation	(17,582)	(25,210)	(64,355)	(107,147)
Impairment loss	0	0	0	0
Net carrying amount	**46,203**	**6,157**	**9,182**	**61,542**
2020				
Business combinations (Note 33)	-	-	8	8
Additions	-	807	1,085	1,892
Retirements	(18)	-	(181)	(199)
Depreciation charge	(545)	(743)	(1,897)	(3,185)
Eliminations from depreciation			135	135
	(563)	64	(858)	(1,357)
As of May 31, 2020				
Cost	63,182	32,174	75,034	170,390
Accumulated depreciation	(18,127)	(25,953)	(66,117)	(110,197)
Impairment loss				
Net carrying amount	**45,055**	**6,221**	**8,917**	**60,193**
As of November 30, 2020				
Cost	68,404	34,120	74,920	177,444
Accumulated depreciation	(18,734)	(26,714)	(67,862)	(113,310)
Impairment loss	-	-	-	-
Net carrying amount	**49,670**	**7,406**	**7,058**	**64,134**
Business combinations (Note 27)			97	97
Additions	91	793	5,938	6,822
Retirements	(6)	-	(987)	(993)
Depreciation charge	(537)	(677)	(1,479)	(2,693)
Eliminations from depreciation	3	-	307	310
	(449)	115	3,877	3,543
As of May 31, 2021				
Cost	68,489	34,913	79,969	183,371
Accumulated depreciation	(19,268)	(27,391)	(69,034)	(115,694)
Impairment loss	-	-	-	-
Net carrying amount	**49,221**	**7,521**	**10,935**	**67,677**

Property, plant and equipment figures include property plant and equipment in the course of construction of ETHs 5,244 (ETHs 11,483 in 2020; 2,123 in 2019), mostly due to the construction of the San Sebastián plant. Of the total property, plant and equipment net of depreciation, the value of which is ETHs 67,677 (ETHs 60,193 in May 2020), a total of ETHs 587 is in Portugal and a total of ETHs 2,483 in Morocco (ETHs 456 in Portugal and ETHs 2,634 in Morocco in 2020).

It is Group policy to take out all the insurance policies deemed necessary to cover any possible risks which could affect, among other things, the property, plant and equipment. At May 31, 2021 and 2020, none of the Group's financial liabilities were secured by property, plant and equipment and, therefore, all the property, plant and equipment was free of any charges.

8. Intangible assets

Details of the main categories of intangible assets and the movement on these accounts are shown below:

	Maintenance contracts	Goodwill	Other	Total
As of November 30, 2019				
Cost	341,749	169,262	21,223	532,234
Accumulated amortization	(176,945)	-	(15,257)	(192,202)
Impairment loss	-	(8,054)	-	(8,054)
Net carrying amount	**164,804**	**161,208**	**5,966**	**331,978**
2020				
Additions	-	705	96	801
Business combinations (Note 27)	763	450	-	1,213
Retirements	-	-	-	-
Amortization charge	(6,693)	-	(37)	(6,730)
	(5,930)	1,155	59	(4,716)
As of May 31, 2020				
Cost	342,512	170,417	21,319	534,248
Accumulated amortization	(183,638)	-	(15,294)	(198,932)
Impairment loss	-	(8,054)	-	(8,054)
Net carrying amount	**158,874**	**162,363**	**6,025**	**327,262**
As of November 30, 2020				
Cost	342,003	169,132	22,880	534,015
Accumulated amortization	(191,128)	-	(16,903)	(208,031)
Impairment loss	-	(8,054)	-	(8,054)
Net carrying amount	**150,875**	**161,078**	**5,977**	**317,930**
2021				
Additions	216	-	(3)	213
Business combinations (Note 27)	1,632	954	-	2,586
Retirements	-	-	-	-
Amortization charge	(6,953)	-	-	(6,953)
Elimination from accumulated amortization		-	-	-
	(5,105)	954	(3)	(4,180)
As of May 31, 2021				
Cost	343,851	170,086	22,877	536814
Accumulated amortization	(198,081)	-	(16,903)	(214,984)
Impairment loss		(8,054)		(8,054)
Net carrying amount	**145,770**	**162,033**	**5,974**	**313,776**

In the six-month period ended May 31, 2021, the Group carried out the business combinations mentioned in Notes 4 and 27.

At May 31, 2021, there were no indications of impairment and, therefore, the Group has not calculated the recoverable value (value in use) of any CGU at said date.

9. Financial assets by category

Details of the financial asset items included in the statements of financial position are as follows:

	May 31		
	2021	2020	11.31.20
	Thousand euros		
	Financial assets at amortized cost		
Noncurrent assets			
Other noncurrent financial assets	7,035	7,992	8,009
TOTAL	**7,035**	**7,992**	**8,009**
Current assets			
Trade and other receivables	206,339	201,814	205,634
Other current financial assets	59	214	106
TOTAL	**206,398**	**202,028**	**205,740**

9.1 Trade and other receivables

Details of trade and other receivables are as follows:

	May 31		
	2021	2020	11.31.20
	Thousand euros		
Trade receivables: sales (Note 18.2)	149,107	152,937	144,623
Trade receivables: sales to related parties (Note 28)	38,449	31,041	39,890
Sundry debtors	5,599	6,841	9,988
Employees	996	880	817
Public authorities (Nota 13)	10,684	9,261	9,327
Prepayments	1,504	854	989
TOTAL	**206,339**	**201,814**	**205,634**

<u>Trade receivables: sales and trade receivables: sales to related parties</u>

These headings include trade receivables from sales to customers. The composition of these receivables is as follows:

	May 31		
	2021	2020	11.31.20
	Thousand euros		
Trade receivables (sales) (Note 18.2)	219,868	221,858	214,906
Trade receivables (sales to related parties) (Note 28)	38,449	31,041	39,890
Total trade receivables	**258,317**	**252,989**	**254,796**
Impairment	(70,761)	(68,921)	(70,283)
TOTAL	**187,556**	**183,978**	**184,513**

Impairment

Movement on the provision for impairment of receivables was as follows:

	May 31		
	2021	**2020**	**11.30.20**
Beginning of period	70,283	69,090	69,090
Provision made (Note 21)	2,008	2,318	3,984
Reversals (Note 21)	(1,256)	(1,645)	(2,012)
Write-offs	(274)	(842)	(778)
End of period	**70,761**	**68,921**	**70,283**

The provisions and reversals are included in the income statement under the heading "Other expenses". The net provision made in the period 2021 was -0.19% of Group sales (first six months of 2020: -0.17%).

The Group makes estimates based on the age of the debt and experience in previous years, in line with a prior segregation of the customer portfolio and the current economic environment, in order to calculate the provisions necessary. In the six-month period, the Group wrote off provisions of ETHs 274 (ETHs 842 in the same period of 2020) with no effect on profit and loss. This sum was written off against the related customer accounts since it related to uncollectible balances.

To provide further details, the following is a summary of overdue receivables aged less and more than six months that are not impaired:

At May 31, 2020

Thousand euros	Total	Impaired	Net	Not yet due	Due but not impaired
Less than 6 months	90,607	(774)	89,832	70,819	19,013
Between 6 months and 1 yr	11,410	(1,141)	10,269	-	10,269
Between 1 yr and 2 yrs	18,039	(5,571)	12,467	-	12,467
Over two yrs	17,391	(17,391)	-	-	-
In litigation	45,883	(45,883)	-	-	-
Total	**183,330**	**(70,760)**	**112,568**	**70,819**	**41,749**

At May 31, 2021

Thousand euros	Total	Impaired	Net	Not yet due	Due but not impaired
Less than 6 months	114,557	(1,895)	112,662	82,463	30,199
Between 6 months and 1 yr	9,668	(4,087)	5,581	-	5,581
Between 1 yr and 2 yrs	10,457	(5,291)	5,166	-	5,166
Over two yrs	14,438	(14,438)	-	-	-
In litigation	43,210	(43,210)	-	-	-
Total	**192,330**	**(68,921)**	**123,409**	**82,463**	**40,946**

Additionally, the noncurrent assets include promissory notes received from customers maturing at more than one year, totalling EThs 4,479 (EThs 3,689 in 2020), as well as pension assets resulting from the fair value of plan assets at the reporting date less the present value of the obligation.

The Group's receivables related to sales are limited and have a low credit risk due to the short payment period and their nature.

9.2 Other financial assets

	May 31		
	2021	**2020**	**11.30.20**
	Thousand euros		
Noncurrent assets			
Notes receivable	4,479	3,689	4,287
Pensions (Note 15)	1,799	3,464	2,980
Guarantee deposits	757	839	742
TOTAL	**7,035**	**7,992**	**8,009**
Current assets			
Other current financial assets	59	214	106
TOTAL	**59**	**214**	**106**

10. Share capital

	No. shares	**Ordinary shares**	**Total**
As of November 30, 2019	**470,464,311**	**470,464,311**	**470,464,311**
Capital increase	-	-	-
As of May 31, 2020	**470,464,311**	**470,464,311**	**470,464,311**
Capital increase	-	-	-
As of November 30, 2020	**470,464,311**	**470,464,311**	**470,464,311**

	No. shares	**Ordinary shares**	**Total**
As of November 30, 2020	**470,464,311**	**470,464,311**	**470,464,311**
Capital increase	-	-	-
As of May 31, 2021	**470,464,311**	**470,464,311**	**470,464,311**

All the shares of the Group parent are of the same class and have the same voting rights.

The total number of authorized ordinary shares is 470,464,311, with a par value of 0.10 euros per share (2020: 0.10 euros per share).

All the shares issued have been subscribed and fully paid up as follows:

Owner	Shares			% shareholding		
	05/31/2021	**11/30/2020**	**05/31/2020**	**05/31/2021**	**11/30/2020**	**05/31/2020**
Alder Holdings SAS	235,279,377	235,279,377	235,279,377	50.01%	50.01%	50.01%
Euro-Syns, S.A.	53,373,751	53,373,751	53,373,751	11.34%	11.34%	11.34%
Other non-controlling interests	181,276,293	180,391,167	181,425,314	38.53%	38.34%	38.56%
Treasury shares	534,890	1,420,016	385,869	0.11%	0.30%	0.08%
	470,464,311	470,464,311	470,464,311	100%	100%	100%

All the shares of Zardoya Otis, S.A. are listed on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges.

11. Treasury stock

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2018 authorized the Board of Directors to acquire, directly or indirectly, treasury stock of Zardoya Otis, S.A., observing the limits and requirements set out in article 146 and related articles of the Capital Companies Law.

At its meeting of December 11, 2018, the Board of Directors agreed to acquire treasury stock to be used in company acquisition transactions.

As of November 30, 2020, Zardoya Otis, S.A. held 1,420,016 treasury shares for a value of ETHs 8,087. At the end of the first six months of 2021, Zardoya Otis, S.A. held 534,890 treasury shares for a value of Eths 3,061.

3,011,939 treasury shares were handed over in the following transactions:

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

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

12. Financial liabilities by category

Details of the financial liability items included in the statements of financial position are as follows:

	May 31		
	2021	2020	11.31.20
	Thousand euros		
	Financial liabilities at amortized cost		
Noncurrent liabilities			
Lease liabilities	11,919	18,077	17,696
Other financial liabilities	3,679	5,655	5,003
TOTAL	**15,598**	**23,732**	**22,699**
Current liabilities			
Lease liabilities	10,655	9,547	10,820
Trade and other payables	221,487	209,740	229,108
Other financial liabilities	37,655	8,406	3,466
TOTAL	**269,797**	**227,693**	**243,394**

12.1 Other financial liabilities

Other financial liabilities include the outstanding dividend declared in May 2021 for a sum of ETHs 33,834. The second dividend of 2020 was declared in June 2020, which is the reason for the change from one period to another.

Additionally, this caption shows the noncurrent and current debt outstanding for the purchase of non-controlling interests for amounts of ETHs 3,679 and ETHs 3,532 (ETHs 4,377 and ETHs 8,142 in May 2020). Likewise, interest of ETHs 289 on current debt is included.

Details of the maturities of these amounts are shown below:

		Noncurrent		
At May 31, 2021	**Current**	**2022**	**2023/24**	**Total**
Acquisitions 2021	1,599	-	-	-
Acquisitions until 2020	1,933	541	3,138	3,679
	3,532	541	3,346	3,679

		Noncurrent		
At May 31, 2020	**Current**	**2021**	**2022/23**	**Total**
Acquisitions 2020	7,372	3,967	410	4,377
Acquisitions until 2019	770	1,278	-	1,278
	8,142	5,245	410	5,655

12.2 Trade and other payables

Details of the composition of the trade and other payables balance at May 31, 2021 and 2020 and November 30, 2020 are shown below:

	May 31		
	2021	**2020**	**11.30.20**
Suppliers			
Suppliers	37,904	36,621	38,592
Invoices not yet received	12,563	9,849	15,674
	50,467	**46,470**	**54,266**
Suppliers – Group companies (Note 29)	**11,901**	**7,235**	**12,055**
Sundry creditors			
Other payables	4,789	4,881	4,155
Notes payable	138	122	122
Other	15,374	14,294	23,764
	20,301	**19,297**	**28,041**
Advance payments from customers			
Amounts received from customers for contract work on new sales and services	56,983	57,757	57,386
Advance payments received for maintenance contract work	26,126	26,669	21,564
	83,109	**84,426**	**78,950**
Outstanding remuneration	**27,231**	**27,085**	**27,778**
Other debt with public authorities (Note 13)	**28,478**	**25,227**	**28,018**
Total	**221,487**	**209,740**	**229,108**

Balances payable to related companies are partly in foreign currency, although there are no other significant amounts payable in foreign currency. The caption “Suppliers – Group companies” includes balances in foreign currencies other than the euro equivalent to EThs 1,447 (EThs 1,476 in 2020).

13. Public Treasury

	May 31		
	2021	2020	11.30.20
Debit balances			
Withholding tax on investment income	258	489	182
Public Treasury, VAT payable	717	477	426
Public Treasury, input VAT	8,794	7,257	7,780
Prior years taxes	915	1,038	939
Total (Note 9)	10,684	9,261	9,327
Credit balances			
Provision for corporate income tax	68,498	66,940	46,505
Payments on account of corporate income tax	(58,129)	(55,314)	(41,301)
Total	10,369	11,626	5,204
Public Treasury, withholdings operated	2,955	2,516	3,122
Public Treasury, VAT	6,252	6,304	6,954
Public Treasury, output VAT	8,686	5,889	7,410
Social Security	10,585	10,518	10,532
Total (Nota 12)	28,478	25,227	28,018

14. Deferred taxes

		May 31	
		2021	2020
Deferred tax assets			
to be recovered after more than 12 months		22,815	23,352
to be recovered within12 months		546	525
	EThs	23,361	23,877
Deferred tax liabilities			
to be recovered after more than 12 months		22,099	21,992
to be recovered within12 months		202	1,458
	EThs	22,301	23,450

Gross movement on the deferred tax account in the period was as follows:

Deferred tax assets	2021	2020
At November 30	22,833	23,474
P&L impact	528	403
At May 31	23,361	23,877
Deferred tax liabilities		
At November 30	22,658	24,947
Business combinations	407	-
P&L impact	(764)	(1,497)
At May 31	22,301	23,450

Movement on the deferred tax assets and liabilities in the period was as follows:

Deferred tax assets	Welfare commitments	Amortization intangible assets	Other	Total
At November 30, 2019	10,713	6,831	5,930	23,474
P&L impact	(770)	(126)	254	(641)
Business combinations	-	-	-	-
At November 30, 2020	9,943	6,705	6,184	22,833
P&L impact	347	-	181	528
Business combinations	-	-	-	-
At May 30, 2021	10,290	6,705	6,365	23,361

Deferred tax liabilities	Welfare commitments	Amortization intangible assets	Other	Total
At November 30, 2019	-	24,947	-	24,947
P&L impact	-	(2,508)	-	(2,508)
Business combinations (Note 33)	-	219	-	218
At November 30, 2020	-	22,658	-	22,658
P&L impact	-	(764)	-	(764)
Business combinations (Note 33)	-	407	-	407
At May 31, 2021	-	22,301	-	22,301

Deferred taxes are calculated on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated annual financial statements. In order to determine their amounts, tax rates enacted or substantially enacted at the reporting date and expected to apply when the deferred tax asset is realized or the deferred tax liability is settled are used.

The deferred tax assets come mainly from temporary differences relating to welfare commitments, the bad debt provision, delayed costs and other provisions that will reverse in future periods, mostly corresponding to Zardoya Otis, S.A. Deferred tax liabilities relate to differences generated by goodwill.

15. Welfare commitments

Post-employment commitments held with Group employees, consisting of the payment of social security benefit complements, other retirement benefits and life insurance premiums, are met through group insurance policies and are classified as defined benefit plans.

The asset of EThs 1,799 (see Note 9.2) recognized on the statement of financial position in relation to the defined-benefit plans is the fair value of the assets attached to the plan at the reporting date less the present value of the obligation. The defined benefit obligation is calculated annually, once the salary adjustment process has concluded in October, by independent actuaries, using the projected unit credit method. The consolidated income statement in these condensed financial statements shows an expense of EThs 1,230 (2020: EThs 1,151) for this item, presented as employee benefit expenses (Note 19).

At the end of the six-month period, the Company's best estimate of the contributions to be paid in 2021 was EThs 2,461 (EThs 2,362 in 2020).

16. Inventories

Details of the inventories item at May 31, 2021 and November 30, 2020 are shown below:

	May 31		
	2021	**2020**	**11.30.20**
Raw materials and other supplies	22,222	24,538	21,290
Work in progress	6,876	5,709	8,189
Total	**29,098**	**30,247**	**29,479**

Group companies hold several insurance policies to cover the risks to which inventories are exposed. The cover provided by these policies is deemed sufficient.

17. Provisions

	At May 31		
	2021	**2020**	**11.30.2020**
Noncurrent			
Other commitments with employees	11,296	9,687	11,040
Current			
Litigations, customer transactions	114	108	56
Guarantees, services and contracts	9,225	10,062	8,192
Chamber of Commerce and other taxes	3,473	1,401	3,473
	12,812	11,571	11,721

The provision for guarantees covers principally performance obligations derived from the sale to customers of products with a guarantee period, which is usually less than one year, by Group companies. The litigation provision relates to litigation risks and other risks identified as inherent to the Group's activity.

Other commitments with employees include the amount of length-of-service awards, ETHs 3,724, and share-based compensation schemes, ETHs 7,572, explained in Note 29.

The following table shows the movement on the provisions:

	Other noncurrent commitments wiith employees and other	Litigations: customer transactions	Guarantees	Other
At November 30, 2018	**10,731**	**201**	**7,938**	**2,101**
Provisions / (reversals) in income	(690)	(29)	(457)	701
Amounts used	(1,378)	-	-	-
Other	-	-	-	-
At November 30, 2019	**8,663**	**172**	**7,481**	**2,802**
Provisions / (reversals) in income	2,377	(116)	711	671
Amounts used	-	-	-	-
Other	-	-	-	-
At November 30, 2020	**11,040**	**56**	**8,192**	**3,473**
Provisions / (reversals) in income	256	0	791	300
Amounts used	-	-	-	-
Other	-	-	-	-
At May 31, 2021	**11,296**	**56**	**8,983**	**3,773**

18. Revenue

18.1 Revenue recognized in period

The breakdown of revenue by segment in May 2021 and May 2020 is set out in Note 6 of these interim financial statements.

The breakdown of sales by segments of activity at May 31, 2021 and 2020 is shown below, as well as the disaggregation of the temporary recognition of revenue, which is presented based on the breakdown requirements of IFRS 15 (Note 3).

	At May 31, 2021				
	Zardoya Otis Group Spain	**Otis Group Portugal**	**Otis Group Morocco**	**Eliminations**	**Total**
Revenue recognized at a specific moment					
Services provided	224,577	25,956	5,866	-	256,399
Exports	85,352	-	-	(7,346)	78,006
Revenue recognized over time					
Construction contract revenue	51,595	5,350	3,634	-	60,579
Exports	7,236	-	-	-	7,236
Other sales	212	2	-	-	214
Total revenue	368,972	31,308	9,500	(7,346)	402,434

	At May 31, 2020				
	Zardoya Otis Group Spain	**Otis Group Portugal**	**Otis Group Morocco**	**Eliminations**	**Total**
Revenue recognized at a specific moment					
Services provided	226,889	26,603	3,385	-	256,876
Exports	74,012	-	-	(7,318)	66,694
Revenue recognized over time					
Construction contract revenue	44,786	4,052	5,758	-	54,596
Exports	9,372	-	-	-	9,372
Other sales	90	108	-	-	198
Total revenue	355,149	30,763	9,143	(7,318)	387,736

Revenue from services provided recognized at a specific moment relates to maintenance services and the sale of equipment (exports) where there is no construction contract.

Unit installation projects are considered a single performance obligation that is met over a time period. This is because the projects are designed specifically for the customers and they are projects with a high degree of integration. Revenue from the projects is recognized over time because the Group's work produces an asset controlled by the customer which, furthermore, has no alternative use for the Group, which has the right to collect for the work completed up to the end of the fiscal year.

18.2 Assets and liabilities from customer contracts

The information on receivables, contract assets and contract liabilities from customer contracts is broken down below:

	May 31		
	2021	**2020**	**11.31.20**
Customers, revenue recognized at a specific moment	112,569	123,409	106,606
Customer contract assets	36,538	29,527	38,017
Sales to customers (Note 9.1)	**149,107**	**152,937**	**144,623**
Advance payments received from customers for contract work on new sales and services	56,983	57,757	57,386
Advance payments received from customers for maintenance contract work	26,126	26,669	21,564
Customer contract liabilities (Note 12.2)	**83,109**	**84,426**	**78,950**

The total amount of the costs incurred at the reporting date was EThs 146,123 (EThs 151,385 at May 31, 2020). This amount includes recognized profits (less recognized losses) on all contracts in progress for EThs 5,130 (2020: EThs 5,506). Amounts due from customers for contract work are shown as the net of the cost incurred at the end of the reporting period and the advance payments received from the customers for an amount of EThs 109,585 (EThs 121,858 in 2020). At May 31, 2021, the trade receivables balance showed an amount of EThs 3,477 (2020: EThs 3,900) relating to amounts withheld by customers in accordance with the conditions of their contracts. The amounts due from customers for contract work were not impaired under the expected credit loss approach.
Details of customer contract assets are as follows:

	31 de mayo	
	2021	**2020**
Cost incurred with margin	146,123	151,385
Net advance billing of advance payments received from customers	(109,585)	(121,858)
Customer contract assets	**36,538**	**29,527**

Advance payments received from customers for maintenance contract work relate to the advance billing of the contracts and the revenue is deferred in accordance with the type of invoice and accrual of the service.

Sums received from customers for new sales and service contract work is the billing associated to the contracts in progress for work not yet performed.

19. Employee benefit expenses

	At May 31	
	2021	**2020**
Wages and salaries	100,004	100,550
Social Security costs and other	33,978	34,580
Welfare commitment costs (Note 15)	2,469	1,151
	136,451	136,281

The Social Security costs and other item includes severance payments of EThs 2,208 to employees in 2021 (2020: EThs 934).

Since December 1, 2010, the long-term incentive scheme for certain Zardoya Otis executives who are also considered Otis Group executives is included. This includes Group share-based compensation (Note 29). The expense recognized for this item in the period ended May 31, 2021 is EThs 358 (EThs 358 in 2020).

20. Raw materials and consumables used

	At May 31	
	2021	**2020**
Materials and subcomponents for installations and services	174,626	151,425
Elimination of intra-group transactions	(38,942)	(27,679)
Change in inventories	275	-
	135,958	123,746

21. Other net expenses

Depending on their nature, other net expenses are broken down into:

	At May 31	
	2021	**2020**
Leases	6,820	7,308
Repairs and maintenance	1,346	1,381
Independent professionals	1,304	1,367
Transport	3,662	5,598
Insurance premiums	211	529
Advertising and publicity	1,028	1,156
Supplies	4,796	3,844
Other	3,227	3,584
Subcontracting	2,318	883
Total	**24,712**	**25,650**

22. Net financial expenses and income

	At May31	
	2021	**2020**
Interest expenses		
– loans from financial institutions	(110)	(365)
– lease interest	(331)	(223)
	(441)	(588)
Interest income:		
– bank deposits	30	61
	30	61
Net foreign exchange gains / (losses)	48	(79)
	(363)	(606)

23. Income tax

The tax expense calculated in the interim period applies the tax rate that is expected to be applicable to the profit for the full year. The amounts thus estimated may require subsequent adjustments in accordance with the Group's evolution.

	At May 31	
	2021	**2020**
Current tax expense	23,871	23,142
Deferred taxes (Note 14)	(1,171)	(1,900)
Tax expense	22,700	21,242

	At May 31	
	2021	**2020**
Profit before tax	89,649	87,105
Tax expense	22,700	21,242
Effective tax rate	25.32%	24.39%

24. Earnings per share

Basic earnings per share are calculated, in accordance with IAS 33, by dividing the profit attributable to the owners of the company by the weighted average number of ordinary shares in issue in the period, excluding treasury shares acquired by the Company.

No event that could dilute the earnings per share has occurred.

	At May 31	
	2021	**2020**
Profit attributed to the owners of the Company	66,411	65,366
Weighted average number of ordinary shares in issue during the period	469,194,948	470,850,180
Basic earnings per share	0.14	0.14

25. Dividends and partial cash distribution of the share premium

At the General Shareholders' Meeting, it was decided to distribute the profit for 2020 as follows:

Available for distribution	Amount
Profit for the period	141,699
Distribution	**Amount**
Legal reserve	376
Dividends	100,014
Voluntary reserves	41,309

Dividends distributed in 2021	**EThs**
3rd Dividend 0.068 euros gross per share, charged to the period 2020. Declared on December 15, 2020 and paid out on January 11, 2021. Shares: 470,464,311 (Treasury stock: 2,049,865 shares) Gross total = 31,991,573.15 euros	31,852
1st Dividend 0.07 euros gross per share, charged to the period 2021. Declared on March 23, 2021 and paid out on April 9, 2021. Shares: 470,464,311 (Treasury stock: 163,477 shares) Total = 32,932,501.77 Euros	32,921
Dividend charged to reserves: 0.072 euros gross per share. Declared on May 19, 202 and paid out on Jule 9, 2021 Shares: 470,464,311 (Treasury stock: 534,890 shares) Gross total = 33,873,430.39 euros	33,835

Dividends distributed in 2020	**EThs**
1st Dividend 0.080 euros gross per share, charged to the period 2020. Declared on March 20, 2019 and paid out on April 10, 2019. Shares: 470,464,311 (Treasury stock: 385,869 shares) Gross total = 37,637,144.88 euros	37,606
Dividend charged to reserves: 0.060 euros gross per share. Declared on June 16, 2020 and paid out on July 10, 2020. Shares: 470,464,311 (Treasury stock: 385,869) Gross total = 28,227,858.70 euro	28,205
2nd Dividend 0.065 euros gross per share, charged to the period 2020. Declared on September 15, 2020 and paid out on October 9, 2020. Shares: 470,464,311 (Treasury stock: 385,869) Gross total = 30,580,180.20 euros	30,555
Dividend at end of period	96,366
3rd Dividend 0.068 euros gross per share, charged to the period 2020. Declared on December 15, 2020 and paid out on January 11, 2021 . Shares: 470,464,311 (Treasury stock: 2,049,865) Gross total = 31,991,573.15 euros	31,852
TOTAL 2020	128,218

In relation to the interim dividends distributed by Zardoya Otis, S.A. in the period 2021, the existence of sufficient liquidity for their distribution was verified, in accordance with the Capital Companies Law, art. 277:

26. Leases

The right-of-use assets recognized are related to the following types of asset:

	May 31, 2021	May 31, 2020	November 30, 2020
Real estate	13,142	13,736	15,254
Equipment	1,160	377	1,528
Vehicles	8,271	13,511	11,734
Total right-of-use assets	**22,573**	**27,624**	**28,516**

At May 31, 2021, lease liabilities matured as follows:

	Current	**Noncurrent**	**Total**
Lease liabilities	10,655	11,919	22,574

The difference between the depreciation of the lease asset and the payments is classified as a financial expense. The impacts of applying the lease standard are as follows:

	May 31		
	2021	**2020**	**11.30.21**
Depreciation of assets (expense)	5,943	4,648	11,393
Operating lease payments	(6,274)	(4,871)	(12,114)
Financial expense (Note 22)	331	223	722

The reclassifications of cost increase the EBITDA for the period by EThs 6,274 (EThs 4,871 in 2020).

27. Business combinations

Portis S.L. acquired 100% of the shares of Puertas Automáticas Karpy S.L.U. on February 12, 2021 for a value of EThs 700. The company's activity is the assembly, maintenance and repair of automatic doors in León.

Additionally, Zardoya Otis acquired 100% of the shares of Ascensores FIT S.L. on March 11, 2021 in exchange for a total of 333,056 shares in the parent company, Zardoya Otis, S.A. The company's activity is the assembly, maintenance and repair of elevators in Seville for a value of EThs 2,000.

The breakdown of the consideration paid, the fair value of the net assets acquired and the goodwill on each one of the business combinations carried out during the six-month period ended May 31, 2021 is as follows:

	Total
Assets	**2,417**
Property, plant and equipment (Note 7)	97
Maintenance portfolio	1,632
Noncurrent financial investments	140
Inventories	355
Trade and other receivables	137
Cash and cash equivalents	56
Liabilities	**671**
Noncurrent debt	20
Current debt	81
Other financial liabilities	162
Deferred tax liability	408
Fair value of assets and liabilities acquired (provisional)	**1,746**
Fair value of consideration paid	**2,700**
Goodwill	**954**

The total cost of business combinations mentioned above was determined provisionally. The costs related to business combinations were expenses incurred from professional services, which were not significant and were recognized in the income statement for the period.

As the difference from the price paid, goodwill of EThs 954 and a maintenance portfolio of EThs 1,632 (Note 8) arose.

If the acquisitions had taken place at the beginning of the period, the effect on the key figures of the consolidated income statement and statement of financial position would not have been significant.

28. Financial instruments

The following table shows the carrying amounts of the financial assets and liabilities. The Group estimated that the fair values of cash and cash equivalents, lease deposits, trade and other receivables, trade and other payables, together with current loans and debt and financial lease liabilities, were close to their carrying amounts, largely because these instruments mature in the short term.

The differences between the fair values of noncurrent financial liabilities, loans and debt and lease deposits from their carrying amounts are insignificant.

May 31, 2021 (thousand euros)	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**
Financial assets not measured at fair value		
Lease deposits	757	
Noncurrent notes receivable	4,479	
Trade and other debtors	206,339	
Cash and cash equivalents	52,257	
Other current financial assets	59	
Financial liabilities not measured at fair value		
Trade and other payables		221,487
Current and noncurrent finance lease liabilities		22,574
Current and noncurrent financial liabilities		40,907
Debt represented by notes payable		138
Bank borrowings		289

May 31, 2020 (thousand euros)	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**
Financial assets not measured at fair value		
Lease deposits	839	
Noncurrent notes receivable	3,689	
Trade and other debtors	201,814	
Cash and cash equivalents	40,785	
Other current financial assets	214	
Financial liabilities not measured at fair value		
Trade and other payables		209,740
Current and noncurrent finance lease liabilities		27,624
Current and noncurrent financial liabilities		13,675
Debt represented by notes payable		122
Bank borrowings		264

The balance of cash and cash equivalents at May 31, 2021 and 2020 related to balances of cash in hand and at bank (28,808 euros at May 31, 2021 and EThs 35,548 at November 30, 2020), bank deposits maturing at less than one month (9,449 euros at May 31, 2021 and EThs 11,338 at November 30, 2020) and cash deposits with related companies (EThs 14,000 at May 31, 2021 and EThs 14,000 at November 30, 2020).

29. Related-party transactions

Alder Holdings SAS (incorporated in France) holds 50.01% of the shares of Zardoya Otis, S.A. The ultimate Group parent is Otis Worldwide Corporation (Otis), incorporated in the United States.

The following transactions were carried out with related parties:

EThs	**05.31.21**	**05.31.20**	**11.30.20**
Transactions with Otis Elevator Co			
Royalties	(10,182)	(10,124)	(19,556)
Charge-back to Otis of costs relating to the R&D Center	2,295	2,073	3,806
Transactions and balances with Otis Group companies for sales and purchases of goods and services			
Sales and expenses invoiced	81,341	70,112	151,621
Purchases and expenses incurred	(21,106)	(20,390)	(41,099)
Receivables (Note 9)	38,449	31,041	39,890
Payables (Nota 12)	(11,901)	(7,235)	(12,055)

The Group has been party to a technical assistance agreement, “Intellectual Property License Agreement”, with Otis Elevator Company since 1999. This agreement allows the Company to use the trademarks and have access to Research & Development activities and global product development. The cost of this agreement is a royalty of between 2.1% and 3.5% of sales to end customers.

Additionally, in September 2010, a “Recharge Agreement” was signed with entities which belong to the Group concerning the possibility that certain Zardoya Otis, S.A. executives who were also considered to be group executives, since they held important management responsibilities, should benefit, depending on their performance and the attainment of joint objectives of Zardoya Otis and group entities, from the group’s long-term incentive plan, which includes share-based compensation schemes. The Agreement is applicable to incentives assigned as from December 1, 2010. The cost, approved by the Audit Committee, is included in employee benefit expenses, generating a credit account with Otis Group companies (shown as other provisions in the statement of financial position). At May 31, 2021, the expense for this item was EThs 358 (2020: EThs 361), relating to the fair value of the accumulated assets to which it is indexed, which was EThs 7,572 (2020: EThs 5,574).

At May 31, 2021, the Group’s cash and cash equivalents caption included cash deposits of EThs 14,000 (2020: EThs 8,000) held by Zardoya Otis, S.A. in Otis Intercompany Lending Ireland Designated Activity Company and Otis Elevator Company. Deposits with group companies in 2020 were cash placements maturing at 30 days, which accrued an average interest rate of 0.01%, approximately 0.01 percentage points higher than the usual market rate

The global compensation for all items accrued during the year by the members of the Board of Directors was EThs 1,152 (EThs 1,195 in 2020). The amount accrued by the members of Group senior management was EThs 565 (EThs 533 in 2019).

	2021	**2020**
Fixed compensation	169	150
Variable compensation	348	240
Bylaw-stipulated items	250	433
Other long-term benefits	307	337
Pension plan contributions	77	35
TOTAL	**1,152**	**1,195**

30. Average number of employees in the period

The Group's average headcount at the end of the six-month period was 5,522 people (4,196 men and 606 women). In the same six-month period of 2020, it was 5,583 people (4,998 men and 585 women). The average number of people employed at the end of the six-month period with a disability rating of 33% or more was 52 (44 men and 8 women). In 2020, it was 49 (43 men and 6 women).

31. Seasonality

The Group has no sales subject to significant variations over the year. In this respect, maintenance revenue is recognized on a straight-line basis when accrued. Consequently, seasonality is not considered material for the purposes of these condensed consolidated interim financial statements.

32. Events after the reporting date

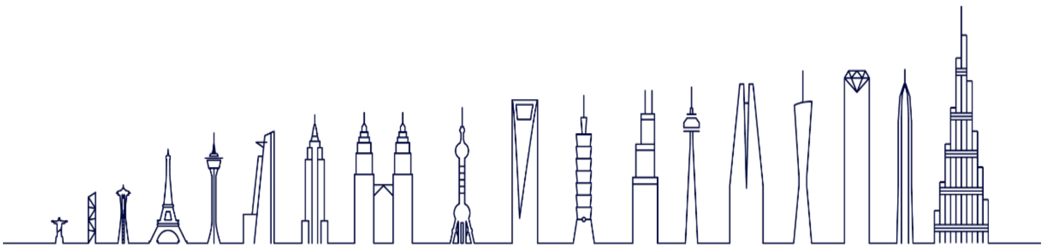
There have been no events that merit mention in this Note since the May 2021 reporting date.

ZARDOYA OTIS, S.A

QUARTERLY REPORT FOR

SECOND QUARTER 2021

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



1. ENVIRONMENT AND PROSPECTS

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

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

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

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

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

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

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

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

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

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

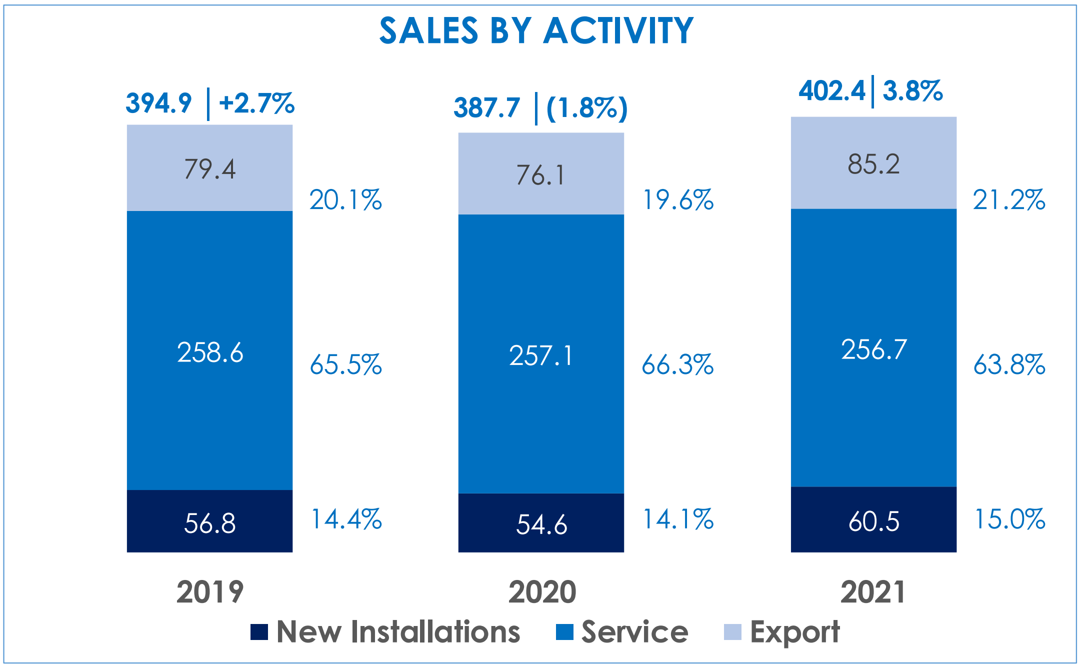
For 2021, a 7.5% growth rate in residential renovation is expected, rising to 9% in 2022. In 2023, growth will be 4.5%, which is one of the highest rates in the countries analyzed by Euroconstruct.

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

2. BUSINESS EVOLUTION

SALES:

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



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

New Installations

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

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

Service

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

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

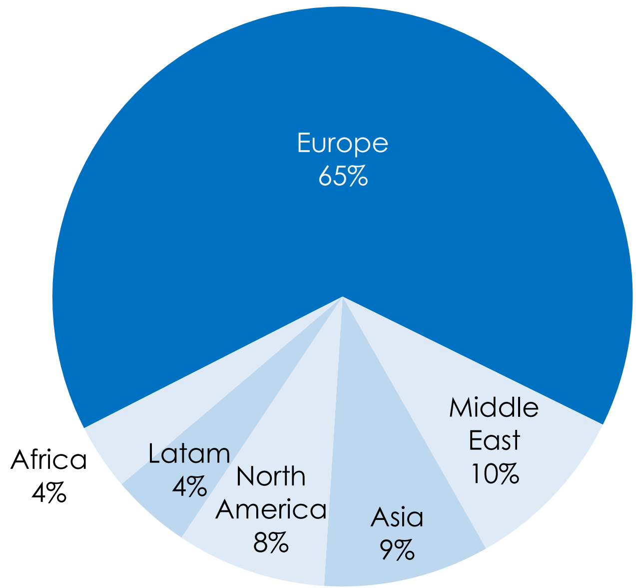
Exports

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

Exports to European countries rose by 19.4% in comparison with the same period of the preceding year and **those sent to African countries tripled**, as a result of the **development of specific products** for these markets and the initiatives that we have been taking for some time to introduce our products into these markets, as well as those of central and northern Europe, in order to offset the decline in other markets, such as Turkey and the Middle East.

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

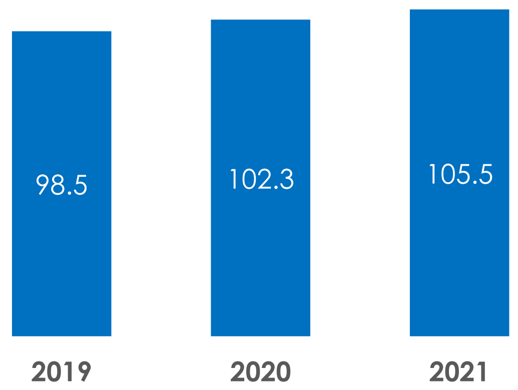
EXPORTS BY REGION



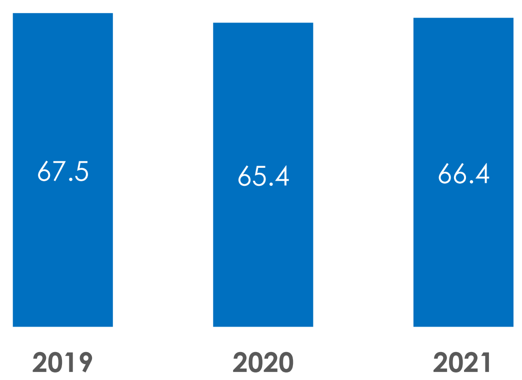
The graph shows the geographical destinations of the exports of 85.2 million euros in the first semester of 2021.

RESULTS

EBITDA (*)



CONSOLIDATED PROFIT AFTER TAX (**)



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

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

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

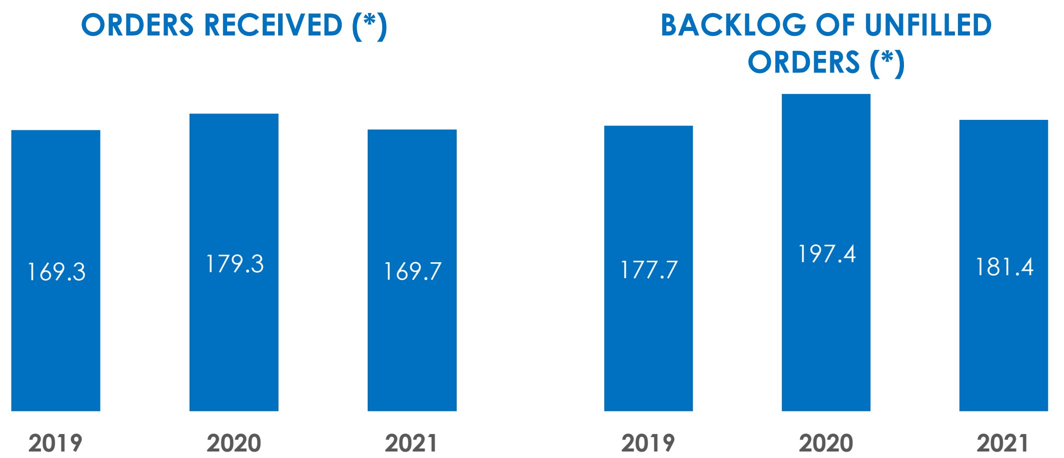
The EBITDA figures at the end of the first semesters of both 2021 and 2020 reflect the impact of application of “IFRS-16 Leases”, which introduced the requirement for companies to show leased assets attached to the activity in their statements of financial position.

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

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

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

3. OTHER KEY DATA



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

Orders received and backlog of unfilled orders

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

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

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

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

Units under maintenance

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

4. CONDENSED CONSOLIDATED INCOME STATEMENT

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

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

5. DIVIDENDS

At its meetings held in December 2020 and March 2021, the Board of Directors approved, respectively, the third interim dividend charged to the profit for 2020 and the first interim dividend charged to the 2021 profit, which were paid out as follows:

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

6. TREASURY SHARES

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

At November 30, 2020, Zardoya Otis, S.A. held 1,420,016 treasury shares with a value of EThs 8,807. At the end of the first semester of 2021, Zardoya Otis, S.A. held 534,890 treasury shares with a value of EThs 3,061.

In the first semester of 2021, 3,011,939 treasury shares were handed over in the following transactions:

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

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

7. FINANCIAL RISK MANAGEMENT FIRST SEMESTER 2021

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

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

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

8. SIGNIFICANT EVENTS IN THE FIRST QUARTER 2021 AND AFTER THE REPORTING DATE

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

ORDINARY GENERAL SHAREHOLDERS' MEETING 2021

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

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

The amount resulting from multiplying the sum of 0.072 euros by the number of treasury shares that existed at the time the shareholders became entitled to receive payment of the dividend was deducted from this maximum amount. This was the **fourth consecutive quarter in which the Company had increased the dividend paid per share**, thus demonstrating the Company's profitability in spite of the current economic circumstances.

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

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

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

9. EXHIBIT – KEY FIGURES:

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

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

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