

**POLISH FINANCIAL SUPERVISION AUTHORITY**  
**Current Report No 2/2018**

**Date:**

February 1, 2018

**Abbreviated name of issuer:**

DEBICA

**Subject:**

Change of the rules of co-operation with the Goodyear Group

**Legal grounds:**

Art. 17 Sec. 1 of the MAR regulation – confidential information

**Report content:**

The Management Board of the Tire Company Dębica S.A. with its registered office in Dębica (the “**Company**”) announces that on 1 February 2018 the Company and Goodyear Dunlop Tires Operations S.A. with its registered office in Colmar-Berg, Luxembourg (“**Goodyear**”) entered into (i) a framework purchase agreement and (ii) a framework resale agreement (the “**Agreements**”). The Agreements are effective as of 1 January 2018.

Concurrently, we hereby inform that on the same day the parties agreed to terminate, with effect as of 1 January 2018, the existing Technical Support and Licensing Agreement entered into by the Company and Goodyear S.A. with its registered office in Colmar Berg, Luxembourg, on 14 August 2014, the conclusion of which was communicated by the Company in its Current Report No. 17/2014 dated 14 August 2014, and the agreement on the provision of services entered into by the Company with Goodyear Dunlop Tires Operations S.A. with its registered office in Colmar Berg, Luxembourg on 1 January 2006. Thus, from 1 January 2018 the Company will not make payments in respect of the services covered by these agreements.

Under the Agreements, the model of co-operation between the Company and the Goodyear Group (as defined below), the largest recipient of Company products for many years, will change.

The Company will provide Goodyear with all manufactured tires of the brands owned by the Goodyear Group, at the market prices set in line with the transfer pricing policy of the Goodyear Group which provides that prices will be set in a manner ensuring that the Company’s profit from the sale of tires is equal to the market margin.

Additionally, the Company will be able to sell to Goodyear the tires manufactured by the Company under the brands owned by the Company. The sale of such tires to Goodyear will also be settled in line with the transfer pricing policy of the Goodyear Group which provides that prices will be set in a manner ensuring that the Company’s profit from the sale of tires is equal to the market margin. If the need arises, the Company will be able (but not obligated) to repurchase from Goodyear, for further resale, the tires manufactured under the brands owned by the Company.

Furthermore, under the Agreements, Goodyear will make it possible for the Company to use all technical data and licenses to the extent needed to manufacture and sell products in accordance with the orders of Goodyear, without any additional payments on the part of the Company.

Entering into the aforementioned Agreements has been considered to constitute confidential information due to a possible favourable impact on the Company’s results and the estimated

increase in profits. According to the Management Board's estimate the changed rules of co-operation should have a favourable impact on the Company's result for 2018 of up to several million PLN. Due to the varying market conditions it is currently impossible to make a more precise estimate, and the ultimate impact on the Company's result can differ from what has been estimated.

Goodyear is an entity affiliated with the Company and a subsidiary of Goodyear S.A. with its seat in Colmar-Berg, Luxembourg ("**Goodyear S.A.**").

Goodyear S.A. is the dominant entity of the Company and directly owns 81.396 % of the Company's shares. The dominant entity of Goodyear S.A. is Goodyear Tire and Rubber Company with its registered office in Akron, Ohio, USA ("**Goodyear T&R**"), and together with subsidiary companies other than the Company – the "**Goodyear Group**")