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POLISH FINANCIAL SUPERVISION AUTHORITY

Annual Report SA-R 2019

(pursuant to the provisions of § 60, par. 1, subpar. 3 of the Ordinance on current and periodic information)
(for the issuers of securities running manufacturing, construction, trading or service activities)

for the accounting year 2019 covering the period from 1 January 2019 to 31 December 2019
and for the previous accounting year 2018 covering the period from 1 January 2018 to 31 December 2018
Filing date: 23 April 2020

TIRE COMPANY DEBICA SA

T.C. Debica

(abbreviated name of issuer)

39-200 Debica

(postal code)

ul. 1 Maja

(street)

(14) 670-28-31

(phone)

www.debica.com.pl

(e-mail)

872-000-34-04

(Tax ID - NIP)

(full name of issuer)

automotive

(sector according to WSE classification)

(place)

1

(number)

14 670-09-57

(fax)

(Web site)

850004505

(REGON Statistical No.)

PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.
(entity certified to carry out audit)

The Annual Report comprises:

- An Opinion and Report of entity certified to carry out audit of financial statements on the annual audit of financial statement
- A Representation of the Management Board along with the opinion of the Supervisory Board on the qualified opinion, negative opinion or refusal to express an opinion about financial statement
- A Representation of the Management Board on the reliability of drawing up the financial statement
- A Representation of the Management Board on the entity certified to carry out audit of financial statements
- A letter of the President of Management Board
- Annual financial statement
- Introduction Statement Of Changes In Shareholders' Equity
- Balance Sheet Cash Flow Statement
- Profit and Loss Account Notes to the Financial Statement
- Management Board's Report on Company Operations (Issuer's Operations Report)
- Statement on Corporate Governance Application
- Statement on Non-Financial Information
- Statement on Non-financial Information
- Evaluation of the Supervisory Board concerning Report on Operations and Financial Statement

FINANCIAL HIGHLIGHTS	'000 PLN		'000 EUR	
	2019	2018	2019	2018
I. Net sales of products, merchandise and materials	2 056 055	1 932 268	477 952	452 849
II. Operating profit (loss)	119 747	99 622	27 836	23 347
III. Profit (loss) before taxation	122 023	102 589	28 365	24 042
IV. Net profit (loss)	112 739	89 752	26 207	21 034
V. Operational cash flows, net	188 947	184 991	43 923	43 355
VI. Investment activity cash flows, net	(78 022)	(70 495)	(18 137)	(16 521)
VII. Financial activity cash flows, net	(71 395)	(92 631)	(16 597)	(21 709)
VIII. Total net cash flows	39 530	21 865	9 189	5 124
IX. Total assets	1 751 030	1 691 457	411 185	393 362
X. Liabilities and liabilities provisions	593 396	579 205	139 344	134 699
XI. Long-term liabilities	4 387	3 995	1 030	929
XII. Short-term liabilities	508 942	512 700	119 512	119 233

XIII. Shareholders' equity	1 157 634	1 112 252	271 841	258 663
XIV. Share capital	110 422	110 422	25 930	25 680
XV. Number of shares	13 802 750	13 802 750	13 802 750	13 802 750
XVI. Earnings (loss) per ordinary share (in PLN/EUR)	8.17	6.50	1.90	1.52
XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR)	8.17	6.50	1.90	1.52
XVIII. Book value per share (in PLN/EUR)	83.87	80.58	19.69	18.74
XIX. Diluted book value per share (in PLN/EUR)	83.87	80.58	19.69	18.74
XX. Declared or paid dividend per share (in PLN/EUR)	4.88	6.50	1.15	1.49

ANNUAL FINANCIAL STATEMENT

INTRODUCTION TO THE FINANCIAL STATEMENT

1. INTRODUCTION TO THE FINANCIAL STATEMENT

1.1. LEGAL STATUS AND BASIC SCOPE OF ACTIVITIES ACCORDING TO THE POLISH CLASSIFICATION OF ACTIVITIES

TIRE COMPANY DEBICA S.A.; ul. 1 Maja 1, 39-200 Debica; REGON Statistical No. 850004505; Tax ID (NIP) PL 8720003404; entered into the National Court Register under No.: KRS 0000045477, District Court in Rzeszów, 12th Commercial Division of the National Court Register, share capital of : PLN 110.422.000 (brought up in full).

Tire Company Debica Spółka Akcyjna (previously called "Stomil" Debica S.A.) was established pursuant to the transformation of a state enterprise of "Stomil" Car Tire Works in Debica.

By virtue of a decision of the District Court in the City of Tarnów, 5th Commercial Division, dated 26 April 1991, "Stomil" Debica S.A. was entered into a commercial register under No. RHB-302, and in 2001 it was re-entered into the National Court Register, kept by the District Court in the City of Rzeszów, 12th Commercial Division of the National Court Register under No. 0000045477.

On 12 November 1993 the General Meeting of Shareholders of "Stomil" Dębica S.A. decided to change Company name into Tire Company "Debica" S.A. The Company may use its abbreviated name T.C. Dębica S.A. that came into force on 22 November 1993, following a decision of the District Court in the City of Tarnów about an entry into commercial register of the name change.

The Company belongs to the GOODYEAR Capital Group, whereas the entity holding 11 234 912 shares directly, accounting for 81.396% shareholding in the shareholders' equity, is Goodyear S.A., with its registered office in Luxembourg.

According to the Warsaw Stock Exchange the Company is classified in the "automotive industry" category (following the listing held on 19 September 2008).

A major scope of Company activities is the manufacturing of tires for means of transport – activity type according to the Polish Classification of Activities (Classification) is 25.11.Z (according to the Polish Classification of Activities of 2004, and 22.11.Z* according to the Polish Classification of Activities of 2007).

The Company is neither a controlling entity, nor a significant investor.

The Company does not draw up consolidated financial statements.

Pursuant to the Company's Statute its duration is unlimited.

1.2. REPORTING PRINCIPLES AND INFORMATION ABOUT COMPANY GOVERNING BODIES

- The Financial Statement was drawn up for 2019, covering period from 1 January 2019 to 31 December 2019 and comparable financial data for 2018, covering period from 1 January 2018 to 31 December 2018.

This Financial Statement has been drawn up following going concern principle applicable to the Company in the foreseeable future. According to the Management no circumstances exist that would threaten the business continuity.

The Financial Statement was prepared in accordance with the Accounting Act of 29 September 1994 " (Journal of Laws of 2013 item 330, as amended) and pursuant to the Decree of the Council of Ministers of 19 February 2009 on Current and Periodic Information Provided by the Issuers of Securities (Journal of Laws No. 33, item 259) and the Ordinance of the Minister of Finance on Detailed Rules for Recognition, Pricing Techniques, Degree of Disclosure and Presentation Manner of Financial Instruments of 12 December 2001 (Journal of Laws No. 149, item 1674, as amended). For the purposes of drawing up financial statements the Company does not apply National Accounting Standards.

The Introduction and the Notes represent an integral part of the Financial Statement

Audit Committee composition as of 1 January 2019:

Management Board

Leszek Szafran - President of the Management Board

Ireneusz Maksymiuk - a Member of the Management Board

Michał Mędrak - a Member of the Management Board

Mirosław Maziarka - a Member of the Management Board

Supervisory Board

Jacek Pryczek - the Chairman of the Supervisory Board

Dominikus Golsong - a member of the Supervisory Board, a Deputy Chairman of the Supervisory Board

Maciej Mataczyński - an Independent member of the Supervisory Board, the Secretary of the Supervisory Board

Leszek Cichocki – a Supervisory Board member

Renata Kowalska-Anders – a Supervisory Board member

Łukasz Rędziniak - an Independent Supervisory Board Member

Janusz Raś - a Supervisory Board Member,

Audit Committee composition as of 31 December 2019

Management Board

Leszek Szafran - President of the Management Board

Ireneusz Maksymiuk - a Member of the Management Board

Michał Mędrak - a Member of the Management Board

Mirosław Maziarka - a Member of the Management Board

Supervisory Board

Jacek Pryczek - The Chairman of the Supervisory Board

Dominikus Golsong - A member of the Supervisory Board, a Deputy Chairman of the Supervisory Board

Maciej Mataczyński - An Independent member of the Supervisory Board, the Secretary of the Supervisory Board

Lourens Roets - A member of the Supervisory Board

Michaël De Schrijver - A member of the Supervisory Board

Andrzej Kowal - An independent member of the Supervisory Board

Łukasz Rędziniak - An Independent Supervisory Board Member

Krzysztof Mika - A Supervisory Board Member

Changes in the composition of management and supervisory bodies in the financial year:

21 April 2019: The Company was informed about the resignation of Mr Leszek Cichocki from his position of a member of the Supervisory Board with immediate effect. The rationale for resignation was not provided.

21 June 2019: The Ordinary General Meeting of the Company appointed members of the Supervisory Board of the Company for a new term of office, which began on 25 June 2019.

5 July 2019: At its first meeting, the Company's Supervisory Board of the Company was established with the following composition:

Jacek Pryczek - The Chairman of the Supervisory Board

Dominikus Golsong - A member of the Supervisory Board, a Deputy Chairman of the Supervisory Board

Maciej Mataczyński - An Independent member of the Supervisory Board, the Secretary of the Supervisory Board

Lourens Roets - A member of the Supervisory Board

Michaël De Schrijver - A member of the Supervisory Board

Andrzej Kowal - An independent member of the Supervisory Board

Łukasz Rędziniak - An Independent Supervisory Board Member

Krzysztof Mika - A Supervisory Board Member

Pursuant to §14 of the Company Statutes the Company personnel, elected Mr Krzysztof Mika during the elections of the Supervisory Board member of the Company for the term of office starting from 25 June 2019.

1.3. ACCOUNTING PRINCIPLES

1.3.1 Tangible fixed assets, intangible assets

Intangible assets are priced at acquisition or manufacturing cost less amortization (depreciation).

The following depreciation periods have been adopted:

- computer software: 2-10 years
- remaining: 5 years

Fixed assets are tangible fixed assets and equivalents with foreseeable period of economic life longer than one year, complete and suitable for use and designated to satisfy Entity's needs.

Fixed assets shown in the balance sheet also include assets accepted for use under a contract that meets at least one of the criteria set forth in Article 3, par. 4 of the Act (financial lease).

Fixed assets are priced according to the purchase price, manufacturing costs, expansion or modernization. Fixed assets are written off using the straight line depreciation method in accordance with the period of their useful economic life. The following depreciation periods have been adopted:

- buildings and structures 25 - 40 years
- technical equipment and machinery 5 - 20 years
- means of transport 5 - 15 years

Fixed assets accepted for use on the basis of a contract that meet at least one of the criteria specified in Art. 3, par. 4 of the Act is depreciated taking into account the effective term of the contract. For fixed assets with a value not exceeding the equivalent of USD 5,000 and expressed in PLN, the Company applies one-off depreciation, whereas for tax purposes it is the amount of PLN 10,000. The correctness of the adopted periods and depreciation rates is subject to periodic verification.

The purchase price and manufacturing cost of fixed assets under construction, fixed assets and intangible assets also include the cost of servicing liabilities contracted for their financing during the construction, assembly and adaptation period.

The purchase price or manufacturing cost of a fixed asset are increased by the costs of its improvement.

In the case of changes in manufacturing process, designation for liquidation, decommissioning or other reasons causing a permanent impairment of a fixed asset or intangible asset, an impairment loss is posted into other operating costs. Revaluation allowances for fixed assets, whose pricing has been updated on the basis of separate provisions, reduce the differences due to the revaluation measured on the revaluation reserve, any possible excess over the revaluation write-offs is included in other operating costs.

If the reason for which an impairment loss has been written down against fixed assets and intangible assets, the equivalent or all of the previously made revaluation write-off increases the value of the asset and is recognized as other operating income, respectively.

1.3.2 Fixed assets under construction

Fixed assets under construction are valued at the purchase price or production cost, covering the total for a given fixed asset under construction costs incurred from the date of commencement of construction to the balance sheet date or acceptance for use.

The value of fixed assets under construction is increased by: the non-deductible value added tax, excise duty and the cost of servicing the liabilities incurred to finance them and the related FX gains/losses, less income from FX gains.

1.3.3 Lease

A contract in which a significant part of the risk and benefits due to ownership remains with the lessor (the financing party) is recognized as operating lease, a hire or rent agreement. Lease payments made under operating lease, hire or rent after deduction of any special promotional offers obtained from the lessor (financing party), are posted into the costs using the straight-line method over the effective term of the lease, rent or hire.

Third party fixed assets or intangible assets taken for use under lease contract are classified as fixed assets or intangible assets if they fulfil the conditions set forth in the Act.

Lease of tangible fixed assets, where the Company as a beneficial owner incurs substantially all risks and derives substantially all benefits associated with ownership rights, classified as financial lease. The financial lease is activated upon the commencement of the lease at the lower of the two amounts: the fair value of the asset covered by the lease and the current value of the minimum lease payments.

Each lease payment is allocated between the liability under financial lease (principal part) and financial costs (interest part). The division is carried out using the internal rate of return method, according to which the interest part of the lease payment is divided into individual periods in such a manner that the interest rate in relation to the balance of financial lease liabilities is constant in each period.

Tangible fixed assets used under financial lease are depreciated during the shorter of the two periods: asset utilization period or lease period.

1.3.4 Long-term investments

Interests in other entities and long-term securities are valued at the purchase price, less write-offs due to permanent impairment.

1.3.5 Inventory

Inventories of tangible current assets are priced as follows:

the inventory of raw materials and goods are carried at acquisition prices, intermediate products and works in progress are carried at the direct planned manufacturing cost in core manufacturing activity and at actual manufacturing cost in auxiliary production, proportionally to the work progress rate, finished goods are carried at average manufacturing costs including direct costs of a certain product and reasonable portion of costs related directly to the manufacturing of said product.

The costs of product manufacturing does not include costs that are a consequence of non-utilized production capacity. They affect the net financial income of the accounting period in which they were incurred. In the event of an unplanned production stoppage, the Company determines the degree of utilization of production capacity based on a comparison of the average quarterly output expressed in tonnage to the tonnage assumed in the annual plan for the quarter in which the unplanned production stoppage occurred. If the deviation of the actual and planned tonnage exceeds 15%, the indirect costs of production incurred in the quarter in which the unplanned interruption occurred are treated as the cost of manufacturing products up to the sum of these costs and the average quarterly indirect cost absorption coefficient. This coefficient is in turn calculated as the quotient of indirect manufacturing costs assumed in the annual plan and tonnage planned in this period. The co-efficient is updated based on actual data.

Finished goods as at the date of manufacture are carried in the accounts at planned costs. At the balancing date, the value of finished goods is adjusted to the actual manufacturing cost, taking into account deviations between the actual manufacturing costs and planned costs. The Company makes revaluation write-offs for inventories considered obsolete or hard to sell, after inventory analysis. All inventories whose net selling price fell below the purchase price or manufacturing cost, or which were considered obsolete or partly lost their original utility value, were identified and their balance sheet value was reduced to the level of net sales prices.

1.3.6 Receivables and liabilities

Receivables and liabilities (except for financial liabilities) are priced at the due amount following the prudent pricing principle and shown as net values (less revaluation write-offs). The receivable value is revaluated taking into consideration the likelihood of their payment by means of making a revaluation write-off.

Financial liabilities (with the exception of financial liabilities held for trading, derivative instruments of a liabilities nature and hedged items) are valued not later than at the end of the accounting period, according to the adjusted purchase price.

1.3.7 Short-term investments

Available-for-sale financial assets, including bills of exchange with maturity above 3 months - are priced at fair value. If it is not possible to determine the fair value in a reliable manner, and these assets have a set maturity date, then the pricing is made at amortized cost using the effective interest rate, and if these assets do not have a fixed maturity date, the valuation is made at the purchase price.

Loans extended are priced at the amount due and payable, plus interest due for the given month.

The effects of periodic pricing of financial assets are posted respectively into financial income or expenses in the accounting period in which the revaluation took place.

1.3.8 Cash assets

Cash assets include assets in the form of domestic currency, foreign exchange and foreign currencies. Cash assets also include accrued interest on financial assets and received bills of exchange with maturity up to 3 months.

If such financial assets are payable or due within 3 months of their receipt, issue, purchase or deposit, they are recognised as cash and cash equivalents for cash flow reporting purposes. The listed cash assets are presented in the balance sheet in the short-term investment line.

1.3.9 Foreign currency transactions

Foreign exchange transactions are settled at the average exchange rate set for a certain currency by the National Bank of Poland in effect on the transaction date, unless a different exchange rate was set in a customs declaration. At the balance sheet date, the assets and liabilities expressed in foreign currencies are priced at the average exchange rate set for a given currency by the National Bank of Poland for such date.

Foreign exchange gains and losses concerning assets and liabilities expressed in foreign currencies, at the pricing date and at the payment of receivables and liabilities in foreign currencies, are posted into financial income or costs accordingly, and in justified cases into fixed assets under construction or intangible assets.

1.3.10 Deferred income tax assets and provision

Due to transient differences regarding the moment of income or of costs incurred, the Company establishes provisions and determines deferred income tax assets pursuant to the Accounting Act and tax regulations.

In the balance sheet, the Company records a deferred income tax provision equal to the income tax amount payable in the future in relation to the occurrence of positive transient differences that will enhance income tax taxable base in the future.

The Company also records deferred income tax assets determined at the level of the income tax to be deducted in the future in relation to negative transient differences that will reduce in the future income tax taxable base and in relation to deductible tax loss, determined following prudence principle.

The amount of provision and deferred income tax assets is determined taking into consideration income tax rates prevailing in the year of tax obligation occurrence.

The difference between the provisions and assets due to a deferred tax at the end and the beginning of the reporting period affects the financial result, where the provisions and assets due to deferred tax related to settling the equity capital are also recognized as equity capital.

The Company does not apply the provisions of the National Accounting Standard No. 2 "Income Tax".

1.3.11 Provisions for liabilities, warranty repairs, retirement gratuities and pensions, non-utilized leaves

The provisions for liabilities are priced at justified, reliably estimated value.

Provisions are recognised against:

- certain or highly probable future liabilities, the amount of which can be estimated in a reliable manner, in particular losses arising from business transactions, including those related to guarantees, warranties granted, loans and the outcome of pending litigation;
- future liabilities resulting from a restructuring, which, pursuant to separate regulations, the Entity is obliged to carry out, or if binding agreements have been entered into in this respect, and where the restructuring plans allow to reliably determine the value of such future liabilities.
- retirement gratuities that have to be paid under corporate collective labour agreement. The provision is set up in the amount determined by an actuary;
- probable liabilities falling into current accounting period, being in particular a result of an obligation of fulfilment, in relation to current operations, of future liabilities vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

The Company posts cost accruals in relation to the warranties issued for tires, using as a basis the value of the warranty claim calculated under the warranty terms and conditions in effect for certain product categories.

Accruals related to long-term employee benefits such as: jubilee awards, retirement gratuities/pension and death benefits, are established based on actuarial computations made once at the year-end. The setting up of accruals for non-utilized leaves is charged into the costs of the period the leaves refer to.

1.3.12 Shareholders' equity

The initial capital amount is recorded as provided for in the Company Statutes in compliance with the commercial register.

Revaluation capital is a result of revaluation of fixed assets.

Supplementary capital is made up of the issue of shares above their nominal value and from statutory profit distribution as prescribed and above the prescribed Supplementary capital is increased by the revaluation capital that originated from disposed fixed assets covered by revaluation.

Reserve capital includes reserve capital to cover contingent losses and is made up of profit distribution with the option of dividend payment to the shareholders.

1.3.13 Prepayments

Prepayments and deferred costs are recognised in respect of costs relating to future reporting periods.

Prepayments and deferred costs are recognised in proportion to the time passed and/or services provided. Timing and settlement method should be substantiated by the nature of costs under settlement following the prudence principle.

1.3.14 Accruals

Accrued expenses are recorded in the amount of probable liabilities in the current accounting period, particularly resulting from:

- services performed to the company by its contractors, where the amount of the liability can be determined in a reliable manner;
- obligation of delivery, in relation to current operations, of future benefits vis-a-vis unknown persons, with the total amount that could be estimated, despite that the date of obligation occurrence is still unknown, including warranty repairs and sureties for durable products sold.

The accruals mentioned above are presented in the balance sheet in the line: trade payables.

- The accruals related to warranty repairs are posted in proportion to the expected size of services, which include repairs made (on one's own or replacement of commodity or product under extended warranty). Upon the expiry of the warranty period, the non-written-off accruals are deducted from the cost of sales of accounting period in which no warranty repair claims did not occur.

1.3.15 Sales revenues

Sales revenues in value terms are recognized based on figures in the invoices issued during the year less goods and service tax. Sales is recognized when significant risks and benefits related to products, goods and materials have been transferred or when the service has been delivered.

Sales revenues presented in the profit and loss account are net of the discounts and other allowances granted to the customers, following the same principles as discounts.

1.3.16 Costs and measurement of net financial income

Operating costs include costs connected directly with the core activity of the Company. Expenses are recognized on accrual basis in order to safeguard the commensurability of income and related expenses.

Other operating revenues and expenses include income and costs that are not connected directly with the core activity of the Company.

Other operating income includes proceeds from the disposal of non-financial fixed assets, equivalent of dissolved provisions and revaluation asset allowances, expired or redeemed liabilities, donations received, subventions, additional payment, compensations and gift income.

Other operating expenses include loss on the disposal of non-financial fixed assets, revaluation of tangible fixed assets and inventories, costs of non-utilized production capacity not recognised as costs of manufacturing product, receivables revaluation write-offs, compensations, penalties paid, donations made, penalty interest on taxes, social insurance and customs duties.

Financial income includes interest income or interest due on extended credits and loans, income from securities trade and foreign exchange gains.

Financial costs include interest paid and accrued on credits and loans taken, losses related to securities trade, surplus of foreign exchange losses over foreign exchange gains, entries revaluating financial assets and short-term securities.

Extraordinary gains and losses reflect financial impact of events not connected with standard business activities of the Company including in particular unique, extraordinary events and discontinuation or suspension of operational activities.

The Company's net financial income in a given accounting year includes all generated revenues and costs related to said revenues, pursuant to the principles presented hereinabove, other operating income and expenses, result of prudence-based pricing of assets and liabilities, net financial and extraordinary item income and taxation.

Corporate income tax, shown in the Profit and Loss Account, is calculated in adherence to Polish law, taking into account income generated in the territory of Poland and abroad, tax non-deductible costs, non-taxable income.

1.4. BASIC FINANCIAL DATA AND AVERAGE POLISH ZLOTY EXCHANGE RATES

(in thousands of PLN/EUR)

	PLN		EUR	
	31. Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Balance Sheet				
Fixed assets	800 066	799 182	187 875	185 856
Current assets	950 964	892 275	223 310	207 506
Total assets	1 751 030	1 691 457	411 185	393 362
Equity	1 157 634	1 112 252	271 841	258 663
Liabilities and provisions for liabilities	593 396	579 205	139 344	134 699
Total liabilities	1 751 030	1 691 457	411 185	393 362

	PLN		EUR	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Profit and Loss Account				
Net sales of products, merchandise and materials	2 056 055	1 932 268	477 952	452 849
Costs of products, merchandise and materials sold	1 903 999	1 808 656	442 605	423 879
Gross profit/(loss) on sales	152 056	123 612	35 347	28 970
Cost of sales	15 226	12 706	3 539	2 978
General and administrative (G&A) costs	8 036	10 760	1 868	2 522
Profit/(loss) on sales	128 794	100 146	29 940	23 470
Other operating income	264	2 143	61	502
Other operating expenses	9 311	2 667	2 165	625

Operating profit /loss	119 747	99 622	27 836	23 347
Financial revenues	6 426	6 218	1 494	1 457
Financial expenses	4 150	3 251	965	762
Operating profit /loss	122 023	102 589	28 365	24 042
Gross profit/loss	122 023	102 589	28 365	24 042
Income tax	9 284	12 837	2 158	3 008
Gross profit/loss	112 739	89 752	26 207	21 034

Cash Flow Statement	PLN	EUR		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Operational cash flows, net	188 947	184 991	43 923	43 355
Investment activity cash flows, net	(78 022)	(70 495)	(18 137)	(16 521)
Financial activity cash flows, net	(71 395)	(92 631)	(16 597)	(21 709)
Total cash flows, net	39 530	21 865	9 189	5 125

Average EUR/PLN exchange rates in the period covered by the Financial Statement and comparable financial data, set by the National Bank of Poland:

- exchange rate prevailing on:

31 Dec. 2019 1 EUR = PLN 4.2585

31 Dec. 2018 1 EUR = 4.3000

- average exchange rate, calculated as the mean arithmetic value of exchange rates prevailing on the last day of each month:

in 2019: 1 EUR = PLN 4.3018

in 2018: 1 EUR = PLN 4.2669

- the highest and lowest exchange rate in the accounting period:

in 2018: 1 EUR = PLN 4.3891 - the highest rate

1 EUR = PLN 4.2406 - the lowest rate

in 2018: 1 EUR = PLN 4.3978 - the highest rate

1 EUR = PLN 4.1423 - the lowest rate

The items in Profit and Loss Account for 2019 were converted into EUR using the mean annual EUR/PLN exchange rate, which was PLN 4.3018.

1.5. THE AREAS OF MATERIAL DISCREPANCIES OF THE ADOPTED ACCOUNTING PRINCIPLES AND METHODS AND SHOW DATA BETWEEN THE FINANCIAL STATEMENT DRAWN UP USING POLISH ACCOUNTING PRINCIPLES AND THE FINANCIAL STATEMENT THAT WAS DRAWN UP USING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

T.C. Debica S.A. draws up financial statement in accordance with US GAAP for the strategic investor The Goodyear Tires & Rubber Company for the purposes of drawing up a consolidated financial statement. Therefore, reliable pinpointing of discrepancies in the values of shown data between the Financial Statement drawn up using Polish accounting principles and the Financial Statement that would be drawn up using International Financial Reporting Standards (IFRS) is not possible.

The Company identified the most significant areas of occurrence of differences and their impact on the value of equity (net assets) and financial result between the presented financial information prepared in accordance with the Polish accounting principles and the financial information that would be prepared in accordance with IFRS.

For this purpose the Management Board used its best knowledge of standards and interpretations as well as accounting principles that would be applicable to drawing up of financial statements in accordance with IFRS.

As at the balance sheet date of 31 December 2019 the following differences vis-a-vis IFRS were identified:

- The method of recognition of the tax allowance in connection with the investments made in the Special Economic Zone; in the financial statements prepared in accordance with IFRS, the tax relief due would be recognised as a deferred tax asset when the right to the allowance is obtained. In the adopted accounting policies, the Company reported the impact of the allowance through current tax items and adopted a zero rate of deferred tax for temporary differences realised during the allowance period. As of the balance sheet date of 31 December 2019, it is not possible to assess clearly the impact of the above difference on the level of net financial result and shareholders' equity of the Company in 2019
- Initial recognition and depreciation of property, plant and equipment; according to the IFRS, the valuation of tangible fixed assets as of the reporting date is made according to the cost model or based on the fair value-based revaluation. As of the balance sheet date of 31 December 2019, it is not possible to assess clearly the impact of IFRS application on the level of balance sheet total and shareholders' equity of the Company in 2019
- The method of recognition of the bill of exchange discount transaction; in the financial statements drawn up in accordance with IFRS, the following items: Trade receivables and short-term liabilities - other financial liabilities would be higher by PLN 53.5 million as of the balance sheet date of 31 December 2019 and by PLN 82.5 million as of the balance sheet date of 31 December 2018 respectively. The above difference would not have impact on the level of the net financial income and shareholders' equity of the Company.
- Method of recognition and measurement of financial assets: IFRS9 introduces new classification criteria including the concept of expected credit losses. The Company analysed the classification at the level of individual financial instruments in the balance sheet. The SPPI test (cash flow test) and business model assessment classify financial instruments, i.e. trade receivables and short-term loans extended as measured at amortised cost. The impairment test did not show any significant differences requiring a write-down for credit losses expected to mature. According to the adopted accounting principles, the Company discloses financial assets in the amount of payment due and payable exercising due diligence. The pricing according to

IFRS9 would require the recognition of a write-down for expected credit losses for trade receivables and loans extended and the amount of the write-down would not be material to the report as a whole.

- Method of recognition of fixed assets used under a lease contract: IFRS16, effective from 1 January 2019, requires that the right to use a given asset be recognised in the assets and the present value of future lease payments be recognised in the liabilities. The Company applies the principles of the Accounting Act, and each agreement under the Act accepts third party fixed assets for use, as a user from an entity called the financing party - is analysed according to the terms and conditions listed in Article 3, par. 4. If a given contract meets at least one of the conditions listed in the Act, the fixed assets and their values are posted into the fixed assets category and are disclosed in the balance sheet. If a certain contract does not meet any of the conditions set forth in the Act, the Company recognises the resultant liabilities in the off-balance liabilities and discloses them in Note 2d to the Financial Statement.

Material discrepancy of reporting in accordance with IFRS in the recognition of lease contracts would result from the recognition of the right of perpetual usufruct of land, and would increase the balance sheet amount by PLN 37,617 thousand, i.e. the sum of discounted cash flows arising from this right.

		‘000 PLN	
Balance Sheet	Note	2019	2018
ASSETS			
I. Fixed assets		800 066	799 182
1. Intangible assets, of which:	1	0	0
2. Tangible fixed assets	2	782 700	789 702
3. Long-term investments	3	74	144
3.1. Long-term financial assets		74	144
a) in other entities		74	144
4. Long-term prepayments	4	17 292	9 336
4.1. Deferred income tax assets		17 292	9 328
4.2. Other prepayments and accruals		0	8
II. Current assets		950 964	892 275
1. Inventory	5	107 972	93 806
2. Short-term receivables	6 7	359 219	354 551
2.1. From related entities		333 084	319 412
2.2. From non-related entities		26 135	35 139
3. Short-term investments		481 906	442 419
3.1. Short-term financial assets	8	481 906	442 419
a) in related entities		350 000	350 000
b) cash and other cash assets		131 906	92 419
4. Short-term prepayments	9	1 867	1 499
Total assets		1 751 030	1 691 457
LIABILITIES			
I. Equity		1 157 634	1 112 252
1. Share capital		110 422	110 422
2. Supplementary capital	12	327 609	327 178
3. Revaluation capital	13	64 949	65 380
4. Other reserve capitals	14	541 915	519 520

5. Gross profit/loss		112 739	89 752
II. Liabilities and provisions for liabilities		593 396	579 205
1. Provisions for liabilities	15	80 067	62 510
1.1. Provision for deferred income tax		37 315	25 532
1.2. Provision for retirement gratuities and equivalent		38 375	36 046
a) long-term		10 449	9 707
b) short-term		27 926	26 339
1.3. Other provisions		4 377	932
a) long-term		218	139
b) short-term		4 159	793
2. Long-term liabilities	16	4 387	3 995
2.1. Vis-a-vis other entities		4 387	3 995
3. Short-term liabilities	17	508 942	512 700
3.1. Vis-a-vis related entities		100 332	85 012
3.2. Vis-a-vis other entities		408 476	426 889
3.3. Special funds		134	799
3.4. Other prepayments and accruals		0	0
Total liabilities		1 751 030	1 691 457
Book value		1 157 634	1 112 252
No. of shares (pcs.)		13 802 750	13 802 750
Book value per share (in PLN/EUR)	22	83,87	80,58
Diluted No. of shares (pcs.)		13 802 750	13 802 750
Diluted book value per share (in PLN)	22	83,87	80,58

		‘000 PLN	
Off-balance items	Note	2019	2018
From other entities (due to)			
- guarantees and sureties received			
To other entities (due to)			
- guarantees and sureties extended			
1. Other (due to)		9 711	3 070
- off-balance liabilities under long-term gas supply contract		8 664	1 609
- off-balance liabilities under long-term lease contract		1 047	1461
Total off-balance items		9 711	3 070

		‘000 PLN	
Profit and Loss Account	Note	2019	2018
I. Net sales of products, merchandise, materials and services		2 056 055	1 932 268
- including from related entities		1 843 805	1 713 841
1. Net sales of products and services	19	1 842 246	1 727 970
2. Net sales of merchandise and materials	20	213 809	204 298
II. Costs of products, merchandise and materials sold		1 903 999	1 808 656
- including from related entities		1 719 027	1 633 230

1. Manufacturing costs of products sold	21	1 715 377	1 635 868
2. Value of products and materials sold		188 622	172 788
III. Gross profit/(loss) on sales		152 056	123 612
IV. Cost of sales	21	15 226	12 706
V. General administrative expenses	21	8 036	10 760
VI. Profit/(loss) on sales		128 794	100 146
VII. Other operating income		264	2 143
1. Proceeds from the disposal of non-financial fixed assets		107	1 975
2. Subsidies		0	0
3. Revaluation of non-financial assets		0	55
4. Other operating income	22	157	113
VIII. Other operating expenses		9 311	2 667
1. Loss on the disposal of non-financial fixed assets		0	0
2. Revaluation of non-financial assets		1 949	35
3. Other operating costs	23	7 362	2 632
IX. Operating profit /loss		119 747	99 622
X. Financial income	24	6 426	6 218
1. Dividends and shares in profits, of which:		106	452
in which the issuer holds equity stake		106	452
2. Interest, of which:		6 320	5 766
- from related entities		4 187	4 490
3. Proceeds from disposal of financial assets, of which:		0	0
in related entities		0	0
4. Revaluation of financial assets		0	0
5. Other		0	0
XI. Financial expenses	25	4 150	3 251
1. Interest, of which:		2 180	2 834
- for related entities		0	0
2. Loss on the disposal of financial assets, of which:		0	0
in related entities		0	0
3. Revaluation of financial assets		0	0
4. Other		1 970	417
XII. Gross profit/loss		122 023	102 589
XIII. Income tax	27	9 284	12 837
a) current portion		5 465	7 040
b) deferred portion		3 819	5 797
XIV. Net profit/loss		112 739	89 752
Net profit/loss (annualized)		112 739	89 752
Average weighted number of ordinary shares (in pcs.)		13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	36	8.17	6.5
Average weighted diluted number of ordinary shares (in pcs.)		13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)	36	8.17	6.5

	'000 PLN	
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	2019	2018
I. Opening balance of shareholders' equity	1 112 252	1 112 218

I.a. Opening balance of shareholders' equity after restatement to comparative data	1 112 252	1 112 218
1. Opening balance of share capital	110 422	110 422
1.1. Closing balance of share capital	110 422	110 422
2. Opening balance of supplementary capital	327 178	326 144
2.1. Changes in the supplementary capital	431	1 034
a) additions, of which:	431	1 034
- allocation from the revaluation capital of amounts of revaluated liquidated fixed assets – current period	431	1 034
2.2. Closing balance of supplementary capital	327 609	327 178
3. Opening balance of revaluation capital	65 380	66 414
3.1. Changes in revaluation capital	-431	-1 034
a) reductions, of which:	431	1 034
- reposting of figures from revaluation of disposal of fixed assets to supplementary capital - current period	431	1 034
3.2. Closing balance of revaluation capital	64 949	65 380
4. Opening balance of other reserve capital	519 520	489 664
4.1. Changes in other reserve capital	22 395	29 856
a) additions, of which:	22 395	29 856
- allocation of 2018/2017 profits to the reserve capital, with an option of distribution among shareholders	22 395	29 856
4.2. Closing balance of other reserve capital (funds)	541 915	519 520
5. Opening balance of retained earnings (profit/loss)	89 752	119 574
5.1. Opening balance of retained earnings (profit)	89 752	119 574
5.2. Opening balance of retained earnings (profit) after the restatement to comparative data	89 752	119 574
a) reductions, of which:	89 752	119 574
- dividend for shareholders	67 357	89 718
- allocation of 2018/2017 profits to the reserve capital, with an option of distribution among shareholders	22 395	29 856
5.3. Closing balance of retained earnings (profit)	0	0
5.4. Closing balance of profit/loss	0	0
6. Net profit/loss	112 739	89 752
a) net profit	112 739	89 752
II. Closing balance of shareholders' equity	1 157 634	1 112 252
III. Shareholders' equity adjusted with proposed profit distribution (loss coverage)	1 157 634	1 112 252

	‘000 PLN	
CASH FLOW STATEMENT	2019	2018
I. Gross profit/loss	112 739	89 752
II. Total adjustments	76 208	95 239
1. Amortization and depreciation	92 849	98 797
2. Foreign exchange gains/losses	43	(73)
3. Interest and share in profits (dividend)	(3 591)	(4 309)
4. Investment activity gain /loss	629	(1 437)
5. Change in the balance of provisions	17 557	7 540
6. Change in the balance of inventory	(14 166)	13 339
7. Change of receivables balance	(4 668)	(50 807)
8. Change in balances of short-term liabilities, excl. credits and loans	(4 191)	(34 941)
9. Change in balance of prepayments and accruals	(8 324)	(2 752)

10. Other adjustments	70	0
III. Operational cash flows, net (I+/-II) - indirect method	188 947	184 991
B. Investment activity cash flows		
I. Cash inflows	192 291	205 892
1. Disposal of intangibles and tangible fixed assets	2 998	5 950
2. From financial assets of which:	4 293	4 942
a) in related entities	4 187	4 490
- interest	4 187	4 490
b) in other entities	106	452
- dividends and shares in profits	106	452
- interest	0	0
3. Other investment activity inflows	185 000	195 000
II. Cash outflows	270 313	276 387
1. Acquisition of intangibles and tangible fixed assets	85 313	81 387
2. Into financial assets including:	0	0
a) in related entities	0	0
b) in other entities	0	0
3. Other capital expenditures	185 000	195 000
III. Investment activity cash flows, net (I-II)	(78 022)	(70 495)
C. Financial activity cash flows		
I. Cash inflows	0	0
1. Loans and borrowings	0	0
2. Other financial inflows	0	0
II. Outflows	71 395	92 631
1. Dividends and other payments to the owners	67 357	89 718
2. Repayment of credits and loans	0	0
3. Payments related to financial lease liabilities	3 336	2 280
4. Interest income	702	633
III. Financial activity cash flows, net (I-II)	(71 395)	(92 631)
D. Total cash flows, net (A.III+/-B.III+/-C.III)	39 530	21 865
E. Balancing change of cash balance including:	39 487	21 938
- change of cash flows balance due to FX gains/losses	(43)	73
F. Opening cash balance	92 386	70 521
G. Closing cash balance (F+/-D), of which:	131 916	92 386
- restricted cash	2 348	802

ADDITIONAL INFORMATION AND EXPLANATIONS
A. EXPLANATORY NOTES
EXPLANATORY NOTES FOR BALANCE SHEET

	Note 1a	
	'000 PLN	
	2019	2018
Intangible assets		
Total Intangible assets	0	0

Note 1b

Changes in the balance of intangible assets (by category)							
‘000 PLN							
	a	b	c		d	e	Total intangible assets
	Costs of completed development works	goodwill	acquired concessions, patents, licenses and equivalents including:	- computer software	other intangible assets	advances against intangible assets	
a) opening balance of intangible assets, gross			7 380	7 380			7 380
b) closing balance of intangible assets, gross			7 380	7 380			7 380
c) opening balance of accumulated depreciation			7 380	7 380			7 380
d) closing balance of accumulated depreciation			7 380	7 380			7 380
e) closing balance of intangible assets, net			0	0			0

Note 1c	'000 PLN	
Intangible assets (ownership structure)	2019	2018
a) own intangible assets	0	0
b) used under a hire, rent or other agreement, including a lease contract, of which:	0	0
Total intangible assets	0	0

Note 2a	'000 PLN	
Tangible fixed assets	2019	2018
a) fixed assets, of which:	723 837	709 910
- lands	54	54
- buildings, premises and civil engineering structures	109406	107 174
- equipment and machinery	606 174	596 545
- means of transport	1106	608
- other fixed assets	7 097	5 529
b) fixed assets under construction	56 030	76 772
c) advances against fixed assets under construction	2833	3 020
Total tangible fixed assets	782 700	789 702

Note 2b

Changes in fixed assets (by category)	‘000 PLN					
	- lands (including right of perpetual usufruct to land)	- buildings, premises and civil engineering structures	- equipment and machinery	- means of transport	- other fixed assets	Total fixed assets
a) opening balance of fixed assets, gross	54	288 445	1 636 280	2 355	22 944	1 950 078
b) additions (of which)	0	9 043	97 175	1474	2 711	110 403
- acquisitions, investments		9 043	94 440	40	2687	106 210
- taking on leases			2 735	1434	24	4 193
c) reductions (of which)	0	989	12 666	1188	418	15 261
- disposal			4 847	3		4 850
- liquidation		989	5 936	6	418	7 349
- return to the Lessor once the contract has expired			1 883	1179		3 062
d) closing balance of fixed assets, gross	54	296 499	1 720 789	2 641	25 237	2 045 220
e) opening balance of accumulated depreciation	0	181 216	1 039 598	1 747	17 415	1 239 976
f) depreciation for the accounting period of which:	0	5 822	74 880	-212	725	81 215
- accrued depreciation for the period		6 811	84 549	328	1143	92 831
- depreciation decline due to disposal and liquidation		989	7 786	9	418	9 202
- return to the Lessor once the contract has expired			1 883	531		2 414
g) closing balance of accumulated depreciation	0	187 038	1 114 478	1 535	18 140	1 321 191
h) opening balance of write-offs for impairment		55	137			192
- additions						
- reductions						
i) closing balance of write-offs for impairment		55	137			192
j) closing balance of fixed assets, net	54	109 406	606 174	1106	7 097	723 837

Note 2c	‘000 PLN	
	2019	2018
Balance sheet fixed assets (ownership structure)		
a) own fixed assets	716 929	703 823
b) used under rental, tenancy or other contract including lease contract including	6 908	6 087
- leased assets	6 291	6 087
Total balance sheet fixed assets	723 837	709 910

Note 2d	‘000 PLN	
	2019	2018
Off-balance fixed assets		
- used under rental, tenancy or other contract including lease contract including	49 708	51 918
- operational lease	1 047	1 439
- perpetual usufruct title to lands	48 661	50 479
Total off-balance fixed assets	49 708	51 918

Note 3a	‘000 PLN	
	2019	2018
Long-term financial assets		
a) in related entities	0	0
aa) in subsidiaries		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
ab) in a parent company		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
b) in other entities in which the issuer has an equity interest:	0	0
ba) in jointly owned entities		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
bb) in associated entities		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
bc) in other entities		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		

- other long-term financial assets (by category)		
c) in other entities:	74	144
ca) in a partner of an jointly owned entity		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
cb) in a major investor		
- interests or shares		
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
cc) in other entities	74	144
- interests or shares	74	144
- debt securities		
- other securities (by category)		
- loans extended		
- other long-term financial assets (by category)		
Total long-term financial assets	74	144

Note 3b	'000 PLN	
Change of balance of long-term financial assets (by category)	2019	2018
a) opening balance	144	144
b) additions (of which)	0	0
c) reductions (of which)	70	0
d) closing balance	74	144

Note 3c

Shares /interest in other entities	‘000 PLN									
	a	b	c	d	e		f	g	h	i
	name of the entity, with legal status specified	registered office	scope of activities	balance sheet value of interests/share	entity's equity including:		% of share capital	Share in total number of votes at the General Meeting of Shareholders	Value of interests/shares not paid up by the issuer	received or due dividends for the last accounting year
						share capital				
1.	TIRE RECYCLING CENTER, RECOVERY ORGANISATIO N S.A.	Warsaw	Recovery and recycling of packaging and used waste (tires)	74	1 688	1 008	7.00%	7.00%		

Balance sheet value of shares, % of the share capital held and % share in the total number of votes - according to the data as of 31 December 2019.
Other data as of 31 December 2018

Note 3d	'000 PLN	
Securities, interests and other long-term financial assets (by currency)	2019	2018
a) in Polish currency	74	144
b) in foreign currencies (by currencies and after conversion into PLN)		
b1. unit /EUR currency/ ...		
Total securities, interests and other long-term financial assets	74	144

Note 3e	'000 PLN	
Securities, interests and other long-term financial assets (by marketability)	2019	2018
A . With limited marketability (balance sheet value)	74	144
a) interests and shares (balance sheet value):	74	144
- value according to prices of acquisition	74	144
Total value according to prices of acquisition	74	144
Total balance sheet value	74	144

Note 4a	'000 PLN	
Change of the balance of deferred income tax assets	2019	2018
1. Total opening balance of the deferred income tax assets, including:	9 328	6 844
a) included in the net financial income	9 328	6 844
- provision for employee benefits due, but unpaid	3 376	3 376
- provision for retirement gratuities	2 393	1 882
- provision for restructuring	151	609
- provision for costs of third party services	2 898	4 372
- revaluation of trade receivables	3 821	3 831
- revaluation of inventories	75	221
- provision for warranties extended	26	26
- difference between lease costs under accounting and tax treatment	25	18
- provision for bonuses	2 086	1 300
- provision for non-utilized holidays	932	1 069
- other	192	193
1a Valuation adjustment*	-6 647	-10 053
2. Additions	8 378	4 710
a) deducted from net financial income in the accounting period with reference to negative temporary differences (of which):	8 378	4 710
- provision for employee benefits due, but unpaid	380	0
- provision for retirement gratuities	59	511
- provision for restructuring	640	0
- provision for warranties extended	15	0
- revaluation of trade receivables	358	0
- provision for bonuses	181	786
- difference between lease costs under accounting and tax treatment	7	7
- provision for non-utilized holidays	11	0
- other	80	0
- Valuation adjustment*	6 647	3 406
3. Decreases	413	2 226
a) deducted from net financial income in the accounting period in reference to negative temporary differences (of which):	413	2 226
- provision for non-utilized holidays	0	137

- provision for costs of third party services	398	1474
- provision for restructuring	0	458
- provision for revaluation of trade receivables	0	10
- revaluation of inventories	15	146
- other	0	1
4. Total closing balance of the deferred income tax assets, including:	17 292	9 328
a) included in the net financial income	17 292	15 975
- provision for employee benefits due, but unpaid	3 756	3 376
- provision for retirement gratuities	2 452	2 393
- provision for restructuring	790	151
- revaluation of trade receivables	4 178	3 821
- reduction of the value of raw materials and products	60	75
- provision for warranties extended	42	26
- difference between lease costs under accounting and tax treatment	32	25
- provision for costs of third party services	2 500	2 898
- provision for bonuses	2 267	2 086
- provision for non-utilized holidays	943	932
- other	272	192
4A. Valuation adjustment*	0	-6 647
4B. Total closing balance of the deferred income tax assets, including:	17 292	9 328

(*) The 2018 pricing was adjusted due to utilization of the corporate income tax relief related to the activities run in the Special Economic Zone. When determining the amount of deferred tax assets and provision, for temporary differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6, par. of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate). As at the balance sheet date of 31.12.2019, the basic tax rate was adopted when determining the amount of deferred tax assets and liabilities, because temporary differences will be realized once the tax relief granted has been fully utilized.

Note 4b	'000 PLN	
Other prepayments	2019	2018
a) cost prepayments including:	0	8
commitment fee on loan agreement,	0	8
Other prepayments, total	0	8

Note 5a	'000 PLN	
Inventory	2019	2018
a) materials	82 000	71 561
b) intermediate products and work in progress	24 158	20 998
c) finished goods	1 809	1 247
d) merchandise	5	0
Total inventory	107 972	93 806

Note 6a	'000 PLN	
Short-term receivables	2019	2018
a) from related entities	333 084	319 412
- trade receivables, with maturity:	333 084	319 412
- below 12 months	333 084	319 412
b) receivables from non-related entities	26 135	35 139
- trade receivables, with maturity:	25 265	34 619
- below 12 months	25 265	34 619
- other	870	520
Total short-term receivables, net	359 219	354 551
c) receivables revaluation write-downs	22 090	20 203
Total short-term receivables, gross	381 309	374 754

Note 6b	'000 PLN	
Short-term receivables from related entities	2019	2018
a) trade payables, of which:	333 084	319 412
- from parent company	914	243
- from other related entities	332 170	319 169
Total short-term receivables from related entities, net	333 084	319 412
Total short-term receivables from related entities, gross	333 084	319 412

Note 6c	'000 PLN	
	2019	2018
Short-term receivables from non-related entities	2019	2018
a) trade payables, of which:	25 265	34 619
c) other, of which:	870	520
Total short-term receivables from non-related entities, net	26 135	35 139
d) write-downs revaluating receivables from non-related entities	22 090	20 203
Total short-term receivables from non-related entities, gross	48 225	55 342

Note 6d	'000 PLN	
	2019	2018
Change of balance of write-downs revaluating short-term receivables	2019	2018
Opening balance	20 203	20 258
a) additions, of which:	2 034	99
- setting up provisions	2 034	99
b) reductions, of which:	147	154
- dissolution, paid	147	154
Closing balance of write-down revaluating short-term receivables	22 090	20 203

Note 6e	'000 PLN	
	2019	2018
Short-term receivables, gross (currency breakdown)	2019	2018
a) in Polish currency	56 983	64 764
b) in foreign currencies (by currencies and after conversion into PLN)	324 326	309 990
b1. unit /currency '000/USD	64	65
'000 PLN	244	244
b2. unit /currency '000/EUR	76 102	72 034
'000 PLN	324 082	309 746
Total short-term receivables	381 309	374 754

Note 6f	'000 PLN	
	2019	2018
Gross trade receivables -with maturity counted from balancing date:	2019	2018
a) below 1 month	4 206	7 092
b) from 1 to 3 months	14 873	24 590
c) from 3 to 6 months	0	415
d) overdue receivables	28 275	22 725
Total trade receivables, gross	47 354	54 822
e) write-downs revaluating trade receivables	-22 089	-20 203
Total trade receivables, net	25 265	34 619

Receivables specified in items a), b) and c), i.e. below 1 month, from 1 to 3 months and from 3 months to 6 months, are related to the regular course of sales of T.C. Dębica S.A.

Note 6g	'000 PLN	
	2019	2018
Overdue trade receivables, gross – with the following ageing structure:		
a) below 1 month	3 521	1 067
b) from 1 to 3 months	1 504	89
c) from 3 to 6 months	807	207
d) from 6 months to 1 year	1 062	51
e) above 1 year	21 381	21 311
Total overdue trade receivables, gross	28 275	22 725
f) write-downs revaluating overdue trade receivables	22 089	20 203
Total overdue trade receivables, net	6 186	2 522

Note 7a
Gross short-term receivables totalled PLN 381 310 thousand including overdue receivables totalling PLN 28 275 thousand.
The revaluation write-offs totalled PLN 22 089 thousand, of which overdue receivables totalled PLN 22 088 thousand.
Gross long-term receivables did not occur.
Trade receivables under litigation - PLN 21 182 thousand.
Provision for trade receivables under litigation - PLN 19 876 thousand.

Note 8a	'000 PLN	
	2019	2018
Short-term financial assets		
- vis-a-vis other related entities	350 000	350 000
- loans extended	350 000	350 000
a) cash and other cash assets	131 906	92 419
- cash in hand and cash at bank	131 906	92 419
Total short-term financial assets	481 906	442 419

Note 8b	'000 PLN	
	2019	2018
Short-term loans extended (by currency)		
a) in Polish currency	350 000	350 000
b) in foreign currencies (by currencies and after conversion into PLN)		
other currencies in '000 PLN		
Total short-term loans extended	350 000	350 000

Note 8c	'000 PLN	
	2019	2018
Cash and cash equivalents (by currency)		
a) in Polish currency	126 773	79 520
b) in foreign currencies (by currencies and after conversion into PLN)	5 133	12 899
b1. unit /currency '000/USD	121	46
'000 PLN	461	171
b2. unit /currency '000/EUR	1 097	2 960
'000 PLN	4 672	12 728
other currencies in '000 PLN		
Total cash and cash equivalents	131 906	92 419

Note 9a	'000 PLN	
	2019	2018
Short-term prepayments		

a) cost prepayments including:	1 867	1 499
- property insurance	866	857
- other	1001	642
Total short-term prepayments	1 867	1 499

Note 10a

The revaluation of non-financial assets for 12 months 2019 totalled PLN 66 thousand, of which:

PLN 18 thousand applied to finished goods,

PLN 48 thousand applied to materials.

At the same time an adjustment (reduction) was made for the write-off for materials in the amount of PLN 143 thousand, that reduced the manufacturing cost of the products sold in the P&L Account.

The revaluation of inventory was made based on conservative pricing of materials, products and commodities.

Note 11a

Series / issue	Share classes	Type of stock preference	Type of limitation of rights to shares	No. of shares	Value of series/issue by par value	Way of bringing up capital	Registration date	Right to dividend (effective from the date)
A and B	DĘBICA	-		10 100 000	80 800	cash	23 May 1995	9 May 1995
C	DĘBICA	-		3 702 750	29 622	cash	11 Apr. 1996	1 Jan. 1996
Total number of shares				13 802 750				
Total share capital					110 422			
Par value per share (in PLN)				8				

Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of Shareholders

According to the information available to the Company, as at the date of publication of the annual report, Goodyear Holdings S.à.r.l., with its registered office in Luxembourg, was the shareholder holding 12,042,976 shares, accounting for 87.251% of the Company's share capital, conferring the right to 12,042,976 votes at the Company's General Meeting of Shareholders, accounting approximately for 87.251% of the total number of votes at the Company's General Meeting of Shareholders*.

* Source: Current Report No. 17/2019 Receipt of notification from Goodyear Group companies on changes in the ownership of the company's shares in connection with the transaction concluded in the regulated market, Publication date: 19 June 2019.

Note 12a	'000 PLN	
	2019	2018
Supplementary capital		
a) share premium account	130 164	130 164
b) statutory capital	36 807	36 807
c) capital provided for under the articles or deed above the required minimum statutory level	139 263	139 263
d) supplementary contributions made by shareholders/partners	0	0
e) other (by category)	21 375	20 944
- reposting of reserve capital from revaluation of fixed assets –liquidated and disposed of	19 691	19 260
- increase of supplementary capital in 1991 by a transfer from social fund – depreciation of fixed assets used in social activities	1 614	1 614
- setting up supplementary capital from distribution of retained earnings	70	70
Total supplementary capital	327 609	327 178

Note 13a	'000 PLN	
	2019	2018
Revaluation capital		
a) revaluation of fixed assets	64 468	64 899
b) deferred tax assets	481	481
Total revaluation capital	64 949	65 380

Note 14a	'000 PLN	
	2019	2018
Other reserve capital (by purpose)		
- to cover contingent losses related to non-production assets	5 362	5 362
- allocation of 2000 profits to the reserve capital, with an option of distribution among shareholders	34 445	34 445
- allocation of 2001 profits to the reserve capital, with an option of distribution among shareholders	4 802	4 802
- allocation of 2002 profits to the reserve capital, with an option of distribution among shareholders	629	629
- allocation of 2003 profits to the reserve capital, with an option of distribution among shareholders	1 698	1 698
- allocation of 2004 profits to the reserve capital, with an option of distribution among shareholders	158	158
- allocation of 2005 profits to the reserve capital, with an option of distribution among shareholders	34	34
- allocation of 2006 profits to the reserve capital, with an option of distribution among shareholders	30 626	30 626
- allocation of 2007 profits to the reserve capital, with an option of distribution among shareholders	28 040	28 040
- allocation of 2008 profits to the reserve capital, with an option of distribution among shareholders	67 916	67 916
- allocation of 2009 profits to the reserve capital, with an option of distribution among shareholders	9 916	9 916
- allocation of 2010 profits to the reserve capital, with an option of distribution among shareholders	40 829	40 829
- allocation of 2011 profits to the reserve capital, with an option of distribution among shareholders	45 384	45 384
- allocation of 2012 profits to the reserve capital, with an option of distribution among shareholders	46 773	46 773
- allocation of 2013 profits to the reserve capital, with an option of distribution among shareholders	57 831	57 831
- allocation of 2014 profits to the reserve capital, with an option of distribution among shareholders	43 467	43 467

- allocation of 2015 profits to the reserve capital, with an option of distribution among shareholders	39 437	39 437
- allocation of 2016 profits to the reserve capital, with an option of distribution among shareholders	32 317	32 317
- allocation of 2017 profits to the reserve capital, with an option of distribution among shareholders	29 856	29 856
- allocation of 2018 profits to the reserve capital, with an option of distribution among shareholders	22 395	
Total other reserve capitals	541 915	519 520

Note 15a	'000 PLN	
Change in the balance of provision for deferred income tax	2019	2018
1. Opening balance of the deferred income tax assets, including:	25 532	17 251
a) included in the net financial income	24 702	13 544
- depreciation under investment allowances	3 044	3 328
- interest charged to the contractors and due on cash assets	128	113
- difference between accounting and tax treatment of depreciation	21 220	9 868
- prepayments	310	235
1a Valuation adjustment*	830	3 707
2. Additions	12 771	11 442
a) deducted from net financial income in the accounting period with reference to positive temporary differences (of which):	12 771	11 442
- difference between accounting and tax treatment of depreciation	12 719	11 352
- interest charged to the contractors and due on cash assets	8	15
- prepayments	44	75
3. Decreases	988	3 161
a) deducted from net financial income in the accounting period with reference to positive temporary differences (of which):	988	3 161
- depreciation under investment allowances	158	284
- valuation adjustment*	830	2 877
4. Total closing balance of the deferred income tax assets*	37 315	25 532
a) included in the net financial income	37 315	24 702
- depreciation under investment allowances	2 886	3 044
- interest charged to the contractors and due on cash assets	136	128
- difference between accounting and tax treatment of depreciation	33 939	21 220
- prepayments	354	310
4a. Valuation adjustment*	0	830
4b. Total closing balance of the deferred income tax assets	37 315	25 532

(*) The 2018 valuation was adjusted due to utilization of the corporate income tax allowance related to the activities run in the Special Economic Zone. When determining the amount of deferred tax assets and provision, for temporary differences, whose estimated execution moment will take place while running activities in the Special Economic Zone tax rate was applied (pursuant to Art. 37, par. 6, par. of the Act) granted under the Operational Permit in the Special Economic Zone ("zero" rate). As of the balance sheet date of 31 December 2019, the basic tax rate was adopted when determining the amount of deferred tax assets and liabilities, because temporary differences will be realized once the tax relief granted has been fully utilized.

Note 15b	'000 PLN	
Change in the balance of long-term provision for retirement benefits and equivalents (by title)	2019	2018
a) opening balance	9 707	9 983
- retirement gratuities	9 325	9 421
- other employee benefits due, but unpaid	382	562
b) additions (of which)	1 013	1 009
- retirement gratuities	881	787
- other employee benefits due, but unpaid	132	222
c) dissolution (of which)	271	1285
- retirement gratuities	0	883
- other employee benefits due, but unpaid	271	402
d) closing balance	10 449	9 707
- retirement gratuities	10 206	9 325
- other employee benefits due, but unpaid	243	382

Note 15c	'000 PLN	
Change in the balance of short-term provision for retirement benefits and equivalents (by title)	2019	2018
a) opening balance	26 339	24 391
- retirement gratuities	599	934
- other employee benefits due, but unpaid	25 740	23 457
b) additions (of which)	32 017	20 812
- retirement gratuities	354	0
- other employee benefits due, but unpaid	31 663	20 812
c) utilization (of which)	30 430	17 823
- retirement gratuities	394	0
- other employee benefits due, but unpaid	30 036	17 823
d) dissolution (of which)	0	1 041
- retirement gratuities	0	335
- other employee benefits due, but unpaid	0	706
e) closing balance	27 926	26 339
- retirement gratuities	559	599
- other employee benefits due, but unpaid	27 367	25 740

Note 15d	'000 PLN	
Change in balance of other long-term provisions (by title)	2019	2018
a) opening balance	139	140
- tire warranties extended	139	140
b) additions (of which)	84	61
- tire warranties extended	84	61
c) utilization (of which)	5	62
- tire warranties extended	5	62
d) closing balance	218	139
- tire warranties extended	218	139

Note 15e	'000 PLN	
Change in balance of other short-term provisions (by title)	2019	2018
a) opening balance	793	3 205
- restructuring provision (severance pays for laid-off workers)	793	3 205
b) additions (of which)	6 819	1 629
- restructuring provision (severance pays for laid-off workers)	6 819	1 629
c) utilization (of which)	2 964	4 019
- restructuring provision (payment of severance pays to laid-off workers)	2 964	4 019
d) dissolution (of which)	489	22
- restructuring provision (severance pays for laid-off workers)	489	22
e) closing balance	4 159	793
- restructuring provision (severance pays for laid-off workers)	4 159	793

Note 16a	'000 PLN	
Long-term liabilities	2019	2018
f) vis-a-vis other entities	4 387	3 995
- credits and loans		
- related to the issue of debt securities		
- other financial liabilities, of which:	4 387	3 995
- financial lease contracts	4 387	3 995
- other (by category)		
- embedded derivatives		
Total long-term liabilities	4 387	3 995

Note 16b	'000 PLN	
Long-term liabilities with maturity from balancing date	2019	2018
a) from 1 to 3 years	3 422	2 979
b) from 3 to 5 years	965	994
c) over 5 years	0	22
Total long-term liabilities	4 387	3 995

Note 16c	'000 PLN	
Long-term liabilities (by currency)	2019	2018
a) in Polish currency	4 387	3 995
Total long-term liabilities	4 387	3 995

Note 16d												
LONG -TERM LIABILITIES RELATED TO CREDITS AND LOANS												
Name of entity (company)	Registered office	Credit amount /loan under Agreement				Amount of credit/loan to be repaid				Terms of payment	Maturity date	Securities & collaterals
including legal status		('000 PLN)	currency	Unit	Currency	('000 PLN)	currency	Unit	Currency		interest rate	
BANK PEKAO S.A.	THE CITY OF WARSAW	60 000	0		PLN	0	0		PLN	WIBOR 1M + 1,30%	30.04.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
ING BANK SA	THE CITY OF WARSAW	30 000	0		PLN	0	0		PLN	WIBOR 1M + 1.1%	30.11.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
BNP PARIBAS	THE CITY OF WARSAW	40 000	0		PLN	0	0		PLN	WIBOR 1M + 1,25%	24.02.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement

												procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
MBANK SA	THE CITY OF WARSAW	45 000	0		PLN	0	0		PLN	WIBOR ON + 1.30%	31.03.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
		175 000										

Note 17a	'000 PLN	
	2019	2018
Short-term liabilities		
a) vis-a-vis related entities	100 332	85 012
ab) vis-a-vis parent company	6 743	2 907
- credits and loans, of which:		
- long-term under repayment		
- related to the issue of debt securities		
- dividend-related		
- other financial liabilities, of which:		
- trade payables, with maturity:	6 743	2 907
- below 12 months	6 743	2 907
- above 12 months:		
- prepaid deliveries		
- bill of exchange liabilities		
- other (by category)		
ac) vis-a-vis other related entities	93 589	82 105
- trade payables, with maturity:	93 589	82 105
- below 12 months	93 589	82 105
- dividend-related		
b) vis-a-vis non-related entities	408 476	426 889
- credits and loans, of which:	0	0
- long-term under repayment		
- related to the issue of debt securities		
- dividend-related		
- other financial liabilities, of which:	2 688	2 223
- financial lease contracts	2 688	2 223
- trade payables, with maturity:	383 726	407 098
- below 12 months	383 726	407 098
- above 12 months:		
- prepaid deliveries		
- bill of exchange liabilities		
- related to taxes, subsidies, custom duties, insurance and other	19 312	14 788
- wages & salaries	0	0
- other (by title)	2 750	2 780
- investment liabilities	2 748	2 780
- other	2	0
d) special funds (by title)	134	799
Total short-term liabilities	508 942	512 700

Note 17b	'000 PLN	
Short-term liabilities (by currency)	2019	2018
a) in Polish currency	220 862	239 824
b) in foreign currencies (by currencies and after conversion into PLN)	288 080	272 876
b1. unit /currency '000/USD	699	244
'000 PLN	2 656	916
b2. unit /currency '000/EUR	66 956	63 106
'000 PLN	285 131	271 354
b3. unit /currency '000/GBP	59	127
'000 PLN	293	606
Total short-term liabilities	508 942	512 700

Note 18a

Book value per share = Equity value/number of shares.

The Company does not plan any new issues of shares, nor it has issued any bonds convertible into shares, nor other events occurred that would increase the expected number of shares, therefore the book value per share is equal to diluted book value per share.

EXPLANATORY NOTES TO PROFIT AND LOSS ACCOUNT

Note 19a	'000 PLN	
Net sales of products (non-cash structure - by type of activity)	2019	2018
- revenues from the sales of rubber products	1 826 527	1 719 747
- of which: from related entities	1 823 508	1 692 211
- revenues from sales of services	15 719	8 223
- of which: from related entities	13 750	5 772
Total net sales of products	1 842 246	1 727 970
- of which: from related entities	1 837 258	1 697 983

Note 19b	'000 PLN	
Net sales of products (by geographical area)	2019	2018
a) domestic market	6 387	31 499
- of which: from related entities	2 441	2 443
- revenues from the sales of rubber products	2 005	26 605
- of which: from related entities	0	0
- revenues from sales of services	4 382	4 894
- of which: from related entities	2 441	2 443
b) export markets	1 835 859	1 696 471
- of which: from related entities	1 834 817	1 695 540
- revenues from the sales of rubber products	1 824 522	1 693 142
- of which: from related entities	1 823 508	1 692 211
- revenues from sales of services	11 337	3 329
- of which: from related entities	11 309	3 329
Total net sales of products	1 842 246	1 727 970
- of which: from related entities	1 837 258	1 697 983

Note 20a	'000 PLN	
Net sales of commodities and materials (non-cash structure - by type of activity)	2019	2018
- materials	6 570	6 452
- of which: from related entities	6 547	6 452
- commodities	207 239	197 846
- of which: from related entities	0	9 406
Total net sales of commodities and materials	213 809	204 298
- of which: from related entities	6 547	15 858

Note 20b		
Net sales of commodities and materials (by geographical area)	2019	2018
a) domestic market	207 239	188 440
- of which: from related entities	0	0
- materials	0	0
- of which: from related entities	0	0
- commodities	207 239	188 440
- of which: from related entities	0	0
b) export markets	6 570	15 858
- of which: from related entities	6 547	15 858
- materials	6 570	6 452
- of which: from related entities	6 547	6 452
- commodities	0	9 406
- of which: from related entities	0	9 406
Total net sales of commodities and materials	213 809	204 298
- of which: from related entities	6 547	15 858

Note 21a	‘000 PLN	
Costs by category	2019	2018
a) amortisation	92 849	98 797
b) material and energy consumption	1 247 824	1 194 220
c) third party services	126 537	116 831
d) taxes and charges	6 981	11 218
e) wages and salaries	205 087	180 429
f) social insurance and other benefits	66 207	56 813
g) other costs by category (of which)	10 253	7 336
- advertising and entertainment costs	1 982	1 077
- business travel	799	680
- costs of relations with purchasing groups	1 851	736
- property insurance	3 078	2 611
- contributions to the State Fund for Rehabilitation of the Disabled	2 009	1 740
- other	534	492
Total costs by type	1 755 738	1 665 644
Change in the balance of inventory, products and prepayments	-3 536	9 692
Manufacturing costs of products for own consumption of the entity (negative value)	-13 563	-16 002
Cost of sales (negative value)	-15 226	-12 706
General management and administration costs (negative value)	-8 036	-10 760
Manufacturing costs of products sold	1 715 377	1 635 868

Note 22a	'000 PLN	
Other operating income	2019	2018
a) dissolved provisions (of which)	0	0
b) other, of which:	264	2 143
- dissolution of revaluation write-offs for receivables	0	55
- refunded costs of dispute proceedings	21	13
- gain on the disposal of non-financial fixed assets	107	1 975
- compensation for bad quality of raw materials	51	34
- reimbursement of damages for car accidents	9	6
- received compensations from Social Security Institution and Tax Office	74	60
- other operating income	2	0
Total other operating income	264	2 143

Note 23a	'000 PLN	
Other operating expenses	2019	2018
a) set up provisions (of which)	6 409	1 364
- restructuring expenses	6 330	1 364
- provision for warranties extended	79	0
b) other, of which:	953	1 268
- expenses related to dispute procedure	42	21
- scraping of products and materials	169	73
- donations and contributions to the organisation	170	257
- inventory differences	239	198
- expenses of other social activities	0	14
- disposals of fixed assets	319	692
- other operating expenses	14	13
Total other operating expenses	7 362	2 632

Write-off of PLN 1 883 thousand - includes overdue trade receivables from customers at the phase of enforcement proceedings, composition proceedings, turnaround proceedings, etc.
Write-off of PLN 66 thousand - relates to the non-marketable stocks of materials and products subject to prudent valuation.

Note 24a	'000 PLN	
Financial income from dividend and shares in profits	2019	2018
from other entities, of which:	106	452
from other entities	106	452
Total financial income from dividend and shares in profits	106	452

Note 24b	'000 PLN	
Financial gains related to interest income	2019	2018
a) loans extended	4 187	4 490
- receivables from related entities, of which:	4 187	4 490
- from parent company	4 187	4 490
b) other interest	2 133	1276
- from non-related entities	2 133	1276
Total financial gains related to interest income	6 320	5 766

Note 24c	'000 PLN	
Other financial gains	2019	2018
Total other financial gains	0	0

Note 25a	'000 PLN	
Financial costs related to interest expense	2019	2018
a) on credits and loans	2	4
- for non-related entities, of which:	2	4
- for other entities	2	4
b) other interest expenses	2 178	2 830
- for non-related entities, of which:	2 178	2 830
- for other entities	2 178	2 830
Total financial costs related to interest expense	2 180	2 834

Note 25b	'000 PLN	
Other financial expenses	2019	2018
a) Foreign exchange losses, of which:	1 970	417
- realised	3 287	529
- non-realised	-1 317	-112
Total other financial expenses	1 970	417

Note 26a	'000 PLN	
Share In Net Profits (Losses) Of Subsidiaries Priced Using Equity Method	2019	2018

TC Dębica S.A. does not draw up consolidated financial statements and does not have any subsidiaries, joint owned subsidiaries or associated entities.

Note 27a	‘000 PLN	
	2019	2018
Current income tax	2019	2018
1. Gross profit/loss	122 023	102 137
2. Differences between gross profit (loss) and income tax base (by title)	(56 295)	(61 112)
A. Permanent differences	3 158	2 466
Tax-exempt income (income from a share in profits of legal persons)	0	(452)
Non-deductible costs and losses, including	3 158	2 918
Interest on late payments - receivables of the budget	33	67
State Fund for the Rehabilitation of the Disabled	2 034	1 761
Expenditure over the limits on passenger cars	124	44
Penalties and damages paid	102	16
Expenditures on the Supervisory Board and General Meeting of Shareholders	18	14
Membership fees paid to social organisations	5	29
Donations, scholarships, special assistance grants	164	358
Entertainment costs	426	323
VAT not recovered on export consignments and non-confirmed correction invoices	4	65
Other causes	248	240
B. Transient differences	59 453	63 578
Positive of which:	66 386	58 724
Depreciation on investment allowances	-830	-1 497
Difference between accounting and tax treatment of depreciation	66 940	59 746
- interest charged to the contractors and due on cash assets	45	79
Prepayments	231	396
Negative, of which:	(6 933)	4 854
Accrued expenses and provisions for liabilities	(2 372)	(1 965)
Revaluation write-off for trade receivables	(1 883)	55
Decline in the value of raw materials and products	79	766
Provision for restructuring	(3 366)	2 412
Difference between lease costs under accounting and tax treatment	(36)	(36)
Non-invoiced services	2 100	8 265
Provision for bonuses	(951)	(4 134)
Other causes	(504)	(509)
3. Income tax base (before deductions)	65 727	41 477
4. Income covered by the zone permit	36 967	4 426
5. Income tax base (after deductions)	28 761	37 051
6. Income tax at 19 %	5 465	7 040
5. Tax increases, waivers, exemptions, deductions and declines	0	0
7. Current portion of income tax recognized (reported) in the tax return for the period, including	5 465	7 040
- that posted into the Profit and Loss Account	5 465	7 040

Pursuant to the held operational permit No. 134/ARP/2008 of 27 February 2008 for running business activities within the Euro-Park Mielec Special Economic Zone Tire Company Debica S.A. is entitled to enjoy income tax allowance up to 40.23 per cent of the discounted amount of capital expenditures spent on investment projects within the "Euro-Park Mielec" Special Economic Zone. The Company met the requirements attached to the operational permit in December 2012 and starting from 2013 onwards is entitled to enjoy income tax relief for legal persons. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently, the validity date was deleted from the Operational Permit.

According to the plans at the balancing date, the Management Board assumes full utilization of the tax allowance by 31 March 2020.

The outstanding amount of public aid to be used as of the balance sheet date of 31 December 2019 totals PLN 1.4 million in nominal value, i.e. PLN 0.8 million in discounted terms.

The use of this relief is subject to the compliance with the requirements set forth in the above mentioned operational permit and the provisions of the Corporate Income Tax Act. Insignificant, from the point of view of the financial result, irregularities in complying with the conditions of the above mentioned operational permit and tax regulations could result in the withdrawal of these allowances and the requirement to pay taxes, from which the Company was previously exempted in connection with the enjoyment of tax allowances. Additionally, the Company would be charged with penalty interest for the period of tax allowance utilisation until the date of actual tax payment.

Note 27b	'000 PLN	
Deferred income tax	2019	2018
- decrease (increase) due to the occurrence and reversal of temporary differences	3 819	5 797
Total deferred income tax	3 819	5 797

Note 28a

2018 profit distribution:

dividend for shareholders totalling PLN 67,357 thousand, which was paid on 18 December 2019

the reserve capital was increased by PLN 22 395 thousand.

The 2018 profit, net totalled PLN 89 752 thousand.

The proposal on appropriation of the net 2019 profit in the amount of PLN 112,739 thousand will be presented by the Management Board at the Ordinary General Meeting of Shareholders that will be held pursuant to Article 395 of the Commercial Companies' Code.

Note 29a

For the calculation of earnings per share, the net profit for 2019 was assumed and divided by the number of shares.

The Company does not plan any new issues of shares, nor has it issued bonds convertible into shares, and there have been no other events increasing the expected number of shares or changing the amount of profit.

EXPLANATORY NOTES ON CASH FLOW STATEMENT

I. Cash assets - see Note 8a		
Short-term debt securities for the purposes of cash flows are included in the investment activities, and overdraft facilities are included in financial activities rather than in the cash assets line.		
(in thousands of PLN)		
Period	31.12.2019	31.12.2018
1. Cash and cash equivalents according to item 3.1.b of assets, including:	131 906	92 419
- cash at bank	131 898	92 415
- cash in hand	8	4
2. Adjustment of balance sheet valuation of foreign currencies	10	(33)
3. Cash assets for the Cash Flow Statement	131 916	92 386
II. Discrepancies between balance sheet changes:		
b) the balance of liabilities and changes in those items shown in the cash flow statement:		
(in thousands of PLN)		
Period	31.12.2019	31.12.2018
balance sheet change	(3 758)	34 360
Adjustments:		
change in liabilities triggered by fixed assets under construction	31	911
change in short-term financial lease liabilities	(464)	(330)
repayment of financial lease instalments		
Total adjustments	(433)	581
In the Cash Flow Statement	(4 191)	34 941

B. ADDITIONAL EXPLANATORY NOTES**1. Inventory revaluation write-offs**

In the accounting year 2019, the Company did not make any fixed assets revaluation write-offs.

As of 31 December 2019, fixed assets revaluation write-offs on totalled PLN 192 thousand and it remained unchanged compared to the previous year.

The balance of inventory revaluation write-downs totalled PLN 219 thousand:

- for products PLN 0 thous.,
- for materials PLN 219 thous.

In 2018 the balance of inventory revaluation write-downs totalled PLN 314 thousand.

2. Information about financial instruments with embedded derivatives held by the Company.

The Company does not hold any financial instruments with embedded derivatives.

3. Information on the number and value of securities or rights held, including share certificates, convertible debt securities, warrants and options, with the specification of underlying rights.

At the balance sheet date the Company did not hold such assets.

4. Assets that are not financial instruments measured at value fair.

The Company does not measure non-financial assets at fair value.

5. Contingent liabilities including guarantees and sureties

In the 2019 accounting year the Company did not extend any guarantees or sureties. There are no other material contingent liabilities except for those described below.

- Contingent liability under the bill of exchange discount programme.

Based on agreements concluded by and between Coface Poland Factoring Sp. z o.o. and Tire Company Dębica SA, the value of discounted bills of exchange at the balancing date was PLN 53,453 thousand.

According to the Report received by the Company from Coface Poland Factoring Sp. z o.o., as of the date of financial statements, the outstanding amount of bills of exchange not repaid by customers equals PLN 0 thousand.

6. Liabilities vis-a-vis State budget or local government units in relation to obtained ownership rights to buildings and structures

The Company does not have any liabilities vis-a-vis the state budget or the local government units in relation to the ownership titles to buildings and structures.

7. Discontinued activities

In the accounting year 2019, no business activity was liquidated or discontinued in full or in part, hence there were no costs of discontinued activities.

8. Cost of manufacturing fixed assets under construction, including interest and FX gains/losses, which were added to the cost of manufacturing fixed assets in the accounting year and the cost of manufacturing fixed assets for own consumption

In 2019 the cost of manufacturing fixed assets under construction totalled PLN 56 030 thousand (in 2018 - PLN 76 772 thousand); including FX gains/losses increasing the cost of manufacturing amounting to PLN 77 thousand (in 2018 - PLN 71 thousand). There was no interest increasing the manufacturing costs.

The cost of manufacturing of fixed assets for own consumption was PLN 13 563 thousand (in 2018 - PLN 16 002 thousand).

9. Interest and FX gains/losses increasing the acquisition price of commodities or the cost of manufacturing products during the accounting year

None.

10. Capital expenditures incurred and planned within the nearest 12 months in the period from the balance sheet date, including expenditures on non-financial fixed assets; incurred and planned environmental protection expenditures.

In 2019, capital expenditures totalled PLN 85,281 thousand, including PLN 74 thousand on environmental protection. The planned capital expenditures in 2020 amount to PLN 85 788 thousand (for environmental protection PLN 227 thousand).

11. Information about extraordinary or incidental revenues or costs

None.

12.1 Transactions with related entities

During the financial year covered by the financial statements, the Company did not enter into any significant transactions with related parties other than at arms-length.

12.2 Figures concerning subsidiaries

The Company does not have any subsidiaries.

13. Information about the nature and business purpose of agreements entered into by the issuer not included in the balance sheet to the extent necessary to evaluate their impact on the assets, financial position and the net financial income of the Company

In the year covered by these financial statements, the Company was not a party to any material agreements not included in the balance sheet or not disclosed in off-balance items.

14. Joint ventures

None.

15. Headcount

The average employment in occupational groups is as follows:

average employment	2018	2019	Women	Men
Total	2 806	3 063	518	2 545
including:				
white-collar workers	321	300		
blue-collar workers	2 485	2 763		

16. Remuneration of management and supervisory personnel

Remuneration of Management and Supervisory Boards in 2019 totalled to (in '000 PLN):

Remuneration of Management Board members (in '000 PLN)

1. Leszek Szafran	1 006.0
2. Ireneusz Maksymiuk	778.5
3. Michał Mędrek	581.7
4. Mirosław Maziarka	908.8
Total:	3 275.0

Remuneration of Supervisory Board members (in '000 PLN)

1. Maciej Mataczyński	163.3
2. Łukasz Rędziniak	134.1
3. Janusz Raś	73.4
4. Andrzej Kowal	57.2
5. Krzysztof Mika	57.2
Total:	485.2

Other Supervisory Board members did not collect their fees.

17. Information about any liabilities under old-age pensions and similar benefits payable to former managerial or supervisory personnel or former members of the administrative bodies, as well as liabilities related to such pensions, indicating the total amount for each category of a given body.

None.

18. Advances, credits, loans, guarantees, sureties for the management and supervisory personnel

In the accounting period there were no settlements of accounts with the Management and Supervisory Board members in relation to loans and loan equivalents.

The Company did not enter into transactions with Management and Supervisory Board members, nor with persons having ties with them understood as spouses, relatives or direct affinity up to the second degree or having ties in relation to guardianship, adoption or custody

with the management members or persons sitting on the supervisory bodies of the company or in the companies where they have significant stakes, shareholding or are partners

19. Financial statement audit fee

On 7 August 2016 a contract was signed with PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, at ul. Polna 11, to deliver services involving the audit and review of financial statements for accounting year 2019.

The fee owed for the audit and review of 2019 financial statement totalled PLN 283 681 (in 2018: PLN 255,260).

The certified auditor did not provide any other services, except for the audit of the Company's Financial Statements.

20. Information about material events that occurred in the previous years

None.

21. Information about material events which occurred after the balance sheet date, but were not included in the financial statements

Information about actual and potential impact of COVID-19 coronavirus:

The COVID-19 coronavirus pandemic is an event that affects the global macroeconomic situation and long-term development prospects of the automotive industry, which may translate into the Company's short- and long-term position and growth prospects. According to the Management Board, the impact of the pandemic is not an event requiring adjustments to the financial statements for 2019.

The Management Board monitors continuously the impact of the COVID-19 pandemic on financial, business and operational aspects and takes appropriate decisions to ensure continuity of operations as well as safe and stable Company position in a dynamically evolving environment:

1) Ensuring business continuity:

a) Business Continuity Team

Despite the development of the pandemic, the Management Board concluded that it was reasonable to adopt the going concern principle.

The Company has established a Business Continuity Team consisting of representatives of key functions, which develops activities at regular meetings with the aim to ensure continuity of the Company's business based on the existing corporate procedures. The team regularly reports its activities to the Company's Management Board.

b) Ensuring personnel safety:

With the spread of COVID-19 coronavirus in Europe, the Company has taken steps to ensure safety to its personnel. The number of business trips and visits to the manufacturing site has been reduced, and the personnel have been instructed on how to maintain hygiene on the site and in interpersonal contacts. The availability of disinfectants and protective agents has been increased on site, and effective from 15 March 2020, the personnel whose work can be performed without a need for physical presence in the company work remotely.

c) Tyre making constraints:

On 21 March the Company announced a putting manufacturing activities on halt temporarily, which was subsequently extended to 17 April 2020. This decision was made with a view to

ensuring the safety of the Company's personnel and business partners and in response to the impact of the COVID-19 pandemic on market demand in Poland and in the markets where Goodyear, the Company's key customer operates.

However, it is not possible to precisely determine the impact of the manufacturing constraints on the Company's performance in 2020 as of the date of this report.

At the same time, the Company informs that putting of tire manufacturing activities on halt is organized in such a way that the return to full production capacity can be made quickly and efficiently.

d) Monitoring of the market situation

On on-going basis the Company monitors market situation and the level of orders to be able to adjust its operations to the dynamically evolving market situation.

e) Monitoring of supply chain of materials and services

The company monitors the status of strategic supplies of raw materials and other materials, as well as services necessary to ensure continuity of production.

2) Securing of the Company's long-term financial stability.

a) Protection of financial liquidity

The Management Board monitors the Company's financial liquidity on an on-going basis. The Company's responsible financial policy to date has a positive impact on the Company's present cash position, which in the current situation is one of the key drivers of financial security in the long run.

b) Monitoring of loans extended

In March and April the loans granted to Goodyear SA in the amounts of PLN 25 million and PLN 35 million respectively were repaid, which further strengthened the Company's financial position. At the date of this report, still PLN 290 million was outstanding in loans owed to Goodyear, however, the Company recalls that under the loan agreements Goodyear SA provides a guarantee of immediate repayment before maturity, if requested by the company - the capital is therefore not "frozen" and can be drawn upon at any time, if needed, without interest loss.

c) Payment of receivables from the customers

The Company controls on an on-going basis the balance of receivables payments made by the Company's customers and will take appropriate steps in case of information about financial dire straits of its business partners.

d) Cost optimization

The Company analyses its planned business activities on an on-going basis and adjusts their completion dates to the current market environment, in some cases moving the activities to the next part of the year.

The Company has taken steps to reduce the quantity and scope of ordered goods and services, thus reducing expenses, however, without any prejudice to further operation of the plant.

Moreover, under the agreement with the trade unions, limited working time was introduced in the period from 4 April to 30 June 2020. The working time of personnel has been reduced to 80% with a 20% pay cut.

e) Taking advantage of the opportunities of support under the so-called Anti-Crisis Shield

The Company has made efforts to take advantage of the government support under the so-called Anti-Crisis Shield and has filed relevant applications for part financing to the wages and salaries of the personnel from the Guaranteed Employee Benefits Fund.

3) Continuation of sales and distribution activities

In connection with the impact of the COVID-19 pandemic on the decline in market demand across Europe, in March 2020 the Company recorded a decline in the number of orders from Goodyear, its strategic customer.

The Company continues its sales and distribution activities and is in close contact with its business partners. The company continues to supply its customers with tires and cooperates in developing the most optimal commercial solutions in dynamically evolving and uncertain market environment.

22. Legal predecessor

Tire Company "Debica" Spółka Akcyjna ("Company") was established on 26 April 1991 as a result of transformation of the state enterprise called "Stomil" Car Tire Works in Debica.

23. Financial statement adjusted for inflation

When the financial statement was being drawn up a principle of historical cost was assumed, and consequently the inflation impact is not considered.

The fixed assets may be subject to periodic revaluation by virtue of separate legislation in compliance with conversion indices set by the Polish Central Statistical Office (most recent official name: Statistics Poland).

24. Differences between data disclosed in the report and previously published reports

None.

25. Changes in the accounting principles used and the method for drawing up the financial statement

None.

26. Adjustments of fundamental errors

None.

27. Uncertainties regarding the possibility of the Company continuing as a going concern, description of such uncertainties and a statement confirming that there are no such uncertainties, as well as indication whether the financial statement contains adjustments related to it. Such information should also include a list of actions, undertaken or planned to be undertaken, aimed at eliminating such uncertainties.

None.

28. Financial statements for the period in which a merger took place.

In the accounting year 2019 no merger took place to which the Company would be a party.

29. If the equity method is not used in the financial statements for the valuation of shares in subsidiaries, the effects of its application and the impact on the net financial income should be presented

The Company has no subordinated entities.

30. Consolidation of financial statements

The Company is not a controlling entity and does not draw up consolidated financial statements. The Company is a co-controlled entity in the Group where the consolidated financial statement is drawn up by The Goodyear Tire & Rubber Company with its registered office in Akron (the United States of North America).

31. Name, address of the registered office of the Management Board or registered office of the entity and legal status of each of the entities of which the entity is a partner with unlimited financial liability

None.

32. Other information - extended loans

In 2019, the Company extended five (5) short-term loans to Goodyear S.A. Luxembourg.

Detailed information about loans extended to Goodyear S.A. is provided in table below:

Agreement Date	22 Dec. 2017	29 Jun. 2018	27 Sept. 2018	14 Dec. 2018	21 Dec. 2018	21 Dec. 2018	
maturity date (loan repayment)	21 Dec. 2018	28 Jun. 2019	27 Sept. 2019.	13 Dec. 2019.	2 Jan. 2019.	1 Feb. 2019.	
contractual compensation	WIBOR 1Y+0.1%						
loan amount ('000 PLN)	100 000	55 000	70 000	40 000	45 000	140 000	
interest realized in 2019 ('000 PLN)	107.9	623.0	1 134.4	756.3	26.7	317.4	
principal of the loans as of 31 Dec. 2019 (in 000 PLN)	0	0	0	0	0	0	
interest accrued as of 31 Dec. 2019 (in '000 PLN)	0.0	0.0	0.0	25.5	0.0	0.0	
Agreement Date	28 Jun. 2019	27 Sept. 2019.	13 Dec. 2019.	13 Dec. 2019.	13 Dec. 2019.		TOTAL
maturity date (loan repayment)	26 Jun. 2020	25 Sept. 2020	3 Mar. 2020	1 Apr. 2020	11 Dec. 2020		
contractual compensation	WIBOR 1Y+0.1%						
loan amount ('000 PLN)	115 000	70 000	25 000	35 000	105 000		
interest realized in 2019 ('000 PLN)	952.4	238.2	0.0	0.0	0.0	4 156	
principal of the loans as of 31 Dec. 2019 (in 000 PLN)	115 000	70 000	25 000	35 000	105 000	350 000	
interest accrued as of 31 Dec. 2019 (in '000 PLN)	189.5	115.3	25.2	35.3	106.0	497	

The interest payment date falls due on the 14th day of the month following the month to which the interest refers to.

SIGNATURES**SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS**

Date	Name and surname	Position/Function	Signature
	Leszek Szafran	President of the Management Board, Chief Commercial Officer (CCO)	
	Ireneusz Maksymiuk	A Management Board member, Chief Financial Officer (CFO)	
	Michał Mędrek	A Management Board member, Chief Logistics Officer (CLO)	
	Mirosław Maziarka	A Management Board member, Chief Production Officer (CPO)	

SIGNATURE OF PERSON WHO WAS ENTRUSTED BOOK KEEPING

Date	Name and surname	Position/Function	Signature
	Ireneusz Maksymiuk	A Management Board member, Chief Financial Officer (CFO)	

This Report does not comprise the following notes:

Long-term receivables, Change in the balance of long-term receivables (by title), Change in the balance of revalued long-term receivables,
 Long-term receivables (by currency)
 Change in the balance of real properties (by category), Change in balance of intangible assets (by category),
 Shares or interests in subsidiaries priced using property rights method including:
 Change in goodwill – subsidiaries,
 Change in goodwill – co-subsidiaries,
 Change in goodwill – associated entities,
 Change in negative goodwill – subsidiaries,
 Change in negative goodwill – co-subsidiaries,
 Change in negative goodwill – associated entities,
 Shares or interests in controlled entities,
 Shares or interests in controlled entities – cont.,
 Extended long-term loans (by currency),
 Other long-term investments (by type),
 Change in balance of other long-term investments (by category),
 Other long-term investments (by currency),
 Other prepayments and accruals,
 Other short-term investments (by type),
 Other short-term investments (by currency),
 Own shares (interest),
 Issuer's shares (interest) held by controlled entities,
 Appropriations from net profit during accounting year (by title),
 Long-term credit- and loan-related liabilities,
 Long-term liabilities related to the issued debt financial instruments
 Short-term liabilities related to the issued debt financial instruments
 Change in negative goodwill
 Contingent receivables from related entities (by title),
 Contingent liabilities vis-à-vis related entities (by title),
 Financial gains from dividends and shares in profits
 Proceeds (loss) from disposal of total or a part of shareholding in subsidiaries
 Extraordinary gains

Extraordinary profits
Total amount of deferred tax,
Income tax posted into Profit and Loss Account referring to
Other mandatory deductions from profit (loss increases), due to: