

Registre de Commerce et des Sociétés

Numéro RCS : B71219

Référence de dépôt : L230148114

Déposé et enregistré le 24/07/2023

VSYEJYP20230614T14413301_002

RCSL Nr. : B71219

Matricule : 1999 2220 085

eCDF entry date : 19/07/2023

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ EUR)

GOODYEAR OPERATIONS S.A.

Av. Gordon Smith
L-7750 Colmar-Berg**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	100.000.000,00	100.000.000,00
I. Subscribed capital not called	1103 8	100.000.000,00	100.000.000,00
II. Subscribed capital called but unpaid	1105		
B. Formation expenses	1107		
C. Fixed assets	1109	678.713.284,37	591.271.823,69
I. Intangible assets	1111 2.2.1,3	38.960.551,18	35.417.022,64
1. Costs of development	1113		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	33.627.552,08	28.450.814,77
a) acquired for valuable consideration and need not be shown under C.I.3	1117	33.627.552,08	28.450.814,77
b) created by the undertaking itself	1119		
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		
4. Payments on account and intangible assets under development	1123	5.332.999,10	6.966.207,87
II. Tangible assets	1125 2.2.2, 4	293.980.404,66	260.939.072,52
1. Land and buildings	1127	63.137.411,76	64.412.347,27
2. Plant and machinery	1129	172.917.212,63	169.770.102,30

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	249.092,25	104.558,24
4. Payments on account and tangible assets in the course of construction	1133	57.676.688,02	26.652.064,71
III. Financial assets	1135	345.772.328,53	294.915.728,53
1. Shares in affiliated undertakings	1137 2.2.3, 5	345.758.976,73	294.902.376,73
2. Loans to affiliated undertakings	1139		
3. Participating interests	1141		
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		
5. Investments held as fixed assets	1145		
6. Other loans	1147	13.351,80	13.351,80
D. Current assets	1151	2.256.787.662,84	1.612.419.978,40
I. Stocks	1153	829.505.387,60	562.301.749,11
1. Raw materials and consumables	1155 2.2.4	146.970.930,33	106.563.451,16
2. Work in progress	1157 2.2.5	35.325.214,37	36.534.800,66
3. Finished goods and goods for resale	1159 2.2.5	647.209.242,90	419.203.497,29
4. Payments on account	1161		
II. Debtors	1163 2.2.6	1.300.197.898,29	1.013.685.435,40
1. Trade debtors	1165	57.065.386,09	29.624.531,23
a) becoming due and payable within one year	1167	57.065.386,09	29.624.531,23
b) becoming due and payable after more than one year	1169		
2. Amounts owed by affiliated undertakings	1171 6	1.176.505.257,53	931.264.914,47
a) becoming due and payable within one year	1173	1.176.505.257,53	931.264.914,47
b) becoming due and payable after more than one year	1175		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		
a) becoming due and payable within one year	1179		
b) becoming due and payable after more than one year	1181		
4. Other debtors	1183	66.627.254,67	52.795.989,70
a) becoming due and payable within one year	1185	63.154.045,80	48.215.112,71
b) becoming due and payable after more than one year	1187	3.473.208,87	4.580.876,99

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	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____ <u>7</u>	197 _____ <u>127.084.376,95</u>	198 _____ <u>36.432.793,89</u>
E. Prepayments	1199 _____ <u>2.2.10</u>	199 _____ <u>42.356.191,49</u>	200 _____ <u>25.831.173,37</u>
TOTAL (ASSETS)		201 _____ <u>3.077.857.138,70</u>	202 _____ <u>2.329.522.975,46</u>

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>10</u>	301 <u>-33.823.622,78</u>	302 <u>-43.326.999,80</u>
I. Subscribed capital	1303 _____	303 <u>165.000.000,00</u>	304 <u>200.000.000,00</u>
II. Share premium account	1305 _____	305 <u>6.136.118,35</u>	306 <u>6.136.118,35</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>12.773.618,54</u>	310 <u>12.773.618,54</u>
1. Legal reserve	1311 <u>9, 10</u>	311 <u>12.250.219,54</u>	312 <u>12.250.219,54</u>
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 <u>10</u>	429 <u>523.399,00</u>	430 <u>523.399,00</u>
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 <u>523.399,00</u>	434 <u>523.399,00</u>
V. Profit or loss brought forward	1319 <u>10</u>	319 <u>-62.236.736,69</u>	320 <u>-153.018.900,76</u>
VI. Profit or loss for the financial year	1321 <u>10</u>	321 <u>-155.496.622,98</u>	322 <u>-109.217.835,93</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 <u>2.2.8</u>	331 <u>14.992.436,55</u>	332 <u>16.120.020,97</u>
1. Provisions for pensions and similar obligations	1333 _____	333 <u>1.125.618,93</u>	334 <u>461.794,48</u>
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 <u>13.866.817,62</u>	338 <u>15.658.226,49</u>
C. Creditors	1435 <u>2.2.11, 11</u>	435 <u>3.096.688.324,93</u>	436 <u>2.356.729.954,29</u>
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 _____	355 <u>437.661.137,88</u>	356 <u>91.833.281,44</u>
a) becoming due and payable within one year	1357 _____	357 <u>72.601.937,88</u>	358 <u>74.475.281,44</u>
b) becoming due and payable after more than one year	1359 _____	359 <u>365.059.200,00</u>	360 <u>17.358.000,00</u>

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 <u>595.193.591,57</u>	368 <u>431.571.449,83</u>
a) becoming due and payable within one year	1369 _____	369 <u>595.193.591,57</u>	370 <u>431.571.449,83</u>
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____ 6	379 <u>1.991.368.118,88</u>	380 <u>1.779.216.844,69</u>
a) becoming due and payable within one year	1381 _____	381 <u>1.512.917.638,88</u>	382 <u>1.287.601.138,86</u>
b) becoming due and payable after more than one year	1383 _____	383 <u>478.450.480,00</u>	384 <u>491.615.705,83</u>
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 <u>72.465.476,60</u>	452 <u>54.108.378,33</u>
a) Tax authorities	1393 _____	393 <u>20.268.117,07</u>	394 <u>14.514.604,38</u>
b) Social security authorities	1395 _____	395 <u>5.261.214,23</u>	396 <u>4.600.683,34</u>
c) Other creditors	1397 _____	397 <u>46.936.145,30</u>	398 <u>34.993.090,61</u>
i) becoming due and payable within one year	1399 _____	399 <u>46.445.240,58</u>	400 <u>32.938.350,25</u>
ii) becoming due and payable after more than one year	1401 _____	401 <u>490.904,72</u>	402 <u>2.054.740,36</u>
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>3.077.857.138,70</u>	406 <u>2.329.522.975,46</u>

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PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ EUR)

GOODYEAR OPERATIONS S.A.

Av. Gordon Smith
L-7750 Colmar-Berg

	Reference(s)	Current year	Previous year
1. Net turnover	1701 <u>2.2.12,14</u>	701 <u>4.222.438.377,08</u>	702 <u>3.361.792.572,63</u>
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 <u>226.783.682,29</u>	704 <u>97.940.395,99</u>
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 <u>14</u>	713 <u>21.224.862,35</u>	714 <u>36.848.823,45</u>
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-4.333.034.229,38</u>	672 <u>-3.304.228.761,45</u>
a) Raw materials and consumables	1601 _____	601 <u>-3.675.217.713,95</u>	602 <u>-2.741.364.453,26</u>
b) Other external expenses	1603 _____	603 <u>-657.816.515,43</u>	604 <u>-562.864.308,19</u>
6. Staff costs	1605 <u>15</u>	605 <u>-203.033.421,49</u>	606 <u>-179.833.016,12</u>
a) Wages and salaries	1607 _____	607 <u>-173.923.833,44</u>	608 <u>-152.746.918,50</u>
b) Social security costs	1609 _____	609 <u>-21.121.681,63</u>	610 <u>-19.584.463,55</u>
i) relating to pensions	1653 _____	653 <u>-19.618.723,65</u>	654 <u>-17.911.989,67</u>
ii) other social security costs	1655 _____	655 <u>-1.502.957,98</u>	656 <u>-1.672.473,88</u>
c) Other staff costs	1613 _____	613 <u>-7.987.906,42</u>	614 <u>-7.501.634,07</u>
7. Value adjustments	1657 _____	657 <u>-58.321.664,69</u>	658 <u>-25.490.799,26</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>-56.584.312,97</u>	660 <u>-23.454.138,20</u>
b) in respect of current assets	1661 _____	661 <u>-1.737.351,72</u>	662 <u>-2.036.661,06</u>
8. Other operating expenses	1621 <u>14, 17</u>	621 <u>-75.784.031,43</u>	622 <u>-70.926.751,38</u>

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715 <u>5</u>	715 <u>10.000.000,00</u>	716 _____
a) derived from affiliated undertakings	1717 _____	717 <u>10.000.000,00</u>	718 _____
b) other income from participating interests	1719 _____	719 _____	720 _____
10. Income from other investments and loans forming part of the fixed assets	1721 _____	721 _____	722 _____
a) derived from affiliated undertakings	1723 _____	723 _____	724 _____
b) other income not included under a)	1725 _____	725 _____	726 _____
11. Other interest receivable and similar income	1727 _____	727 <u>23.307.623,74</u>	728 <u>14.700.397,36</u>
a) derived from affiliated undertakings	1729 <u>6</u>	729 <u>23.307.623,74</u>	730 <u>14.700.397,36</u>
b) other interest and similar income	1731 _____	731 _____	732 _____
12. Share of profit or loss of undertakings accounted for under the equity method	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 _____	665 _____	666 _____
14. Interest payable and similar expenses	1627 _____	627 <u>-51.983.241,99</u>	628 <u>-38.311.631,25</u>
a) concerning affiliated undertakings	1629 <u>6</u>	629 <u>-35.114.162,03</u>	630 <u>-35.214.350,94</u>
b) other interest and similar expenses	1631 _____	631 <u>-16.869.079,96</u>	632 <u>-3.097.280,31</u>
15. Tax on profit or loss	1635 _____	635 <u>62.932.705,54</u>	636 <u>-1.681.780,90</u>
16. Profit or loss after taxation	1667 _____	667 <u>-155.469.337,98</u>	668 <u>-109.190.550,93</u>
17. Other taxes not shown under items 1 to 16	1637 _____	637 <u>-27.285,00</u>	638 <u>-27.285,00</u>
18. Profit or loss for the financial year	1669 _____	669 <u>-155.496.622,98</u>	670 <u>-109.217.835,93</u>

Registre de Commerce et des Sociétés

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Déposé le 24/07/2023

GOODYEAR OPERATIONS S.A. Société Anonyme

**Annual Report
As of December 31, 2022**

**Avenue Gordon Smith
L-7750 Colmar-Berg
R.C.S Luxembourg: B 71.219**

GOODYEAR OPERATIONS S.A.

Table of content

	PAGE
Management report	3 - 11
Audit Report	12 - 14
Balance Sheet	15 - 19
Profit and loss account	20 - 21
Notes to the annual accounts	22 - 36

Management report

Dear Shareholder,

In compliance with the legal requirements, we would like to provide you with our report related to the activities of GOODYEAR OPERATIONS S.A. (the "Company") during the financial year 2022 and to submit the annual accounts for this year for your approval.

The Company is acting as the centralized organization for purchasing, supply chain and regional manufacturing within the Europe, Middle East and African Region (EMEA) and owns all raw materials, semi-finished products and finished goods of the relevant toll manufacturing plants in Fulda, Fürstenwalde, Hanau, Luxembourg, Riesa, Wittlich, Amiens, Montlucon, Riom, Kranj, Tilburg, Debica, Melksham and Goodyear sales organizations.

The product portfolio of the Company includes Consumer and Commercial tires, Motorsport and Motorcycle tires, Retread material and Retread tires.

The Company maintains regional distribution centers in Phillipsburg and Wittlich in Germany and factory warehouses as well as local warehouses in the countries across EMEA.

The sales organizations act as defined risk distributors for the Company, with a defined operating profit margin. In addition, manufacturing companies provide toll manufacturing services to the Company and receive an additional defined operating profit margin.

With the Central Fleet Organization ("CFO") the Company is providing tire exchange services for international transport companies to ensure mobility of their fleets. The Company is also providing Proactive Solutions as a suite of Vehicle-to-Fleet operations management solutions featuring advanced telematics and predictive analytics technology.

The Company maintains an EMEA headquarter in Brussels providing strategic support to the EMEA region and Global Business Services Centers ("GBS") in Bucharest (Romania) and Manila (Philippines). The Service Centers provide administrative services for the EMEA region.

KEY FINANCIAL RESULTS

	2022	2021
	EUR(000)	EUR(000)
Net sales	4,222,438	3,361,793
Operating Income/(loss)	(199,726)	(83,898)
Interest and similar (expense)/ income	(18,676)	(23,611)
Taxes	62,905	(1,709)
Profit/(loss) for the financial year	(155,497)	(109,218)

Inventory of finished goods

	2022	2021
Product Group	Units	Units
Passenger cars and light trucks	8,083,826	6,903,517
Heavy trucks	282,850	282,270
Earthmover	13,511	10,387
Motorcycle	564,664	317,953
Racing	107,678	56,361

Economic evolution

Europe, Middle East and Africa unit sales in 2022 increased 2.4 million units, or 4.5%, to 55.1 million units. Replacement tire volume increased 1.3 million units, or 3.1%, primarily in our consumer business, reflecting continued recovery from the COVID-19 pandemic during the first half of the year and the impacts of our ongoing initiative to align distribution in Europe, as well as the addition of incremental Cooper Tire units since June 2022. These increases were partially offset by industry declines in the second half of the year. OE ("Original Equipment") tire volume increased 1.1 million units, or 10.1%, reflecting share gains driven by new consumer fitments and increased demand from improved vehicle production.

Net sales in 2022 were EUR 4,222m, increasing EUR 861m, or 25.60%. Net sales increased primarily due to improvements in price and product mix, driven by price increases, higher tire volume.

Operating loss in 2022 was EUR 200m, increasing EUR 116m, or 138,06%. The decrease in operating result was primarily due to higher conversion costs and higher transportation and import duty costs, both driven by the inflationary cost trends described above, higher SAG primarily due to inflation, higher advertising costs and higher costs for wages and benefits. These decreases were partially offset by improvements in price and product mix, which more than offset higher raw material costs, higher tire volume.

Outlook

The global economy will continue to face uncertain macroeconomic conditions as a result of the ongoing effects of inflation, which have led to higher interest rates and lower consumer confidence. In addition, replacement demand will continue to be negatively impacted by tire dealer and distributor channel destocking, after a period of significant growth in channel inventories in the first and second quarters of 2022. We expect our replacement tire volume to be lower when compared to the second quarter of 2022. Although OE manufacturers continue to be affected by shortages of materials and components, we anticipate continued recovery in demand for OE tires. We expect our OE tire volume will be higher when compared to the second quarter of 2022. We expect relative stability in demand during the third quarter of 2023 and the resumption of growth in the fourth quarter of 2023, given the volume declines we experienced in the second half of 2022.

We expect our raw material costs to increase in the second quarter of 2023 compared to the second quarter of 2022, including the impact of higher transportation and supplier costs. We anticipate price and product mix improvements to more than offset raw material cost increases in the second quarter of 2023. Natural and synthetic rubber prices and other commodity prices historically have been volatile, and our raw material costs could change based on future cost fluctuations and changes in foreign exchange rates. We continue to focus on price and product mix, to substitute lower cost materials where possible, to work to identify additional substitution opportunities, to reduce the amount of material required in each tire, and to pursue alternative raw materials to minimize the impact of higher raw material costs.

In addition to higher raw material costs, we expect the impact of other inflationary cost pressures to persist, particularly with respect to transportation, labor and energy costs. We expect a negative impact on segment operating income from non-raw material inflation in the second quarter of 2023 compared with the second quarter of 2022, net of manufacturing cost savings or inefficiencies. We continue to focus on actions to offset costs other than raw materials through cost savings initiatives, including rationalization actions, further pricing actions and improvements in product mix. We also anticipate our second quarter 2023 results will be negatively impacted by lower production volume when compared with the first quarter of 2022. Similarly, we plan to reduce our production levels in the second quarter of 2023, which will impact our third quarter of 2023 results.

Distribution of profits

The Company incurred losses in 2022 and thus, does not have profits to distribute in the form of dividends.

According to Article 461-1 paragraph 4 of the commercial law, each year 5% of the net profits shall be allocated to the creation of a reserve; this allocation shall cease to be compulsory when the reserve has reached an amount of 10 % of the corporate capital but shall again be compulsory if the reserve falls below 10%.

As at the end of 2022, net assets are negative and fell below half of the corporate capital. As per Art. 480-2 of Luxembourg legislation related to commercial Companies (August 10, 1915, as amended), the Board of Directors continue to monitor the causes of the situation and justify proposals to continue the Company's activities. Therefore, the Company already performed a capital injection of EUR 120 million in March 2023, improving the net asset position. Moreover, the company is continuously monitoring the net asset situation and will take further measures in case required.

Use of financial instruments

The Company utilizes derivative financial instrument contracts and non-derivative instruments to manage foreign exchange risks. The Company has established a control environment that includes policies and procedures for risk assessment and approval, reporting and monitoring of derivative financial instrument activities. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company stopped its Cash Flow hedging in 2020. The remaining exposure is linked to Balances Sheet hedges. Details related to Derivative Financial Instruments are presented in Note 13.

Risks and uncertainties

A. Market Risk

i) Commodity Price Risk

The raw materials costs to which the Company is principally exposed include the cost of natural rubber, synthetic rubber, carbon black, fabrics, steel cord and other petrochemical-based commodities. Approximately two-thirds of our raw material costs are oil-based derivatives, the cost of which may be affected by fluctuations in the price of oil. The Company currently does not hedge these commodity prices. The Company, however, uses various strategies to partially offset cost increases for raw materials, including centralizing purchases of raw materials through our global procurement organization in an effort to leverage our purchasing power, expanding our capabilities to substitute lower-cost raw materials and reducing the amount of natural rubber required in each tire.

ii) Foreign Currency Exchange Risk

The Company enters into foreign currency contracts to manage the impact of changes in foreign exchange rates on the results of operations.

These contracts reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions and intercompany loans. For further information on foreign currency contracts, refer to the Note 13 "Derivative Financial Instruments".

B. Credit Risk

The credit risks primarily arise through sales made to Group and Original Equipment Manufacturing (OEMs) companies. The risks are closely monitored and followed according to policy. The Company has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Risks relating to financial institutions are managed through diversification. The Company also enters into master netting agreements with financial counterparties when applicable.

C. Liquidity Risk

The liquidity risk relates to the Company's ability to maintain sufficient levels of cash and its capacity of financing Group Companies, receiving cash from subsidiaries and sales to subsidiaries as well as receipt of funds under committed bank facilities.

D. Operational Risk

The emergence of new technologies is driving rapid change in some of the Company's markets. The Company is a leader in the tire industry and continues to develop and launch new products in its product portfolio, in order to respond effectively to customers' needs.

The Company's businesses may be affected by fluctuations in the prices of raw materials and energy costs. The ability to pass on these cost increases to customers depends to a large extent on market conditions. If the Company's ability were limited this could influence financial performance.

Our results for 2022 were influenced by the increase of key expenses type (raw materials and energy). The tire industry has been negatively impacted by this situation.

E. Legal and Environmental risks

The regulations applicable to the Company may change in a manner that may be favorable or unfavorable. The introduction of stricter regulations or more diligent enforcement of existing regulations may, in some cases, open up new growth opportunities for the Company, but may also change the way the Company conducts its business, possibly leading to an increase in operating expenses or restrictions on the scope of the business or, more generally, acting as a brake on business growth.

There can be no guarantee that there will be no unforeseen or significant regulatory changes in the future with a material adverse effect on the Company's business and financial performance.

Tires produced or sold in Europe must comply with various other standards, including environmental laws:

- REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances), which regulates the use of chemicals in the European Union.
- the Tire Safety Regulation, which sets tire performance standards for rolling resistance, wet grip braking (passenger car tires only) and noise.
- the Tire Labeling Regulation which requires that consumers be informed about the tire's fuel efficiency, wet grip and noise characteristics for all passenger car, light truck and commercial truck tires.

The Company is subject to extensive regulation under environmental and occupational health and safety laws and regulations. These laws and regulations relate to, among other things, air emissions, discharges to surface and underground waters and the generation, handling, storage, transportation and disposal of waste materials and hazardous substances.

F. Interest Risk

Certain of the Company's borrowings are at variable rates of interest that expose it to interest rate risk. If interest rates increase, the Company's debt service obligations on the variable rate

indebtedness would increase even though the amount borrowed remained the same, which would require it to use more of the Company's available cash to service its indebtedness.

G. Climate Change and Sustainability

In 2021, The Goodyear Tire & Rubber Company announced climate ambition, which includes goal to reach net-zero scope 1 and 2 and certain scope 3 greenhouse gas emissions by 2050, aligned with the Science-Based Targets initiative ("SBTi") and its Net-Zero Standard. A commitment to achieve near-term science-based targets by 2030, including reducing scope 1 and 2 emissions by 46% and certain scope 3 emissions by 28%, as compared to 2019 was also announced. Climate ambition includes several other important long-term sustainability goals, including commitments to use all renewable energy in our manufacturing facilities and processes by 2040, replace all petroleum-derived oils in products by 2040 and develop a tire made of 100% sustainable materials by 2030.

Climate considerations are driving change in the transportation sector. Advanced forms of mobility, such as electric vehicles, ride sharing and fleets, autonomous vehicles and connected vehicles, have the potential to reduce vehicle emissions and energy use. Companies in the transportation sector are setting ambitious climate goals that require the support of the entire supply chain to achieve.

The Goodyear Tire & Rubber Company has established a robust process that uses internal and external insights to identify, assess and report climate-related risks and opportunities.

The move to a low-carbon economy creates growth opportunities within the tire industry that the Company is well positioned to leverage through continued innovation. The Company has a proven track record of producing tires for electric and autonomous vehicles, developing tires and rubber compounds that contribute to reduced greenhouse gas emissions by lowering rolling resistance and reducing tire weight, and providing fleet solution services that promote fuel efficiency. The Company maintains strong relationships with supply chain partners which, coupled with the Company global scale, can be leveraged to either avoid or minimize climate-related supply chain disruptions.

Climate change poses risks that could adversely impact operations, including risks related to the Company plans to continue to develop and supply the types of products, services and technologies requested by consumers. Such risks also include an increase in severe weather events that could temporarily disrupt operations or supply chain or the operations of customers and the cost of compliance associated with increased climate-related regulations globally, including increased disclosure obligations or being subject to carbon taxes or similar mechanisms.

Regulatory agencies continue to consider various options and measures to control greenhouse gas emissions in response to climate change. The Company strives to comply with all applicable laws and regulations, carefully monitor energy usage and greenhouse gas emissions, and set company-wide and facility-specific goals to reduce operational impacts. As part of the Company commitment to reduce its operational impact, the Company continues to focus on reducing energy consumption and emissions in factories and utilizing renewable energy sources. The Goodyear Tire & Rubber Company

achieved previously announced goal to procure 100% renewable electricity across all of our facilities in Europe and Turkey by the end of 2022.

The Company continues to focus on the resiliency of supply chain by developing alternative, more sustainable material sources and increasing use of more sustainable materials that deliver either the same or enhanced product quality and performance. The Company also selects suppliers that uphold fair working conditions, use sustainable harvesting practices and share our values. Technology teams works to investigate and incorporate new technologies and materials, including renewable and recycled materials, that reduce our value chain greenhouse gas emissions.

H. Branch of the Company

The Company created a branch office at Greenhouse Berkenlaan 8b, 1831 Diegem, Belgium on June 18, 2009 (hereafter "the Branch"). The Branch provides auxiliary coordination and strategic support to the region ("EMEA").

Activity in the field of research and development

The Company did not perform any activity in 2022 in the field of research and development as all of the research and development activities are performed by Goodyear S.A..

Acquisition of own shares

There was no acquisition of own shares during the year 2022.

Subsequent events

The Company has evaluated subsequent events through June 22, 2023, which is the date the annual accounts were available to be issued.

During the first quarter of 2023, the Company operating results reflected a difficult macroeconomic environment, including the impact of the ongoing effects of inflation and increases in interest rates. These conditions and uncertainties about the future have affected demand. The impact is more pronounced in Europe, primarily due to the indirect impacts of the ongoing conflict in Ukraine. The Company observed improvement in demand from OE customers, which continue to recover from supply constraints that have reduced their production. However, demand from OE customers remains lower than before the COVID-19 pandemic.

Supply chain disruptions and other factors have led to continuing inflationary cost pressures on results, including higher costs for certain raw materials, higher transportation costs and higher energy costs. Energy cost increases continue to be more pronounced in Europe driven by the indirect impacts of the conflict in Ukraine.

During the first quarter of 2023, in order to address softening industry demand and prevent the buildup of excess inventory, the Company reduced production, resulting in a reduction of units compared to production in the first quarter of 2022. Decisions to change production levels in the future will be based on an evaluation of market demand signals and inventory and supply levels, as well as the availability of sufficient qualified labor.

Capital injection

As at the end of 2022, net assets are negative and fell below half of the corporate capital. As per Art. 480-2 of Luxembourg legislation related to commercial Companies (August 10, 1915), the board of Directors shall set out the causes of the situation and justify proposals to continue the Company's activities. Therefore, the company already made a contribution in cash in the amount of EURO 120 million to the special equity reserve of the Company (account 115 of the Luxembourg standard chart of accounts - "apport en capitaux propres non rémunéré par des titres") without issuance of new shares.

Discharge

We ask you to approve the annual accounts for the year ended December 31, 2022, as presented, and to give discharge to the Board of Directors.

Statutory nomination

The Board of Directors proposes that the Shareholder's General Meeting appoints as auditor ("Réviseur d'Entreprises Agréé") for the period of one year, PricewaterhouseCoopers, Société coopérative, Luxembourg.

Colmar Berg, June 22, 2023.

The Board of Directors of GOODYEAR OPERATIONS S.A.

DocuSigned by:
Francis De Cannière
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Francis De Cannière

DocuSigned by:
Shaun Andrews
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Shaun Andrews



Audit report

To the Shareholder of
GOODYEAR OPERATIONS S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of GOODYEAR OPERATIONS S.A. (the "Company") as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2022;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;



- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 June 2023

Electronically signed by
Laurence Demellenne

A handwritten signature in black ink, appearing to read 'LD', is positioned below the electronic signature text.

Laurence Demellenne

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

1. General Information

GOODYEAR OPERATIONS S.A. (formerly known as GOODYEAR DUNLOP TIRES OPERATIONS S.A., hereafter "the Company") was incorporated on August 20, 1999 and organized under the laws of the Grand Duchy of Luxembourg as a "Société Anonyme" for an unlimited period.

The registered office of the Company is established at Avenue Gordon Smith, 7750 Colmar-Berg, Grand Duchy of Luxembourg.

The Company's financial year starts on January 1 and ends on December 31 of each year.

The main activities of the Company are all matters related directly or indirectly to production, manufacturing, processing, purchase and sale, transportation, importation and exportation of raw materials and rubber products (natural or synthetic).

Furthermore, the Company holds participations in affiliated companies in Europe.

Based on the criteria defined by Luxembourg law (Art. 1711-7), the Company is exempted from the obligation to draw up consolidated accounts and a consolidated management report. Therefore, in accordance with the legal provisions, these annual accounts were presented on a non-consolidated basis to be approved by the shareholder during the Annual General Meeting.

The Company is included in the consolidated accounts of "The Goodyear Tire & Rubber Company", forming the body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at 200 Innovation Way, Akron, Ohio, U.S.A. and the annual accounts are available at www.goodyear.com.

The Company acts as a central purchasing and inventory company of EMEA and is the owner of all raw materials, semi-finished goods and finished goods. The sales organizations act as a defined risk distributor for the Company, receiving a defined operating profit margin. In addition, manufacturing companies provide toll manufacturing service to the Company and receive an additional defined operating profit margin. This is referred to as the "EAGLE" model.

Participating countries to the EAGLE model include Austria, Belgium, Dubai, France, Germany, Greece, Italy, Luxembourg, Netherlands, the Nordics, Poland, Portugal, Russia, Spain, Switzerland, Turkey, Ukraine, the United Kingdom and Eastern Europe.

The Company created a branch office at Greenhouse Berkenlaan 8b, 1831 Diegem, Belgium (hereafter "the Branch"). The Branch provides auxiliary coordination and strategic support to the region Europe, Middle East and Africa.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

2. Summary of significant accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention (except for the use of the fair value for financial instruments). Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended, determined and applied by the Board of Directors.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

As at the end of 2022, net assets are negative and fell below half of the corporate capital. As per Art. 480-2 of Luxembourg legislation related to commercial Companies (August 10, 1915, as amended), the board of Directors shall set out the causes of the situation and justify proposals to continue the Company's activities. Therefore, the Company already performed a capital injection of EUR 120 million in March 2023, improving the net asset position. Moreover, the company is continuously monitoring the net asset situation and will take further measures in case required. Therefore, the Annual Accounts have been prepared on a going concern basis.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply. Intangible assets other than goodwill are amortized over their estimated useful economic lives by applying a straight-line method.

2.2.2 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost. Tangible assets are amortized over their estimated useful economic lives.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Spare parts are accounted for as tangible assets and presented under "Plant and equipment" category. They are valued at purchase price and immediately expensed when used, except for individual units with insignificant purchase price which are expensed when acquired.

2.2.3 Financial assets

Shares in affiliated undertakings held as assets are valued at their purchase price, including incidental expenses thereto. In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of shares in affiliated undertakings, so that they are valued at the lower figures to be attributed to them at the balance sheet date.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Stocks of raw materials and consumables

Stocks of raw materials and consumables are valued at the lower of purchase price calculated based on weighted average prices or market value. A value adjustment is recorded where the market value is below the purchase price.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

2.2.5 Stocks of finished goods and work in progress

Stocks of finished goods and work in progress are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product in question and a proportion of the costs indirectly attributable to the product in question, and market value. A value adjustment is recorded where the market value is below the production cost. Production cost is calculated on the basis of the First In First Out (FIFO) or the Average Value of Cost (AVCO) method.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.6 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.7 Foreign currency translation

The Company maintains its accounting records in Euro ("EUR") and the balance sheet and the profit and loss are expressed in this currency.

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rates ruling at the time of the transaction.

Except for fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realized gains and losses and unrealized results on hedged financial positions are recognized in the profit and loss account.

Fixed assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

2.2.8 Provisions

Provisions are intended to cover losses or debts of clearly defined nature and which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

2.2.9 Derivative financial instruments

Forward exchange contracts hedging 31 December balance sheet positions in foreign currencies are revaluated at year-end by using the forward rate prevailing at balance sheet date. Unrealized gains resulting from the conversion of these contracts are recorded in the profit and loss account only if they offset exchange losses recognized for the underlying transactions. Unrealized losses resulting from the conversion of these contracts are recorded in the profit and loss account.

2.2.10 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.2.11 Creditors

Debts are recorded at their repayment value.

2.2.12 Net Turnover

The net turnover comprises the amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deductions of value added tax and other taxes directly linked to the turnover.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

3. Intangible assets

The movements for the year are as follows:

	Concessions, patents, licences, trade marks and similar rights and assets	Payments on account and intangible fixed assets under development	Total
	EUR '000	EUR '000	EUR '000
Gross book value - Opening balance	107,079	6,966	114,045
Additions for the year	-	14,923	14,923
Disposals for the year	(19)	-	(19)
Transfers for the year	16,556	(16,556)	-
Gross book value - Closing balance	123,616	5,333	128,949
Amortization - Opening balance	(78,628)	-	(78,628)
Amortization for the year	(11,361)	-	(11,361)
Reversals for the year	-	-	-
Amortization - Closing balance	(89,989)	-	(89,989)
Net book value - Opening balance	28,451	6,966	35,417
Net book value - Closing balance	33,627	5,333	38,960

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

4. Tangible assets

	Land and buildings EUR '000	Plant and machinery EUR '000	Other fixtures and fittings tools and equipment EUR '000	Payments on account and tangible assets in the course of construction EUR '000	Total EUR '000
Gross book value - Opening balance	116,679	630,803	2,958	26,652	777,092
Additions for the year	-	-	-	80,572	80,572
Disposals for the year	(168)	(2,132)	(6)	-	(2,306)
Transfers for the year	6,319	42,810	419	(49,548)	-
Gross book value - Closing balance	122,830	671,481	3,371	57,676	855,358
Depreciation - Opening balance	(52,267)	(461,033)	(2,853)	-	(516,153)
Depreciation for the year	(7,425)	(39,467)	(268)	-	(47,160)
Reversals for the year	-	1,937	-	-	1,937
Value adjustment - Closing balance	(59,692)	(498,563)	(3,121)	-	(561,376)
Net book value - Opening balance	64,412	169,770	105	26,652	260,939
Net book value - Closing balance	63,138	172,918	250	57,676	293,982

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

5. Financial Assets

5.1 Shares in affiliated undertakings:

	Net book value - Opening Balance EUR '000	Additions for the year EUR '000	Disposals for the year EUR '000	Value Adjustments EUR '000	Net book value - Closing Balance EUR '000
Goodyear Germany GmbH Hanau, Germany	172,396	-	-	-	172,396
Goodyear Amiens Amiens, France	35,500	-	-	-	35,500
Goodyear Slovenija d.o.o. Kranj, Slovenia	85,100	-	-	-	85,100
Goodyear Serbia d.o.o. Krusevac, Serbia	-	50,857	-	-	50,857
Other participations	1,906	-	-	-	1,906
Total	294,902	50,857	-	-	345,759

Following the Cooper acquisition by The Goodyear Tire & Rubber Company, the Company purchases the shares of Goodyear Servia d.o.o. (formerly known as Cooper Serbia) in the course of 2022.

Other participations in affiliated undertakings include Goodyear Mounting Solutions S.A., Goodyear Operations Romania S.R.L., Goodyear Italiana SpA, Goodyear Belgium N.V. (formerly known as Goodyear Dunlop Tires Belgium NV) and G.I.E. Goodyear Mireval.

All the participations are limited liability companies and the values of investments in these companies are immaterial, as such those are disclosed under Other Participations.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

5.2 Details on shares in affiliated undertakings

	Percentage Ownership	Net Equity excluding result of the year EUR '000	Profit / (Loss) of the year EUR '000	Total Net Equity EUR '000
Goodyear Germany GmbH Hanau, Germany	94%	280,984	(12,625)	268,359
Goodyear Amiens Amiens, France	100%	55,511	2,106	57,617
Goodyear Slovenija d.o.o. Kranj, Slovenia	100%	99,666	5,480	105,146
Goodyear Serbia d.o.o. Krusevac, Serbia	100%	77,030	4,018	81,048

The net equity and result of Goodyear Germany GmbH, Goodyear Amiens and Goodyear Slovenija d.o.o. are based on stand-alone local GAAP audited figures as at December 31, 2022. The net equity and result of Goodyear Serbia d.o.o. are based on stand-alone local GAAP unaudited figures as at December 31, 2022.

The Board of Directors considered the valuation of the subsidiaries, and therefore decided that no value adjustment has to be recorded on those financial assets in the accounts of the Company.

In accordance with art. 26(3) of the Law of 19 December 2002 (as amended), the Board of Directors omitted certain disclosures when considered immaterial.

6. Amounts owed to affiliated undertakings

The Company sells the items described in note 1 to its affiliated undertakings. In addition, the Company pays/receives interests to/from affiliated undertakings in relation to the cash pooling and account managed by the Company for its affiliated undertakings.

Amounts owed by/to affiliated undertakings are related to the above transactions. All related party transactions have been concluded with consideration for normal market conditions.

7. Cash at bank and in hand

Cash and cash equivalents including EUR 7.7 million of restricted cash (2021: EUR 8.3 million). Restricted cash is defined as cash deposited in support of trade agreements, performance bonds and cash deposited in support of borrowings incurred by subsidiaries.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

8. Subscribed capital/Share premium account

The subscribed capital amounts to EUR 165 million (2021: EUR 200 million) and is divided into 2,000,000 shares with a nominal value of EUR 82.50 each.

The share premium account amounts to EUR 6.1 million (2021: EUR 6.1 million).

9. Legal Reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

No net wealth tax reserve has been recorded for the years ended 31 December 2022 and 31 December 2021.

10. Movements for the year on the reserves and profit items

	Subscribed capital	Share premium account	Legal reserve	Other reserves	Profit or Loss brought forward	Profit or Loss for the financial year	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
As of December 31, 2021	200,000	6,136	12,250	523	(153,019)	(109,218)	(43,327)
<u>Movements for the year:</u>							
Allocation of prior year profit (loss)	-	-	-	-	(109,218)	109,218	-
Profit or (loss) of the year	-	-	-	-	-	(155,497)	(155,497)
Addition	165,000	-	-	-	-	-	165,000
Loss absorption	(200,000)	-	-	-	200,000	-	-
As of December 31, 2022	165,000	6,136	12,250	523	(62,237)	(155,497)	(33,824)

During the year 2022, Goodyear Europe BV, shareholder of the Company decreased the share capital by an amount of EUR 200m by absorption of the equivalent amount of losses. As a second step, Goodyear Europe BV increased the share capital of the Company by an amount of EUR 165m.

Other reserves correspond to temporarily not taxable capital gains resulting from the gain on sale of the participation in Goodyear Dunlop Tires Polska Sp z.o.o. to Goodyear France SAS for an amount of EUR 0.5 million (2021: EUR 0.5 million). It is treated as a non-taxable gain by application of article 54 LITL and is classified in other reserves.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

11. Creditors

Amounts due and payable for the accounts shown under "Creditors" are as follow:

	Within 1 year	After 1 year and within 5	After 5 years	Total 2022	Total 2021
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Amounts owed to credit institutions	72,602	9,195	355,864	437,661	91,833
Trade creditors	595,194	-	-	595,194	431,571
Amounts owed to affiliated undertakings	1,512,918	73,800	404,650	1,991,368	1,779,217
Other creditors	71,974	491	-	72,465	54,109
Total	2,252,688	83,486	760,514	3,096,688	2,356,730

The total interest payable on the above-described debts amount to EUR 84.5 million for the year (2021: EUR 56 million).

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

12. Derivative Financial Instruments

As of December 31, 2022, the Company has entered into forward exchange contracts (EUR vs foreign currency) hedging December 31, 2022 balance sheet positions.

Unrealized gains amounting to EUR 0.1m are recorded in other interest and similar income (2021: EUR 6.46m).

Unrealized losses amounting to EUR 5m are recorded in other interest and similar expenses (2021: EUR 1.30m).

13. Net Turnover

A breakdown of the net turnover by category of activity and by geographical markets is omitted because its nature is such that it would be seriously prejudicial to the Company.

14. Other operating income and expenses

Other operating expenses mainly include absorption of EMEA restructuring costs as well as regional expenses. In 2022, the technical license agreement related to Cooper was purchased and included in this section.

Other operating income mainly reflects rebilling of these regional expenses.

15. Staff

The Company employed an average of 2,125 full-time equivalents during the financial year (2021: 2,064) broken down by category as follows:

	2022	2021
Employees	558	545
Branch's employees	74	68
Workers	1,493	1,451
Total	2,125	2,064

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

16. Emoluments granted to the members of administrative bodies and commitments in respect of retirement pensions for former members of those bodies

The emoluments granted to the members of the Board of Directors for the financial year are broken down as follows:

	2022	2021
	EUR '000	EUR '000
Remuneration of Board of Directors	14	13

17. Off balance sheet commitments

The financial commitments are as follows:

	2022	2021
	EUR '000	EUR '000
Capital expenditures, goods and services	561	1,252
Lease contracts	57,399	50,133
Guarantees and other direct substitutes for credit	911	870
Other guarantees	2,634	-
Forward purchase of currencies	339,594	499,583
Forward sale of currencies	17,598	5,316
Total	418,697	557,153

The Goodyear Tire & Rubber Company entered a first line revolving credit facility with JP Morgan. The obligations under the facility are guaranteed by some subsidiaries in Europe including the Company and its subsidiaries Goodyear Germany GmbH (formerly known as Goodyear Dunlop Tires Germany GmbH), Goodyear Amiens (formerly known as Goodyear Dunlop Tires Amiens Sud) and Goodyear Slovenija d.o.o. (formerly known as Goodyear Dunlop Tires SAVA tires d.o.o.). This guarantee is secured by first priority security interests in collateral that includes equity interests and up to 65% of the voting equity interests.

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

Stock Options plans:

The Goodyear Group maintains long term incentive plans under which Goodyear common shares have been made available for grant, at the discretion of the compensation committee of the Goodyear Group's Board of Directors, to some officers and Key employees of the Company. Options outstanding and exercisable for the Company's employees as per December 31, 2022, are presented below. The related provision is recorded at Group level and upon exercise of the options for the related amounts might be recharged to the Company upon certain conditions. The maximum exposure as at December 31, 2022 is nil (2021: EUR nil).

Grant date	Number of options outstanding	Number of options exercisable	Weighted average exercise price (USD)	Remaining Contractual Term (Years)
2/28/2013	6,779	6,779	12.98	0.2
8/24/2015	40,677	40,677	28.09	2.6
2/22/2016	39,010	39,010	29.9	3.1
2/27/2017	34,147	34,147	35.26	4.2
10/9/2017	12,176	12,176	32.72	4.8
2/25/2020	461,167	205,584	10.12	7.2
Subtotal	593,956	338,373		
Others	4,500	4,500		
Total	598,456	342,873		

Restructuring and other costs related to the toll and sales distribution agreements recharge:

As per the business model defined in Note 1 and agreements in place with the toll manufacturers and sales distributors, costs related to mainly restructuring activities can potentially be recharged to the Company. In 2022, EUR 17 million have been recharged (2021: EUR 26.6 million) to the Company with that respect, mainly in relation to modernization projects in plants which amounted to EUR 8.1 million (2021: EUR 20.9 million) and recharge of non-manufacturing activities amounting to EUR 8.9 million (2021: EUR 5.7 million).

GOODYEAR OPERATIONS S.A.

Notes to the Annual Accounts as of December 31, 2022

18. Audit fees

The total fees expensed by the Company for the current financial period to the auditors are presented as follow:

	2022	2021
	EUR '000	EUR '000
Audit fees	462	435
Non-Audit fees	11	15
	473	450

19. Information about tax unity

A tax unity was formed between Goodyear S.A., GOODYEAR OPERATIONS S.A. (head office only), Goodyear Holdings S.à r.l. and Goodyear Mounting Solutions S.A. as from January 1st, 2016 whereby Goodyear S.A. serves as head of said tax unity. The result of this being that the taxable basis of GOODYEAR OPERATIONS S.A., Goodyear Holdings S.à r.l. and Goodyear Mounting Solutions S.A. are transferred to and consolidated at the level of Goodyear S.A. and no income tax charge related to the Luxembourg activity would be recorded in the accounts of the Company.

Starting 2022, the company entered into a sharing of profit and loss agreement inside the tax unity. Each member of the tax unity undertakes to transfer its annual profits or losses to the head of the tax unity (Goodyear S.A.). The head of the tax unity undertakes to remunerate each member of the tax unity for the losses contributed in a given taxable period. The amount of the remuneration will be calculated by multiplying the amount of the tax losses or profits contributed to the tax unity with the tax rate valid for the fiscal period for which the tax losses or profits have been contributed to the tax unity.

20. Subsequent events

The Company has evaluated subsequent events through June 22, 2023, which is the date the annual accounts were available to be issued.

As at the end of 2022, net assets are negative and fell below half of the corporate capital. As per Art. 480-2 of Luxembourg legislation related to commercial Companies (August 10, 1915), the board of Directors shall set out the causes of the situation and justify proposals to continue the Company's activities. Therefore, the Company already performed a capital injection of EUR 120 million in March 2023, improving the net asset position. Moreover, the company is continuously monitoring the net asset situation and will take further measures in case required.