

# Goodyear Dunlop Tires Danmark A/S

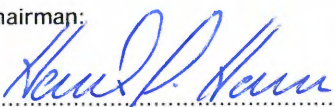
c/o Accura Advokatpartnerselskab  
Tuborg Boulevard 1, 2900 Hellerup

CVR no. 54 03 73 17

## Annual report 2018

Approved at the Company's annual general meeting on 26 April 2019

Chairman:



Henrik Juul Hansen

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Goodyear Dunlop Tires Danmark A/S for the financial year 1 January - 31 December 2018.

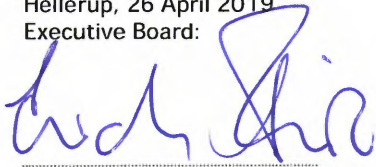
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

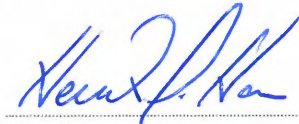
We recommend that the annual report be approved at the annual general meeting.

Hellerup, 26 April 2019  
Executive Board:

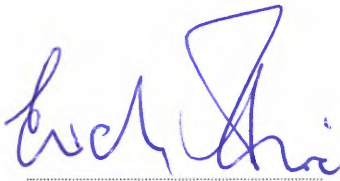


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Erich Fric

Board of Directors:



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Henrik Juul Hansen  
Chairman



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Erich Fric

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Mark Lüdemann

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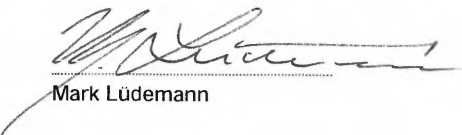
Hellerup, 26 April 2019  
Executive Board:

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Erich Fric

Board of Directors:

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Henrik Juul Hansen  
Chairman

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Erich Fric

  
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Mark Lüdemann

## Independent auditor's report

To the shareholders of Goodyear Dunlop Tires Danmark A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Goodyear Dunlop Tires Danmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs and the additional requirements applicable in Denmark 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 financial statements.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 26 April 2019  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31



Brian Dahl  
State Authorised Public Accountant  
mne26715

## Management's review

### Company details

Name	Goodyear Dunlop Tires Danmark A/S
Address, Postal code, City	c/o Accura Advokatpartnerselskab Tuborg Boulevard 1, 2900 Hellerup
CVR no.	54 03 73 17
Established	30 June 1925
Registered office	Gentofte
Financial year	1 January - 31 December
Website	<a href="http://www.goodyear.dk">www.goodyear.dk</a>
Board of Directors	Henrik Juul Hansen, Chairman Erich Fric Mark Lüdemann
Executive Board	Erich Fric
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

## Management's review

### Business review

#### Principal activities

The principle activities of the company are import and distribution of tires for cars, trucks and other vehicles in Denmark.

#### Financial review

The gross margin for the year is TDKK 31.189 compared to TDKK 27.058 last year. The results from ordinary activities after tax are TDKK 1,829 compared to 1.398 last year.

The management considers the result to be satisfactory.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Gross margin	31,189	27,058
2	Distribution costs	-13,877	-11,821
	Administrative expenses	-14,812	-13,361
	Operating profit	2,500	1,876
3	Financial income	73	74
4	Financial expenses	-206	-132
	Profit before tax	2,367	1,818
5	Tax for the year	-538	-420
	Profit for the year	<u>1,829</u>	<u>1,398</u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	0	5,000
	Retained earnings/accumulated loss	<u>1,829</u>	<u>-3,602</u>
		<u>1,829</u>	<u>1,398</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2018</u>	<u>2017</u>
	ASSETS		
	Non-fixed assets		
	Receivables		
	Trade receivables	33,013	19,265
	Receivables from group enterprises	2,048	1,221
6	Deferred tax assets	1,551	2,089
	Other receivables	1	33
	Prepayments	123	104
		<u>36,736</u>	<u>22,712</u>
	Cash	<u>13,313</u>	<u>9,668</u>
	Total non-fixed assets	<u>50,049</u>	<u>32,380</u>
	TOTAL ASSETS	<u><u>50,049</u></u>	<u><u>32,380</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	500	500
	Retained earnings	2,116	287
	Dividend proposed	0	5,000
	<b>Total equity</b>	<b>2,616</b>	<b>5,787</b>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	4,535	2,445
	Payables to group enterprises	19,967	8,806
	Loans from group enterprises	15,488	9,943
	Other payables	7,443	5,399
		<b>47,433</b>	<b>26,593</b>
	<b>Total liabilities other than provisions</b>	<b>47,433</b>	<b>26,593</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,049</b>	<b>32,380</b>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed</u>	<u>Total</u>
Equity at 1 January 2018	500	287	5,000	5,787
Transfer through appropriation of profit	0	1,829	0	1,829
Dividend distributed	0	0	-5,000	-5,000
Equity at 31 December 2018	<u>500</u>	<u>2,116</u>	<u>0</u>	<u>2,616</u>

The share capital consists of 5 shares, each with a nominal value of DKK 100.000. No shares hold particular rights.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Goodyear Dunlop Tires Danmark A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk has made before year end.

Revenue is recognized exclusive of VAT and net of discounts relating to sales.

###### Gross margin

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

###### Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

###### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

###### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

###### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

###### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years. Prepayments comprise prepaid expenses concerning insurance premiums.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Equity

##### Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Other payables

Other payables are measured at net realisable value.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2018	2017
2 Staff costs		
Wages/salaries	8,544	7,650
Pensions	846	766
Other social security costs	32	22
Other staff costs	108	222
	<u>9,530</u>	<u>8,660</u>
Average number of full-time employees	<u>11</u>	<u>11</u>
3 Financial income		
Exchange gain	73	74
	<u>73</u>	<u>74</u>
4 Financial expenses		
Interest expenses, group entities	197	129
Other financial expenses	9	3
	<u>206</u>	<u>132</u>
5 Tax for the year		
Deferred tax adjustments in the year	538	420
	<u>538</u>	<u>420</u>
6 Deferred tax		
Deferred tax at 1 January	-2,089	-2,509
Deferred tax of the result for the year	538	420
Deferred tax at 31 December	<u>-1,551</u>	<u>-2,089</u>
Deferred tax relates to:		
Tax loss	-1,551	-2,089
	<u>-1,551</u>	<u>-2,089</u>
Analysis of the deferred tax		
Deferred tax assets	-1,551	-2,089
	<u>-1,551</u>	<u>-2,089</u>

The Company's total deferred tax assets amount to TDKK 4,372 end 2018.

The Company's unrecognised part of the tax asset amounts to TDKK 2,821.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2018	2017
Rent and lease liabilities	1,346	670

#### 8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Goodyear Dunlop Tires Europe B.V.	Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam Zuidoost, Netherlands	<a href="http://www.goodyear.com">www.goodyear.com</a>

#### Related party transactions

Goodyear Dunlop Tires Danmark A/S has transactions with related parties which constitute a number of enterprises in Goodyear Dunlop Tires Group.

The company is a wholly owned subsidiary of Goodyear Dunlop Tires Europe B.V. - Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam Zuidoost, Netherlands. The ultimate Parent Company is The Goodyear Tire and Rubber Company, 1144 East Market Street Akron, Ohio 44316-0001. The company is incorporated into the consolidated financial statements of this company.

The consolidated financial statements can be obtained from this company.