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

FORM 10-Q

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from ________ to ________

Commission file number 001-39221

OTIS WORLDWIDE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**83-3789412**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	**OTIS**	**New York Stock Exchange**
0.318% Notes due 2026	**OTIS/26**	**New York Stock Exchange**
0.934% Notes due 2031	**OTIS/31**	**New York Stock Exchange**

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

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

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

Large Accelerated Filer	ý	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

As of July 16, 2024 there were 400,554,767 shares of Common Stock outstanding.

OTIS WORLDWIDE CORPORATION

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Quarter Ended June 30, 2024

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

OTIS WORLDWIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(dollars in millions, except per share amounts; shares in millions)	Quarter Ended June 30, 2024	2023
Net sales:		
Product sales	$ **1,421**	$ 1,604
Service sales	**2,180**	2,116
	3,601	3,720
Costs and expenses:		
Cost of products sold	**1,168**	1,328
Cost of services sold	**1,354**	1,309
Research and development	**39**	36
Selling, general and administrative	**449**	479
	3,010	3,152
Other income (expense), net	**(21)**	12
Operating profit	**570**	580
Non-service pension cost (benefit)	**(1)**	1
Interest expense (income), net	**27**	37
Net income before income taxes	**544**	542
Income tax expense	**94**	135
Net income	**450**	407
Less: Noncontrolling interest in subsidiaries' earnings	**35**	31
Net income attributable to Otis Worldwide Corporation	$ **415**	$ 376
Earnings per share (Note 2):		
Basic	$ **1.03**	$ 0.91
Diluted	$ **1.02**	$ 0.90
Weighted average number of shares outstanding:		
Basic shares	**402.9**	412.7
Diluted shares	**405.5**	416.0

See accompanying Notes to Condensed Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(dollars in millions, except per share amounts; shares in millions)	Six Months Ended June 30, 2024	2023
Net sales:		
Product sales	**$ 2,701**	$ 2,911
Service sales	**4,337**	4,155
	7,038	7,066
Costs and expenses:		
Cost of products sold	**2,235**	2,426
Cost of services sold	**2,696**	2,561
Research and development	**75**	71
Selling, general and administrative	**911**	934
	5,917	5,992
Other income (expense), net	**(7)**	19
Operating profit	**1,114**	1,093
Non-service pension cost (benefit)	**(1)**	1
Interest expense (income), net	**71**	70
Net income before income taxes	**1,044**	1,022
Income tax expense	**220**	263
Net income	**824**	759
Less: Noncontrolling interest in subsidiaries' earnings	**56**	52
Net income attributable to Otis Worldwide Corporation	**$ 768**	$ 707
Earnings per share (Note 2):		
Basic	**$ 1.90**	$ 1.71
Diluted	**$ 1.89**	$ 1.70
Weighted average number of shares outstanding:		
Basic shares	**404.0**	413.5
Diluted shares	**406.8**	416.9

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Net income	**$ 450**	$ 407	**$ 824**	$ 759
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	**—**	(70)	**(25)**	(104)
Pension and postretirement benefit plan adjustments	**—**	—	**9**	—
Change in unrealized cash flow hedging	**—**	(6)	**3**	(3)
Other comprehensive income (loss), net of tax	**—**	(76)	**(13)**	(107)
Comprehensive income (loss), net of tax	**450**	331	**811**	652
Less: Comprehensive (income) loss attributable to noncontrolling interest	**(30)**	(18)	**(44)**	(42)
Comprehensive income attributable to Otis Worldwide Corporation	**$ 420**	$ 313	**$ 767**	$ 610

See accompanying Notes to Condensed Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(dollars in millions)	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 942	$ 1,274
Accounts receivable (net of allowance for expected credit losses of $ 131 and $ 130)	3,606	3,538
Contract assets	750	717
Inventories	605	612
Other current assets	335	259
Total Current Assets	6,238	6,400
Future income tax benefits	302	323
Fixed assets (net of accumulated depreciation of $ 1,230 and $ 1,232)	708	727
Operating lease right-of-use assets	398	416
Intangible assets, net	330	335
Goodwill	1,553	1,588
Other assets	329	328
Total Assets	$ 9,858	$ 10,117
Liabilities and Equity (Deficit)		
Short-term borrowings and current portion of long-term debt	$ 1,656	$ 32
Accounts payable	1,716	1,878
Accrued liabilities	1,719	1,873
Contract liabilities	2,804	2,696
Total Current Liabilities	7,895	6,479
Long-term debt	5,526	6,866
Future pension and postretirement benefit obligations	445	462
Operating lease liabilities	280	292
Future income tax obligations	206	245
Other long-term liabilities	388	493
Total Liabilities	14,740	14,837
Commitments and contingent liabilities (Note 16)		
Redeemable noncontrolling interest	52	135
Shareholders' Equity (Deficit):		
Common Stock and additional paid-in capital	230	213
Treasury Stock	(2,987)	(2,382)
Accumulated deficit	(1,538)	(2,005)
Accumulated other comprehensive income (loss)	(751)	(750)
Total Shareholders' Equity (Deficit)	(5,046)	(4,924)
Noncontrolling interest	112	69
Total Equity (Deficit)	(4,934)	(4,855)
Total Liabilities and Equity (Deficit)	$ 9,858	$ 10,117

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(dollars in millions, except per share amounts)	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)	Redeemable Noncontrolling Interest
Quarter Ended June 30, 2024								
Balance as of March 31, 2024	**$ 210**	**$ (2,684)**	**$ (1,794)**	**$ (756)**	**$ (5,024)**	**$ 84**	**$ (4,940)**	**$ 124**
Net income	**—**	**—**	**415**	**—**	**415**	**33**	**448**	**2**
Other comprehensive income (loss), net of tax	**—**	**—**	**—**	**5**	**5**	**(1)**	**4**	**(4)**
Stock-based compensation and Common Stock issued under employee plans	**20**	**—**	**(1)**	**—**	**19**	**—**	**19**	**—**
Cash dividends declared ($ 0.39 per common share)	**—**	**—**	**(157)**	**—**	**(157)**	**—**	**(157)**	**—**
Repurchase of Common Shares	**—**	**(303)**	**—**	**—**	**(303)**	**—**	**(303)**	**—**
Dividends attributable to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(3)**	**(3)**	**(1)**
Acquisitions, disposals and other changes	**—**	**—**	**(1)**	**—**	**(1)**	**(1)**	**(2)**	**(69)**
Balance as of June 30, 2024	**$ 230**	**$ (2,987)**	**$ (1,538)**	**$ (751)**	**$ (5,046)**	**$ 112**	**$ (4,934)**	**$ 52**
Quarter Ended June 30, 2023								
Balance as of March 31, 2023	$ 172	$ (1,750)	$ (2,653)	$ (626)	$ (4,857)	$ 90	$ (4,767)	$ 129
Net income	—	—	376	—	376	29	405	2
Other comprehensive income (loss), net of tax	—	—	—	(63)	(63)	(7)	(70)	(6)
Stock-based compensation and Common Stock issued under employee plans	11	—	(1)	—	10	—	10	—
Cash dividends declared ($ 0.34 per common share)	—	—	(141)	—	(141)	—	(141)	—
Repurchase of Common Shares	—	(177)	—	—	(177)	—	(177)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(8)	(8)	(1)
Acquisitions, disposals and other changes	—	—	—	—	—	(3)	(3)	2
Balance as of June 30, 2023	$ 183	$ (1,927)	$ (2,419)	$ (689)	$ (4,852)	$ 101	$ (4,751)	$ 126

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(dollars in millions, except per share amounts)	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)	Redeemable Noncontrolling Interest
Six Months Ended June 30, 2024								
Balance as of December 31, 2023	**$ 213**	**$ (2,382)**	**$ (2,005)**	**$ (750)**	**$ (4,924)**	**$ 69**	**$ (4,855)**	**$ 135**
Net income	**—**	**—**	**768**	**—**	**768**	**51**	**819**	**5**
Other comprehensive income (loss), net of tax	**—**	**—**	**—**	**(1)**	**(1)**	**(3)**	**(4)**	**(9)**
Stock-based compensation and Common Stock issued under employee plans	**18**	**—**	**(2)**	**—**	**16**	**—**	**16**	**—**
Cash dividends declared ($ 0.73 per common share)	**—**	**—**	**(295)**	**—**	**(295)**	**—**	**(295)**	**—**
Repurchase of Common Shares	**—**	**(605)**	**—**	**—**	**(605)**	**—**	**(605)**	**—**
Dividends attributable to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(4)**	**(4)**	**(9)**
Acquisitions, disposals and other changes	**(1)**	**—**	**(4)**	**—**	**(5)**	**(1)**	**(6)**	**(70)**
Balance as of June 30, 2024	**$ 230**	**$ (2,987)**	**$ (1,538)**	**$ (751)**	**$ (5,046)**	**$ 112**	**$ (4,934)**	**$ 52**
Six Months Ended June 30, 2023								
Balance as of December 31, 2022	$ 162	$ (1,575)	$ (2,865)	$ (592)	$ (4,870)	$ 71	$ (4,799)	$ 135
Net income	—	—	707	—	707	47	754	5
Other comprehensive income (loss), net of tax	—	—	—	(97)	(97)	(5)	(102)	(5)
Stock-based compensation and Common Stock issued under employee plans	21	—	(1)	—	20	—	20	—
Cash dividends declared ($ 0.63 per common share)	—	—	(261)	—	(261)	—	(261)	—
Repurchase of Common Shares	—	(352)	—	—	(352)	—	(352)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(9)	(9)	(9)
Acquisitions, disposals and other changes	—	—	1	—	1	(3)	(2)	—
Balance as of June 30, 2023	$ 183	$ (1,927)	$ (2,419)	$ (689)	$ (4,852)	$ 101	$ (4,751)	$ 126

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(dollars in millions)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Activities:		
Net income	**$ 824**	$ 759
Adjustments to reconcile net income to net cash flows provided by operating activities, net of acquisitions and dispositions:		
Depreciation and amortization	**85**	99
Deferred income tax expense (benefit)	**(25)**	(16)
Stock compensation cost	**36**	34
Change in operating assets and liabilities:		
Accounts receivable, net	**(171)**	(204)
Contract assets and liabilities, current	**107**	154
Inventories	**(10)**	(21)
Other current assets	**(60)**	(38)
Accounts payable	**(129)**	43
Accrued liabilities	**(127)**	(85)
Pension contributions	**(24)**	(24)
Other operating activities, net	**(27)**	23
Net cash flows provided by (used in) operating activities	**479**	724
Investing Activities:		
Capital expenditures	**(55)**	(62)
Acquisitions of businesses and intangible assets, net of cash (Note 6)	**(40)**	(20)
Receipts (payments) on settlements of derivative contracts	**(4)**	(13)
Other investing activities, net	**2**	4
Net cash flows provided by (used in) investing activities	**(97)**	(91)
Financing Activities:		
Net proceeds from (repayments of) borrowings (maturities of 90 days or less)	**323**	57
Dividends paid on Common Stock	**(295)**	(261)
Repurchases of Common Stock	**(600)**	(350)
Acquisition of noncontrolling interest shares	**(75)**	—
Dividends paid to noncontrolling interest	**(11)**	(15)
Other financing activities, net	**(21)**	(16)
Net cash flows provided by (used in) financing activities	**(679)**	(585)
Effect of exchange rate changes on cash and cash equivalents	**(32)**	(16)
Net increase (decrease) in cash, cash equivalents and restricted cash	**(329)**	32
Cash, cash equivalents and restricted cash, beginning of year	**1,280**	1,195
Cash, cash equivalents and restricted cash, end of period	**951**	1,227
Less: Restricted cash	**9**	8
Cash and cash equivalents, end of period	**$ 942**	$ 1,219

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Note 1: General

The Condensed Consolidated Financial Statements as of June 30, 2024 and for the quarters and six months ended June 30, 2024 and 2023 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results for the interim periods. The Condensed Consolidated Balance Sheet as of December 31, 2023 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles ("GAAP") in the United States ("U.S."). The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for fiscal year 2023 ("2023 Form 10-K" or "Form 10-K").

Unless the context otherwise requires, references to "Otis," "we," "us," "our" and "the Company" refer to Otis Worldwide Corporation and its subsidiaries.

There have been no changes to the Company's significant accounting policies described in the Company's 2023 Form 10-K that have a material impact on the Company's Condensed Consolidated Financial Statements and the related notes.

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

We assessed certain accounting matters that generally require consideration of forecasted financial information in the context of the information reasonably available to us and the unknown future impacts of macroeconomic developments, including inflationary pressures, higher interest rates and tighter credit conditions, as of June 30, 2024 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for credit losses, the carrying value of our goodwill and other long-lived assets, financial assets and revenue recognition. While there was not a material impact to our Condensed Consolidated Financial Statements as of June 30, 2024 and for the quarters and six months ended June 30, 2024 and 2023 resulting from our assessments of these matters, future assessment of our expectations of the magnitude and duration of these macroeconomic developments, as well as other factors, could result in material impacts to our Condensed Consolidated Financial Statements in future reporting periods.

We also assessed certain accounting matters as they relate to the ongoing conflict between Russia and Ukraine and the war in Israel and Gaza, including, but not limited to, our allowance for credit losses, the carrying value of long-lived assets, revenue recognition and the classification of assets. There was not a material impact to our Condensed Consolidated Financial Statements as of June 30, 2024 and for the quarters and six months ended June 30, 2024 and 2023 resulting from our assessment of these matters. We continue to assess the impact on our results of operations, financial position and overall performance as the situations develop and any broader implications they may have on the global economy.

Acquisition of Noncontrolling Interest. In April 2024, we notified the noncontrolling shareholders of our subsidiary in Japan that we were exercising our call option to acquire all of their outstanding shares. The estimated value of purchasing these shares was reflected in Redeemable noncontrolling interest in our Condensed Consolidated Balance Sheet as of March 31, 2024. The purchase of these shares was completed in the second quarter of 2024 for approximately $ 70 million.

Supplier Finance Programs. Certain Otis subsidiaries participate in supplier finance programs, under which we agree to pay third-party financial institutions the stated amounts of confirmed invoices from suppliers on the original maturity dates of the invoices, while the participating suppliers generally have the ability to sell, or otherwise pledge as collateral, their receivables from the Company to the participating financial institutions. The outstanding obligations confirmed by the Company as valid to the financial institutions under our supplier finance programs were $ 560 million and $ 627 million as of June 30, 2024 and December 31, 2023, respectively. These obligations are included in Accounts payable in the Condensed Consolidated Balance Sheets, and all activity related to the obligations is presented within operating activities on the Condensed Consolidated Statements of Cash Flows.

Note 2: Earnings per Share

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions, except per share amounts; shares in millions)	**2024**	**2023**	**2024**	**2023**
Net income attributable to Otis Worldwide Corporation	**$ 415**	$ 376	**$ 768**	$ 707
Impact of redeemable noncontrolling interest	**—**	—	**—**	—
Net income attributable to common shareholders	**$ 415**	$ 376	**$ 768**	$ 707
Basic weighted average number of shares outstanding	**402.9**	412.7	**404.0**	413.5
Stock awards and equity units (share equivalent)	**2.6**	3.3	**2.8**	3.4
Diluted weighted average number of shares outstanding	**405.5**	416.0	**406.8**	416.9
Earnings Per Share of Common Stock:				
Basic	**$ 1.03**	$ 0.91	**$ 1.90**	$ 1.71
Diluted	**$ 1.02**	$ 0.90	**$ 1.89**	$ 1.70

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the Common Stock is lower than the exercise price of the related stock awards during the period because the effect would be anti-dilutive. In addition, the computation of diluted earnings per share excludes the effect of the potential exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. There were 1.1 million of anti-dilutive stock awards excluded from the computation for the quarters ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023.

Note 3: Revenue Recognition

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

Contract Assets and Liabilities. Contract assets reflect revenue recognized in advance of customer billing. Contract liabilities are recognized when a customer pays consideration, or we have a right to receive an amount of unconditional consideration, in advance of the satisfaction of performance obligations under the contract. We receive payments from customers based on the terms established in our contracts, which are progress payments as we perform contract work over time, payments in advance of performing work, or in some cases, payments upon completion of work.

Total Contract assets and Contract liabilities as of June 30, 2024 and December 31, 2023 are as follows:

(dollars in millions)	**June 30, 2024**	**December 31, 2023**
Contract assets, current	**$ 750**	$ 717
Total contract assets	**750**	717
Contract liabilities, current	**2,804**	2,696
Contract liabilities, non-current (included within Other long-term liabilities)	**39**	48
Total contract liabilities	**2,843**	2,744
Net contract liabilities	**$ 2,093**	$ 2,027

Contract assets increased by $ 33 million during the six months ended June 30, 2024 as a result of the progression of current contracts and timing of billing on customer contracts. Contract liabilities increased by $ 99 million during the six months ended June 30, 2024 primarily due to billings on contracts in excess of revenue earned.

In the six months ended June 30, 2024 and 2023, we recognized revenue of approximately $ 1.6 billion and $ 1.5 billion related to contract liabilities as of January 1, 2024 and 2023, respectively.

Remaining Performance Obligations ("RPO"). RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of June 30, 2024, our total RPO was approximately $ 18.2 billion. Of the total RPO as of June 30, 2024, we expect approximately 90 % will be recognized as sales over the following 24 months.

Note 4: Accounts Receivable, Net

Accounts receivable, net consisted of the following as of June 30, 2024 and December 31, 2023:

(dollars in millions)	June 30, 2024	December 31, 2023
Trade receivables	**$ 3,429**	$ 3,390
Unbilled receivables	**148**	119
Miscellaneous receivables	**97**	96
Customer financing notes receivable	**63**	63
	3,737	3,668
Less: allowance for expected credit losses	**(131)**	(130)
Accounts receivable, net	**$ 3,606**	$ 3,538

The changes in allowance for expected credit losses related to Accounts receivable, net for the six months ended June 30, 2024 and 2023, respectively, are as follows:

	Six months ended June 30,	
(dollars in millions)	2024	2023
Balance as of January 1	**$ 130**	$ 152
Provision for expected credit losses	**12**	18
Write-offs charged against the allowance for expected credit losses	**(7)**	(25)
Foreign exchange and other	**(4)**	(2)
Balance as of June 30	**$ 131**	$ 143

Note 5: Inventories

Inventories consisted of the following as of June 30, 2024 and December 31, 2023:

(dollars in millions)	June 30, 2024	December 31, 2023
Raw materials and work-in-process	**$ 145**	$ 154
Finished goods	**460**	458
Total	**$ 605**	$ 612

Raw materials, work-in-process and finished goods are net of valuation write-downs of $ 87 million as of June 30, 2024 and December 31, 2023.

Note 6: Business Acquisitions, Goodwill and Intangible Assets

Business Acquisitions. Our acquisitions of businesses and intangible assets, net of cash, totaled $ 40 million and $ 20 million in the six months ended June 30, 2024 and 2023, respectively, and were primarily in our Service segment. Transaction costs incurred were not considered significant.

Goodwill. Changes in our Goodwill balances during the six months ended June 30, 2024 were as follows:

(dollars in millions)	Balance as of December 31, 2023	Goodwill Resulting from Business Combinations	Foreign Currency Translation and Other	Balance as of June 30, 2024
New Equipment	$ 295	$ —	$ (10)	$ 285
Service	1,293	16	(41)	1,268
Total	$ 1,588	$ 16	$ (51)	$ 1,553

Intangible Assets. Intangible assets cost and accumulated amortization were $ 2,043 million and $ 1,713 million, respectively, as of June 30, 2024, and $ 2,072 million and $ 1,737 million, respectively, as of December 31, 2023.

Amortization of intangible assets for the quarter and six months ended June 30, 2024 was $ 15 million and $ 31 million, respectively, compared to $ 17 million and $ 34 million for the same periods in 2023. Excluding the impact of acquisitions and currency translation adjustments, there were no other significant changes in our Intangible assets during the quarters and six months ended June 30, 2024 and 2023.

Note 7: Borrowings and Lines of Credit

(dollars in millions)	June 30, 2024	December 31, 2023
Commercial paper	$ 320	$ —
Other borrowings	36	32
Total short-term borrowings	$ 356	$ 32

Commercial Paper. As of June 30, 2024, there were $ 320 million borrowings outstanding under the Company's $ 1.5 billion commercial paper programs. We use our commercial paper borrowings for general corporate purposes including to finance acquisitions, pay dividends, repurchase shares and for debt refinancing. The need for commercial paper borrowings may arise if the use of domestic cash for general corporate purposes exceeds the sum of domestic cash generation and foreign cash repatriated to the U.S.

For details regarding the Company's short-term borrowing activity in 2023, refer to Note 9 of the Company's audited consolidated financial statements and notes thereto included in our 2023 Form 10-K.

Long-term debt.

As of June 30, 2024, we had a revolving credit agreement with various banks providing for a $ 1.5 billion unsecured, unsubordinated five-year revolving credit facility, maturing March 10, 2028. As of June 30, 2024, there were no borrowings under the revolving credit agreement. As of June 30, 2024, the Company is in compliance with all covenants in the revolving credit agreement and the indentures governing all outstanding long-term debt. Long-term debt consisted of the following:

(dollars in millions)	June 30, 2024	December 31, 2023
2.056 % notes due 2025	**$ 1,300**	$ 1,300
0.37 % notes due 2026 (¥ 21.5 billion principal value)	**135**	150
0.318 % notes due 2026 (€ 600 million principal value)	**642**	658
2.293 % notes due 2027	**500**	500
5.250 % notes due 2028	**750**	750
2.565 % notes due 2030	**1,500**	1,500
0.934 % notes due 2031 (€ 500 million principal value)	**535**	548
3.112 % notes due 2040	**750**	750
3.362 % notes due 2050	**750**	750
Other (including finance leases)	**4**	4
Total principal long-term debt	**6,866**	6,910
Other (discounts and debt issuance costs)	**(40)**	(44)
Total long-term debt	**6,826**	6,866
Less: current portion	**1,300**	—
Long-term debt, net of current portion	**$ 5,526**	$ 6,866

We may redeem any series of notes at our option pursuant to certain terms. For additional details regarding the Company's debt activity in 2023, refer to Note 9 of the Company's audited consolidated financial statements and notes thereto included in our 2023 Form 10-K.

Debt discounts and debt issuance costs are presented as a reduction of debt on the Condensed Consolidated Balance Sheets and are amortized as a component of interest expense over the term of the related debt using the effective interest method. The Condensed Consolidated Statements of Operations for the quarters and six months ended June 30, 2024 and 2023 reflects the following:

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Debt issuance costs amortization	**$ 2**	$ 2	**$ 4**	$ 4
Total interest expense on external debt	**43**	34	**86**	67

The unamortized debt issuance costs as of June 30, 2024 and December 31, 2023 were $ 37 million and $ 42 million, respectively.

The weighted average maturity of our long-term debt as of June 30, 2024 is approximately 7.4 years. The weighted average interest expense rate on our borrowings outstanding as of June 30, 2024 and December 31, 2023 was as follows:

	June 30, 2024	December 31, 2023
Short-term commercial paper	**5.5 %**	— %
Total long-term debt	**2.5 %**	2.5 %

The weighted average interest expense rate on our borrowings during the quarters and six months ended June 30, 2024 and 2023 was as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Short-term commercial paper	**5.5 %**	4.9 %	**5.5 %**	4.9 %
Total long-term debt	**2.5 %**	2.0 %	**2.5 %**	2.0 %

Note 8: Employee Benefit Plans

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Defined benefit plans	**$ 12**	$ 10	**$ 24**	$ 24
Defined contribution plans	**16**	15	**36**	34
Multi-employer pension and postretirement plans	**42**	41	**82**	75

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Service cost	**$ 8**	$ 8	**$ 16**	$ 15
Interest cost	**7**	8	**15**	16
Expected return on plan assets	**(8)**	(8)	**(16)**	(16)
Total net periodic benefit cost	**$ 7**	$ 8	**$ 15**	$ 15

Postretirement Benefit Plans. The Company sponsors postretirement benefit plans that provide health benefits to eligible retirees. The postretirement plans are unfunded. The net periodic benefit cost was less than $ 1 million for the quarters and six months ended June 30, 2024 and 2023.

Stock-based Compensation. The Company adopted the 2020 Long-Term Incentive Plan (the "Plan") effective April 3, 2020. As of June 30, 2024, approximately 20 million shares remain available for awards under the Plan.

The Company measures the cost of all share-based payments, including stock options, at fair value on the grant date and recognizes this cost in the Condensed Consolidated Statements of Operations over the award's applicable vesting period. A forfeiture rate assumption is applied on grant date to adjust the expense recognition for awards that are not expected to vest.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Stock-based compensation expense (Share Based)	**$ 20**	$ 19	**$ 36**	$ 34
Less: future tax benefit	**(2)**	(2)	**(4)**	(4)
Stock-based compensation expense, net of tax	**$ 18**	$ 17	**$ 32**	$ 30

As of June 30, 2024, following our annual grant issuance on February 7, 2024, there was approximately $ 105 million of total unrecognized compensation cost related to non-vested equity awards granted under the Plan. This cost is expected to be recognized ratably over a weighted-average period of 2.0 years.

Note 9: Stock

Preferred Stock. There are 125 million shares of $ 0.01 par value Preferred Stock authorized, of which none were issued as of June 30, 2024 and December 31, 2023.

Common Stock. There are 2 billion shares of $ 0.01 par value Common Stock authorized. As of June 30, 2024 and December 31, 2023, 438.2 million and 437.0 million shares of Common Stock were issued, respectively, which includes 36.9 million and 30.4 million shares of treasury stock, respectively.

Treasury Stock. As of June 30, 2024, the Company was authorized by the Board of Directors to purchase up to $ 2.0 billion of Common Stock under a share repurchase program, of which approximately $ 600 million was remaining at such time.

During the quarter and six months ended June 30, 2024, the Company repurchased 3.2 million and 6.5 million shares, respectively, for $ 300 million and $ 600 million, respectively, compared to the 2.1 million and 4.2 million shares, respectively, in the same periods of 2023 for $ 175 million and $ 350 million, respectively. Share repurchases in excess of issuances are subject to a 1 % excise tax, which is included as part of the cost basis of the shares acquired in Treasury Stock on the Condensed Consolidated Balance Sheets.

The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under this program, shares may be purchased in the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Note 10: Accumulated Other Comprehensive Income (Loss)

A summary of the changes in each component of Accumulated other comprehensive income (loss), net of tax, for the quarters and six months ended June 30, 2024 and 2023 is provided below:

(dollars in millions)	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Quarter Ended June 30, 2024				
Balance as of March 31, 2024	$ (691)	$ (69)	$ 4	$ (756)
Other comprehensive income (loss) before reclassifications, net	5	—	(14)	(9)
Amounts reclassified, pre-tax	—	—	14	14
Tax benefit reclassified	—	—	—	—
Balance as of June 30, 2024	$ (686)	$ (69)	$ 4	$ (751)
Six Months Ended June 30, 2024				
Balance as of December 31, 2023	$ (673)	$ (78)	$ 1	$ (750)
Other comprehensive income (loss) before reclassifications, net	(13)	9	(12)	(16)
Amounts reclassified, pre-tax	—	—	15	15
Tax benefit reclassified	—	—	—	—
Balance as of June 30, 2024	$ (686)	$ (69)	$ 4	$ (751)

(dollars in millions)	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Quarter Ended June 30, 2023				
Balance as of March 31, 2023	$ (624)	$ (8)	$ 6	$ (626)
Other comprehensive income (loss) before reclassifications, net	(58)	—	(12)	(70)
Amounts reclassified, pre-tax	1	—	8	9
Tax benefit reclassified	—	—	(2)	(2)
Balance as of June 30, 2023	$ (681)	$ (8)	$ —	$ (689)
Six Months Ended June 30, 2023				
Balance as of December 31, 2022	$ (587)	$ (8)	$ 3	$ (592)
Other comprehensive income (loss) before reclassifications, net	(95)	—	(8)	(103)
Amounts reclassified, pre-tax	1	—	7	8
Tax benefit reclassified	—	—	(2)	(2)
Balance as of June 30, 2023	$ (681)	$ (8)	$ —	$ (689)

Amounts reclassified that relate to defined benefit pension and postretirement plans include amortization of prior service costs and actuarial net losses recognized during each period presented. These costs are recorded as components of net periodic pension cost for each period presented. See Note 8, "Employee Benefit Plans" for additional information.

Note 11: Income Taxes

The decrease in the effective tax rate for the quarter and six months ended June 30, 2024, is primarily due to the reduction in a deferred tax liability related to the mitigation of future repatriation costs and the release of a non-U.S. tax reserve recorded in the quarter ended June 30, 2024.

Otis conducts business globally and, as a result, Otis or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the ordinary course of business, Otis could be subject to examination by taxing authorities throughout the world, including such major jurisdictions as Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Portugal, South Korea, Spain, Switzerland, the United Kingdom, and the United States. With a few exceptions, Otis is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2015.

A subsidiary of Otis engaged in tax-related litigation in Belgium received a favorable appellate court decision in 2018. The Belgian tax authorities appealed the decision to the Court of Cassation (the equivalent of the Supreme Court in Belgium). On December 4, 2020, the Court of Cassation overturned the decision of the appellate court and remanded the case to the appellate court for reconsideration. Following a hearing on March 20, 2023, the Antwerp Appellate Court ruled against the Company. Otis has decided not to appeal the decision, which marks the end of this litigation. Otis expects to receive the assessment for tax and interest in 2024. The associated tax and interest have been fully reserved and are included in the range below.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances, and information available at the reporting date. The evaluation considers any additional worldwide uncertain tax positions, the closure of tax statutes or the re-valuation of current uncertain tax positions arising from the issuance of legislation, regulatory or other guidance or developments in examinations, in appeals, or in the courts. Based on the preceding factors, it is reasonably possible that within the next 12 months unrecognized tax benefits could change within the range of a $ 10 million increase to a $ 320 million decrease and associated interest could change within the range of a $ 10 million increase to a $ 125 million decrease.

See Note 16, “Contingent Liabilities” for discussion regarding uncertain tax positions, included in the above range, related to pending litigation with respect to certain deductions claimed in Germany.

Note 12: Restructuring and Transformation Costs

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions, and facility exit and lease termination costs associated with the consolidation of office and manufacturing operations.

During the quarters and six months ended June 30, 2024 and 2023, we recorded restructuring costs for new and ongoing restructuring actions, including UpLift actions beginning in 2023, as follows:

	Quarter Ended June 30, 2024			Quarter Ended June 30, 2023		
(dollars in millions)	UpLift	Other	Total	UpLift	Other	Total
Cost of products and services sold	**$ 2**	**$ 4**	**$ 6**	$ —	$ —	$ —
Selling, general and administrative	**4**	**1**	**5**	—	10	10
Total	**$ 6**	**$ 5**	**$ 11**	$ —	$ 10	$ 10

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
(dollars in millions)	UpLift	Other	Total	UpLift	Other	Total
Cost of products and services sold	**$ 2**	**$ 9**	**$ 11**	$ —	$ 2	$ 2
Selling, general and administrative	**5**	**15**	**20**	—	13	13
Total	**$ 7**	**$ 24**	**$ 31**	$ —	$ 15	$ 15

Restructuring costs incurred and expected, unless otherwise indicated, are approximately 30 % New Equipment and 70 % Service. Although this reflects the segments to which the restructuring costs relate, refer to Note 17 for more information about our measure of segment performance (segment operating profit), which no longer includes restructuring costs, among other items, beginning in the first quarter of 2024.

UpLift Restructuring Actions and Transformation Costs. During the third quarter of 2023, we announced UpLift to transform our operating model. UpLift includes, among other aspects, the standardization of our processes and improvement of our supply chain procurement, as well as restructuring actions.

UpLift restructuring actions of up to $ 55 million were approved in 2023, which are primarily severance related costs. We expect these actions to be substantially completed and cash to be paid by the end of 2024, with certain payments to be completed in 2025. Expected total costs and remaining costs to incur for the approved actions identified to-date are approximately $ 55 million and $ 23 million, respectively.

In the quarter and six months ended June 30, 2024, we incurred $ 15 million and $ 27 million, respectively, of incremental, non-restructuring costs associated with transforming our operating model as a part of UpLift ("UpLift transformation costs"), including consulting and personnel costs, which are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

Other Restructuring Actions. The other restructuring expenses incurred during the quarter and six months ended June 30, 2024 and 2023, were primarily the result of restructuring programs initiated during 2024 and 2023. We are targeting to complete by the end of 2024 the majority of remaining other restructuring actions initiated in the quarter and six months ended June 30, 2024 and the full year 2023, with certain utilization beyond 2024 due to contractual obligations or legal requirements in the applicable jurisdictions. Expected total costs and remaining costs to incur for the other restructuring actions initiated are $ 82 million and $ 22 million, respectively.

Restructuring Accruals. The following table summarizes the accrual balance and utilization for restructuring actions, which are primarily for severance costs and most will require cash payment:

(dollars in millions)	UpLift Actions	Other Actions	Total Restructuring Actions
Restructuring accruals as of December 31, 2023	$ 13	$ 35	$ 48
Net restructuring costs	**7**	**24**	**31**
Utilization, foreign exchange and other costs	**(14)**	**(28)**	**(42)**
Restructuring accruals as of June 30, 2024	**$ 6**	**$ 31**	**$ 37**

Note 13: Financial Instruments

We enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments under ASC 815, *Derivatives and Hedging*. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, commodity prices and foreign exchange rates. These fluctuations can increase the costs of financing, investing in and operating the business. We may use derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, commodity price and interest rate exposures.

The four-quarter average of the notional amount of foreign exchange contracts hedging foreign currency transactions was $ 5.1 billion and $ 4.6 billion as of June 30, 2024 and December 31, 2023, respectively. The four-quarter average of the notional amount of contracts hedging commodity purchases was $ 17 million and $ 21 million as of June 30, 2024 and December 31, 2023, respectively.

The following table summarizes the fair value and presentation on the Condensed Consolidated Balance Sheets for derivative instruments as of June 30, 2024 and December 31, 2023:

(dollars in millions)	Balance Sheet Classification	June 30, 2024	December 31, 2023
Derivatives designated as Cash flow hedging instruments:			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	**$ 4**	$ 2
Commodity contracts	Other current assets	**—**	1
Foreign exchange contracts	Other assets	**3**	2
	Total asset derivatives	**$ 7**	$ 5
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	**$ (3)**	$ (4)
Foreign exchange contracts	Other long-term liabilities	**(1)**	(1)
	Total liability derivatives	**$ (4)**	$ (5)
Derivatives not designated as Cash flow hedging instruments:			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	**$ 32**	$ 20
Foreign exchange contracts	Other assets	**2**	4
	Total asset derivatives	**$ 34**	$ 24
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	**$ (19)**	$ (34)
Foreign exchange contracts	Other long-term liabilities	**(3)**	(7)
	Total liability derivatives	**$ (22)**	$ (41)

Derivatives designated as Cash flow hedging instruments. The amounts of gain or (loss) attributable to foreign exchange and commodity contract activity reclassified from Accumulated other comprehensive income (loss) were immaterial for the quarters and six months ended June 30, 2024 and 2023, respectively.

The effect of cash flow hedging relationships on Accumulated other comprehensive income (loss) as of June 30, 2024 and December 31, 2023 are presented in the table below:

(dollars in millions)	June 30, 2024	December 31, 2023
Gain (loss) recorded in Accumulated other comprehensive income (loss)	**$ 4**	$ 1

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

Assuming current market conditions continue, a pre-tax gain of less than $ 1 million is expected to be reclassified from Accumulated other comprehensive income (loss) into Cost of products sold to reflect the fixed prices obtained from foreign exchange and commodity hedging within the next 12 months. All derivative contracts accounted for as cash flow hedges as of June 30, 2024 will mature by December 2028.

Net Investment Hedges. We may use non-derivative instruments (foreign currency denominated borrowings) and derivative instruments (foreign exchange forward contracts) to hedge portions of the Company's investments in foreign subsidiaries and manage foreign exchange risk. For instruments that are designated and qualify as a hedge of net investment in foreign operations and that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in foreign currency translation within Other comprehensive income (loss) on the Condensed Consolidated Statements of Comprehensive Income, and will remain in Accumulated other comprehensive income (loss) until the hedged investment is sold or substantially liquidated. The remainder of the change in value of such instruments is recorded in earnings, including to the extent foreign currency denominated borrowings are not designated in, or are de-designated from, a net investment hedge relationship.

Our use of foreign exchange forward contracts designated as hedges of the Company's net investment in foreign subsidiaries can vary depending on the Company's desired foreign exchange risk coverage.

We have ¥ 21.5 billion of Japanese Yen denominated long-term debt that qualifies as a net investment hedge against our investments in Japanese businesses, as well as foreign exchange forward contracts with notional amounts of € 120 million and HK$ 2 billion that qualify as net investment hedges against our investments in certain European and Asian businesses. The net investment hedges are deemed to be effective. The maturity dates of the current non-derivative and derivative instruments designated in net investment hedges range from 2024 to 2026.

Additionally, we had a foreign exchange forward contract with a notional amount of € 95 million that matured during the second quarter of 2023. This qualified as a net investment hedge and was deemed to be effective until maturity.

The following table summarizes the amounts of gains (losses) recognized in other comprehensive income (loss) related to non-derivative and derivative instruments designated as net investment hedges:

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Foreign currency denominated long-term debt	**$ 8**	$ 12	**$ 15**	$ 13
Foreign currency forward contracts	**(2)**	—	**(2)**	1
Total	**$ 6**	$ 12	**$ 13**	$ 14

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Foreign exchange contracts	**$ 3**	$ 9	**$ 2**	$ 12

The effects of derivatives not designated as Cash flow hedge instruments within Cost of products sold on the Condensed Consolidated Statements of Operations were losses of $ 2 million in the quarter and six months ended June 30, 2024 compared to losses of $ 10 million and $ 8 million in the same periods of 2023, respectively.

Note 14: Fair Value Measurements

Valuation Techniques. Our marketable securities include investments that are traded in active markets, either domestically or internationally, and are measured at fair value using closing stock prices from active markets. The fair value gains or losses related to our marketable securities are recorded through net income. Our derivative assets and liabilities include foreign exchange and commodity contracts that are measured at fair value using internal and third party models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks.

As of June 30, 2024, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

Due to their short-term nature, the carrying value approximated fair value for the current portion of the Company’s financial instruments not carried at fair value. The fair value of receivables, including customer financing notes receivable, net, that were issued long-term are based on the discounted values of their related cash flows at interest rates reflecting the attributes of the counterparties, including geographic location. Customer-specific risk, including credit risk, is already considered in the carrying value of those receivables. Our long-term debt, as described in Note 7, "Borrowings and Lines of Credit", is measured at fair value using closing bond prices from active markets.

Recurring Fair Value Measurements. In accordance with the provisions of ASC 820: *Fair Value Measurements* , the following tables provide the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring and non-recurring basis in our Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023:

	June 30, 2024			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities	**$ 30**	**$ 30**	**$ —**	**$ —**
Derivative assets	**41**	**—**	**41**	**—**
Derivative liabilities	**(26)**	**—**	**(26)**	**—**

	December 31, 2023			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities	$ 28	$ 28	$ —	$ —
Derivative assets	29	—	29	—
Derivative liabilities	(46)	—	(46)	—

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Fair Value of Financial Instruments. The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value as of June 30, 2024 and December 31, 2023:

	June 30, 2024		December 31, 2023	
(dollars in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables, net	**$ 44**	**$ 43**	$ 55	$ 54
Customer financing notes receivable, net	**24**	**21**	26	23
Short-term borrowings	**(356)**	**(356)**	(32)	(32)
Long-term debt, including current portion (excluding leases and other)	**(6,862)**	**(6,051)**	(6,906)	(6,224)
Long-term liabilities, including current portion	**(132)**	**(121)**	(197)	(185)

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in the Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023:

	June 30, 2024			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Long-term receivables, net	**$ 43**	**$ —**	**$ 43**	**$ —**
Customer financing notes receivable, net	**21**	**—**	**21**	**—**
Short-term borrowings	**(356)**	**—**	**(356)**	**—**
Long-term debt, including current portion (excluding leases and other)	**(6,051)**	**—**	**(6,051)**	**—**
Long-term liabilities, including current portion	**(121)**	**—**	**(121)**	**—**

	December 31, 2023			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Long-term receivables, net	$ 54	$ —	$ 54	$ —
Customer financing notes receivable, net	23	—	23	—
Short-term borrowings	(32)	—	(32)	—
Long-term debt, including current portion (excluding leases and other)	(6,224)	—	(6,224)	—
Long-term liabilities, including current portion	(185)	—	(185)	—

Note 15: Guarantees

The Company provides service and warranty on its products beyond normal service and warranty policies. The carrying amount of service and product guarantees were $ 11 million and $ 12 million as of June 30, 2024 and December 31, 2023, respectively.

The Company provides certain financial guarantees to third parties. As of June 30, 2024, Otis has stand-by letters of credit with maximum potential payment totaling $ 139 million. We accrue costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with ASC Topic 460: *Guarantees*, we record these liabilities at fair value. As of June 30, 2024, Otis has determined there are no estimated costs probable under these guarantees.

Note 16: Contingent Liabilities

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

For details regarding the Company's outstanding liability for environmental obligations, refer to Note 21 of the Company's audited consolidated financial statements and notes thereto included in our 2023 Form 10-K.

Legal Proceedings.

German Tax Litigation

We have been involved in administrative review proceedings with the German Tax Office, which concern approximately € 215 million (approximately $ 231 million as of June 30, 2024) of tax benefits that we have claimed related to a 1998 reorganization of the corporate structure of our operations in Germany. Upon audit, these tax benefits were disallowed by the German Tax Office. We estimate interest associated with the aforementioned tax benefits is an additional approximately € 118 million (approximately $ 127 million as of June 30, 2024).

In August 2012, a suit was filed in the local German Tax Court (Berlin-Brandenburg). In 2015, our former parent United Technologies Corporation ("UTC"), now RTX Corporation ("RTX"), made tax and interest payments to German tax authorities of € 275 million (approximately $ 300 million) in order to avoid additional interest accruals pending final resolution of this matter. In March 2016, the local German Tax Court dismissed the suit, and we appealed this decision to the German Federal Tax Court. Following a hearing in July 2018, the German Federal Tax Court remanded the matter to the local German Tax Court for further proceedings. In December 2020, the local German Tax Court ruled against the Company.

On January 26, 2021, the Company filed an appeal with the German Federal Tax Court. On February 8, 2022, the Company received the decision of the German Federal Tax Court, in which the Court remanded the case for reconsideration by the local German Tax Court. The local German Tax Court held a hearing on June 12, 2023, and issued a decision in favor of Otis on July 21, 2023. On September 14, 2023, the German tax authorities filed an appeal to the German Federal Tax Court. The German Federal Tax Court is expected to rule on the appeal later in 2024. As a result of the appeal filing, this matter remains contested, and the Company cannot assess the ultimate outcome of this case.

Pursuant to the Tax Matters Agreement ("TMA") with our former parent, UTC, the Company retains the liability associated with the remaining interest, and has recorded an interest accrual of € 45 million (approximately $ 48 million as of June 30, 2024), net of payments and other deductions, included within Accrued liabilities on the Condensed Consolidated Balance Sheets as of June 30, 2024. If the Company prevails in this matter, any recoveries would be allocated between RTX and the Company pursuant to the terms of the TMA.

Asbestos Matters

We have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos. While we have never manufactured any asbestos-containing component parts, and no longer incorporate asbestos in any current products, certain of our historical products have contained components manufactured by third parties incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate as of and for the periods ended June 30, 2024 and December 31, 2023.

The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $ 11 million to $ 22 million as of June 30, 2024, and approximately $ 20 million to $ 43 million as of December 31, 2023. Since no amount within the range of estimates is more likely to occur than any other, we have recorded the minimum amounts of $ 11 million and $ 20 million as of June 30, 2024 and December 31, 2023, respectively, which are principally recorded in Other long-term liabilities on our Condensed Consolidated Balance Sheets. Amounts are on a pre-tax basis, not discounted, and exclude the Company's legal fees to defend the asbestos claims (which will continue to be expensed as they are incurred). In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately $ 3 million and $ 5 million as of June 30, 2024 and December 31, 2023, respectively, which are principally included in Other assets on our Condensed Consolidated Balance Sheets.

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

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

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

Refer to Note 17 for information about litigation-related settlement costs recognized in the quarter ended June 30, 2024 for certain legal matters that are outside of the ordinary course of business.

Note 17: Segment Financial Data

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

Segment Information. Otis discloses segment operating profit as its measure of segment performance, reconciled to total Otis operating profit. Segment operating profit excludes certain expenses and income that are not allocated to segments (as described below in "Corporate and Unallocated").

Effective in the first quarter of 2024, the measure of segment performance used by Otis' Chief Operating Decision Maker ("CODM") changed and, as a result, Otis' disclosed measure of segment performance (segment operating profit) was updated. The change to segment operating profit aligns with the update to how the CODM assesses performance and allocates resources for the Company's segments, and therefore is our measure of segment profitability in accordance with GAAP under ASC 280, *Segment Reporting*.

As a result of the change, restructuring costs and other items not allocated to the operating segments are presented as part of Corporate and Unallocated. The financial information presented herein reflects the impact of the measure of segment performance change for all periods presented.

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Segment information for the quarters and six months ended June 30, 2024 and 2023 are as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Net Sales				
New Equipment	**$ 1,421**	$ 1,604	**$ 2,701**	$ 2,911
Service	**2,180**	2,116	**4,337**	4,155
Total	**$ 3,601**	$ 3,720	**$ 7,038**	$ 7,066
Operating Performance				
New Equipment operating profit	**$ 110**	$ 119	**$ 181**	$ 188
Service operating profit	**538**	499	**1,061**	978
Total segment operating profit	**648**	618	**1,242**	1,166
Corporate and Unallocated				
General corporate expenses and other	**(35)**	(28)	**(68)**	(58)
UpLift restructuring	**(6)**	—	**(7)**	—
Other restructuring	**(5)**	(10)	**(24)**	(15)
UpLift transformation costs	**(15)**	—	**(27)**	—
Separation-related adjustments	**1**	—	**16**	—
Litigation-related settlement costs	**(18)**	—	**(18)**	—
Total company operating profit	**570**	580	**1,114**	1,093
Non-service pension cost (benefit)	**(1)**	1	**(1)**	1
Interest expense (income), net	**27**	37	**71**	70
Net income before income taxes	**$ 544**	$ 542	**$ 1,044**	$ 1,022

Corporate and Unallocated includes adjustments related to the separation of Otis from RTX Corporation (previously United Technologies Corporation, "RTX") (the "Separation") and Litigation-related settlement costs. Separation-related adjustments represent the reduction of our contractual indemnity obligation payable to RTX that resulted from the TMA and receipts from RTX in accordance with the TMA. These benefits are recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations during the quarter and six months ended June 30, 2024. Litigation-related settlement costs in the quarter and six months ended June 30, 2024 represent the aggregate amount of settlement costs and increase in loss contingency accruals, excluding legal costs, for certain legal matters that are outside of the ordinary course of business due to the size, complexity and unique facts of these matters. These costs are recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations during the quarter and six months ended June 30, 2024.

Refer to Note 12 for more information about restructuring and UpLift transformation costs.

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

Geographic Sales. Geographic Net sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. and China, there were no individually significant countries with sales exceeding 10% of Net sales during the quarters and six months ended June 30, 2024 and 2023.

(dollars in millions)	Quarter Ended June 30, 2024	Quarter Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
United States Operations	**$ 1,065**	$ 1,035	**$ 2,129**	$ 2,011
International Operations				
China	**542**	735	**967**	1,236
Other	**1,994**	1,950	**3,942**	3,819
Total	**$ 3,601**	$ 3,720	**$ 7,038**	$ 7,066

Disaggregated Sales by Type. Segment Net sales disaggregated by product and service type for the quarters and six months ended June 30, 2024 and 2023 are as follows:

(dollars in millions)	Quarter Ended June 30, 2024	Quarter Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
New Equipment	**$ 1,421**	$ 1,604	**$ 2,701**	$ 2,911
Maintenance and Repair	**1,770**	1,722	**3,539**	3,401
Modernization	**410**	394	**798**	754
Total Service	**2,180**	2,116	**4,337**	4,155
Total	**$ 3,601**	$ 3,720	**$ 7,038**	$ 7,066

Major Customers. There were no customers that individually accounted for 10% or more of the Company's consolidated Net sales for the quarters and six months ended June 30, 2024 and 2023.

Note 18: Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04 *,* Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reportin*g ("ASU 2020-04")*,* which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Additionally, in December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): *Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"), which allows ASU 2020-04 to be adopted and applied prospectively to contract modifications made on or before December 31, 2024. We do not expect the adoption of this standard to have a material impact on our Condensed Consolidated Financial Statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC Topic 606, Revenue from Contracts with Customers. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early application permitted. The Company adopted ASU 2021-08 effective January 1, 2023. The adoption of this ASU did not have a material impact on our Condensed Consolidated Financial Statements.

In September 2022, the FASB issued ASU 2022-04, Liabilities - Supplier Finance Programs (Topic 450-50): *Disclosure of Supplier Finance Program Obligations*, which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period, including a rollforward of those obligations. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. The adoption of this ASU did not have a material impact on our Condensed Consolidated Financial Statements, as disclosed in Note 1, "General".

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Ventures Formations (Subtopic 805-60): *Recognition and initial measurement* ("ASU 2023-05"), which requires that joint ventures, upon formation, apply a new basis of accounting by initially measuring assets and liabilities at fair value. The amendments in ASU 2023-05 are effective for joint ventures that are formed on or after January 1, 2025. Early adoption is permitted. We are currently evaluating the impact of this standard, however we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures* . The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* . The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

Other new accounting pronouncements issued but not effective until after June 30, 2024 did not and are not expected to have a material impact on our financial position, results of operations or liquidity.

With respect to the unaudited condensed consolidated financial information of Otis Worldwide Corporation for the quarters and six months ended June 30, 2024 and 2023, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated July 25, 2024, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers has not carried out any significant or additional review procedures beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended ("the Act") for its report on the unaudited condensed consolidated financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Act.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Otis Worldwide Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Otis Worldwide Corporation and its subsidiaries (the “Company”) as of June 30, 2024, and the related condensed consolidated statements of operations, of comprehensive income, and of changes in equity for the three-month and six-month periods ended June 30, 2024 and 2023 and of cash flows for the six-month periods ended June 30, 2024 and 2023 , including the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2023, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 2, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut
July 25, 2024

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

BUSINESS OVERVIEW

Business Summary

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

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

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

The current status of significant factors affecting our business environment in 2024 is discussed below. For additional discussion, refer to the "Business Overview" section in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K.

For discussion of Otis' ESG goals and risks associated therewith, see the discussion under “Environmental, Social and Governance (“ESG”)” in Item 1 and under Item 1A. "Risk Factors" in our 2023 Form 10-K.

UpLift

Announced in July 2023, UpLift is a program with the goal of transforming our operating model. UpLift will include the standardization of our processes and improvement of our supply chain procurement, among other aspects of the program, as well as restructuring actions. We expect UpLift to generate approximately $175 million in annual savings by mid-year 2025, with restructuring and other incremental costs to complete the transformation ("UpLift transformation costs") over that period of approximately the same amount.

UpLift costs incurred in the quarters and six months ended June 30, 2024 and 2023 are as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
UpLift restructuring cost	$ 6	$ —	$ 7	$ —
UpLift transformation cost	15	—	27	—
Total UpLift costs	$ 21	$ —	$ 34	$ —

Total UpLift costs incurred to date are $75 million, including $32 million of restructuring costs and $43 million of transformation costs.

UpLift restructuring costs are primarily severance costs, and are recorded primarily in Selling, general and administrative in the Condensed Consolidated Statements of Operations. UpLift transformation costs are primarily consulting and incremental personnel costs, and are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

For further details, refer to the discussion on restructuring costs in the "Results of Operations," as well as Note 12 to the Condensed Consolidated Financial Statements.

Impact of Global Macroeconomic Developments on Our Company

Global macroeconomic developments have impacted, and continue to impact, aspects of the Company's operations and overall financial performance during the quarters and six months ended June 30, 2024 and 2023. These macroeconomic developments include, among others, inflationary pressures, higher interest rates and tighter credit conditions. These macroeconomic trends could continue to impact our business, including impacts to overall financial performance during the remainder of 2024, as a result of the following, among other things:

- Supplier liquidity, as well as supplier and raw material capacity constraints, delays and related costs;
- Customer demand impacting our new equipment, maintenance and repair, and modernization businesses;
- Customer liquidity constraints and related credit reserves; and
- Cancellations or delays of customer orders.

We currently do not expect any significant impact to our capital and financial resources from these macroeconomic developments, including to our overall liquidity position based on our available cash and cash equivalents and our access to credit facilities and the capital markets.

See the "Liquidity and Financial Condition" section in this Form 10-Q for further detail and Item 1A. "Risk Factors" in our 2023 Form 10-K for macroeconomic risks related to our business.

Risks Associated with Ongoing Conflicts

The ongoing conflict between Russia and Ukraine has resulted in worldwide geopolitical and macroeconomic uncertainty, including volatile commodity markets, foreign exchange fluctuations, supply chain disruptions, increased risk of cyber-security incidents, reputational risk, increased operating costs (including fuel and other input costs), environmental, health and safety risks related to securing and maintaining facilities, additional sanctions and other regulations (including restrictions on the transfer of funds to and from Russia). We do not have operations in Russia.

To the extent possible, we continue to operate our business in Ukraine, which represented less than 1% of our revenue and operating profit for the six months ended June 30, 2024 and year ended December 31, 2023.

Additionally, we do not have operations or material net sales in Israel or Gaza. Although we transport products through the Red Sea, we currently do not expect the recent hostilities in that region to have a material impact on our business.

We cannot predict how the events described above will evolve. Depending on the ultimate outcomes of these conflicts, which remain uncertain, they could heighten certain risks disclosed in Item 1A "Risk Factors" in our 2023 Form 10-K, including but not limited to, adverse effects on macroeconomic conditions, including increased inflation, constraints on the availability of commodities, supply chain disruption and decreased business spending; cyber-incidents; disruptions to our or our business partners’ global technology infrastructure, including through cyber-attack or cyber-intrusion; adverse changes in international trade policies and relations; claims, litigation and regulatory enforcement; our ability to implement and execute our business strategy; terrorist activities; our exposure to foreign currency fluctuations; reputational risk; and constraints, volatility, or disruption in the capital markets, any of which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the Condensed Consolidated Financial Statements, or are the most sensitive to change due to outside factors, are discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" included in our 2023 Form 10-K. Except as disclosed in Note 18 to our Condensed Consolidated Financial Statements in this Form 10-Q, pertaining to adoption of new accounting pronouncements, there have been no material changes in these policies.

RESULTS OF OPERATIONS

Net Sales

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Net sales	**$ 3,601**	$ 3,720	**$ 7,038**	$ 7,066
Percentage change year-over-year	**(3.2) %**		**(0.4)%**	

The factors contributing to the total percentage change year-over-year in total Net sales for the quarter and six months ended June 30, 2024 are as follows:

Components of Net sales change:	**Quarter Ended June 30, 2024**	**Six Months Ended June 30, 2024**
Organic volume	**(1.2) %**	**1.2 %**
Foreign currency translation	**(2.1) %**	**(1.7) %**
Acquisitions and divestitures, net	**0.1 %**	**0.1 %**
Total % change	**(3.2) %**	**(0.4) %**

The Organic volume decrease of (1.2)% for the quarter ended June 30, 2024 was driven by a decrease of (9.4)% in New Equipment, partially offset by an increase of 5.1% in Service. The Organic volume increase of 1.2% for the six months ended June 30, 2024 was driven by an increase of 5.8% in Service, partially offset by a decrease of (5.4)% in New Equipment.

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

Cost of Products and Services Sold

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Total cost of products and services sold	**$ 2,522**	$ 2,637	**$ 4,931**	$ 4,987
Percentage change year-over-year	**(4.4) %**		**(1.1) %**	

The factors contributing to the percentage change year-over-year for the quarter and six months ended June 30, 2024 in total cost of products and services sold are as follows:

Components of Cost of Products and Services Sold change:	**Quarter Ended June 30, 2024**	**Six Months Ended June 30, 2024**
Organic volume	**(2.5) %**	**0.4 %**
Foreign currency translation	**(2.2) %**	**(1.8) %**
Acquisitions and divestitures, net and other	**0.3 %**	**0.3 %**
Total % change	**(4.4) %**	**(1.1) %**

The organic decrease in total cost of products and service s sold for the quarter and six months ended June 30, 2024 was primarily driven by the organic sales changes noted above. Productivity and lower commodity prices, primarily steel were partially offset by inflationary pressures, including annual wage increases.

Gross Margin

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Gross margin	**$ 1,079**	$ 1,083	**$ 2,107**	$ 2,079
Gross margin percentage	**30.0 %**	29.1 %	**29.9 %**	29.4 %

Gross margin percentage increased 90 and 50 basis points for the quarter and six months ended June 30, 2024, respectively, when compared to the same periods in 2023, due to Service sales growing faster than New Equipment sales, the benefits from productivity and lower commodity prices, partially offset by the inflationary pressures described above.

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

Research and Development

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Research and development	**$ 39**	$ 36	**$ 75**	$ 71
Percentage of Net sales	**1.1 %**	1.0 %	**1.1 %**	1.0 %

Research and development was relatively flat for the quarter and six months ended June 30, 2024, when compared to the same periods in 2023.

Selling, General and Administrative

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Selling, general and administrative	**$ 449**	$ 479	**$ 911**	$ 934
Percentage of Net sales	**12.5 %**	12.9 %	**12.9 %**	13.2 %

Selling, general and administrative expenses decreased $(30) million and $(23) million for the quarter and six months ended June 30, 2024, respectively, when compared to the same periods in 2023, driven by savings resulting from UpLift, cost containment actions, favorable foreign exchange impacts, and lower credit loss reserves. Selling, general and administrative expenses was also impacted by lower restructuring costs for the quarter and higher restructuring costs for the six months ended June 30, 2024, when compared to the same periods in 2023.

Selling, general and administrative expenses as a percentage of Net sales decreased (40) basis points and (30) basis points for the quarter and six months ended June 30, 2024, respectively, when compared to the same periods in 2023.

Restructuring Costs

	Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**
UpLift restructuring	**$ 7**	**$ —**
Other restructuring	**24**	15
Total restructuring costs	**$ 31**	$ 15

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

There were $7 million of UpLift restructuring costs for the six months ended June 30, 2024. We also incurred $27 million of UpLift transformation costs in the six months ended June 30, 2024, primarily consulting and incremental personnel costs, which are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

Other restructuring costs were $24 million for the six months ended June 30, 2024 and included $12 million of costs related to 2024 actions and $12 million of costs related to 2023 actions.

Most of the expected charges will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. The table below presents approximate cash outflows related to the restructuring actions during the six months ended June 30, 2024, and the expected cash payments to complete the actions announced:

(dollars in millions)	UpLift Actions	Other Actions	Total Restructuring
Cash outflows during the six months ended June 30, 2024	$ 14	$ 19	$ 33
Expected cash payments remaining to complete actions announced	29	53	82

The approved UpLift restructuring actions are expected to generate approximately $58 million in annual recurring savings by 2025, primarily in Selling, general and administrative expenses, and of which approximately $16 million was realized during the six months ended June 30, 2024.

For other restructuring actions, we generally expect to achieve annual recurring savings within the two-year period subsequent to initiating the actions, including $12 million for the 2024 actions and $43 million for the 2023 actions, split evenly in Cost of Products and Services Sold and in Selling, general and administrative expenses. Approximately $20 million of savings was realized for the 2024 and 2023 actions during the six months ended June 30, 2024.

For additional discussion of restructuring, see Note 12 to the Condensed Consolidated Financial Statements.

Other Income (Expense), Net

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Other income (expense), net	**$ (21)**	$ 12	**$ (7)**	$ 19

The changes in Other income (expense), net, of $(33) million and $(26) million for the quarter and six months ended June 30, 2024, respectively, compared to the same periods in 2023, were primarily driven by UpLift transformation costs of $15 million and $27 million, respectively, $18 million of non-recurring litigation-related settlement costs and foreign currency mark-to-market adjustments. The six months ended June 30, 2024 was also impacted by other reserve adjustments and the reduction of our indemnity payable to RTX that resulted from the TMA, when compared to the same period in 2023.

Interest Expense (Income), Net

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
Interest expense (income), net	**$ 27**	$ 37	**$ 71**	$ 70

Interest expense (income), net decrease of $(10) million and increase of $1 million for the quarter and six months ended June 30, 2024, respectively, compared to the same periods in 2023, were primarily driven by interest reserve adjustments related to non-recurring tax items, offset by higher interest expense related to the $750 million unsecured, unsubordinated debt issued in August 2023.

The average interest rate on our long-term debt for the quarters and six months ended June 30, 2024 and 2023, was 2.5% and 2.0%, respectively. For additional discussion of borrowings, see Note 7 to the Condensed Consolidated Financial Statements.

Income Taxes

	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Effective tax rate	**17.3 %**	24.9 %	**21.1 %**	25.7 %

The decrease in the effective tax rate for the quarter and six months ended June 30, 2024, is primarily due to the reduction in a deferred tax liability related to the mitigation of future repatriation costs and the release of a non-U.S. tax reserve recorded in the quarter ended June 30, 2024.

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

For additional discussion of income taxes and the effective income tax rate, see Note 11 to the Condensed Consolidated Financial Statements.

Noncontrolling Interest in Subsidiaries' Earnings and Net Income Attributable to Otis Worldwide Corporation

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**	**2024**	**2023**
Noncontrolling interest in subsidiaries' earnings	**$ 35**	$ 31	**$ 56**	$ 52
Net income attributable to Otis Worldwide Corporation	**$ 415**	$ 376	**$ 768**	$ 707

Noncontrolling interest in subsidiaries' earnings were relatively flat for the quarter and six months ended June 30, 2024, compared to the same periods in 2023. Ownership interest in the underlying non-wholly owned subsidiaries has remained generally consistent year-over-year. For a discussion of our acquisition of the noncontrolling shares of our subsidiary in Japan during the second quarter of 2024, see Note 1 to the Condensed Consolidated Financial Statements.

Net income attributable to Otis Worldwide Corporation increased for the quarter ended June 30, 2024, compared to the same period in 2023, due to a lower effective tax rate and lower interest expense, partially offset by lower operating profit (including the impact of foreign exchange rates).

Net income attributable to Otis Worldwide Corporation increased for the six months ended June 30, 2024, compared to the same period in 2023, due to higher operating profit (including the impact of foreign exchange rates) and lower effective tax rate.

Segment Review

During the quarter ended March 31, 2024, we updated our measure of segment performance (segment operating profit) used to evaluate financial performance of the operating segments and allocate resources. The financial information presented herein reflects the impact of the measure of segment performance changes for all periods presented. See Note 17 to the Condensed Consolidated Financial Statements for additional information.

Summary performance for our operating segments, reconciled to total operating profit, for the quarters ended June 30, 2024 and 2023 was as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
(dollars in millions)	2024	2023	2024	2023	2024	2023
New Equipment	**$ 1,421**	$ 1,604	**$ 110**	$ 119	**7.7%**	7.4%
Service	**2,180**	2,116	**538**	499	**24.7%**	23.6%
Total segment	**$ 3,601**	$ 3,720	**648**	618	**18.0%**	16.6%
Corporate and Unallocated						
General corporate expenses and other			**(35)**	(28)		
UpLift restructuring			**(6)**	—		
Other restructuring			**(5)**	(10)		
UpLift transformation costs			**(15)**	—		
Separation-related adjustments			**1**	—		
Litigation-related settlement costs			**(18)**	—		
Consolidated Operating Profit			**$ 570**	$ 580	**15.8%**	15.6%

Summary performance for our operating segments, reconciled to total operating profit, for the six months ended June 30, 2024 and 2023 was as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
(dollars in millions)	2024	2023	2024	2023	2024	2023
New Equipment	**$ 2,701**	$ 2,911	**$ 181**	$ 188	**6.7%**	6.5%
Service	**4,337**	4,155	**1,061**	978	**24.5%**	23.5%
Total segment	**$ 7,038**	$ 7,066	**$ 1,242**	$ 1,166	**17.6%**	16.5%
Corporate and Unallocated						
General corporate expenses and other			**(68)**	(58)		
UpLift restructuring			**(7)**	—		
Other restructuring			**(24)**	(15)		
UpLift transformation costs			**(27)**	—		
Separation-related adjustments			**16**	—		
Litigation-related settlement costs			**(18)**	—		
Consolidated Operating Profit			**$ 1,114**	$ 1,093	**15.8%**	15.5%

New Equipment

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

Summary performance for New Equipment for the quarters and six months ended June 30, 2024 and 2023 was as follows:

	Quarter Ended June 30,				Six Months Ended June 30,			
(dollars in millions)	2024	2023	Change	Change	2024	2023	Change	Change
Net sales	**$ 1,421**	$ 1,604	$ (183)	(11.4)%	**$ 2,701**	$ 2,911	$ (210)	(7.2)%
Cost of sales	**1,164**	1,328	(164)	(12.3)%	**2,229**	2,425	(196)	(8.1)%
	257	276	(19)	(6.9)%	**472**	486	(14)	(2.9)%
Operating expenses	**147**	157	(10)	(6.4)%	**291**	298	(7)	(2.3)%
Operating profit	**$ 110**	$ 119	$ (9)	(7.6)%	**$ 181**	$ 188	$ (7)	(3.7)%
Operating profit margin	**7.7 %**	7.4 %			**6.7 %**	6.5 %		

Summary analysis of the Net sales change for New Equipment for the quarter and six months ended June 30, 2024 compared with the quarter and six months ended June 30, 2023 was as follows:

Components of Net sales change:	Quarter Ended June 30, 2024	Six Months Ended June 30, 2024
Organic volume	**(9.4)%**	**(5.4)%**
Foreign currency translation	**(2.1)%**	**(1.8)%**
Acquisitions and divestitures, net and other	**0.1 %**	**— %**
Total % change	**(11.4)%**	**(7.2)%**

Quarter Ended June 30, 2024

Net sales

The organic sales decrease of (9.4)% was primarily driven by a double digit decline in China and low single-digit decline in EMEA, partially offset by approximately 10% organic sales growth in Asia Pacific and low single-digit organic sales growth in Americas.

Operating profit

New Equipment operating profit decreased $(9) million including foreign exchange headwinds of $(3) million. The impacts of lower volume and unfavorable regional mix were partially offset by productivity and commodity tailwinds. Operating margin increased 30 basis points.

Six Months Ended June 30, 2024

Net sales

The organic sales decrease of (5.4)% was driven by a double digit decline in China, partially offset by high single-digit organic sales growth in Americas and mid single-digit organic sales growth in Asia Pacific.

Operating profit

New Equipment operating profit decreased $(7) million including foreign exchange headwinds of $(7) million. Favorable price, productivity and commodity tailwinds were offset by the impacts of lower volume and unfavorable regional mix. Operating margin increased 20 basis points.

Service

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

Summary performance for Service for the quarters and six months ended June 30, 2024 and 2023 was as follows:

	Quarter Ended March 31,				Six Months Ended June 30,			
(dollars in millions)	**2024**	**2023**	**Change**	**Change**	**2024**	**2023**	**Change**	**Change**
Net sales	**$ 2,180**	$ 2,116	$ 64	3.0 %	**$ 4,337**	$ 4,155	$ 182	4.4 %
Cost of sales	**1,352**	1,309	43	3.3 %	**2,691**	2,560	131	5.1 %
	828	807	21	2.6 %	**1,646**	1,595	51	3.2 %
Operating expenses	**290**	308	(18)	(5.8)%	**585**	617	(32)	(5.2)%
Operating profit	**$ 538**	$ 499	$ 39	7.8 %	**$ 1,061**	$ 978	$ 83	8.5 %
Operating profit margin	**24.7 %**	23.6 %			**24.5 %**	23.5 %		

Summary analysis of Service Net sales change for the quarter and six months ended June 30, 2024 compared with the quarter and six months ended June 30, 2023 was as follows:

Components of Net sales change:	**Quarter Ended June 30, 2024**	**Six Months Ended June 30, 2024**
Organic volume	**5.1 %**	**5.8 %**
Foreign currency translation	**(2.3) %**	**(1.6) %**
Acquisitions and divestitures, net	**0.2 %**	**0.2 %**
Total % change	**3.0 %**	**4.4 %**

Quarter Ended June 30, 2024

Net sales

The organic sales increase of 5.1% is due to organic sales increases in maintenance and repair of 4.9% and in modernization of 5.8%.

Components of Net sales change:	**Maintenance and Repair**	**Modernization**
Organic volume	**4.9 %**	**5.8 %**
Foreign currency translation	**(2.2) %**	**(2.5) %**
Acquisitions and divestitures, net	**0.2 %**	**0.3 %**
Total % change	**2.9 %**	**3.6 %**

Operating profit

Service operating profit increased $39 million including foreign exchange headwinds of ($12) million. Higher volume, improved pricing on maintenance contracts and productivity were partially offset by inflationary pressures, including annual wage increases. Operating margin increased 110 basis points.

Six Months Ended June 30, 2024

Net sales

The organic sales increase of 5.8% is due to organic sales increases in maintenance and repair of 5.4% and in modernization of 7.7%.

Components of Net sales change:	Maintenance and Repair	Modernization
Organic volume	5.4 %	7.7 %
Foreign currency translation	(1.5) %	(2.1) %
Acquisitions and divestitures, net	0.2 %	0.1 %
Total % change	4.1 %	5.7 %

Operating profit

Service operating profit increased $83 million including foreign exchange headwinds of ($15) million. Higher volume, improved pricing on maintenance contracts and productivity were partially offset by inflationary pressures, including annual wage increases. Operating margin increased 100 basis points.

Corporate and Unallocated

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2024	2023	2024	2023
General corporate expenses and other	$ (35)	$ (28)	$ (68)	$ (58)
UpLift restructuring	(6)	—	(7)	—
Other restructuring	(5)	(10)	(24)	(15)
UpLift transformation costs	(15)	—	(27)	—
Separation-related adjustments	1	—	16	—
Litigation-related settlement costs	(18)	—	(18)	—
Total Corporate and Unallocated	$ (78)	$ (38)	$ (128)	$ (73)

General corporate expenses and other for the quarter and six months ended June 30, 2024 increased $7 million and $10 million, respectively, compared to the same quarters in 2023, primarily due to the impact of foreign currency mark-to-market adjustments. UpLift and costs related to the program began in the third quarter of 2023. Additionally, other restructuring costs and litigation-related settlement costs were partially offset by the reduction of our indemnity payable to RTX that resulted from the TMA.

For additional discussion of the litigation-related settlement costs, see Note 17 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

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

As of June 30, 2024, we had cash and cash equivalents of $942 million, of which approximately 96% was held by the Company's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost-effectiveness with which those funds can be accessed. On occasion, we are required to maintain cash deposits with certain banks with respect to contractual obligations related to acquisitions and divestitures or other legal obligations. As of June 30, 2024 and December 31, 2023, the amount of such restricted cash was approximately $9 million and $6 million, respectively.

From time-to-time we may need to access the capital markets to obtain financing. We may incur indebtedness or issue equity as needed. Although we believe that the arrangements in place as of June 30, 2024 permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future could be impacted by many factors, including (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy, including tighter credit conditions. There can be no assurance that we will continue to have access to the capital markets on terms acceptable to us.

The following table contains several key measures of our financial condition and liquidity:

(dollars in millions)	**June 30, 2024**	**December 31, 2023**
Cash and cash equivalents	**$ 942**	$ 1,274
Total debt	**7,182**	6,898
Net debt (total debt less cash and cash equivalents)	**6,240**	5,624
Total equity	**(4,934)**	(4,855)
Total capitalization (total debt plus total equity)	**2,248**	2,043
Net capitalization (total debt plus total equity less cash and cash equivalents)	**1,306**	769
Total debt to total capitalization	**319 %**	338 %
Net debt to net capitalization	**478 %**	731 %

The Company does not intend to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. For the remainder of the Company’s undistributed international earnings, unless tax effective to repatriate, we will continue to permanently reinvest these earnings.

Borrowings and Lines of Credit

As of June 30, 2024, we had a revolving credit agreement with various banks providing for a $1.5 billion unsecured, unsubordinated five-year revolving credit facility. As of June 30, 2024, there were no borrowings under the revolving credit agreement. The undrawn portion of the revolving credit agreement serves as a backstop for the issuance of commercial paper.

There was $320 million of commercial paper outstanding as of June 30, 2024. For additional discussion of borrowings, see Note 7 to the Condensed Consolidated Financial Statements.

Share Repurchase Program

On December 1, 2022, our Board of Directors approved a share repurchase program for up to $2.0 billion of Common Stock, of which approximately $600 million was remaining as of June 30, 2024. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

Discussion of Cash Flows

The following table reflects the major categories of cash flows. For additional details, see the Condensed Consolidated Statements of Cash Flows.

	Six Months Ended June 30,	
(dollars in millions)	**2024**	**2023**
Net cash flows provided by (used in):		
Operating activities	**$ 479**	$ 724
Investing activities	**(97)**	(91)
Financing activities	**(679)**	(585)
Effect of foreign exchange rate changes on cash and cash equivalents	**(32)**	(16)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ (329)**	$ 32

Operating activities

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities.

The year-over-year decrease in net cash provided by operating activities was primarily driven by working capital balances during the periods, including a decrease in Accounts payable in the six months ended June 30, 2024 compared to an increase the same period in 2023 due to the timing of payments to suppliers, as well as the timing of income tax payments and the related income tax expense in the six months ended June 30, 2024 compared to the same period in 2023. Additionally, Separation-related and UpLift-related net payments were approximately $49 million and $35 million, respectively, in the six months ended June 30, 2024, compared to Separation-related payments of approximately $25 million in the same period in 2023.

During the six months ended June 30, 2024, net cash provided by operating activities was $479 million. The primary drivers of the inflow related to $824 million of net income and changes in Contract assets and liabilities, net, due to the timing of billings on contracts compared to the progression on current contracts. These were partially offset by an increase in Accounts receivable, net, due to the timing of billings and collections, a decrease in Accrued liabilities and an increase in Other current assets due to the timing of payments, including employee-related benefits, income taxes and supplier payments.

During the six months ended June 30, 2023, net cash provided by operating activities was $724 million. The primary drivers of the inflow related to $759 million of net income and changes in Contract assets and liabilities, net, due to the timing of billings on contracts compared to the progression on current contracts. These were partially offset by an increase in Accounts receivable, net, due to the timing of billings.

Investing activities

Cash flows from investing activities primarily represent inflows and outflows associated with long-term assets, including capital expenditures, investments in businesses and securities, proceeds from the sale of fixed assets and the settlement of derivative contracts.

During the six months ended June 30, 2024, net cash used in investing activities was $97 million. The primary drivers of the outflow related to $55 million of capital expenditures, $40 million of acquisitions of businesses and intangible assets and $4 million of net cash payments from the settlement of derivative instruments.

During the six months ended June 30, 2023, net cash used in investing activities was $91 million. The primary drivers of the outflow were $62 million of capital expenditures, $20 million of acquisitions of businesses and intangible assets and $13 million of net cash payments from the settlement of derivative instruments.

As discussed in Note 13 to the Condensed Consolidated Financial Statements, we enter into derivative instruments for risk management purposes. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We use derivative instruments, including forward contracts and options to manage certain foreign currency and commodity price exposures.

Financing activities

Cash flows from financing activities primarily represent inflows and outflows associated with equity and borrowings. Primary activities include short-term and long-term borrowing activity, paying dividends to shareholders, the repurchase of our Common Stock and dividends or other payments to noncontrolling interests.

During the six months ended June 30, 2024, net cash used in financing activities was $679 million. The primary drivers of the outflow were the repurchases of our Common Stock of $600 million, dividends paid on our Common Stock of $295 million and acquisitions of noncontrolling interest shares of $75 million, including approximately $70 million for our subsidiary in Japan. These were partially offset by short term borrowings of $323 million.

During the six months ended June 30, 2023, net cash used in financing activities was $585 million. The primary drivers of the outflow were repurchases of our Common Stock of $350 million and dividends paid on our Common Stock of $261 million. These were partially offset by short term borrowings of $57 million.

Guaranteed Securities: Summarized Financial Information

The following information is provided in compliance with Rule 13-01 of Regulation S-X under the Securities Exchange Act of 1934, as amended, with respect to the 2026 Euro Notes and the 2031 Euro Notes (together the "Euro Notes"), in each case issued by Highland Holdings S.à r.l. ("Highland"), a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Luxembourg"). The Euro Notes are fully and unconditionally guaranteed by Otis Worldwide Corporation ("OWC") on an unsecured, unsubordinated basis. Refer to "Note 9: Borrowings and Lines of Credit" in Item 8 in our 2023 Form 10-K, for additional information.

Highland is a wholly-owned, indirect consolidated subsidiary of OWC. OWC is incorporated under the laws of Delaware. As a company incorporated and existing under the laws of Luxembourg, and with its registered office in Luxembourg, Highland is subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it. Luxembourg bankruptcy law is significantly different from, and may be less favorable to creditors than, the bankruptcy law in effect in the United States and may make it more difficult for creditors to recover the amount they could expect to recover in liquidation under U.S. insolvency and bankruptcy rules.

The Euro Notes are not guaranteed by any of OWC's or Highland's subsidiaries (all OWC subsidiaries other than Highland are referred to herein as "non-guarantor subsidiaries"). Holders of the Euro Notes will have a direct claim only against Highland, as issuer, and OWC, as guarantor.

The following tables set forth the summarized financial information as of and for the six months ended June 30, 2024 and as of December 31, 2023 of each of OWC and Highland on a standalone basis, which does not include the consolidated impact of the assets, liabilities, and financial results of their subsidiaries except as noted on the tables below, nor does it include any impact of intercompany eliminations as there were no intercompany transactions between OWC and Highland. This summarized financial information is not intended to present the financial position or results of operations of OWC or Highland in accordance with U.S. GAAP.

(dollars in millions)	**Six Months Ended June 30, 2024**
OWC Statement of Operations - Standalone and Unconsolidated	
Revenue	**$ —**
Cost of revenue	**—**
Operating expenses	**7**
Income from consolidated subsidiaries	**48**
Income (loss) from operations excluding income from consolidated subsidiaries	**8**
Net income (loss) excluding income from consolidated subsidiaries	**(58)**

(dollars in millions)	**June 30, 2024**	**December 31, 2023**
OWC Balance Sheet - Standalone and Unconsolidated		
Current assets (intercompany receivables from non-guarantor subsidiaries)	**$ —**	$ —
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	**89**	63
Noncurrent assets (investments in consolidated subsidiaries)	**1,236**	1,236
Noncurrent assets (excluding investments in consolidated subsidiaries)	**36**	43
Current liabilities (intercompany payables to non-guarantor subsidiaries)	**4,406**	3,753
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**1,754**	119
Noncurrent liabilities	**4,496**	5,880

(dollars in millions)	Six Months Ended June 30, 2024
Highland Statement of Operations - Standalone and Unconsolidated	
Revenue	**$ —**
Cost of revenue	**—**
Operating expenses	**—**
Income from consolidated subsidiaries	**365**
Income (loss) from operations excluding income from consolidated subsidiaries	**—**
Net income (loss) excluding income from consolidated subsidiaries	**(126)**

(dollars in millions)	June 30, 2024	December 31, 2023
Highland Balance Sheet - Standalone and Unconsolidated		
Current assets (intercompany receivables from non-guarantor subsidiaries)	**$ 31**	$ 75
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	**—**	—
Noncurrent assets (investments in consolidated subsidiaries)	**15,711**	15,711
Noncurrent assets (intercompany receivables from non-guarantor subsidiaries)	**473**	518
Noncurrent assets (excluding investments in consolidated subsidiaries)	**—**	—
Current liabilities (intercompany payables to non-guarantor subsidiaries)	**—**	—
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**4**	1
Noncurrent liabilities (intercompany payables to non-guarantor subsidiaries)	**3,501**	3,467
Noncurrent liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**1,172**	1,199

Off-Balance Sheet Arrangements and Contractual Obligations

Item 5 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Form 10-K discloses our off-balance sheet arrangements and contractual obligations. As of June 30, 2024, there have been no material changes to these off-balance sheet arrangements and contractual obligations, outside the ordinary course of business except for those disclosed in "Note 7, Borrowings and Lines of Credit" within Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk during the quarter and six months ended June 30, 2024. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our 2023 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation under the supervision and with the participation of our management, including the President and Chief Executive Officer ("CEO"), the Executive Vice President and Chief Financial Officer ("CFO") and the Senior Vice President and Chief Accounting Officer ("CAO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, our CFO and our CAO have concluded that, as of June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, our CFO and our CAO, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-Q contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for Otis’ future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “medium-term,” “near-term,” “confident,” “goals” and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, R&D spend, restructuring actions (including UpLift), credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or statements that relate to climate change and our intent to achieve certain ESG targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the industries and markets in which Otis and its businesses operate and any changes therein, including financial market conditions, fluctuations in commodity prices, and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues, natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis’ customers and suppliers;
- the effect of changes in political conditions in the U.S., including in connection with the results of the 2024 election or otherwise, and other countries in which Otis and its businesses operate, including the effects of the conflict between Russia and Ukraine, the war between Israel and Hamas, and tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates in the near term and beyond;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, capital spending and research and development spending;
- future availability of credit and factors that may affect such availability or costs thereof, including credit market conditions and Otis’ capital structure;
- the timing and scope of future repurchases of Otis’ common stock ("Common Stock"), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash;
- fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of changes in general economic conditions, geopolitical conflicts or otherwise;
- cost reduction or containment actions, restructuring costs and related savings and other consequences thereof, including with respect to UpLift;
- new business and investment opportunities;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally;
- the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate;
- the ability of Otis to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the determination by the Internal Revenue Service (the "IRS") and other tax authorities that the distribution or certain related transactions in connection with the Separation should be treated as taxable transactions; and
- our obligations and our disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier in connection with the Separation.

These and other factors are more fully discussed in the "Notes to Condensed Consolidated Financial Statements" under the headings "Note 1: General" and "Note 16: Contingent Liabilities" and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q and in our 2023 Form 10-K under the headings "Item 1. Business," "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" under the headings "Note 1: Business Overview" and "Note 21: Contingent Liabilities" and elsewhere in each of these filings. The forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 16, "Contingent Liabilities to the Condensed Consolidated Financial Statements" for discussion regarding material legal proceedings.

Except as otherwise noted above, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to "Part II - Other Information, Item 1. Legal Proceedings" in our Form 10-Q for the quarter ended March 31, 2024 and Item 3 "Legal Proceedings" in our 2023 Form 10-K.

Item 1A. Risk Factors

Additional information regarding risk factors can be found under "Recent Developments" in the "Business Overview" and "Cautionary Note Concerning Factors That May Affect Future Results" sections of Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q.

Except as otherwise noted above, there have been no material changes in the Company's risk factors from those disclosed in Item 1A "Risk Factors," in our 2023 Form 10-K

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information about our purchases during the quarter ended June 30, 2024 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

2024	Total Number of Shares Purchased (thousands)	Average Price Paid per Share [1]	Total Number of Shares Purchased as Part of a Publicly Announced Program (thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (dollars in millions)
April 1 - April 30	568	$ 93.80	568	$ 847
May 1 - May 31	2,339	95.10	2,339	$ 624
June 1 - June 30	250	99.05	250	$ 600
Total	3,157	$ 95.05	3,157	

[1] Average price paid per share includes any broker commissions associated with the repurchases.

On December 1, 2022, our Board of Directors ("the Board") approved a share repurchase program for up to $2.0 billion of Common Stock. As of June 30, 2024, the maximum dollar value of shares that may yet be purchased under this current program was approximately $600 million. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act.

Item 5. Other Information

On July 23, 2024 (the “Grant Date”), the independent members of the Board of the Company, upon the recommendation of the Compensation Committee of the Board, granted a one-time equity-based award (the “Award”) to Judith F. Marks, the Company’s Chair, Chief Executive Officer and President, under the Company’s 2020 Long-Term Incentive Plan, as amended and restated as of January 1, 2024. Ms. Marks was awarded 154,036 performance stock units ("PSUs") and 102,691 restricted stock units (“RSUs”).

The Award was made to help ensure leadership continuity through the on-going transformation of the Company’s internal operating model, motivate a high performing CEO under whose leadership significant value has been created for shareholders in a competitive market for CEO talent and support the Company’s leadership succession planning. The Compensation Committee received advice from its independent compensation consultant on the amount of the Award, its vesting conditions, and its other features.

The vesting provisions of the PSUs are identical to those granted by the Company to Ms. Marks and other Company executives in February 2024, except that the vesting is also contingent on Ms. Marks remaining employed by the Company until the third anniversary of the Grant Date except in the case of her death, disability or qualifying termination of employment following a change in control of Otis. The PSUs are eligible to vest based on the Company’s cumulative adjusted earnings per share and average annual organic sales growth, in both cases measured over the 2024-2026 performance period and the number of shares payable upon vesting can be adjusted upward or downward by up to 20 percent depending on the Company’s relative total shareholder return measured against the companies in the S&P 500 Industrials Index over the three-year performance period.

The RSUs will cliff vest on the third anniversary of the Grant Date if Ms. Marks is then employed by the Company but will vest earlier in the case of her death, disability or qualifying termination of employment following a change in control of Otis. The after-tax shares received by Ms. Marks upon vesting of both the RSUs and the PSUs may not be sold for one-year following vesting except in the case of her death, disability or a change in control of Otis.

The preceding description of the Award is only a summary and is qualified in its entirety by the Schedule of Term for the PSUs and RSUs, copies of which are filed as Exhibits 10.1and 10.2 hereto, respectively, and are incorporated by reference herein.

Item 6. Exhibits

Exhibit Number	Description
	Schedule of Terms (July 2024) for Performance Share Unit Award (CEO one-time supplemental) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as amended and restated as of January 1, 2024.*
	Schedule of Terms (July 2024) for Restricted Stock Unit Award (CEO one-time supplemental) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as amended and restated as of January 1, 2024.*
	Letter re: unaudited interim financial information.*
	Rule 13a-14(a)/15d-14(a) Certification.*
	Rule 13a-14(a)/15d-14(a) Certification.*
	Rule 13a-14(a)/15d-14(a) Certification.*
	Section 1350 Certifications.*
	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
	XBRL Taxonomy Extension Schema Document.*
	XBRL Taxonomy Extension Calculation Linkbase Document.*
	XBRL Taxonomy Extension Definition Linkbase Document.*
	XBRL Taxonomy Extension Label Linkbase Document.*
	XBRL Taxonomy Extension Presentation Linkbase Document.*
	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the quarters and six months ended June 30, 2024 and 2023, (ii) Condensed Consolidated Statements of Comprehensive Income for the quarters and six months ended June 30, 2024 and 2023, (iii) Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023, (v) Condensed Consolidated Statements of Changes in Equity for the quarters and six months ended June 30, 2024 and 2023 and (vi) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

OTIS WORLDWIDE CORPORATION
(Registrant)

Dated:	July 25, 2024	by:	/s/ ANURAG MAHESHWARI
			Anurag Maheshwari
			Executive Vice President and Chief Financial Officer
			(on behalf of the Registrant and as the Registrant's Principal Financi Officer)
Dated:	July 25, 2024	by:	/s/ MICHAEL P. RYAN
			Michael P. Ryan
			Senior Vice President and Chief Accounting Officer
			(on behalf of the Registrant and as the Registrant's Principal Accounti Officer)

Otis Worldwide Corporation
2020 Long-Term Incentive Plan
(As Amended and Restated as of January 1, 2024)

Supplemental Performance Share Unit Award

Schedule of Terms

(July 2024)

This Schedule of Terms describes the material features of the Participant's Performance Share Unit Award (the "PSU Award" or the "Award") granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2024 (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Corporation's internal employee website and at www.ubs.com/onesource/OTIS.

You should read this document carefully. There are circumstances under which your Award could be forfeited and you could be obligated to repay gains realized from the Award to the Corporation (e.g., see the "Forfeiture of Award and Repayment of Realized Gains").

Certain Definitions

A Performance Share Unit (a "PSU") represents the right to receive one share of common stock of Otis Worldwide Corporation (the "Common Stock") (or a cash payment equal to the Fair Market Value thereof). PSUs generally vest and are converted into shares of Common Stock if, and to the extent, the associated pre-established performance targets are achieved and the Participant remains employed or otherwise engaged by the Corporation or the Service Recipient through the end of the applicable performance measurement period (see "Vesting" below), or upon an earlier Termination of Service under limited circumstances that may result in accelerated vesting (see "Termination of Service" below). "Company" means Otis Worldwide Corporation (the "Corporation"), together with its subsidiaries, divisions and affiliates. "Service Recipient" means an entity other than the Corporation in the Company group that employs or otherwise engages the Participant. "Termination Date" means the date the Participant's employment ends, or, if different, the date the Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of the Otis PSU Award

The number of PSUs awarded is set forth in the Award Agreement. The recipient of the PSU Award (the "Participant") must affirmatively acknowledge and accept the terms and conditions of the PSU Award, which are contained in this Schedule of Terms, within 150 days following the Grant Date. A failure to acknowledge and accept the PSU Award within 150 days from the Grant Date will result in the forfeiture of the PSU Award.

Participant must acknowledge and accept the terms and conditions of this PSU Award electronically via the Union Bank of Switzerland ("UBS") *One Source* website at www.ubs.com/onesource/OTIS.

Dividends

PSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders. Dividend equivalents will be credited as additional PSUs to Awards outstanding on the dividend payment date and will vest under the same vesting conditions as the underlying PSUs. The number of additional PSUs that will be credited on any dividend payment date will equal (i) the per share cash dividend amount, multiplied by (ii) the number of PSUs subject to the PSU Award (including PSUs resulting from prior dividend equivalents), divided by (iii) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of PSUs. No cash will be payable for any fractional dividend equivalent.

Vesting

PSU Awards will vest on the third anniversary of the Grant Date, subject to performance relative to pre-established Performance Goals, and the Participant's continued employment or service with the Corporation or Service Recipient through the third anniversary of the Grant Date. The Award Agreement specifies the applicable Performance Goals, performance period, vesting date, minimum performance required for vesting, and range of vesting each Performance Goal.

The Performance Goals for the PSU Awards for the three-year performance period (2024-2026) are cumulative Adjusted Earnings Per Share (60% weighting) and average annual Organic Sales growth (40% weighting). In addition, the Corporation's Total Shareholder Return relative to the S&P 500 Industrials Index may increase or decrease the payout of the PSU Award by up to 20%.

Adjusted Earnings Per Share (EPS) means the Corporation's adjusted diluted EPS, which represents the diluted earnings per share (a GAAP measure), excluding restructuring costs, one-time separation costs, non-recurring tax items, and other significant items.

Organic Sales means the Corporation's consolidated net sales, excluding the impact of foreign currencytranslation, acquisitions and divestitures completed in the preceding twelve months and other significant items of a non-recurring and/or non-operational nature.

Total Shareholder Return means the Corporation's stock price appreciation from the average of the Corporation's 20-trading day closing stock price prior to the beginning of the performance period to the average of the 20-trading day closing stock price prior to the end of the performance period, including dividends paid per share during the performance period.

Any unvested PSUs will be forfeited in the event of Termination of Service prior to the vesting date except in certain earlier terminations involving Disability, Change-in-Control Termination, or death (see "Termination of Service" below).

PSUs may also be forfeited and value realized from previously vested PSUs may be recouped by the Corporation under certain circumstances (see "Forfeiture of Award and Repayment of Realized Gains" below).

Holding Period

The shares of Common Stock received by the Participant upon vesting of this PSU Award after the withholding of shares for taxes (the "net shares") will be subject to a holding requirement continuing until the fourth anniversary of the Grant Date. During this period, the net shares shall not be permitted to be sold, exchanged, transferred, assigned, pledged, hypothecated, fractionalized, hedged or otherwise disposed of by the Participant. Notwithstanding the foregoing, this requirement shall not apply following the Participant's death, Disability or upon a Change in Control, in each case, whether occurring before or after the vesting date.

No Shareowner Rights

A PSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment or service, achievement of performance targets, and certain other conditions. The holder of a PSU has no voting or other rights accorded to owners of Common Stock unless and until PSUs are converted into shares of Common Stock.

Payment / Conversion of PSUs

Vested PSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the earliest to occur of (i) the third anniversary of the Grant Date, (ii) the date of the Participant's death or incurrence of a Disability, or (iii) if a Change-in-Control occurs while the PSUs are outstanding (A) then if the PSUs are not replaced with a Replacement Award, the date of the Change-in-Control or (B) if the PSUs are replaced with a Replacement Award, the last day of the performance period, but in no event later than March 15th following the year in which such event occurs (see special rules for specified employees in "Specified Employees"). If Performance Goals are not met at the maximum level, the PSUs that do not vest will be cancelled without value. PSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of PSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. PSUs will be forfeited upon a Termination of Service, except in the event of death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date, unless required by applicable law.

Death or Disability. If the Participant dies while still employed by or providing services to the Corporation or the Service Recipient, or if the Participant incurs a Disability, all PSUs will vest as of the date of death or Disability, as applicable, and be converted (at target performance or such greater amount as determined by the Committee in its discretion) to shares of Common Stock to be delivered to the Participant, Participant's estate or designated beneficiary (if such a designation has been provided to the Corporation, and to the extent the Corporation determines such designation to be valid), as may be determined in the Corporation's sole discretion (where applicable), in accordance with the section entitled "Payment/Conversion of PSUs." To be considered a Disability under this Award, the "disability" event must meet the definition under Section 409A(a)(2)(C) of the Code.

Change-in-Control Termination. If the PSUs are replaced with a Replacement Award in connection with a Change-in-Control in accordance with Section 10(c) of the LTIP, and the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than for Cause, death or Disability, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a “CIC Termination”), then all unvested PSUs will vest and be converted into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled “Payment/Conversion of PSUs,” subject to the delay noted below under “Specified Employees,” if applicable.

Specified Employees. If the Participant is a “specified employee” within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Corporation) at the time of the Participant’s Termination of Service, and the PSUs are accelerated and vest by reason of such Participant’s Termination of Service (e.g., Change-in-Control Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under Section 409A of the Code and consistent with the terms of the LTIP, these vested PSUs (and unpaid accumulated dividend equivalents) will be held in the Participant’s LTIP account (currently UBS), and will not be paid or provided, until the first business day of the seventh month following the Participant’s Termination Date or on the Participant’s death or Disability (under the meaning of Section 409A(a)(2) of the Code) if earlier. For clarification purposes, these vested PSUs will continue to earn dividend equivalents during such delay in accordance with the section entitled “Dividends.”

Forfeiture of Award and Repayment of Realized Gains

PSUs, including Common Stock, dividend equivalents, dividends and cash delivered for PSUs are subject to the Corporation’s Compensation Recovery Policy (the “Compensation Recovery Policy”), as in effect from time to time, available on www.otisinvestors.com.

The Participant agrees that the restrictions set forth in the Compensation Recovery Policy are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants.

The provisions in the Compensation Recovery Policy pertaining to non-competition shall not be enforced with respect to a Participant during such time the Participant primarily resides or works in California.

Following a Change-in-Control, no incentive compensation clawback, recoupment or repayment policies or provisions adopted by the Corporation, including the Compensation Recovery Policy, shall apply to Awards granted under the LTIP (or any successor plan) to the Participant; provided, however, that the Corporation’s Erroneously Awarded Compensation Recovery Policy shall continue to apply to the Participant solely to the extent the application of such policy is necessary to comply with applicable law or applicable securities exchange listing standards.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, PSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/OTIS.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Corporation, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards or Performance Goals, as the Committee may deem appropriate. In the event of a Change-in-Control where the PSUs are not replaced by a Replacement Award, the PSUs will vest in full in accordance with Section 10(b) of the LTIP.

Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/OTIS.

Awards Not to Affect Certain Transactions

PSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Responsibility for Taxes

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Service Recipient, the Participant is responsible for all income taxes, social insurance contributions, payroll taxes, fringe benefits tax, payment on account or other tax-related items attributable to the Participant's participation in the LTIP and legally applicable or deemed applicable to the Participant ("Tax-Related Items"). The Participant further acknowledges that the Corporation and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the underlying shares of Common Stock, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Fair Market Value on the date the taxable event occurs will be used to calculate the taxable income realized from the PSUs, and the amount of shares of Common Stock that may be withheld to satisfy the Tax-Related Items, except where otherwise required by applicable law, as determined in the Corporation's sole discretion.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Service Recipient to satisfy all Tax-Related Items. By accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the PSUs; (v) withholding from dividend equivalents paid on the PSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

The Corporation and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock) or if not refunded, the Participant may seek a refund from the local tax authorities. In the event of under withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested PSUs, notwithstanding that a number of the shares of Common Stock is held back solely for purposes of paying the Tax-Related Items.

The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation and/or the Service Recipient, if any. Further, if the Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Participant acknowledges that the Corporation and/or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax.

The Corporation may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Notwithstanding the foregoing, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, with respect to such Participant's role with the Corporation at the time that a taxable event occurs, then the withholding obligations with respect to such taxable event will be satisfied by withholding shares of Common Stock subject to the PSU Award having a Fair Market Value equal to the tax withholding amount.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/OTIS.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of the Participant in any PSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by (i) will or the applicable laws of descent and distribution or (ii) certain intra-family transfers or transfers pursuant to qualified domestic relations orders subject to procedures and requirements established by the Committee and compliance with U.S. Securities and Exchange Commission ("SEC") rules. Any other attempt to assign such rights or interest shall be void and without force or effect.

Right of Discharge Reserved

Nothing in the LTIP or in any PSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Corporation or the Service Recipient may have to terminate the employment or service agreement, if any, of any Participant at any time for any reason.

Administration

The Board has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer, the Chief People Officer and the Senior Vice President Total Rewards the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Corporation who are covered under Section 16 of the Exchange Act, as amended, and to members of the Corporation's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

This notice supplements and should be read in conjunction with the Otis Employee Privacy Notice, available at www.otis.com/en/us/privacy-policy. The Participant understands that the Corporation and the Service Recipient may hold certain personal information about the

Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all PSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. This information is used for the exclusive purpose of implementing, administering and managing the LTIP, which is necessary for the Corporation to fulfill its contractual obligations to Participants (and any associated legal requirements), as well as for the Corporation's own legitimate interests.

To the extent that local law requires consent for the Corporation to lawfully hold this information, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal information as described in this Schedule of Terms and any other PSU grant materials ("Data") by and among, as applicable, the Service Recipient, the Corporation and its Subsidiaries and Affiliates.

The Participant understands that Data will be transferred to UBS, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the LTIP. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Any such transfers are consistent with applicable legal requirements, as further described in the Otis Employee Privacy Notice.

The Participant understands that, under applicable law, the Participant may have certain rights in relation to the Data, including the right to access, correct, erase, and restrict the use of such information, as well as to object in certain cases. Insofar as applicable law requires the Corporation to rely on the Participant's consent to hold this information, the Participant may also have the right to withhold or withdraw such consent, but the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the LTIP. The Participant may exercise these rights, where applicable, by contacting the Corporation at privacy@otis.com. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the LTIP.

Corporation Compliance Policies

Participants must comply with the Corporation's Absolutes and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Corporation's Absolutes and Corporate Policy Manual are available online on the Corporation's internal home page.

Compliance With Law

Notwithstanding any other provision of the LTIP or this Schedule of Terms, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the PSU prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Corporation shall have unilateral authority to amend the Schedule of Terms without the Participant’s consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

Electronic Delivery and Participation

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the LTIP by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the LTIP through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

Severability

The provisions of this Schedule of Terms are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Imposition of Other Requirements

The Corporation reserves the right to impose other requirements on the Participant’s participation in the LTIP, on the PSU and on any shares of Common Stock acquired under the LTIP, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional Schedule of Terms or undertakings that may be necessary to accomplish the foregoing.

Waiver

The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Schedule of Terms or the Award Agreement shall not operate or be construed as a waiver of any other provision of this Schedule of Terms or the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

Insider Trading/Market Abuse

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant’s ability to accept, acquire, sell or otherwise dispose of Corporation shares, rights to shares (e.g., PSUs) or rights linked to the value of shares (e.g., phantom awards, futures) during such times the Participant is considered to have “inside information” regarding the Corporation as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. The Participant should keep in mind third parties includes fellow employees and service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. The Participant is responsible for complying with any restrictions and should speak to my personal advisor on this matter.

Exchange Control, Foreign Asset/Account and/or Tax Reporting

Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant’s ability to acquire or hold shares of Common Stock under the LTIP or cash received from participating in the LTIP (including from any dividends or dividend equivalents or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside the Participant’s country of residence. The Participant’s country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant’s country. The Participant also may be required to repatriate cash received from participating in the LTIP to the Participant’s country within a certain period of time after receipt. The Participant is responsible for knowledge of and compliance with any such regulations and should speak with the Participant’s personal tax, legal and financial advisors regarding same.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the PSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/OTIS. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, in its sole discretion, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law and Venue

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises under this PSU Award or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Connecticut, agree that such litigation shall be conducted in the courts of Hartford County, Connecticut, or the federal courts for the United States for the District of Connecticut, where this grant is made and/or to be performed.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@otis.com

OR

Otis Worldwide Corporation
Attn: Stock Plan Administrator
One Carrier Place
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Otis Worldwide Corporation
2020 Long-Term Incentive Plan
(As Amended and Restated as of January 1, 2024)

Supplemental Restricted Stock Unit Award

Schedule of Terms

(July 2024)

This Schedule of Terms describes the material features of the Participant's Restricted Stock Unit Award (the "RSU Award" or the "Award") granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2024 (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Corporation's internal employee website and at www.ubs.com/onesource/OTIS.

You should read this document carefully. There are circumstances under which your Award could be forfeited and you could be obligated to repay gains realized from the Award to the Corporation (e.g., see the "Forfeiture of Award and Repayment of Realized Gains").

Certain Definitions

A Restricted Stock Unit (an “RSU”) represents the right to receive one share of common stock of Otis Worldwide Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). RSUs generally vest and are converted into shares of Common Stock if the Participant remains employed or otherwise engaged by the Corporation or the Service Recipient through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that may result in accelerated vesting (see “Termination of Service” below). “Company” means Otis Worldwide Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Service Recipient” means an entity other than the Corporation in the Company group that employs or otherwise engages the Participant. “Termination Date” means the date the Participant’s employment ends, or, if different, the date the Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of the Otis RSU Award

The number of RSUs awarded is set forth in the Award Agreement. The recipient of the RSU Award (the “Participant”) must affirmatively acknowledge and accept the terms and conditions of the RSU Award, which are contained in this Schedule of Terms, within 150 days following the Grant Date. A failure to acknowledge and accept the RSU Award within 150 days from the Grant Date will result in the forfeiture of the RSU Award.

Participant must acknowledge and accept the terms and conditions of this RSU Award electronically via the Union Bank of Switzerland (“UBS”) *One Source* website at www.ubs.com/onesource/OTIS.

Dividends

RSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders. Dividend equivalents will be credited as additional RSUs to Awards outstanding on the dividend payment date and will vest under the same vesting conditions as the underlying RSUs. The number of additional RSUs that will be credited on any dividend payment date will equal (i) the per share cash dividend amount, multiplied by (ii) the number of RSUs subject to the RSU Award (including RSUs resulting from prior dividend equivalents), divided by (iii) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of RSUs. No cash will be payable for any fractional dividend equivalent.

Vesting

RSU Awards will vest on the third anniversary of the Grant Date, subject to the Participant’s continued employment or service with the Corporation or Service Recipient through such date.

Any unvested RSUs will be forfeited in the event of Termination of Service prior to the vesting date, except in the case of Disability, Change-in-Control Termination, or death (see “Termination of Service” below).

RSUs may also be forfeited and value realized from previously vested RSUs may be recouped by the Corporation under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

Holding Period

The shares of Common Stock received by the Participant upon vesting of this RSU Award after the withholding of shares for taxes (the “net shares”) will be subject to a holding requirement continuing until the fourth anniversary of the Grant Date. During this period, the net shares shall not be permitted to be sold, exchanged, transferred, assigned, pledged, hypothecated, fractionalized, hedged or otherwise disposed of by the Participant. Notwithstanding the foregoing, this requirement shall not apply following the Participant’s death, Disability or upon a Change in Control, in each case, whether occurring before or after the vesting of this award.

No Shareowner Rights

An RSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment or service and certain other conditions. The holder of an RSU has no voting or other rights accorded to owners of Common Stock, unless and until RSUs are converted into shares of Common Stock.

Payment / Conversion of RSUs

Vested RSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the vesting date, but in no event later than March 15th following the year in which such vesting date occurs (see special rules for specified employees in “Specified Employees”). RSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of RSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. RSUs will be forfeited upon a Termination of Service, except in the event of death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Death or Disability. If the Participant dies while still employed by, or providing services to, the Corporation or the Service Recipient, or if the Participant incurs a Disability, all unvested RSUs will vest as of the date of death or Disability, as applicable, and be converted to shares of Common Stock to be delivered to the Participant, Participant’s estate or designated beneficiary (if such a designation has been provided to the Corporation, and to the extent the Corporation determines such designation to be valid), as may be determined in the Corporation's sole discretion (where applicable), in accordance with the section entitled "Payment/Conversion of RSUs." To be considered a Disability under this Award, the "disability" event must meet the definition under Section 409A(a)(2)(C) of the Code.

Change-in-Control Termination. If the RSUs are replaced with a Replacement Award in connection with a Change-in-Control in accordance with Section 10(c) of the LTIP, and the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than for Cause, death or Disability, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested RSUs will vest and be converted into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled "Payment/Conversion of RSUs," subject to the delay noted below under "Specified Employees," if applicable.

Specified Employees. If the Participant is a "specified employee" within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Corporation) at the time of the Participant's Termination of Service, and the RSUs are accelerated and vest by reason of such Participant's Termination of Service (e.g., Change-in-Control Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under Section 409A of the Code and consistent with the terms of the LTIP, these vested RSUs (and unpaid accumulated dividend equivalents) will be held in the Participant's UBS account, and will not be paid or provided until the first business day of the seventh month following the Participant's Termination Date or on the Participant's death or Disability (under the meaning of Section 409A(a)(2) of the Code) if earlier. For clarification purposes, these vested RSUs will continue to earn dividend equivalents during such delay in accordance with the section entitled "Dividends."

Forfeiture of Award and Repayment of Realized Gains

RSUs, including Common Stock, dividend equivalents, dividends and cash delivered for RSUs, are subject to the Corporation's Compensation Recovery Policy (the "Compensation Recovery Policy"), as in effect from time to time, available on www.otisinvestors.com.

The Participant agrees that the restrictions set forth in the Compensation Recovery Policy are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants.

The provisions in the Compensation Recovery Policy pertaining to non-competition shall not be enforced with respect to a Participant during such time the Participant primarily resides or works in California.

Following a Change-in-Control, no incentive compensation clawback, recoupment or repayment policies or provisions adopted by the Corporation, including the Compensation Recovery Policy, shall apply to Awards granted under the LTIP (or any successor plan) to the Participant; provided, however, that the Corporation's Erroneously Awarded Compensation Recovery Policy shall continue to apply to the Participant solely to the extent the application of such policy is necessary to comply with applicable law or applicable securities exchange listing standards.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, RSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/OTIS.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Corporation, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. In the event of a Change-in-Control where the RSUs are not replaced by a Replacement Award, the RSUs will vest in full in accordance with Section 10(b) of the LTIP.

Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/OTIS.

Awards Not to Affect Certain Transactions

RSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Responsibility for Taxes

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Service Recipient, the Participant is responsible for all income taxes, social insurance contributions, payroll taxes, fringe benefits tax, payment on account or other tax-related items attributable to the Participant's participation in the LTIP and legally applicable or deemed applicable to the Participant ("Tax-Related Items"). The Participant further acknowledges that the Corporation and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the underlying shares of Common Stock, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Fair Market Value on the date the taxable event occurs will be used to calculate the taxable income realized from the RSUs, and the amount of shares of Common Stock that may be withheld to satisfy the Tax-Related Items, except where otherwise required by applicable law, as determined in the Corporation's sole discretion.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Service Recipient to satisfy all Tax-Related Items. By accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the RSUs; (v) withholding from dividend equivalents paid on the RSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

The Corporation and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock) or if not refunded, the Participant may seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock is held back solely for purposes of paying the Tax-Related Items.

The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation and/or the Service Recipient, if any. Further, if the Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the

Participant acknowledges that the Corporation and/or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax.

The Corporation may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Notwithstanding the foregoing, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, with respect to such Participant's role with the Corporation at the time that a taxable event occurs, then the withholding obligations with respect to such taxable event will be satisfied by withholding shares of Common Stock subject to the RSU Award having a Fair Market Value equal to the tax withholding amount.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/OTIS.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of the Participant in any RSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by (i) will or the applicable laws of descent and distribution or (ii) certain intra-family transfers or transfers pursuant to qualified domestic relations orders subject to procedures and requirements established by the Committee and compliance with U.S. Securities and Exchange Commission ("SEC") rules. Any other attempt to assign such rights or interest shall be void and without force or effect.

Right of Discharge Reserved

Nothing in the LTIP or in any RSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Corporation or the Service Recipient may have to terminate the employment or service agreement, if any, of any Participant at any time for any reason.

Administration

The Board has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer, the Chief People Officer and the Senior Vice President Total Rewards the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Corporation who are covered under Section 16 of the Exchange Act, as amended, with respect to such Participant's role with the Corporation and to members of the Corporation's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The

Committee’s decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

This notice supplements and should be read in conjunction with the Otis Employee Privacy Notice, available at www.otis.com/en/us/privacy-policy. The Participant understands that the Corporation and the Service Recipient may hold certain personal information about the Participant, including, but not limited to, the Participant’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant’s favor. This information is used for the exclusive purpose of implementing, administering and managing the LTIP, which is necessary for the Corporation to fulfill its contractual obligations to Participants (and any associated legal requirements), as well as for the Corporation’s own legitimate interests.

To the extent that local law requires consent for the Corporation to lawfully hold this information, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant’s personal information as described in this Schedule of Terms and any other RSU grant materials (“Data”) by and among, as applicable, the Service Recipient, the Corporation and its Subsidiaries and Affiliates.

The Participant understands that Data will be transferred to UBS, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the LTIP. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than the Participant’s country. Any such transfers are consistent with applicable legal requirements, as further described in the Otis Employee Privacy Notice.

The Participant understands that, under applicable law, the Participant may have certain rights in relation to the Data, including the right to access, correct, erase, and restrict the use of such information, as well as to object in certain cases. Insofar as applicable law requires the Corporation to rely on the Participant’s consent to hold this information, the Participant may also have the right to withhold or withdraw such consent, but the Participant understands that refusing or withdrawing the Participant’s consent may affect the Participant’s ability to participate in the LTIP. The Participant may exercise these rights, where applicable, by contacting the Corporation at privacy@otis.com. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant’s participation in the LTIP.

Corporation Compliance Policies

Participants must comply with the Corporation’s Absolutes and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Corporation's Absolutes and Corporate Policy Manual are available online on the Corporation's internal home page.

Compliance With Law

Notwithstanding any other provision of the LTIP or this Schedule of Terms, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the RSU prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Corporation shall have unilateral authority to amend the Schedule of Terms without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

Electronic Delivery and Participation

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the LTIP by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the LTIP through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

Severability

The provisions of this Schedule of Terms are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Imposition of Other Requirements

The Corporation reserves the right to impose other requirements on the Participant's participation in the LTIP, on the RSU and on any shares of Common Stock acquired under the LTIP, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional Schedule of Terms or undertakings that may be necessary to accomplish the foregoing.

Waiver

The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Schedule of Terms or the Award Agreement shall not operate or be construed as a waiver of any other provision of this Schedule of Terms or the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

Insider Trading/Market Abuse

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Corporation shares, rights to shares (*e.g*., RSUs) or rights linked to the value of shares (*e.g.*, phantom awards, futures) during such times the Participant is considered to have "inside information" regarding the Corporation as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant should keep in mind third parties includes fellow employees and service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. The Participant is responsible for complying with any restrictions and should speak to my personal advisor on this matter.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the RSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/OTIS. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, in its sole discretion and such determination shall be final, binding, and conclusive upon all parties in interest.

Governing Law and Venue

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises under this RSU Award or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Connecticut, agree that such litigation shall be conducted in the courts of Hartford County, Connecticut, or the federal courts for the United States for the District of Connecticut where this grant is made and/or to be performed.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@otis.com

OR

Otis Worldwide Corporation
Attn: Stock Plan Administrator
One Carrier Place
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant’s email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Exhibit 15

July 25, 2024

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

Commissioners:

We are aware that our report dated July 25, 2024 on our review of interim financial information of Otis Worldwide Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (Nos. 333-270830 and 333-270834) and Form S-8 (No. 333-237551) of Otis Worldwide Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

Exhibit 31.1

CERTIFICATION

I, Judith F. Marks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ JUDITH F. MARKS

Judith F. Marks

Chair, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Anurag Maheshwari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 25, 2024

/s/ ANURAG MAHESHWARI

Anurag Maheshwari

Executive Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION

I, Michael P. Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ MICHAEL P. RYAN

Michael P. Ryan

Senior Vice President and Chief Accounting Officer

Exhibit 32

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the " Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	July 25, 2024	/s/ JUDITH F. MARKS
		Judith F. Marks
		Chair, President and Chief Executive Officer
Date:	July 25, 2024	/s/ ANURAG MAHESHWARI
		Anurag Maheshwari
		Executive Vice President and Chief Financial Officer
Date:	July 25, 2024	/s/ MICHAEL P. RYAN
		Michael P. Ryan
		Senior Vice President and Chief Accounting Officer