

The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Statements of Operations (unaudited)

(In millions, except per share amounts)

	Three Months Ended March 31,	
	<u>2022</u>	<u>2021</u>
NET SALES	\$ 4,908	\$ 3,511
Cost of Goods Sold	3,966	2,751
Selling, Administrative and General Expense	688	564
Rationalizations	11	50
Interest Expense	104	79
Other (Income) Expense	5	34
	<hr/>	<hr/>
Income before Income Taxes	134	33
United States and Foreign Tax Expense	38	15
	<hr/>	<hr/>
Net Income	96	18
Less: Minority Shareholders' Net Income	--	6
	<hr/>	<hr/>
Goodyear Net Income	\$ 96	\$ 12
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Goodyear Net Income - Per Share of Common Stock		
Basic	\$ 0.34	\$ 0.05
	<hr/>	<hr/>
Weighted Average Shares Outstanding	284	235
Diluted	\$ 0.33	\$ 0.05
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Weighted Average Shares Outstanding	287	238

The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	March 31, <u>2022</u>	December 31, <u>2021</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 1,053	\$ 1,088
Accounts Receivable, less Allowance - \$113 (\$123 in 2021)	3,220	2,387
Inventories:		
Raw Materials	1,032	958
Work in Process	211	191
Finished Products	<u>2,783</u>	<u>2,445</u>
	4,026	3,594
Prepaid Expenses and Other Current Assets	<u>264</u>	<u>262</u>
Total Current Assets	8,563	7,331
Goodwill	1,006	1,004
Intangible Assets	1,034	1,039
Deferred Income Taxes	1,581	1,596
Other Assets	1,159	1,106
Operating Lease Right-of-Use Assets	988	981
Property, Plant and Equipment, less Accumulated Depreciation - \$11,233 (\$11,130 in 2021)	<u>8,291</u>	<u>8,345</u>
Total Assets	<u>\$ 22,622</u>	<u>\$ 21,402</u>
Liabilities:		
Current Liabilities:		
Accounts Payable - Trade	\$ 4,339	\$ 4,148
Compensation and Benefits	644	689
Other Current Liabilities	836	822
Notes Payable and Overdrafts	570	406
Operating Lease Liabilities due Within One Year	206	204
Long Term Debt and Finance Leases due Within One Year	<u>350</u>	<u>343</u>
Total Current Liabilities	6,945	6,612
Operating Lease Liabilities	825	819
Long Term Debt and Finance Leases	7,450	6,648
Compensation and Benefits	1,375	1,445
Deferred Income Taxes	137	135
Other Long Term Liabilities	<u>568</u>	<u>559</u>
Total Liabilities	17,300	16,218
Commitments and Contingent Liabilities		
Shareholders' Equity:		
Goodyear Shareholders' Equity:		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares - 282 million in 2022 and 2021	282	282
Capital Surplus	3,109	3,107
Retained Earnings	5,669	5,573
Accumulated Other Comprehensive Loss	<u>(3,915)</u>	<u>(3,963)</u>
Goodyear Shareholders' Equity	5,145	4,999
Minority Shareholders' Equity - Nonredeemable	<u>177</u>	<u>185</u>
Total Shareholders' Equity	<u>5,322</u>	<u>5,184</u>
Total Liabilities and Shareholders' Equity	<u>\$ 22,622</u>	<u>\$ 21,402</u>

The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Three Months Ended	
	March 31,	
	2022	2021
Cash Flows from Operating Activities:		
Net Income	\$ 96	\$ 18
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	244	197
Amortization and Write-Off of Debt Issuance Costs	3	3
Provision for Deferred Income Taxes	3	(18)
Net Rationalization Charges	11	50
Rationalization Payments	(36)	(83)
Net (Gains) Losses on Asset Sales	(4)	--
Operating Lease Expense	74	70
Operating Lease Payments	(72)	(67)
Pension Contributions and Direct Payments	(16)	(9)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	(842)	(526)
Inventories	(436)	(258)
Accounts Payable – Trade	276	221
Compensation and Benefits	(82)	19
Other Current Liabilities	19	(4)
Other Assets and Liabilities	51	105
Total Cash Flows from Operating Activities	(711)	(282)
Cash Flows from Investing Activities:		
Capital Expenditures	(276)	(185)
Asset Dispositions	8	--
Short Term Securities Acquired	(9)	(29)
Short Term Securities Redeemed	16	41
Notes Receivable	(34)	(10)
Other Transactions	(5)	3
Total Cash Flows from Investing Activities	(300)	(180)
Cash Flows from Financing Activities:		
Short Term Debt and Overdrafts Incurred	418	280
Short Term Debt and Overdrafts Paid	(246)	(285)
Long Term Debt Incurred	2,914	694
Long Term Debt Paid	(2,114)	(514)
Common Stock Issued	(5)	9
Debt Related Costs and Other Transactions	15	(40)
Total Cash Flows from Financing Activities	982	144
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	2	(34)
Net Change in Cash, Cash Equivalents and Restricted Cash	(27)	(352)
Cash, Cash Equivalents and Restricted Cash at Beginning of the Period	1,164	1,624
Cash, Cash Equivalents and Restricted Cash at End of the Period	\$ 1,137	\$ 1,272

Non-GAAP Financial Measures (unaudited)

This earnings release presents Total Segment Operating Income and Margin, Merger-Adjusted Segment Operating Income and Margin, Adjusted Net Income and Adjusted Diluted Earnings Per Share (EPS), which are important financial measures for the company but are not financial measures defined by U.S. GAAP, and should not be construed as alternatives to corresponding financial measures presented in accordance with U.S. GAAP.

Total Segment Operating Income is the sum of the individual strategic business units' (SBUs') Segment Operating Income as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income and Margin are useful because they represent the aggregate value of income created by the company's SBUs and exclude items not directly related to the SBUs for performance evaluation purposes. The most directly comparable U.S. GAAP financial measure to Total Segment Operating Income is Goodyear Net Income and to Total Segment Operating Margin is Return on Sales (which is calculated by dividing Goodyear Net Income by Net Sales).

Merger-Adjusted Segment Operating Income is Total Segment Operating Income less the impact of the amortization of inventory step-up adjustments, the incremental amortization of intangible assets and other transaction-related items related to the Cooper Tire merger. Merger-Adjusted Segment Operating Margin is Merger-Adjusted Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Merger-Adjusted Segment Operating Income and Margin are useful because they allow investors to understand and evaluate the aggregate value of income created by the company's SBUs in a manner that is more comparable to the performance of The Goodyear Tire & Rubber Company and Cooper Tire & Rubber Company in the periods before the merger by adjusting for certain expenses related to the Cooper Tire merger, including amortization of the Cooper Tire inventory step-up adjustments, incremental amortization of Cooper Tire intangible assets and other transaction-related items.

Adjusted Net Income is Goodyear Net Income as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted Earnings Per Share is the company's Adjusted Net Income divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income and Adjusted Diluted Earnings Per Share are useful because they represent how management reviews the operating results of the company excluding the impacts of non-cash impairment charges, rationalizations, asset write-offs, accelerated depreciation, asset sales and certain other significant items.

It should be noted that other companies may calculate similarly titled non-GAAP financial measures differently and, as a result, the measures presented herein may not be comparable to such similarly titled measures reported by other companies.

See the tables below for reconciliations of historical Total Segment Operating Income and Margin, Merger-Adjusted Segment Operating Income and Margin, Adjusted Net Income and Adjusted Diluted Earnings Per Share to the most directly comparable U.S. GAAP financial measures.

Merger-Adjusted Segment Operating Income and Margin, Segment Operating Income and Margin

Reconciliation Table

(In millions)

	Three Months Ended March 31,	
	2022	2021
Merger-Adjusted Segment Operating Income	\$ 311	\$ 226
Incremental Amortization of Cooper Tire Intangible Assets	(8)	--
Total Segment Operating Income	\$ 303	\$ 226
Rationalizations	(11)	(50)
Interest Expense	(104)	(79)
Other Income (Expense)	(5)	(34)
Corporate Incentive Compensation Plans	(19)	(9)
Retained Expenses of Divested Operations	(3)	(3)
Other	(27)	(18)
Income before Income Taxes	\$ 134	\$ 33
United States and Foreign Tax Expense	38	15
Less: Minority Shareholders' Net Income	--	6
Goodyear Net Income	\$ 96	\$ 12
Net Sales	\$4,908	\$3,511
Return on Net Sales	2.0%	0.3%
Total Segment Operating Margin	6.2%	6.4%
Merger-Adjusted Segment Operating Margin	6.3%	6.4%

Adjusted Net Income and Adjusted Diluted Earnings per Share

Reconciliation Tables

First Quarter 2022

	Income Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>						
As Reported	\$ 134	\$ 38	\$ --	\$ 96	287	\$ 0.33
Significant Items:						
Rationalizations, Asset Write-offs and Accelerated Depreciation Charges	11	2		9		0.03
Discrete Tax Items		(4)		4		0.02
Asset Sales	(4)			(4)		(0.01)
	7	(2)	--	9		0.04
As Adjusted	\$ 141	\$ 36	\$ --	\$ 105	287	\$ 0.37

First Quarter 2021

	Income Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>						
As Reported	\$ 33	\$ 15	\$ 6	\$ 12	238	\$ 0.05
Significant Items:						
Rationalizations, Asset Write-offs and Accelerated Depreciation Charges	50	5		45		0.19
Americas Inventory Valuation & Other Adjustments	20	1		19		0.08
Americas Winter Storm Impact	23	6		17		0.07
Acquisition Related Transaction Costs	8	2		6		0.03
Discrete Tax Items		(3)		3		0.01
	101	11	--	90		0.38
As Adjusted	\$ 134	\$ 26	\$ 6	\$ 102	238	\$ 0.43