

**ZARDOYA OTIS, S.A.**  
Calle del Golfo de Salónica, 73  
28033 Madrid

**Comisión Nacional del Mercado de Valores**  
División del Área de Mercados  
Edison, 4  
28006 — Madrid

Madrid, March 11, 2022

To the attention of the General Director of the Markets Area

Zardoya Otis, S.A. (the "**Company**") in accordance with the provisions of Article 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (the "**Market Abuse Regulation**") and Article 226 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of October 23 (the "**Securities Market Law**") communicates the following:

### **INSIDER INFORMATION**

In accordance with the provisions of articles 134.4 of the Securities Market Law and 24 of Royal Decree 1066/2007, of July 27, on the regime of tender offers for the acquisition of securities, this communication is accompanied by the report approved today by the Board of Directors of the Company in relation to the voluntary public tender offer of acquisition on 49.98% of the share capital of the Company formulated by OPAL SPANISH HOLDINGS, S.A.U., an entity indirectly controlled in its entirety by OTIS WORLDWIDE CORPORATION, indirect holder of 50.02% of the share capital of the Company and which has been authorized by the *Comisión Nacional del Mercado de Valores* (CNMV) on February 28, 2022.

What we inform you for the appropriate legal purposes.

Yours sincerely,

Lorea García Jauregui  
Secretary of the Board of Directors of Zardoya Otis, S.A.

## **FREE TRANSLATION FOR INFORMATION PURPOSES ONLY**

### **REPORT OF THE BOARD OF DIRECTORS OF ZARDOYA OTIS, S.A. IN RELATION TO THE VOLUNTARY PUBLIC TAKEOVER BID LAUNCHED BY OPAL SPANISH HOLDINGS, S.A.U.**

In a resolution passed on March 10, 2022, the board of directors (the “**Board of Directors**”) of Zardoya Otis, S.A. (“**ZOSA**” or the “**Company**”) approved the following report in relation to the voluntary public takeover bid (the “**Offer**”) launched by OPAL SPANISH HOLDINGS, S.A.U. (the “**Offeror**”, the “**Offering Company**” or “**OSH**”).

The Report is issued in compliance with article 134.4 of the revised text of the Securities Market Law, approved by Royal Legislative Decree 4/2015 of October 23 (the “**Securities Market Law**”) and article 24 of Royal Decree 1066/2007 of July 27 on the rules governing public takeover bids (“**Royal Decree 1066/2007**”).

The Offer was authorized by the Spanish National Securities Market Commission (the “**CNMV**”) on February 28, 2022, as notified to the Company on the same date and published by the CNMV itself in a notification of Other Relevant Information (register No. 14633). The terms and conditions of the Offer are set out in the prospectus of the Offer drawn up by the Offeror and approved by the CNMV (the “**Prospectus**”), which has been made available to the public in electronic format on the websites of the CNMV ([www.cnmv.es](http://www.cnmv.es)) and the Company itself ([www.otis.com/es/es/accionistas-inversores](http://www.otis.com/es/es/accionistas-inversores)), as well as the website created by the Offeror for this purpose ([www.OPAZardoyaOtis.com](http://www.OPAZardoyaOtis.com)).

The Board of Directors of ZOSA wishes to draw attention to the fact that this Report and the opinions of both the Board of Directors and individual board members set out herein are mandatory but not binding, being merely for information purposes. Therefore, the decision whether or not to accept the Offer is an individual and voluntary decision, and it is the sole and exclusive prerogative of each shareholder to decide whether or not to accept the Offer, based on their specific circumstances and situation.

#### **1. MAIN CHARACTERISTICS OF THE OFFER**

The characteristics of the Offer are described in full in the Prospectus and, therefore, it is advisable to consult it directly. Notwithstanding the foregoing, some of the main characteristics of the Offer, transcribed from the original text, are set out below:

##### **1.1. The Offering Company**

The Offering Company is OPAL SPANISH HOLDINGS, S.A.U., a Spanish company with registered office at Calle Suero de Quiñones 34-36. 28002 Madrid, Spain, and tax identification No. A16808453, registered in the Madrid Companies Register and holding LEI Code 959800LQY7BC5P3ZJB69. The company was incorporated on August 12, 2021, in a public

deed executed before the Madrid notary Mr José Luis Martínez-Gil Vich with number 3033 of his record and was acquired by Otis Elevator Company (“**OEC**”) on September 14, 2021, for the purpose of launching the Offer.

The Offeror’s shares are not listed on any securities market.

As stated in the Prospectus, as of the publication date of the prior announcement, the Offering Company was wholly owned by OEC, a company incorporated under the laws of the State of New Jersey, with registered office at 820 Bear Tavern Road, West Trenton, Mercer, NJ 08628, United States of America, and tax identification No. 13-5583389.

OEC, in turn, is wholly owned by Otis Worldwide Corporation (“**Otis**” and, together with its subsidiaries, the “**Otis Group**”), a company incorporated under the laws of the State of Delaware, with registered office at One Carrier Place, Farmington, 06032, Connecticut, United States of America, and tax identification No. 83-3789412. As stated in the Prospectus, Otis is the world leader in the manufacture, installation and service of elevators and escalators. Its shares are admitted to trading on the New York Stock Exchange under the sticker “OTIS”. Otis is not directly or indirectly controlled, either individually or through agreements, by any person or entity under United States legislation.

Notwithstanding the foregoing, as stated in the application for authorization of the Offer and in the Prospectus, on October 5, 2021, OEC transferred the totality of its shares in the share capital of the Offeror to its subsidiary Highland Holdings S.à r.l. (“**HH**”), a limited liability company (*société à responsabilité limitée*), incorporated in accordance with the laws of Luxembourg, with registered address at 6 rue Jean Monnet, Luxembourg, L-2180, Grand Duchy of Luxembourg, and registered in the Luxembourg Companies Register (*Registre de Commerce et des Sociétés*) with number B237108. Consequently, at the date of this Report, HH is the sole shareholder of the Offering Company.

In addition, HH is the sole shareholder of Juniper Holdings S.à r.l., owner of 100% of the share capital of the entity Alder France Holdings, SAS. At present, Alder France Holdings SAS is the sole shareholder of the French entity Alder Holdings, SAS (“**AH**”).

On September 23, 2021, AH placed a ongoing order for the purchase of ZOSA shares at a price of up to 7.00 euros per share, which was maintained until the close of the trading session of October 6, 2021. As a result of said order, AH acquired 35,354 ZOSA shares outside the Offer. These acquisitions were notified in the terms of Royal Decree 1066/2007, article 32.6, and were the following:

- (i) on September 28, 2021, AH acquired 33,000 shares in ZOSA, representing 0.007% of its share capital, at a price of 7.00 euros per share; and
- (ii) on October 6, 2021, AH acquired 2,354 shares in ZOSA, representing 0.001% of its share capital, at a price of 7.00 euros per share.

Consequently, at the date of the authorization request (October 15, 2021), Otis was the indirect holder, through its wholly-owned subsidiary AH, of 235,314,731 ZOSA shares, representing 50.02% of its share capital and 50.07% of the voting rights in the company (excluding treasury shares).

According to the Prospectus, neither OSH nor any Otis Group entity intends to acquire ZOSA shares outside the Offer. In the event that Otis were to acquire ZOSA shares outside the Offer, OSH would notify said acquisitions to the market, in accordance with Royal Decree 1066/2007, article 32.6.

The Prospectus contains an exhaustive description of the Offeror's present ownership and control structure, as well as the investment and disinvestment operations in the control chain.

## **1.2. Securities within the scope of the Offer**

The Offer is addressed to all the shares into which ZOSA's share capital is divided (including treasury shares). Notwithstanding, the Offer excludes shares owned indirectly by Otis (i.e., 235,314,731 ZOSA shares, representing 50.02% of the share capital and 50.07% of the voting rights of ZOSA), which have been immobilized. Consequently, the Offer effectively targets a total of 235,149,580 ZOSA shares, representing 49.98% of its share capital.

The Company has no securities to which the Offer should be addressed other than the shares targeted by the Offer, since ZOSA has not issued any pre-emption rights, non-voting shares, bonds, convertible bonds, exchangeable securities, warrants or any other similar instruments that might give a direct or indirect right to acquire or subscribe ZOSA shares.

All the ZOSA shares are listed on the Spanish stock exchanges through the Stock Exchange Interconnection System or Continuous Market. The ZOSA shares are not listed on any other secondary market, regulated or otherwise, of any European Union Member State or other country.

As stated in the Prospectus, the Offer is launched exclusively in the Spanish market, the only market where the ZOSA shares are listed, and is addressed to all ZOSA shareholders, irrespective of their nationality or place of residence.

Likewise, the Offer does not imply the launch or distribution thereof in any jurisdictions or territories other than Spain. Consequently, the Prospectus will not be published, distributed or delivered in any jurisdiction or territory where its publication may be prohibited or restricted by law or where the registration or filing of additional documentation is required. The Offering Company states in the Prospectus that the persons receiving it may not publish, distribute or deliver it in other jurisdictions or territories. In particular, the Offer is not launched, either directly or indirectly, in the United States.

The terms of the Offer, including the consideration offered, are identical for all the ZOSA shares to which it is addressed.

### 1.3. Type of Offer

As stated in the Prospectus, the Offer is voluntary in accordance with the Securities Market Law, article 137, and Royal Decree Law 1066/2007, article 13, and is subject to the terms of the Prospectus, observing the Securities Market Law, Royal Decree 1066/2007 and any other applicable legislation.

### 1.4. Consideration of the Offer

#### 1.4.1. Amount of the consideration offered

Subject to the content of section 1.4.2 below, the Offer is launched as a share purchase and sale transaction and the current price of the Offer is 7.07 euros per ZOSA share, which will be fully paid in cash (the “**Offer Price**”). Consequently, the maximum total sum to be paid by the Offeror is 1,662,507,530.60 euros.

#### 1.4.2. Adjustment to the consideration offered

The consideration proposed by the Offeror to the ZOSA shareholders was initially 7.00 euros per share in cash (the “**Initial Offer Price**”).

Said Initial Offer Price was reduced to 6.93 euros per share (price rounded up to two decimals) on October 7, 2021 (ex-dividend date) (as published in a notification of Other Relevant Information with register No. 12098), as a consequence of distribution of the second interim dividend charged to the 2021 profit for an amount of 0.074 euros per share, which was paid out to shareholders on October 11, 2021.

On December 16, 2021, the Offeror published, in a notification of Other Relevant Information (register No. 13202), that the price of the Offer would be reduced as a result of the distribution of a third interim dividend of 0.076 euros per share, charged to the 2021 profit, which ZOSA would pay out to its shareholders on January 10, 2022, meaning that the price of the Offer will be fixed at 6.86 euros per share, effective January 6, 2022 (ex-dividend date).

On December 21, 2021, the Offeror published, in a notification of Inside Information (register No. 1231) the signature of an agreement with Euro-Syns, S.A. (“**Euro-Syns**”), owner of 11.19% of the ZOSA shares, whereby Euro-Syns irrevocably undertook to accept the Offer with the totality of the ZOSA shares it owned at a price of 7.14 euros per share. This price included an improvement of 21 euro cents on the Initial Offer Price and had been adjusted by the second dividend distributed by ZOSA.

Subsequently, on January 10, 2022, the Offeror published, in a notification of Other Relevant Information (register No. 13554) that the price of the Offer had been fixed at 7.07 euros per share, i.e., the Offer Price, effective as of January 6, 2022 (ex-dividend date), as a consequence of the distribution of the third interim dividend mentioned above.

Likewise, according to the terms of the prior announcement and the application for authorization of the Offer, the price of the Offer will be reduced by an amount equivalent to the gross amount per share of any distribution of dividends, reserves or share premium, or any other distribution to shareholders that the Company may make, when the publication of the result of the Offer in the stock exchange bulletins coincides with or is later than the ex-dividend date of said distribution.

Notwithstanding, on the same date as the Offer was authorized, the Offeror published, in a notification of Other Relevant Information (register No. 14660) that, as stated in the Offer Prospectus, it is planned for the interim dividend of ZOSA that was traditionally paid out in April and, if applicable, any subsequent dividends to be postponed until ZOSA has been delisted, either by exercising the squeeze-out right or using the delisting procedure set out in Royal Decree 1066/2007, article 11.d), or until after the settlement date of the Offer if the requirements to seek delisting using the aforementioned procedures have not been met, in order to facilitate execution of the settlement process of the Offer and, if applicable, the delisting procedure. In other words, instead of deducting them from the price of the Offer, it is planned to postpone payment of said dividends. Therefore, the price of the squeeze-out transactions or the ongoing order, as applicable, will be equivalent to the price of the Offer (i.e., 7.07 euros per share).

#### 1.4.3. Definition of the Offer Price as an “equitable price”

The Offeror considers that the Offer Price meets the requirements of the Securities Market Law, article 137.2, since as the consideration is in cash and is supported by a valuation report dated February 22, 2022, prepared by Deloitte Financial Advisory, S.L.U. (“**Deloitte**”), as an independent expert, in accordance with the valuation criteria set out in said article. As stated, the Offer Price falls within the valuation range of the aforementioned report.

Likewise, the Offering Company considers that the price offered meets the “equitable price” conditions in accordance with the Securities Market Law, article 130, and Royal Decree 1066/2007, article 9, since:

- (i) it is the full amount of the price agreed by the Offeror with Euro-Syns (see section 4.4 of this Report) and there is no additional compensation to the agreed price and no payment deferral has been agreed;
- (ii) it is not lower than the highest price paid or agreed for the acquisition of ZOSA shares by Otis and the Otis Group companies, the members of the governance, management and control bodies, or any persons or entities who could be deemed

to be acting in concert with any of the foregoing, in the twelve-month period preceding the prior announcement of the Offer and up to the date of the Prospectus;

- (iii) neither the Offeror nor any of the Otis Group companies is party to any current agreement concerning the purchase or subscription of ZOSA shares, apart from the Irrevocable Commitment Agreement (as defined in section 4.4 of this Report); and
- (iv) apart from the reduction of the price in an amount of 0.14 euros per share due to the dividend payments dated October 11, 2021, and January 10, 2022, which are corrections to the equitable price as provided for in Royal Decree 1066/2007, article 9.4.a), none of the circumstances set out in Royal Decree 1066/2007, article 9.4, that could cause a change in the equitable price exists.

As stated in the Prospectus, the valuation report prepared by Deloitte has been drawn up following the valuation rules established in Royal Decree 1066/2007, article 10, and the Securities Market Law, article 137.2, in order to comply with the latter and, likewise, for the purposes set out in the Securities Market Law, article 82, and Royal Decree 1066/2007, article 11.d).

In addition, according to the Prospectus, the Offer Price, after the improvement announced on December 21, 2021 (i.e., 7.21 euros per share) and before the adjustments due to the dividends paid out on October 11, 2021, and January 10, 2022, represented a premium of approximately:

- (i) 34.8% on the closing price of ZOSA on September 22, 2021 (5.35 euros per share);
- (ii) 32.8% on the volume-weighted average price of ZOSA in the month preceding September 22, 2021 (5.43 euros per share); and
- (iii) 28.8% on the volume-weighted average price of ZOSA in the six months preceding September 22, 2021 (5.60 euros).

## **1.5. Acceptance period**

The Offeror has fixed the acceptance period for the Offer at 31 calendar days as of the trading day following publication of the first announcement of the Offer by the Offering Company.

Consequently, since said announcement was published on March 1, 2022 by the CNMV (register No. 14764), the acceptance period for the Offer began on March 2, 2022 and will end on April 1, 2022 (both included), unless it is extended in accordance with Royal Decree 1066/2007, article 23.

## **1.6. Conditions to which the Offer is subject**

According to the Offeror in the Prospectus, the Offer is not subject to any condition.

## **1.7. Guarantees and financing of the Offer**

### **1.7.1. Guarantees of the Offer**

According to the notification of Other Relevant Information (register No. 12210) of October 15, 2021, together with the authorization request, the Offeror filed with the CNMV documentation supporting the creation of six bank guarantees payable on demand for an aggregated amount of 1,629,586,590 euros, in order to guarantee payment of the consideration offered. Notwithstanding, according to the Offering Company in the Prospectus, on November 12, 2021, the guarantees were replaced by a unavailable cash deposit for the aforementioned amount in an account opened with Banco Santander, S.A. in the name of OSH.

Likewise, in the light of the variation in the Offer Price, in order to guarantee payment of the maximum total amount to be settled by the Offeror in accordance with Royal Decree 1066/2007, article 15; on December 29, 2021, the Offeror created two new unavailable cash deposits for a total amount of 49,381,412 euros in two accounts opened with Banco Santander, S.A. in the name of OSH:

- (i) a first deposit of 32,920,941 euros; and
- (ii) a second deposit of 16,470,461 euros.

Finally, on January 13, 2022, after the Offeror had reduced the consideration offered as a consequence of the dividend paid on January 10, 2022, the cash deposit of 16,470,461 was released.

As stated in the Prospectus, the aforementioned unavailable cash deposits of 1,629,586,590 and 32,920,941 euros, which total an overall sum of 1,662,507,531 euros, guarantee the entire consideration offered by the Offering Company for all the shares to which the Offer is addressed, amounting to a total of 1,662,507,530.60 euros.

### **1.7.2. Financing of the Offer**

In the Prospectus, the Offering Company states that all the funds necessary to pay the total consideration of the Offer are available, as supported by the unavailable cash deposits mentioned in section 1.7.1 above.

According to the Prospectus, the funds deposited come from:



- (i) a contribution of 1,100 million euros made by HH (sole shareholder of the Offering Company); and
- (ii) an intergroup loan, extended and renewed on successive occasions, for a total sum of 578,968,001.20 euros, granted by HH to OSH and maturing on November 12, 2026. This loan has bullet repayment, is not guaranteed and does not require compliance with any financial covenants. Likewise, it has a fixed annual interest rate of 0.34%, payable annually.

In turn, these funds come from a bond issue carried out by HH on November 12, 2021, for an aggregated amount of 1,600 million euros in different tranches. The bonds were placed with qualified investors in a private placement process and were listed on the New York Stock Exchange.

The bonds have a personal guarantee from Otis and do not require compliance with ratios or covenants or impose any other obligations. Notwithstanding, in the event of a change of control in HH or Otis, the bond holders will be entitled to require HH to redeem all or part of the bonds at a price of 101% of their face value, together with the unpaid interest accrued. Apart from the foregoing there are no other circumstances for early redemption for the bond holders.

However, HH may redeem any tranche of the bonds at any moment at the redemption prices described in the prospectus of the bonds. Likewise, HH may redeem any tranche of the bonds in certain cases that affect the taxation in Luxembourg or the United States, among others.

The financing structure of the Offer is described exhaustively in section 2.4.2. of the Prospectus.

## **1.8. Antitrust approvals and other authorizations required by other oversight bodies**

### **1.8.1. Antitrust approvals**

The Offering Company states in the Prospectus that the Offer is not subject to notification to either the European Commission or the National Markets and Competition Commission, established, respectively, in Council Regulation (EC) No. 139/2004 of January 20, 2004 on the control of concentrations between undertakings, and Law 15/2007 of July 3, the Competition Law. Likewise, the Offeror states in the Prospectus that the Offer does not require authorization in any other jurisdiction and, therefore, need not be notified to any other competition authority.

### **1.8.2. Other administrative authorizations**

According to the Offeror in the Prospectus, the potential acquisition of shares subject to this Offer is not a transaction subject to the authorization of direct foreign investments under Law 19/2003 of July 4, on the legal rules for capital movements and cross-border economic transactions, or the sole transitional provision of Royal Decree-Law 24/2020 of November 17, on urgent measures to support business solvency and the energy industry and on tax matters,

since Otis already owns more than 50% of ZOSA's share capital and has sole control of ZOSA under the criteria of article 7.2 of Law 15/2007, the Competition Law.

## **2. PURPOSE OF THE OFFER AND THE OFFERING COMPANY'S INTENTIONS AND PLANS FOR ZARDOYA OTIS, S.A.**

### **2.1. Purpose of the Offer**

As stated in the Prospectus, the purpose of the Offer consists of the acquisition by Otis, through the Offering Company, of all the shares in ZOSA that Otis does not own, in order to delist ZOSA from the Spanish stock exchanges.

According to the Offeror, with this transaction, Otis aims to establish a greater strategic and operating alignment between ZOSA and its global elevator and escalator business, in order to improve the general management of its global operations. In particular, Otis's decisions to launch the Offer and delist ZOSA from the stock exchange are due to the following reasons:

- (i) The acquisition of the ZOSA shares held by minority shareholders would allow Otis to manage the cash generated by ZOSA more efficiently in order to use it to finance Otis Group projects in Europe and other regions, as a result of saving the dividend corresponding to other shareholders.
- (ii) ZOSA will cease to bear the costs inherent to being a listed company and the Otis Group will benefit from a simplified corporate structure.
- (iii) The rationalization of ZOSA's corporate governance structure and decision-making process resulting from the delisting will allow Otis and ZOSA to benefit from greater agility in operating and management decision-making.

Likewise, Otis considers the Offer to represent an attractive disinvestment opportunity for ZOSA's minority shareholders at a price that is supported by Deloitte's valuation report.

### **2.2. The Offeror Company's strategic plans and intentions regarding ZOSA**

The Offeror's objectives and plans in relation to ZOSA are described in Chapter 4 of the Prospectus, addressing the following aspects in particular:

#### **2.2.1. Strategic plans and intentions regarding ZOSA's future activities and the location of its centres of activity**

According to the Prospectus, Otis will continue with ZOSA's current strategy. ZOSA will form part of the "Iberia and Africa" market of the EMEA segment of the Otis Group and will continue to belong to the organizational structure of EMEA.

Likewise, Otis plans to centralize the corporate functions (such as communications, supply chain and IT) and improve and harmonize the systems and processes in the EMEA region.

In this respect, according to the Prospectus, during the twelve months following settlement of the Offer, Otis plans to maintain the activities carried on by ZOSA and its group, as well as the location of the centres where said companies carry on their activities, without prejudice to any changes that may derive from the evolution of the business.

2.2.2. Strategic plans and intentions regarding maintaining the jobs and employment conditions of ZOSA personnel and management.

The Offeror has said that it considers the personnel of ZOSA to be one of the Company's main assets and that the management of its human resources is a key priority for the Otis Group.

Consequently, the Offeror states in the Prospectus that it does not plan to make any significant changes in the employment conditions of ZOSA employees and management and intends to maintain the existing jobs.

2.2.3. Plans concerning the use or disposal of assets of ZOSA and planned changes in the net financial debt

According to the Prospectus, the Offering Company intends to maintain the use of the assets of ZOSA and does not plan to make any changes to said use or dispose of any of ZOSA's property, plant and equipment.

Notwithstanding the foregoing, according to the Prospectus, Otis intends to sell the as yet unsold part of the land where ZOSA's old San Sebastián plant was located, although the sale will depend on potential urban planning changes that are expected to take place over a period of six years.

Finally, the Offeror Company states in the Prospectus that Otis plans to maintain ZOSA's current capital structure, which consists of having no net financial debt.

2.2.4. Plans for issuing securities

In relation to plans for issuing securities, the Offering Company states in the Prospectus that it has no intention of seeking the issue of securities by ZOSA or its subsidiaries.

#### 2.2.5. Planned corporate restructurings of any nature

The Offering Company has announced that it does not plan to carry out any corporate or business restructuring, such as mergers, spin-offs or any other structural change or other type of corporate transaction that may affect ZOSA group companies or their business, either between ZOSA group companies or with Otis Group companies or third parties, apart from the usual policy of purchasing and integrating operators in the elevator sector.

In particular, there are no plans to merge ZOSA with OSH or with any other Otis Group company, although, according to the Prospectus, a future tax consolidation between OSH, ZOSA and the latter's Spanish subsidiaries has not been ruled out.

Likewise, according to the Prospectus, Otis has stated that there is no outstanding transaction derived from the spin-off process of United Technologies Corporation ("UTC") that could affect ZOSA, the companies belonging to its group, or its shares.

#### 2.2.6. Dividend and shareholder remuneration policy of ZOSA

In relation to shareholder remuneration, the Offering Company states in the Prospectus that the dividend and shareholder remuneration policy of ZOSA is in line with the Otis Group's internal policy for its wholly-owned subsidiaries. According to this policy, wholly-owned subsidiaries must, on a general basis, propose payment of an annual dividend equivalent to 100% of the prior year's distributable profit, subject to the applicable legal requirements and taking accounting and tax aspects into consideration. The Otis Group's internal policy does not contain any stipulation regarding the frequency of dividend payments.

The Offeror has announced that Otis intends to continue applying its internal dividend policy with ZOSA, replacing the quarterly dividend payments by payment of a single annual dividend.

In this respect, decisions on the distribution of dividends and shareholder remuneration after the Offer will be based, in the same way as for the other Otis Group subsidiaries, on ZOSA's liquidity needs to carry on its activity and undertake investments at any given moment, as well as the Otis Group's cash and debt servicing needs.

#### 2.2.7. Plans concerning the governance, management and control bodies of ZOSA

Regarding the governance body of the Affected Company, according to the Prospectus, since as more than half the members of the Board of Director were appointed at the request of Otis, no changes are planned until the ZOSA shares have been delisted. Along the same lines, Otis does not plan to request the filling of any vacancies that may arise

between settlement of the Offer and the delisting as a result of the resignation of Euro-Syns or, if applicable, either of the independent directors.

Subsequently, Otis plans to reduce the size of the Board of Directors and eliminate the board committees in order to simplify the corporate governance structure and rationalize the corporate decision-making process. Likewise, the Offering Company has announced in the Prospectus that the Board of Directors will be formed solely by proprietary directors appointed at the request of Otis, irrespective of the shareholding in ZOSA obtained by Otis after the Offer and the number of ZOSA shareholders other than Otis who continue to own shares after the delisting and the interest they hold.

According to the Prospectus, for as long as ZOSA is a listed company, Otis will ensure that the Company continues to comply with the applicable regulations on the composition and operation of the governance body and committees of listed companies set out in the Spanish Companies Act, taking into consideration the good corporate governance recommendations for listed companies, in particular regarding the appointment of independent directors.

#### 2.2.8. Plans concerning the Bylaws of ZOSA

According to the Prospectus, the Offering Company has undertaken to Euro-Syns to change the corporate name of ZOSA to eliminate or replace the term “ZARDOYA” after settlement of the Offer. In this respect, the Offeror has announced that the Otis Group will seek the amendments to the Bylaws necessary to reflect ZOSA’s new corporate name.

Apart from the foregoing, the Offeror has announced that it will not seek the amendment of the Bylaws or any other internal rules of ZOSA before the ZOSA shares are, if applicable, delisted from the Spanish stock exchanges.

Subsequently, the Offeror will seek the amendment of the Bylaws of ZOSA in the manner deemed necessary or convenient to adapt said document to ZOSA’s status as an unlisted company.

#### 2.2.9. Initiatives in stock market matters

##### (i) Squeeze-out right

According to the Prospectus, the Offering Company plans to exercise the squeeze-out right within a maximum term of three months following the end of the acceptance period if the capital and acceptance thresholds set out in Royal Decree 1066/2007, article 47.1, are reached, fixing the date of the transaction between 15 and 20 trading days after the notification to the CNMV of the decision to exercise

the squeeze-out right. This would result in the delisting of the Company's shares under Royal Decree 1066/2007, article 48.10.

The Offeror has said that, in the event that Mr Bernardo Calleja Fernández and/or Mr Joao Miguel Marques Penedo decide to accept the Offer with their shares, said shares will not be taken into account and will be deducted from the total number of acceptances for the purpose of verifying compliance with the requirements necessary to exercise the squeeze-out right.

According to the Prospectus, and if the treasury shares of ZOSA accept the Offer, the requirements of the Securities Market Law, article 136, will be deemed to be met, provided that the declarations of acceptance of the Offer reach 211,644,522 shares, equivalent to 90.004% of the voting rights of the shares to which the Offer is effectively addressed (including the shares of Mr Bernardo Calleja Fernández and Mr Joao Miguel Marques Penedo) and 44.99% of ZOSA's share capital.

According to the Prospectus, the execution of the squeeze-out operation resulting from exercising said right will give rise, in accordance with Royal Decree 1066/2007, articles 47 and 48, and related regulations, to the delisting of ZOSA from the Spanish stock exchanges.

(ii) Delisting

According to the Prospectus, the Offering Company plans to seek the delisting of the shares of ZOSA from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. If the conditions required for the squeeze-out are not met and Otis reaches a minimum holding of 75% of ZOSA's capital at the settlement date of the Offer, Otis will seek the delisting of the ZOSA shares from the Spanish stock exchange through the exception to the need for a delisting takeover bid provided for in Royal Decree 1066/2007, article 11.d). In this respect, the Offering Company will provide the valuation report prepared by Deloitte, as an independent expert, and issued to support the price offered in the Offer in accordance with Royal Decree 1066/2007, article 10.

In this respect, as stated in the Prospectus, if neither the requirements necessary to seek delisting of the ZOSA shares by exercising the squeeze-out right are met, nor 75% of the share capital of ZOSA is reached at the settlement date of the Offer, as required by the Securities Market Law, article 82.2, Otis will use its holding in ZOSA to seek, as soon as possible after settlement of the Offer, the launch of a new delisting takeover bid for the shares of ZOSA, in the terms provided for in Royal Decree 1066/2007, article 10.

### **3. ACTIONS TAKEN BY THE BOARD OF DIRECTORS OF ZARDOYA OTIS, S.A.**

#### **3.1. Actions before the prior announcement of the Offer**

On September, 20, 2021, the Chairman of the Board of Directors of ZOSA received an email from Otis attaching a non-binding letter of intent in which the latter expressed its potential interest in making a public takeover bid for the ZOSA shares, requesting that the Chairman inform the rest of the directors of ZOSA accordingly and likewise stating that it would like Deloitte, as the Offeror's financial advisor, to be able to contact the management team of ZOSA to review and confirm the projections and other data employed in its valuation.

After an internal analysis of the letter sent by Otis, at its meeting of September 21, 2021, the Board of Directors formally took note of the content of the letter and Otis's intention to launch a public takeover bid for the shares of ZOSA. At said meeting, Gómez-Acebo & Pombo was appointed as the legal advisor to the Board of Directors in relation to the Offer process and, on the basis of the legal opinion issued by said firm, it was resolved to authorize the management team of ZOSA to hold talks with Deloitte, on the understanding that nothing that might be inside information would be discussed, in order for the price to be determined as objectively as possible to provide greater safety and protection to all the minority shareholders receiving the Offer in the event that it were launched.

As from that time, at the Board meetings at which issues related to the Offer have been discussed, Mr Bernardo Calleja Fernández, Mr Joao Miguel Marques Penedo, OEC (represented by Ms Robin Fiala) and Ms Stacy L. Petrosky have left the meeting and have not taken part in the discussions, given that they are directors related to Otis.

#### **3.2. Actions after the prior announcement of the Offer**

Since publication of the prior announcement of the Offer on September 23, 2021, the Board of Directors of ZOSA has ensured that it diligently observes the rules applicable to public takeover bids for securities, complying with the general duty of directors to look after the general interests of the Company, its shareholders and its stakeholders. Likewise, the Board of Directors has respected the rules of operation set out in article 134 of the Securities Market Law and article 28 of Royal Decree 1066/2007.

In view of their importance, the following actions taken since the announcement of the Offer to date should be highlighted:

- (i) In a notification of Other Relevant Information dated September 23, 2021 (register No. 11791), the Company's Board of Directors reported that (i) it had been informed on said date of the prior announcement sent by the Offeror to the CNMV; (ii) it would analyze the terms and conditions of the Offer, monitor it continuously, and issue a report with its opinion and comments when this became

legally mandatory; (iii) it had engaged Gómez-Acebo & Pombo Abogados, S.L.P. as its legal advisor within the framework of the Offer and would be selecting a financial advisor that could also advise in this respect; and (iv) that, notwithstanding the restrictions on operations established in the rules on public takeover bids, the Company would continue to pursue its normal course of business in the best interests of its shareholders, customers and employees.

- (ii) A committee formed by the directors of ZOSA unrelated to Otis was created, in order to lead the proposals and decisions to be adopted in relation to the Offer and oversee the process, together with the Company's external advisors, protecting the interests of all the shareholders (the "**Committee of Directors**"). Said Committee of Directors was initially formed by Euro-Syns, Ms Eva Castillo Sanz and Mr José Miguel Andrés Torrecillas. However, after signature of the Irrevocable Commitment Agreement between Euro-Syns and the Offeror on December 20, 2021, Euro-Syns left the Committee of Directors as of that date.
- (iii) The Committee of Directors conducted a selection process, after which it engaged the entities Bank of America Europe Designated Activity Company, Spanish Branch ("**BofA Securities**") and Ernst & Young Servicios Corporativos, S.L. ("**EY**") to prepare their respective fairness opinions on the Offer Price. Likewise, the law firm Toda & Nel-lo Abogados was engaged to advise, specifically, the independent directors.
- (iv) The Committee of Directors, advised by the legal advisors, has been overseeing the Offer process continuously, as well as its implications for the shareholders, workers and the Company's other stakeholders. The Committee of Directors has met regularly and has invited the external advisors to its meetings in order to have updated information on the progress of the Offer and the market's reaction.
- (v) On October 14, 2021, by notification of Other Relevant Information (register No. 12181), the Company published its interim management report for the third quarter of 2021.
- (vi) On January 28, 2022, by notification of Other Relevant Information (register No. 13794), the Company published the financial information for the second half of 2020 – 2021.
- (vii) On March 10, 2022, with official registry number 19271, the Company published its annual financial report which includes the annual accounts prepared by the Board of Directors on February 25, 2022, and the management report for the year 2021.

Lastly, the Board of Directors has striven to ensure strict compliance with the Company's obligations in relation to making the Prospectus available to the public on its website and the



obligations to inform the workers of all group companies, including, in particular, sending the Prospectus to them.

### **3.3. Advice received by the Board of Directors**

The Board of Directors of ZOSA and the Committee of Directors received legal advice in relation to the Offer from Gómez-Acebo & Pombo Abogados and Toda & Ne-lo Abogados, the latter of which was engaged specifically for the independent directors.

Likewise, after the selection process conducted by the Committee of Directors, BofA Securities and EY were asked to prepare and issue their respective fairness opinions on the Offer Price.

## **4. AGREEMENTS BETWEEN ZARDOYA OTIS, S.A. AND THE OFFERING COMPANY, ITS SHAREHOLDERS OR ITS DIRECTORS OR BETWEEN THE DIRECTORS OF ZARDOYA OTIS, S.A. AND THE OFFERING COMPANY, ITS SHAREHOLDERS OR ITS DIRECTORS**

### **4.1. Agreements between ZOSA and the Offering Company**

At the date of this Report, there is no agreement between ZOSA and the Offeror in relation to the Offer.

### **4.2. Agreements between ZOSA and the shareholders of the Offeror in relation to the Offer**

At the date of this Report, there is no agreement between ZOSA and the shareholders of the Offeror in relation to the Offer.

### **4.3. Agreements between ZOSA and the directors of the Offeror in relation to the Offer**

At the date of this Report, there is no agreement between ZOSA and the directors of the Offeror in relation to the Offer.

### **4.4. Agreements between the shareholders of ZOSA and the Offering Company, its shareholders or its directors in relation to the Offer**

After the application for authorization of the Offer submitted on October 15, 2021, had been admitted for processing, the Offeror entered into contact with Euro-Syns (shareholder owning 11.9% of ZOSA) in relation to acceptance of the Offer with the totality of its shares.

As a result of these contacts, on December 20, 2021, the Offeror Company signed an irrevocable commitment agreement (the “**Irrevocable Commitment Agreement**”) with Euro-Syns (as “**Selling Shareholder**” or “**Committed Shareholder**”), whereby the Offering Company undertook, among other questions, to increase the initial price of 7.00 euros per share

announced in the Offer to 7.21 euros per share (adjustable in accordance with any dividend or distribution declared and paid later than September 22, 2021) and the Selling Shareholder undertook, among other questions, to accept the Offer with the totality of its shares in ZOSA (52,628,034 shares representing 11.19% of ZOSA's share capital).

According to the Inside Information notification (register No. 1231) and the information contained in the Prospectus, the main terms and conditions of the Irrevocable Commitment Agreement are the following:

- (i) Euro-Syns has irrevocably undertaken to accept the Offer with all of its shares in ZOSA in the first five (5) trading days of the Offer acceptance period and may not accept any other competing offer, unless the CNMV does not approve the Offer or the Offeror withdraws the Offer.
- (ii) Euro-Syns has undertaken to exercise the voting rights of its shares in ZOSA to permit and facilitate execution of the Offer and against any resolutions that, should they be approved, might reasonably prevent or frustrate the Offer.
- (iii) Euro-Syns and its directors have undertaken not to carry out any transactions with ZOSA shares.
- (iv) The Offeror has undertaken that ZOSA and the subsidiaries thereof whose name includes the term "ZARDOYA" will change their corporate names to others that do not include said term within the six months following settlement of the Offer.

According to the Irrevocable Commitment Agreement, the transfer of the shares was subject to the approval of the general meeting of Euro-Syns for the purposes set out in the Spanish Companies Act, article 160.f). The Offeror has announced in the Prospectus that this condition was fulfilled on January 28, 2022, as a result of the resolution passed at the general meeting of Euro-Syns held on the same date on the second call.

#### **4.5. Agreements between the directors of ZOSA and the Offering Company, its shareholders or its directors in relation to the Offer**

At the date of this Report, the Board of Directors of ZOSA is not aware of any agreement relating to the Offer between the directors of ZOSA in their capacity as such and the Offering Company, its directors or its shareholders, except as set out in the Irrevocable Commitment Agreement, which states, in addition to the points listed in section 4.4 above, that Euro-Syns, in its capacity as a director of ZOSA, has undertaken to express a favourable opinion of the Offer and the consideration offered by the Offeror in the report that must be issued by the Board of Directors, insofar as this is legally possible, subject to fulfilment of the fiduciary and other legal duties of the directors.

## **5. SECURITIES OF THE OFFERING COMPANY HELD, DIRECTLY OR INDIRECTLY, BY ZARDOYA OTIS, S.A., BY PERSONS WITH WHOM IT ACTS IN CONCERT, OR BY THE MEMBERS OF ITS BOARD OF DIRECTORS**

### **5.1. Securities of the Offeror Company held, directly or indirectly, by ZOSA or the persons with whom it acts in concert**

ZOSA does not hold, either directly or indirectly, shares in the Offeror Company or any other securities that could give the right to the acquisition or subscription thereof. Neither does ZOSA hold any interest in any of the companies that form the shareholder and control structure of the Offering Company.

### **5.2. Securities of the Offering Company held, directly or indirectly, by the members of the Board of Directors**

At the date of this Report, the directors of the Company do not hold, either directly or indirectly or in concert with a third party, any securities of the Offering Company or its direct or indirect shareholders, or any securities or instruments that attribute the right to acquire or subscribe any such securities, except:

- Mr Bernardo Calleja Fernández, who holds a total of 13,347 shares in Otis.
- Mr Joao Miguel Marques Penedo, who holds a total of 7,127 shares in Otis.
- Ms Stacy L. Petrosky, who holds a total of 1,675 shares in Otis.
- OEC, as indicated in section 1.1 of this Report, is a company belonging to the Otis Group, being the direct or indirect owner of different entities of such Group.
- Ms Robin Fiala (natural person representing OEC), who holds a total of 13.347 shares in Otis. .

Likewise, it should be noted that the compensation policy of ZOSA for the years 2021, 2022 and 2023 approved by the general meeting held on May 19, 2021 provides that Mr Bernardo Calleja Fernández and Mr Joao Miguel Marques Penedo are the beneficiaries of a long-term incentive program based on Otis shares, which includes, among other items, a long-term incentive package for all executive directors of ZOSA (at the date of this report, Mr Bernardo Calleja Fernández and Mr Joao Miguel Marques Penedo), consisting of an Otis share-based compensation scheme linked to the attainment of objectives of the Company, OEC, Otis and other group companies. This type of compensation may include delivery of different financial instruments (Stock Appreciation Rights, Performance Share Units, Restricted Stock Units and similar instruments) related to Otis shares and there is no maximum monetary amount in absolute terms.

## 6. SECURITIES OF ZARDOYA OTIS, S.A. OWNED OR REPRESENTED, DIRECTLY OR INDIRECTLY, BY MEMBERS OF THE BOARD OF DIRECTORS

The ZOSA shares directly or indirectly owned individually by members of the Board of Directors of ZOSA at the date of this Report are as follows, according to the individual declaration of each director:

Director	Position	Category	Shareholder he/she represents or that proposed his/her appointment	Number of shares	Share capital
Mr Bernardo Calleja Fernández	Chairman	Executive	Otis	90,000 <sup>(*)</sup>	0.019%
Mr Joao Miguel Marques Penedo	Chief Executive Officer	Executive	Otis	10,500	0.0022%
OEC (represented by Ms Robin Fiala)	Director	Proprietary	Otis	0	0%
Ms Stacy L. Petrosky	Director	Proprietary	Otis	0	0%
Euro-Syns, S.A. (represented by Mr Alberto Zardoya Arana (**))	Director	Proprietary	Euro-Syns, S.A.	52,628,034	11.19%
Ms Eva Castillo Sanz	Director	Independent	—	0	0%
Mr José Miguel Andrés Torrecillas	Director	Independent	—	0	0%

(\*) Direct and indirect holding.

(\*\*) D. Alberto Zardoya Arana, natural person representing the director Euro-Syns, individually holds 119 shares of the Company, representing 0.000025% of the share capital of ZOSA.

## 7. CONFLICTS OF INTEREST OF THE MEMBERS OF THE BOARD OF DIRECTORS OF ZARDOYA OTIS, S.A. AND INFORMATION ON THE NATURE THEREOF

The Board of Directors expressly states that the directors Mr Bernardo Calleja Fernández, Mr Joao Miguel Marques Penedo, OEC (represented by Ms Robin Fiala) and Ms Stacy L. Petrosky declared, before the meeting of the Board of Directors, that they had a conflict of interest due to their link (*vinculación*) to Otis. For this reason, although said directors were present at the beginning of the meeting of the Board of Directors and, therefore, were counted for the purposes of the quorum necessary to hold the Board meeting, they did not take part in the preparation and deliberation of this Report.

Likewise, Euro-Syns, as a shareholder of the Company, has signed the Irrevocable Commitment Agreement with the Offeror whereby it undertakes, among others, to accept the Offer with all the ZOSA shares it holds. The agreement states that Euro-Syns will likewise, in its capacity as a director of ZOSA, insofar as it may be possible, and subject to the fulfilment of its fiduciary duties, express a favourable opinion on the Offer and the consideration offered by the Offeror in the report that the Board of Directors of ZOSA must approve and disclose after the authorization of the Offer by the CNMV. As a result, the director Euro-Syns, represented by Mr Alberto Zardoya Arana, took part in the deliberations and voting of this Report, insofar as his situation is fully known by the rest of the members of the Board of Directors and is extensively described in both the Prospectus and this Report.

## **8. CONSIDERATIONS AND OPINION OF THE BOARD OF DIRECTORS ON THE OFFER**

### **8.1. General considerations**

The Board of Directors of ZOSA assesses the following aspects positively:

- (i) The Offer is extended to the entire share capital of the Company, excluding those that already belong to the Offering Company and its indirect shareholders, which have been immobilized.
- (ii) The Offer Price will be paid fully in cash.
- (iii) The Offer is not subject to any condition.
- (iv) The Offeror recognizes the Company's successful track record and commits to the continuity and growth of its activity and business project, as well as maintaining the work centres, the Company's workforce and their employment conditions.
- (v) The Offer is launched in an economic context of great uncertainty.

### **8.2. Considerations in relation to the price offered**

In relation to the Offer Price of 7.07 euros per ZOSA share payable in cash, the Board of Directors has taken into account the considerations set out by the Offering Company in its Prospectus regarding the price offered in the Offer (and summarized in section 1.4 of this Report).

On March 7, 2022, BofA Securities issued its fairness opinion addressed to the Committee of Directors, with a copy to the Board of Directors of ZOSA, in which it concluded that, at the date of issue of said opinion, based on the assumptions, limitations and other information described therein, *“the Consideration offered to the holders of the Company Shares, other than the Offeror or its affiliates or connected or concerned parties or the Committed Shareholder,*

*is fair, from a financial point of view, to such holders*”. The opinion of BofA Securities must be read in full to assess the scope, assumptions and limitations thereof, the information and experience on which it is based, the procedures applied, the matters considered, and the services provided by BofA Securities to participants and third parties. The opinion of BofA Securities is not a recommendation as to whether ZOSA shareholders should or should not accept the Offer or any other matter. The opinion of BofA Securities is attached hereto as **Exhibit 1** and forms an essential and integral part hereof.

On March 8, 2022, EY issued its fairness opinion addressed to the Committee of Directors, with a copy to the Board of Directors of ZOSA, in which it concluded that, at the date of issue of said opinion, based on the assumptions, limitations and other information described therein, *“the Transaction Price for 49,99% of the shares of the Target, consisting of a price of 7.07 euros per share, is fair from a financial point of view to Zardoya Otis’ shareholders”* (original excerpt). The opinion of EY must be read in full to assess the scope, assumptions and limitations thereof, the information and experience on which it is based, the procedures applied, the matters considered, and the services provided by EY to participants and third parties. The opinion of EY is not a recommendation as to whether ZOSA shareholders should or should not accept the Offer or any other matter. The opinion of EY is attached hereto as **Exhibit 2** and forms an essential and integral part hereof.

Additionally, the Board of Directors sets out the following observations:

- (i) Before the improvement announced on December 21, 2021 (i.e., 7.21 euros per share), the Company received communications from some shareholders stating that the Initial Offer Price was insufficient.
- (ii) As stated in the Prospectus, after the improvement announced on December 21, 2021 (i.e. 7.21 euros per share) and before the adjustments for the dividends paid on October 11, 2021 and January 10, 2022, the Offer Price represents a premium of 34.8% on the closing price of ZOSA on September 22, 2021 (5,35 euros per share), a premium of 32.8% on the volume-weighted average price of ZOSA during the month prior to September 22, 2021 (5.43 euros per share), and a premium of 32.8% on the volume-weighted average price of ZOSA in the six months prior to September 22, 2021 (5.60 euros per share).
- (iii) The Offer Price is within the valuation range of the report issued by Deloitte on February 22, 2022, in relation to the price of the Offer, drawn up in accordance with the valuation criteria set out in the Securities Market Law, article 137.2. Said valuation report is included in the Offer Prospectus as an exhibit.
- (iv) The CNMV, in its decision to authorize the Offer published as Other Relevant Information (register No. 14633), considers that the Offer Price is sufficiently supported for the purposes of the Securities Market Law, articles 130 and 137.2, and Royal Decree 1066/2007, articles 9 and 10. In this respect, the CNMV’s

analysis took account of the fact that the Offer Price is not lower than the higher of the equitable price and the price resulting from considering the methods contained in the Deloitte report, explaining the relevance of each one of them.

On the basis of all of the above, the Board of Directors considers that the Offer Price is fair from a financial point of view.

### **8.3. Considerations on the intentions of the Offering Company regarding the purpose of the Offer and the context in which it is launched**

The Board of Directors would also like to draw attention to the statements of the Offering Company set out in the Prospectus regarding the purpose of the Offer and the context in which it is launched:

- (i) The intention to make no substantial change to the nature of the activities that ZOSA is carrying on at present or the location of the centres of activity and the use of corporate assets, notwithstanding the possibility of making modifications based on the evolution of the business.
- (ii) The plan not to make any significant changes to the employment conditions of the Company's workers and management and to maintain, on a general basis, existing jobs.
- (iii) Otis's intention to maintain ZOSA's current capital structure, which consists of having no net financial debt.
- (iv) The intention not to seek issuance of securities of ZOSA or its subsidiaries.
- (v) The plan not to carry out any corporate or business restructuring transaction outside ZOSA's normal purchase and integration policy.
- (vi) The plan to adapt ZOSA's dividend and shareholder remuneration policy by replacing the payment of quarterly dividends by the payment of a single annual dividend.
- (vii) The intention to maintain the current composition of the Board of Directors until the shares of ZOSA are effectively delisted, since as more than half the members of ZOSA's Board were appointed at the request of Otis.

Likewise, the Board of Directors will be formed solely by proprietary directors appointed at the request of Otis, irrespective of the shareholding in ZOSA obtained by Otis after the Offer and the number of ZOSA shareholders other than Otis who continue to own shares after the delisting and the interest they hold.

- (viii) The intention to seek the delisting of the ZOSA shares from the Spanish stock exchanges.
- (ix) The intention to exercise the squeeze-out right if the thresholds established in Royal Decree 1066/2007 are reached.

#### **8.4. Opinion of the Board of Directors on the Offer**

In accordance with Royal Decree 1066/2007, article 24, the Board of Directors of ZOSA must prepare a detailed and reasoned report in relation to public takeover bids for the Company's securities authorized by the CNMV. The report must contain the Board's observations in favour or against the takeover bid, and expressly state whether there exists any agreement between the Company and the Offering Company, its directors or shareholders, or between any of the latter and the members of the governance body of the Company, as well as the opinion of the members of said governance body on the offer and whether or not those who directly or indirectly hold shares intend to accept the offer.

On the basis of the considerations and opinions contained in this Report and the information set out in the Prospectus, the Board of Directors, taking into account the terms and characteristics of the Offer and their impact on the interests of ZOSA, has approved this Report and issues a favourable opinion on the Offer by the unanimity of the directors not linked (*no vinculados*) to Otis, as set out in section 7 above. The remaining directors, Mr Bernardo Calleja Fernández, Mr Joao Miguel Marques Penedo, OEC and Ms Stacy L. Petrosky, expressed their agreement with this vote and, therefore, no director made an individual pronouncement other than that adopted by the Board of Directors on a collegial basis, on the terms proposed by the Committee of Directors.

At any event, the decision on whether or not to accept the Offer is an individual and voluntary decision which belongs solely to the Company's shareholders, who must make the appropriate decision in accordance with their own interests and circumstances.

#### **8.5. Considerations on ZOSA's interim dividend**

In relation to the content of the Prospectus and in the communication of Other Relevant Information (registration number 14660) published by the Offeror on February 28, 2022, regarding the distribution of the interim dividend that the Company traditionally pays in April of each year, as of the date of this Report this matter has not been addressed nor has any resolution been adopted by the Board of Directors of ZOSA.

### **9. INTENTION TO ACCEPT OR NOT ACCEPT THE OFFER IN RELATION TO THE TREASURY SHARES HELD BY ZARDOYA OTIS, S.A.**

Regarding the treasury shares held by the Company, which, at the date of this report, total 533,655 shares, representing 0.11% of the share capital, the Board of Directors states its



unanimous decision to accept the Offer, in line with the opinion expressed by the Board of Directors in relation to the Offer.

## **10. INTENTION OF THE DIRECTORS TO ACCEPT OR NOT ACCEPT THE OFFER**

The directors of ZOSA who own, directly or indirectly, shares in the Company as of today's date are those stated in section 6 above (*Securities of Zardoya Otis, S.A. owned or represented, directly or indirectly, by members of the Board of Directors*).

- Mr Bernardo Calleja Fernández, who is the direct and indirect holder of 90,000 shares in the Company, states that he has already accepted the Offer with all his shares.
- Mr Joao Miguel Marques Penedo, who is the direct holder of 10,500 shares in the Company, states his intention, as of today's date, to accept the Offer with all his shares.
- In its dual condition of director and significant shareholder of the Company, Euro-Syns, which is the direct holder of 52,628,034 shares and has signed an Irrevocable Commitment Agreement with the Offeror, states that it has already accepted the Offer with all its shares. In addition, Mr Alberto Zardoya Arana, individual representing Euro-Syns, individually holds 119 shares of the Company, and states that he has already accepted the Offer with all of his shares.

All the directors state that their intention regarding their shares is, as of today's date, as set out above, although, without prejudice to the provisions of the Irrevocable Commitment Agreement in respect of the director Euro-Syns, they reserve the right to revise it in accordance with any possible new circumstances, in particular with any assessment that they may make, if applicable, of the terms and conditions of other competing offers or any possible improvements that may be authorized by the CNMV.

The proprietary directors appointed at the proposal of Otis state that, as set out in the Prospectus, the ZOSA shares indirectly owned by Otis have been immobilized due to the Offer and are excluded therefrom.

## **11. COMPETING OFFERS**

From the date on which the Offering Company published the Offer's authorization request until the date of this Report, no competing offers have been issued.

## **12. INFORMATION TO THE WORKERS**

In compliance with Royal Decree 1066/2007, article 25.2, the governance and management bodies of ZOSA informed the workers of the Offer as soon as it was made public and sent them

the Prospectus when it was published. Likewise, a copy of this Report will be made available to the workers.

As of today's date, the Board of Director of ZOSA has not received any report or opinion from the workers' representatives.

In accordance with Royal Decree 1066/2007, article 24.2, in the event that the Board of Directors receives from the workers' representatives, within the term stated in said article, a different opinion regarding the repercussions of the Offer on employment, said opinion will be published as a complement to this Report and distributed using the same means.

Madrid, March 10, 2022.

**EXHIBIT 1**

**Fairness Opinion of BofA Securites**

To the Board of Directors  
**Zardoya Otis, S.A.**

CONFIDENTIAL

**7<sup>th</sup> March 2022**

To the Board of Directors  
Zardoya Otis, S.A.  
Calle del Golfo de Salónica, 73  
28033, Madrid  
Spain

Members of the Board of Directors:

We understand that the Board of Directors of Zardoya Otis, S.A., a Spanish public limited company listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “**Company**”) is required to issue a report on the voluntary public tender offer launched by Opal Spanish Holdings, S.A.U., a company incorporated under the laws of Spain (the “**Offeror**”), for the acquisition by the Offeror of 235,149,580 ordinary shares (with a nominal value of €0.10 per share) in the Company, representing 49.98% of the Company’s share capital (the “**Offer**”), as documented in the offer document authorized by the Spanish Comisión Nacional de Mercado de Valores on 28 February 2022 (the “**Offer Document**”). The Offeror is an indirect wholly-owned subsidiary of Otis Worldwide Corporation, a company incorporated under the laws of the State of Delaware and listed on the New York Stock Exchange (“**Otis**”), which indirectly owns the remaining 235,314,731 ordinary shares (with a nominal value of €0.10 per share) in the Company, representing 50.02% of the Company’s share capital. The Offer therefore targets the entire issued share capital of the Company not already owned indirectly by Otis. Under the terms of the Offer Document, the shareholders of the Company accepting the Offer shall receive in consideration for each ordinary share of the Company (with a nominal value of €0.10 per share) (the “**Company Shares**”), €7.07 in cash (the “**Consideration**”). As set out in the Offer Document and in the Offer announcement published pursuant to article 22 of the Spanish Royal Decree 1066/2007, of July 27, on takeover offers (the “**Spanish Takeover Regulations**”), the Consideration shall be adjusted in the gross amount of any dividends or other distributions made by the Company to its shareholders. In this regard, the initial consideration offered by the Offeror (€7.00) was adjusted to reflect the payment of a gross dividend of €0.074 on 11 October 2021. Then, on 20 December 2021 the Offeror announced an increase of the consideration to €7.14, which was thereafter adjusted to €7.07 as a result of the gross dividend of €0.076 per Company Share paid on 10 January 2022. As set out in the Offer Document, Euro-Syns, S.A., a shareholder of the Company holding in aggregate 52,628,034 Company Shares, representing 11.186% of the Company’s issued and outstanding share capital (the “**Committed Shareholder**”), undertook to accept the Offer with all its Company Shares.

Terms and conditions of the Offer are more fully set forth in the Offer Document.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the Company Shares, other than the Offeror or its affiliates or connected or concerned parties or the Committed Shareholder, of the Consideration.



In connection with this opinion, we have, among other things:

- a. reviewed certain publicly available business and financial information relating to the Company, the industries in which it operates, and certain other companies engaged in businesses comparable to them;
- b. reviewed certain internal financial and operating information with respect to the business, operations and prospects of the Company furnished to or discussed with us by the management of the Company, including certain financial forecasts relating to the Company prepared by the management of the Company for the 2022 to 2025 period (such forecasts, the “**Company’s Business Forecasts**”);
- c. discussed certain aspects of the Offer, past and current business, operations, financial condition and prospects of the Company with members of senior management of the Company including the comparison of the Company’s Business Forecasts with its peers’ expected evolution and market expectations around those forecasts (e.g. expected growth, margin evolution);
- d. reviewed the trading history for the Company Shares and a comparison of such trading history with the trading histories of other companies we deemed relevant;
- e. compared certain financial information and stock market information of the Company with similar information of companies we deemed relevant;
- f. reviewed the audited individual and consolidated financial statements of the Company and its subsidiaries for the financial periods ended on November 30, 2020, 2019, 2018, the first half-year financial results as at 30 May 2021 and the second half-year financial results as at 30 November 2021 reported by the Company as well as the limited information made available by the Company in respect of the third quarter of 2021 (i.e., June, July and August of 2021), and compared those financial results with the expected results deriving from the Company’s business plan guidance and from market consensus estimates;
- g. compared certain financial terms of the Offer to financial terms, to the extent publicly available, of other transactions we deemed relevant;
- h. reviewed the Offer Document, including the valuation report issued by Deloitte Financial Advisory, S.L. attached as an annex to the Offer Document (such valuation report, the “**Valuation Report**”) and the report to be issued by the Board of Directors of the Company in relation to the Offer, in the draft form made available to us on the date hereof;
- i. reviewed certain publicly available research reports on the Company and certain other companies engaged in businesses comparable to them;
- j. performed such other analyses and studies and considered such other information and factors as we deemed appropriate for the purposes of this opinion.



In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and all other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the management of the Company that they are not aware of (i) any facts or circumstances that would make such information or data inaccurate or misleading in any material respect, or (ii) any other relevant information that has been omitted or that remains undisclosed to us. With respect to the Company's Business Forecasts, we have been advised by the management of the Company, and have assumed at your direction, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Company as to the future financial performance of the Company, including its ability to realize the Company's Business Forecasts despite the inherent execution risk. The management of the Company has instructed us to rely on the Company's Business Forecasts as the basis of our analysis. We also note that the Company's Business Forecasts and the financial forecasts included in the Valuation Report are not identical. We are not expressing any view or opinion as to the reasonableness of such Company's Business Forecasts. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor have we made any physical inspection of the properties or assets of the Company. We have not evaluated the solvency or fair value of the Company under any laws relating to bankruptcy, insolvency or similar matters. We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the Company and advisors to the Company with respect to such issues. We have assumed, at the direction of the Board of Directors of the Company, that the Offer will be completed in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Offer, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on the Company or the contemplated benefits of the Offer.

We express no view or opinion as to any terms or other aspects of the Offer (other than the Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Offer or any sale of shares or other transaction(s) resulting from or connected with the Offer. We were not requested to, and we did not, participate in the negotiation of the terms of the Offer, nor were we requested to, and we did not, provide any advice or services in connection with the Offer other than the delivery of this opinion. In particular, we have not solicited indications of interest from third parties with respect to a possible acquisition of all or a portion of the Company Shares nor analyzed any alternative transaction. We express no view or opinion as to any such matters. Our opinion is limited to the fairness, from a financial point of view, of the Consideration offered to the holders of the Company Shares, other than the Offeror or its affiliates or connected or concerned parties or the Committed Shareholder, and no opinion or view is expressed with respect to any consideration, if any, to be offered or received in connection with the Offer by any other holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party, or class of such persons, relative to the Consideration.

Other factors after the date hereof may affect the value of the Company (and its business, assets or properties) after consummation of the Offer, including but not limited to (i) the total or partial disposition of the share capital of the Company by any shareholders prior to, or within a short period of time after, the consummation of the Offer, (ii) changes in prevailing interest rates and other factors which generally influence the price of securities, (iii) adverse changes in the current capital markets,



(iv) the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of the Company, (v) any necessary actions by or restrictions of governmental agencies or regulatory authorities, and (vi) the impossibility to complete the Offer in the terms and conditions set forth in the Offer Document. We also express no opinion as to the reasonableness (financial or otherwise) of the delisting of the Company Shares from the Spanish stock exchanges pursued by the Offeror or any other transaction or process in connection with the Offer, including any adjustment to the Consideration.

Furthermore, no opinion or view is expressed as to the relative merits of the Offer in comparison to other strategies or transactions that might be available to the Company or in which the Company might engage or as to any decision of the Company Board of Directors on whether to recommend or not the Offer to the holders of the Company Shares, nor does it address any legal, regulatory, tax or accounting matters. We are not expressing any opinion as to the prices at which the Company Shares will trade at any time, including following announcement or consummation of the Offer. In addition, we express no opinion or recommendation as to how any shareholder should vote or act in connection with the Offer or any related matter. We note, however, that the Offer Document contemplates the intention of the Offeror to delist the Company Shares following the Offer, whether through the exercise of the squeeze-out mechanism, if the conditions so required under applicable laws are met, or through the delisting of the Company Shares pursuant to the exception contained in article 11.d) of the Spanish Takeover Regulations, in the latter case only if the Offeror holds upon settlement of the Offer at least 75% of the Company Shares and the squeeze-out conditions have not been met, and, if that were to be the case (i.e. eventual delisting), holders of Company Shares not tendering their shares in the Offer to the Offeror would no longer benefit from the liquidity deriving from the shares being publicly traded on stock exchanges.

We have acted as financial advisor to the Board of Directors of the Company in connection with the Offer solely to render this opinion and will receive a fee for our services, which is payable upon the rendering of this opinion. In addition, the Board of Directors of the Company has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement in terms customary for this kind of services.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of the Company, the Offeror, Otis and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to the Company, the Offeror and/or Otis (and/or certain of their respective affiliates) and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as (i) financial adviser in connection with M&A transactions, (ii) administration agent, collateral agent, arranger, bookrunner, syndication agent and/or lender under certain credit facilities or in connection with the financing for various M&A transactions, (iii) underwriter, initial purchaser and/or placement agent for various equity,

debt and bond offerings, and (iv) lender under certain term loans, letters of credit and credit, leasing and other facilities, and having provided or providing certain treasury and trade services.

It is understood that this letter is for the benefit and use of the Board of Directors of the Company (in its capacity as such) in connection with and for purposes of its evaluation of the Offer and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of the Company. This opinion may not be used by the Board of Directors or any member thereof for any other purpose or relied upon by any holders of Company Shares or any other party. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance, except that a complete copy of this letter may be attached to the Board of Directors' report on the Offer and may so be disclosed to the Company's shareholders, on a non-reliance basis, alongside such report.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. We express no view as to, and our opinion does not address, the impact of the COVID-19 pandemic on geopolitical, macroeconomic and other conditions and we have relied, at the direction of the Board of Directors of the Company, upon assessments of the management of the Company as to, among other things, the potential impact of the COVID-19 pandemic on the Company. We also express no view as to, and our opinion does not address, the potential impact of any other geopolitical or international crisis or conflict that may exist at the date of this letter. The issuance of this opinion was approved by our EMEA Fairness Opinion Review Committee.

This opinion is issued in English and this English language version shall prevail over any translations.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration offered to the holders of the Company Shares, other than the Offeror or its affiliates or connected or concerned parties or the Committed Shareholder, is fair, from a financial point of view, to such holders.

Yours faithfully,

  
BANK OF AMERICA EUROPE DESIGNATED  
ACTIVITY COMPANY, SPANISH BRANCH



**EXHIBIT 2**

**Fairness Opinion of EY**

**Attn.**

Ms. Eva Castillo  
Mr. Jose Miguel Andrés Torrecillas  
**Zardoya Otis, S.A.**  
Calle del Golfo de Salónica, 73  
28033 Madrid  
Spain

10 March 2022

Dears:

According to the terms of the engagement letter dated 28 October 2021 (the “Engagement Agreement”) signed between Zardoya Otis, S.A. (hereinafter “Zardoya Otis”, “ZOSA”, the “Company”, the “Target”, the “Client” or the “Management”) and Ernst & Young Servicios Corporativos, S.L. (hereinafter “EY”), we have been engaged to provide an opinion on the reasonableness, from a financial point of view, of the price per share offered (“Purchase Price” or “Transaction Price” as defined in this letter) in the context of a Takeover Bid (hereinafter the “Transaction”, in Spanish “Oferta Pública de Adquisición” or “OPA”) announced on 23 September 2021 (the “Valuation Date”) by Opal Spanish Holdings S.A (hereinafter, the “Bidder” or “OSH”), a company 100% owned by Otis Worldwide, in order to acquire 49,99% of the shares of Zardoya Otis.

This Letter of Opinion (hereinafter “the Letter”) is confidential and for internal use of Zardoya Otis only for the purpose of verifying if the Transaction Price at which the Transaction will be accomplished is fair to the Company’s shareholders from a financial point of view. Any officer or director of Zardoya Otis may rely on the content of this Letter for the purposes of providing such opinion, subject to the terms and conditions of the Engagement Agreement.

EY has no conflict of interest for the performance of this work and has not received, nor will receive, any type of contingency fees in connection with this work.

## 1. BACKGROUND

On 23 September 2021, the Bidder announced a tender offer for all the shares of Zardoya Otis that it did not own. The offer price was 7.00 euros per share in cash, with ZOSA to be de-listed per the terms of the tender offer. The price was subsequently adjusted by two dividends which lowered the offer to 6.86 euros per share.

As of 21 December 2021, Otis Worldwide and Euro-Syns, S.A. (which owned a 11.19% of Zardoya Otis) announced an agreement to increase the tender offer to 7.14 euros per share. After deducting the dividend of 0.07 euros per share distributed in January 2022, the final Offer Price is 7.07 euros per share.

## 2. SCOPE AND PROCEDURES

In order to carry out the work and meet the objectives set forth in the scope of our mandate, we have conducted the procedures that we have deemed appropriate in order to provide an opinion on the reasonableness, from a financial point of view, for the shareholders of Zardoya Otis, of the Offer Price.

The main procedures used in the course of our work are detailed as follows:

- a. Holding interviews with the Client's Management in order to obtain a clear understanding of business carried out by the Target, as well as the market and the competitive and economic environment in which the Target operates.
- b. Holding periodic meetings with the non-conflicted Board of Directors of ZOSA.
- c. Analysis of the documents provided by the Company necessary to understand financial situation of the Target as well as the historical and projected cash generation capacity, such as:
  - a. Financial Statements at the closest date to the Transaction Date.
  - b. Audited Annual Accounts for the following years: 2018, 2019, 2020.
  - c. Non-audited Financial Statements of 2021.
  - d. Forecasted Business Plan for the period 2022 – 2025.
- d. Analysis of the corporate structure as of the Valuation Date.
- e. Identification and subsequent selection of the valuation methodologies to be used in order to estimate the fair value of the Target under analysis.
- f. Analysis of the fair value of 100% of the shares based on the Discounted Cash Flow ("DCF") as the main valuation methodology and the Guideline Comparable Companies Method ("GCCM") as cross-check valuation methodology.
- g. Sensitivity analysis to various financial parameters of the Target's Business Plan.
- h. Obtaining of a Representation Letter from Company's Management confirming, among other aspects, that it has no knowledge of any event, circumstance, or other relevant information up to the present day that has not been delivered or communicated to us and that could affect the performance of our work.
- i. Issue of the present Fairness Opinion letter, in English, addressed to the Board of Directors of Zardoya Otis, concluding with our opinion about the reasonableness, from a financial point of view, of the Transaction Price.

The appropriate basis of valuation for the purpose of our work is Fair Value. This is defined by the International Valuation Standard Council as:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

### **3. OTHER CONSIDERATIONS**

In order to carry out our work, Client's Management has granted us access to certain historical information of the Target. Additionally, we have also considered certain publicly available information regarding the selected industry and other relevant information about companies which operate in this industry. In arriving at our conclusion, we have assumed that all the information provided to us is trustworthy, accurate, true and complete in all aspects to date, and that any information that is or could be relevant for our work has been provided to us in its entirety.

We have not carried out an audit or an independent investigation to determine the veracity or accuracy of the information provided. Likewise, we do not express any opinion as to the basis on which assumptions about the financial statements, estimates, and financial projections have been prepared or as to the reasonableness of such projections.

In relation to the work performed, we should point out that certain aspects of the valuation involve, aside from objective factors, underlying factors that imply making judgments and establishing hypotheses that are dependent to a large extent on future events whose final outcome cannot be determined at present. As a result, some of the hypotheses used to arrive at our conclusions may not materialize as predicted.

The Client has informed us that there are no contingencies, disputes, or other liabilities not recorded that could affect the valuation and therefore, our conclusions, other than those provided to us.

The analyses and procedures performed have not considered any other legal or formal obligation.

As a result of the Covid-19 outbreak markets have seen exceptional levels of volatility. Businesses have been impacted by enforced closures, customer behavioral changes, travel disruption and issues in supply chains. There is an expectation that businesses will return to normal operations at a different pace depending on the sector where they operate. In the current environment, whilst valuations reflect some of the current uncertainty, the extent of the short-term impacts on businesses and the duration of this period of volatility remain unclear. The impacts on longer term prospects also remain uncertain.

Additionally, we have not considered any possible future impact, if any, related to the conflict in Ukraine in our Opinion of Value. The possibility of unknown effects on consumers, supply chains, trading counterparties (both direct and indirect), or future decisions that the Client may take as a result of the evolving adverse geopolitical situation, may or may not have a material impact on the financial projections that have formed the basis for the valuation and therefore on our opinion of value.

#### 4. CONCLUSION

In accordance with the procedures performed during the course of our work, the information used, and all the other aspects described in this letter, and taking into account the purpose of our work and the context of the Transaction, we consider that the Transaction Price for 49,99% of the shares of the Target, consisting of a price of 7.07 euros per share, is fair from a financial point of view to Zardoya Otis' shareholders.

This letter, as well as the information contained in it, has been prepared in the context herein described and therefore it should not be used for any other purposes nor distributed without our prior written consent.

EY declines any responsibility for the improper use of this letter or any use different than that established in our engagement agreement.

Yours faithfully,



Cecilia de la Hoz Arespachaga  
Partner



Fco. Javier Sánchez Ramos  
Partner