

**Tire Company Debica S.A.**

Financial Statement for the accounting year 2021

**FINANCIAL STATEMENT  
OF  
TIRE COMPANY DEBICA S.A.  
FOR 2021**



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## **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 12 042 976 shares directly, accounting for 87.251% 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 2021, covering period from 1 January 2021 to 31 December 2021 and comparable financial data for 2020, covering period from 1 January 2020 to 31 December 2020
- 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 has been prepared in accordance with the provisions of the "Accounting Act of 29 September 1994" (Journal of Laws of 2021, item 217, as amended) and the "Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-

member state" (Dz. U. of 2018, item 757) and "Regulation of the Minister of Finance of December 12, 2001 on detailed rules for the recognition, valuation methods, scope of disclosure and manner of presentation of financial instruments" (Journal of Laws No. 149, item 1674, as amended). The Company does not apply the National Accounting Standards for the purposes of preparation of financial statements.

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

### **Company Authorities**

- **Management Board and Supervisory Board composition as of 1 January 2021:**

#### **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
François Colin de Verdière	a member of the Supervisory Board, a Deputy Chairman of the Supervisory Board
Łukasz Rędziniak	an Independent member of the Supervisory Board, the Secretary of the Supervisory Board
Andrzej Kowal	an Independent member of the Supervisory Board
Vincent Ganier	a Member of the Management Board
Lourens Roets	a Member of the Management Board
Michaël De Schrijver	a Member of the Management Board
Janusz Raś	a Member of the Management Board

- **Management Board and Supervisory Board composition as of 31 December 2021:**

#### **Management Board:**

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	a Member of the Management Board
Mirosław Maziarka	a Member of the Management Board
Anna Winiarska-Miśkowiec	a Member of the Management Board

#### **Supervisory Board:**

Jacek Pryczek	the Chairman of the Supervisory Board
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François Colin de Verdière	a member of the Supervisory Board, a Deputy Chairman of the Supervisory Board
Andrzej Kowal	an independent Member of the Supervisory Board, the Secretary of the Supervisory Board
Agnieszka Modras	an independent Member of the Supervisory Board
Vincent Ganier	a Member of the Supervisory Board
Lourens Roets	a Member of the Supervisory Board
Michaël De Schrijver	a Member of the Supervisory Board
Marek Piękoś	a Member of the Supervisory Board

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

June 23, 2021: The Company's Annual General Meeting appointed the members of the Company's Supervisory Board for a new term of office, which began on June 23, 2021.

July 20, 2021: At its first meeting, the Company's Supervisory Board was constituted in the following composition:

Jacek Pryczek - Chairman of the Supervisory Board

François Colin de Verdière - Deputy Chairman of the Supervisory Board

Andrzej Kowal - Independent Member of the Supervisory Board, Secretary of the Supervisory Board

Vincent Ganier - Supervisory Board Member

Łukasz Rędziniak - Independent Member of the Supervisory Board

Lourens Roets - Member of the Supervisory Board

Michaël De Schrijver - Member of the Supervisory Board

Marek Piękoś, Member of the Supervisory Board

Pursuant to §14 of the Company's Articles of Association, the Company's employees, in an election held at the Company, elected Mr. Marek Piękoś as a member of the Supervisory Board for the term of office commencing June 23, 2021.

2 September 2021: The Company received information about the resignation of Mr. Łukasz Rędziniak from the position of member of the Supervisory Board of the Company as of September 2, 2021.

6 September 2021: The Company's Supervisory Board adopted a resolution to appoint Ms. Agnieszka Modras to the Supervisory Board, pursuant to § 14.4 of the Company's Articles of Association and § 3.4 of the Supervisory Board Regulations. The resolution came into force on the date of its adoption.

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

On February 21, 2022, the Company received information about the resignation of Mr. Michał Mędrek from the position of a Member of the Management Board of the Company on February 24, 2022, which was announced in the current report No. 2/2022 of February 24, 2022.

On March 3, 2022, the Supervisory Board of the Company adopted a resolution to appoint Ms. Anna Winiarska-Miśkowiec as a Member of the Management Board of the Company. The resolution entered into force on the date of its adoption, about which the Company informed in the current report No. 3/2022 of March 3, 2022.

## **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 costs for a given fixed asset under construction 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**

#### **Operating lease, hire or rent**

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.

#### **Financial lease**

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 recognized 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 recognized 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 setting up of accruals for non-utilized leaves is charged into the costs of the period the leaves refer to;
- additional payments to employees related to their length of service, if they are paid at least annually, are treated as short-term employee liabilities and therefore are not subject to actuarial valuation and are charged to the costs of the period in which they are paid.

### **1.3.12. Shareholders' equity**

The initial capital amount is recorded as provided for in the Company Statutes in compliance with the National Court 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 recognized in respect of costs relating to future reporting periods.

Prepayments and deferred costs are recognized 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.

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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.

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 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.

### **1.3.17. Manner of drawing up the financial statements**

The financial statement was prepared in accordance with Appendix 1 to the Accounting Act.

The company prepares a profit and loss account in a multiple-step variant.

The cash flow statement is prepared using the indirect method.

The financial statement was prepared in thousands of Polish zlotys.

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**1.4. BASIC FINANCIAL DATA AND AVERAGE POLISH ZLOTY EXCHANGE RATES**

Balance Sheet	PLN		EUR	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Fixed assets	789 594	785 344	171 673	170 179
Current assets	1 190 975	1 033 212	258 942	223 891
<b>Total assets</b>	<b>1 980 569</b>	<b>1 818 556</b>	<b>430 615</b>	<b>394 070</b>
Equity	1 161 044	1 169 711	252 434	253 469
Liabilities and provisions for liabilities	819 525	648 845	178 181	140 601
<b>Total liabilities</b>	<b>1 980 569</b>	<b>1 818 556</b>	<b>430 615</b>	<b>394 070</b>

Shareholders' Equity	PLN		EUR	
	2021	2020	2021	2020
<b>Shareholders' equity</b>	<b>1 161 044</b>	<b>1 169 711</b>	<b>252 434</b>	<b>253 469</b>
Share capital	110 422	110 422	24 008	23 928
<b>Number of shares</b>	<b>13 802 750</b>	<b>13 802 750</b>	<b>13 802 750</b>	<b>13 802 750</b>
Earnings (loss) per ordinary share (in PLN/EUR)	3.09	4.95	0.68	1.11
Diluted earnings (loss) per ordinary share (in PLN/EUR)	3.09	4.95	0.68	1.11
Book value per share (in PLN/EUR)	84.12	84.74	18.29	18.36
Diluted book value per share (in PLN/EUR)	84.12	84.74	18.29	18.36
Declared or paid dividend per share (in PLN/EUR)	3.72	4.08	0.82	0.93

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Profit and Loss Account	PLN		EUR	
	2021	2020	2021	2020
<b>Net sales of products, merchandise, materials and services</b>	<b>2 342 828</b>	<b>1 815 175</b>	<b>511 814</b>	<b>405 698</b>
Cost of products, merchandise and materials sold	2 265 410	1 691 701	494 901	378 101
<b>Gross profit (loss) on sales</b>	<b>77 418</b>	<b>123 474</b>	<b>16 913</b>	<b>27 597</b>
Cost of sales	15 055	15 813	3 289	3 534
General and administrative (G&A) costs	9 386	8 835	2 051	1 975
<b>Profit (loss) on sales</b>	<b>52 977</b>	<b>98 826</b>	<b>11 573</b>	<b>22 088</b>
Other operating income	320	19 233	70	4 299
Other operating expenses	2 417	37 803	528	8 449
<b>Operating profit (loss)</b>	<b>50 880</b>	<b>80 256</b>	<b>11 115</b>	<b>17 938</b>
Financial revenues	7 830	4 934	1 711	1 103
Financial expenses	3 910	1 854	854	414
<b>Profit (loss) on business activity</b>	<b>54 800</b>	<b>83 336</b>	<b>11 972</b>	<b>18 627</b>
<b>Gross profit (loss)</b>	<b>54 800</b>	<b>83 336</b>	<b>11 972</b>	<b>18 627</b>
Income tax	12 121	14 944	2 648	3 340
<b>Net profit (loss)</b>	<b>42 679</b>	<b>68 392</b>	<b>9 324</b>	<b>15 287</b>

Cash Flow Statement	PLN		EUR	
	2021	2020	2021	2020
Operational cash flows, net	219 014	177 900	47 846	39 761
Investment activity cash flows, net	-190 762	-112 442	-41 674	-25 131
Financial activity cash flows, net	-55 156	-60 192	-12 049	-13 453
<b>Total cash flows, net</b>	<b>-26 904</b>	<b>5 266</b>	<b>-5 877</b>	<b>1 177</b>

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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. 2021 1 EUR = PLN 4.5994
  - 31 Dec. 2020 1 EUR = PLN 4.6148
- average exchange rate, calculated as the average arithmetic value of exchange rates prevailing on the last day of each month:
  - in 2021 1 EUR = PLN 4.5775
  - In 2020 1 EUR = PLN 4.4742
- the highest and lowest exchange rate in the accounting period:
  - in 2021 1 EUR = PLN 4.7210 - the highest rate  
1 EUR = PLN 4.4541 - the lowest rate
  - in 2020 1 EUR = PLN 4.6330 - the highest rate  
1 EUR = PLN 4.2279 - the lowest rate

The items in Profit and Loss Account for 2021 were converted into EUR using the annual average EUR/PLN exchange rate, which was PLN 4.5775.

### **1.5. THE AREAS OF MATERIAL DISCREPANCIES OF THE ADOPTED ACCOUNTING PRINCIPLES AND METHODS AND 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)**

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 2021 the following differences vis-a-vis IFRS were identified:

- 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

## Tire Company Dębica S.A.

Financial Statement for the accounting year 2021

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on the fair value-based revaluation. As of the balance sheet date of 31 December 2021, 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 2021.

- 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 39.6 million as of the balance sheet date of 31 December 2021 and by PLN 29.9 million as of the balance sheet date of 31 December 2020 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 analyzed 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 recognizes 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 35 764 thousand, i.e. the sum of discounted cash flows arising from this right.



## Tire Company Dębica S.A.

Financial Statement for the accounting year 2021

Data in thousands of PLN

Balance Sheet	Note	2021	2020
<b>ASSETS</b>			
<b>I. Fixed assets</b>		<b>789 594</b>	<b>785 344</b>
1. Intangible assets, of which:	1	26	0
- goodwill		0	0
2. Tangible fixed assets	2	769 820	766 257
3. Long-term receivables		0	0
3.1. From related entities		0	0
3.2. From other entities in which the entity has equity exposure		0	0
3.3. From other entities		0	0
4. Long-term investments		101	74
4.1. Real estates		0	0
4.2. Intangible assets		0	0
4.3. Long-term financial assets	3	101	74
a) in other entities		101	74
4.4. Other long-term investments		0	0
5. Long-term prepayments		19 647	19 013
5.1. Deferred income tax assets	4	19 647	19 013
5.2. Other prepayments and accruals		0	0
<b>II. Current assets</b>		<b>1 190 975</b>	<b>1 033 212</b>
1. Inventory	5	138 000	102 312
2. Short-term receivables	6	440 206	391 169
2.1. From related entities		403 164	366 461
2.2. From other entities in which the entity has equity exposure		0	0
2.3. From other entities		37 042	24 708
3. Short-term investments	8	610 320	537 569
3.1. Short-term financial assets		610 320	537 569
a) in related entities		500 000	400 000
b) in other entities		0	0
c) cash and other cash assets		110 320	137 569
3.2. Other short-term investments		0	0
4. Short-term prepayments	9	2 449	2 162
5. Called up share capital (fund) not paid		0	0
6. Own shares and stocks		0	0
<b>Total assets</b>		<b>1 980 569</b>	<b>1 818 556</b>

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Financial Statement for the accounting year 2021

Data in thousands of PLN

Balance Sheet	Note	2021	2020
<b>LIABILITIES</b>			
<b>I. Equity</b>		<b>1 161 044</b>	<b>1 169 711</b>
1. Share capital	11	110 422	110 422
2. Supplementary capital	12	327 741	327 667
3. Revaluation capital	13	64 817	64 891
4. Other reserve capitals	14	615 385	598 339
5. Profit/loss from previous years		0	0
6. Gross profit/loss		42 679	68 392
7. Charges against net profit during the financial year (negative value)		0	0
<b>II. Liabilities and provisions for liabilities</b>		<b>819 525</b>	<b>648 845</b>
1. Provisions for liabilities	15	107 842	92 663
1.1. Provision for deferred income tax		60 272	49 901
1.2. Provision for retirement gratuities and equivalent		46 073	42 523
a) long-term		10 788	11 341
b) short-term		35 285	31 182
1.3. Other provisions		1 497	239
a) long-term		413	239
b) short-term		1 084	0
2. Long-term liabilities	16	3 449	3 682
2.1. To related entities		0	0
2.2. To other entities in which the entity has equity involvement		0	0
2.3. To other entities		3 449	3 682
3. Short-term liabilities	17	708 234	552 500
3.1. To related entities		168 193	112 932
3.2. To other entities in which the entity has equity involvement		0	0
3.3. To other entities		539 819	438 699
3.4. Special funds		222	869
4. Accruals		0	0
4.1. Negative goodwill		0	0
4.2. Other accruals		0	0
a) long-term		0	0
b) short-term		0	0
<b>Total liabilities</b>		<b>1 980 569</b>	<b>1 818 556</b>
Book value		1 161 044	1 157 634
Number of shares (pcs.)		13 802 750	13 802 750
Book value per share (in PLN/EUR)	18	84.12	84.74
Diluted number of shares (pcs.)		13 802 750	13 802 750
Diluted book value per share (in PLN)		84.12	84.74

**Tire Company Dębica S.A.**

## Financial Statement for the accounting year 2021

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<b>Off-balance items</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
1. Contingent receivables		0	0
1.1. From related entities (due to)		0	0
- guarantees and sureties received		0	0
1.2. From other entities (due to)		0	0
- guarantees and sureties received		0	0
2. Contingent liabilities		0	0
2.1. To related entities (due to)		0	0
- guarantees and sureties extended		0	0
2.2. To other entities (due to)		0	0
- guarantees and sureties extended		0	0
3. Other (due to)		9 383	10 082
- off-balance liabilities under long-term gas supply contract		8 558	8 894
- off-balance liabilities under long-term lease contract		825	1 188
<b>Total off-balance items</b>		<b>9 383</b>	<b>10 082</b>

## Tire Company Dębica S.A.

Financial Statement for the accounting year 2021

Data in thousands of PLN

Profit and Loss Account	Note	2021	2020
<b>I. Net sales of products, merchandise, materials and services</b>		<b>2 342 828</b>	<b>1 815 175</b>
- including from related entities		2 078 100	1 636 863
1. Net sales of products and services	19	2 038 813	1 635 084
2. Net sales of merchandise and materials	20	304 015	180 091
<b>II. Costs of products, merchandise and materials sold</b>		<b>2 265 410</b>	<b>1 691 701</b>
- including from related entities		2 042 121	1 530 992
1. Manufacturing costs of products sold	21	2 004 289	1 527 020
2. Value of products and materials sold		261 121	164 681
<b>III. Gross profit (loss) on sales</b>		<b>77 418</b>	<b>123 474</b>
IV. Cost of sales	21	15 055	15 813
V. General administrative expenses	21	9 386	8 835
<b>VI. Profit (loss) on sales</b>		<b>52 977</b>	<b>98 826</b>
VII. Other operating income	22	320	19 233
1. Proceeds from the disposal of non-financial fixed assets		212	212
2. Subsidies		0	0
3. Revaluation of non-financial assets		0	0
4. Other operating income		108	19 021
VIII. Other operating expenses		2 417	37 803
1. Loss on the disposal of non-financial fixed assets		0	0
2. Revaluation of non-financial assets		706	54
3. Other operating costs	23	1 711	37 749
<b>IX. Operating profit /loss</b>		<b>50 880</b>	<b>80 256</b>
X. Financial income	24	7 830	4 934
1. Dividends and shares in profits, of which:		0	0
from related entities, including:		0	0
in which the issuer holds equity stake		0	0
from other entities, including:		0	0
in which the issuer holds equity stake		0	0
2. Interest, of which:		7 803	3 170
- from related entities		7 782	2 879
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		27	1 764

**Tire Company Dębica S.A.**

Financial Statement for the accounting year 2021

Data in thousands of PLN

<b>Profit and Loss Account – cont.</b>	Note	2021	2020
XI. Financial expenses	25	3 910	1 854
1. Interest, of which:		1 884	1 854
- 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		2 026	0
<b>XII. Share in profits (losses) of subordinated entities accounted for using the equity method</b>		0	0
<b>XIII. Gross profit/loss</b>		<b>54 800</b>	<b>83 336</b>
<b>XIV. Income tax</b>	27	<b>12 121</b>	<b>14 944</b>
a) current portion		2 384	4 079
b) deferred portion		9 737	10 865
<b>XV. Other mandatory decrease of profit (increase of loss)</b>		0	0
<b>XVI. Net profit/loss</b>		<b>42 679</b>	<b>68 392</b>
Net profit/loss (annualized)		42 679	68 392
Average weighted number of ordinary shares (in pcs.)		13 802 750	13 802 750
Earnings (loss) per ordinary share (in PLN)	29	3.09	4.95
Average weighted diluted number of ordinary shares (in pcs.)		13 802 750	13 802 750
Diluted earnings (loss) per ordinary share (in PLN)		3.09	4.95

## Tire Company Dębica S.A.

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Data in thousands of PLN

Statement of changes in Shareholders' Equity	2021	2020
<b>I. Opening balance of shareholders' equity</b>	<b>1 169 711</b>	<b>1 157 634</b>
a) changes in the adopted accounting principles (policy)	0	0
b) correction of fundamental errors	0	0
<b>I.a. Opening balance of shareholders' equity after restatement to comparative data</b>	<b>1 169 711</b>	<b>1 157 634</b>
<b>1. Opening balance of share capital</b>	<b>110 422</b>	<b>110 422</b>
<b>1.1. Changes in share capital</b>	<b>0</b>	<b>0</b>
a) additions, of which:	0	0
- issue of shares	0	0
b) reductions, of which:	0	0
- redemption of shares	0	0
<b>1.2. Closing balance of share capital</b>	<b>110 422</b>	<b>110 422</b>
<b>2. Opening balance of supplementary capital</b>	<b>327 667</b>	<b>327 609</b>
2.1. Changes in the supplementary capital	74	58
a) additions, of which:	74	58
- allocation from the revaluation capital of amounts of revaluated liquidated fixed assets – current period	74	58
- profit distribution (above the statutory minimum value)	0	0
b) reductions, of which:	0	0
- coverage of loss	0	0
<b>2.2. Closing balance of supplementary capital</b>	<b>327 741</b>	<b>327 667</b>
<b>3. Opening balance of revaluation capital</b>	<b>64 891</b>	<b>64 949</b>
3.1. Changes in revaluation capital	-74	-58
a) additions, of which:	0	0
b) reductions, of which:	74	58
- reposting of figures from revaluation of disposal of fixed assets to supplementary capital - current period	74	58
<b>3.2. Closing balance of revaluation capital</b>	<b>64 817</b>	<b>64 891</b>
<b>4. Opening balance of other reserve capital</b>	<b>598 339</b>	<b>541 915</b>
4.1. Changes in revaluation capital	17 046	56 424
a) additions, of which:	17 046	56 424
- allocation of 2020/2019 profits to the reserve capital, with an option of distribution among shareholders	17 046	56 424
b) reductions, of which:	0	0
<b>4.2. Closing balance of other reserve capital (funds)</b>	<b>615 385</b>	<b>598 339</b>

## Tire Company Dębica S.A.

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Data in thousands of PLN

Statement of changes in Shareholders' Equity – cont.	2021	2020
<b>5. Opening balance of retained earnings (profit/loss)</b>	<b>68 392</b>	<b>112 739</b>
<b>5.1. Opening balance of retained earnings (profit)</b>	<b>68 392</b>	<b>112 739</b>
a) changes in the adopted accounting principles (policy)	0	0
b) correction of fundamental errors	0	0
<b>5.2. Opening balance of retained earnings (profit) after the restatement to comparative data</b>	<b>68 392</b>	<b>112 739</b>
a) additions, of which:	0	0
- distribution of profits from previous years	0	0
b) reductions, of which:	68 392	112 739
- dividend for shareholders	51 346	56 315
- allocation of 2020/2019 profits to the reserve capital, with an option of distribution among shareholders	17 046	56 424
<b>5.3. Closing balance of retained earnings (profit)</b>	<b>0</b>	<b>0</b>
<b>5.4. Opening balance of retained earnings (loss)</b>	<b>0</b>	<b>0</b>
a) changes in the adopted accounting principles (policy)	0	0
b) correction of fundamental errors	0	0
<b>5.5. Opening balance of retained earnings (loss) after the restatement to comparative data</b>	<b>0</b>	<b>0</b>
a) additions, of which:	0	0
- loss from previous years carried over for distribution	0	0
b) reductions, of which:	0	0
<b>5.6. Closing balance of retained earnings (loss)</b>	<b>0</b>	<b>0</b>
<b>5.7. Closing balance of retained earnings (profit/loss)</b>	<b>0</b>	<b>0</b>
<b>6. Net profit/loss</b>	<b>42 679</b>	<b>68 392</b>
a) net profit	42 679	68 392
b) net loss	0	0
c) profit write-off	0	0
<b>II. Closing balance of shareholders' equity</b>	<b>1 161 044</b>	<b>1 169 711</b>
<b>III. Shareholders' equity adjusted with proposed profit distribution (loss coverage)</b>	<b>1 161 044</b>	<b>1 169 711</b>

## Tire Company Dębica S.A.

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Data in thousands of PLN

Cash flow Statement	2021	2020
<b>A. Operational activity cash flows</b>		
<b>I. Net profit/loss</b>	<b>42 679</b>	<b>68 392</b>
<b>II. Total adjustments</b>	<b>176 335</b>	<b>109 508</b>
1. Share in (profit) net losses of entities accounted for using the equity method	0	0
2. Amortization and depreciation	97 516	96 515
3. Foreign exchange gains/losses	345	-397
4. Interest and share in profits (dividend)	-6 801	-2 038
5. Investment activity gain/loss	-170	-210
6. Change in the balance of provisions	15 179	12 596
7. Change in the balance of inventory	-35 688	5 660
8. Change of receivables balance	-49 037	-31 950
9. Change in balances of short-term liabilities, excl. credits and loans	155 939	31 348
10. Change in balance of prepayments and accruals	-921	-2 016
11. Other adjustments	-27	0
<b>III. Operational cash flows, net (I+/-II) - indirect method</b>	<b>219 014</b>	<b>177 900</b>
<b>B. Investment activity cash flows</b>		
<b>I. Cash inflows</b>	<b>69 347</b>	<b>64 820</b>
1. Disposal of intangibles and tangible fixed assets	1 565	1 941
2. Disposal of investments in real estate and intangible assets	0	0
3. From financial assets of which:	7 782	2 879
a) in related entities	7 782	2 879
- disposal of financial assets	0	0
- dividends and shares in profits	0	0
- repayment of long-term loans	0	0
- interests	7 782	2 879
- other inflows from financial assets	0	0
b) in other entities	0	0
- disposal of financial assets	0	0
- dividends and shares in profits	0	0
- repayment of long-term loans	0	0
- interests	0	0
- other inflows from financial assets	0	0
4 . Other investment activity income	60 000	60 000



## Tire Company Dębica S.A.

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Data in thousands of PLN

Cash flow Statement	2021	2020
<b>II. Cash outflows</b>	<b>260 109</b>	<b>177 262</b>
1. Acquisition of intangibles and tangible fixed assets	100 109	67 262
2. Investments in real estate and intangible assets	0	0
3. Into financial assets including:	0	0
a) in related entities	0	0
- acquisition of financial assets	0	0
- long-term loans granted	0	0
b) in other entities	0	0
- acquisition of financial assets	0	0
- long-term loans granted	0	0
4. Other capital expenditures	160 000	110 000
<b>III. Investment activity cash flows, net (I-II)</b>	<b>-190 762</b>	<b>-112 442</b>
<b>C. Financial activity cash flows</b>		
<b>I. Cash inflows</b>	<b>0</b>	<b>0</b>
1. Net income from issuing shares (issue of shares) and other capital instruments and additional capital contributions	0	0
2. Credits and loans	0	0
3. Issue of debt securities	0	0
4. Other financial inflows	0	0
<b>II. Cash outflows</b>	<b>55 156</b>	<b>60 192</b>
1. Acquisition of own shares (stock)	0	0
2. Dividends and other payments to owners	51 346	56 315
3. Other than distributions to owners expenditures on the distribution of profit	0	0
4. Repayment of credits and loans	0	0
5. Acquisition of debt securities	0	0
6. Due to other financial liabilities	0	0
7. Payments related to financial lease liabilities	2 828	3 036
8. Interest income	982	841
9. Other financial outflows	0	0
<b>III. Financial activity cash flows, net (I-II)</b>	<b>-55 156</b>	<b>-60 192</b>
<b>D. Total cash flows, net (A.III+/-B.III+/-C.III)</b>	<b>-26 904</b>	<b>5 266</b>
<b>E. Balancing change of cash balance including:</b>	<b>-27 249</b>	<b>5 663</b>
- change of cash flows balance due to FX gains/losses	-345	397
<b>F. Opening cash balance</b>	<b>137 182</b>	<b>131 916</b>
<b>G. Closing cash balance (F+/-D), of which:</b>	<b>110 278</b>	<b>137 182</b>
- restricted cash	5 133	2 389

## 2. ADDITIONAL INFORMATION AND EXPLANATIONS

### 2.1. EXPLANATORY NOTES TO BALANCE SHEET

#### Note 1a

<b>Intangible assets</b>	<b>2021</b>	<b>2020</b>
a) costs of completed development works	0	0
b) goodwill	0	0
c) acquired concessions, patents, licenses and equivalents including:	26	0
- computer software	26	0
d) other intangible assets	0	0
e) advances against intangible assets	0	0
<b>Total Intangible assets</b>	<b>26</b>	<b>0</b>

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**Note 1b**

Changes in the balance of intangible assets (by category)	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	0	0	7 380	7 380	0	0	<b>7 380</b>
b) additions (due to)	0	0	26	26	0	0	<b>26</b>
- purchase	0	0	26	26	0	0	<b>26</b>
c) reductions (due to)	0	0	0	0	0	0	<b>0</b>
- liquidation	0	0	0	0	0	0	<b>0</b>
d) closing balance of intangible assets, gross	0	0	7 406	7 406	0	0	<b>7 406</b>
e) opening balance of accumulated depreciation	0	0	7 380	7 380	0	0	<b>7 380</b>
f) depreciation for the period (due to)	0	0	0	0	0	0	<b>0</b>
- accrued depreciation for the period	0	0	0	0	0	0	<b>0</b>
- liquidation	0	0	0	0	0	0	<b>0</b>
g) closing balance of accumulated depreciation	0	0	7 380	7 380	0	0	<b>7 380</b>
h) opening balance of impairment write-offs	0	0	0	0	0	0	<b>0</b>
i) closing balance of impairment write-offs	0	0	0	0	0	0	<b>0</b>
j) closing balance of intangible assets, net	0	0	26	26	0	0	<b>26</b>

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**Note 1c**

<b>Intangible assets (ownership structure)</b>	<b>2021</b>	<b>2020</b>
a) own intangible assets	26	0
b) used under a hire, rent or other agreement, including a lease contract, of which:	0	0
<b>Total intangible assets</b>	<b>26</b>	<b>0</b>

**Note 2a**

<b>Tangible fixed assets</b>	<b>2021</b>	<b>2020</b>
a) fixed assets, of which:	689 374	700 914
- lands (including right of perpetual usufruct to land)	54	54
- buildings, premises and civil engineering structures	118 580	112 433
- equipment and machinery	562 300	579 791
- means of transport	971	1 160
- other fixed assets	7 469	7 476
b) fixed assets under construction	59 117	62 007
c) advances against fixed assets under construction	21 329	3 336
<b>Total tangible fixed assets</b>	<b>769 820</b>	<b>766 257</b>

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### Note 2b

Changes in fixed assets (by category)						
	- lands (including right of perpetual usufruct to land)	- buildings, premises and civil engineering structures	- equipment and machinery	- means of transport	- other fixed assets	<b>Total fixed assets</b>
a) opening balance of fixed assets, gross	54	306 551	1 774 902	2 597	26 468	<b>2 110 572</b>
b) additions (of which)	0	13 327	72 513	103	1 428	<b>87 371</b>
- from investments	0	13 327	70 279	0	1 428	<b>85 034</b>
- taking on leases	0	0	2 234	103	0	<b>2 337</b>
c) reductions (of which)	0	147	27 902	89	6	<b>28 144</b>
- disposal	0	0	2 947	89	0	<b>3 036</b>
- liquidation	0	147	22 227	0	6	<b>22 380</b>
- return to the Lessor once the contract has expired	0	0	2 728	0	0	<b>2 728</b>
d) closing balance of fixed assets, gross	54	319 731	1 819 513	2 611	27 890	<b>2 169 799</b>
e) opening balance of accumulated depreciation	0	194 063	1 194 974	1 437	18 992	<b>1 409 466</b>
f) depreciation for the accounting period of which:	0	7 033	62 102	203	1 429	<b>70 767</b>
- accrued depreciation for the period	0	7 180	88 609	292	1 435	<b>97 516</b>
- depreciation decline due to disposal and liquidation	0	147	23 779	89	6	<b>24 021</b>
- return to the Lessor once the contract has expired	0	0	2 728	0	0	<b>2 728</b>
g) closing balance of accumulated depreciation	0	201 096	1 257 076	1 640	20 421	<b>1 480 233</b>
h) opening balance of write-offs for impairment	0	55	137	0	0	<b>192</b>
- additions	0	0	0	0	0	<b>0</b>
- reductions	0	0	0	0	0	<b>0</b>
i) closing balance of write-offs for impairment	0	55	137	0	0	<b>192</b>
j) closing balance of fixed assets, net	54	118 580	562 300	971	7 469	<b>689 374</b>

**Tire Company Dębica S.A.**

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**Note 2c**

<b>Balance sheet fixed assets (ownership structure)</b>	<b>2021</b>	<b>2020</b>
a) own fixed assets	683 728	694 743
b) used under rental, tenancy or other contract including lease contract including	5 646	6 171
- leased assets	5 646	6 171
<b>Total balance sheet fixed assets</b>	<b>689 374</b>	<b>700 914</b>

**Note 2d**

<b>Off-balance fixed assets</b>	<b>2021</b>	<b>2020</b>
used under rental, tenancy or other contract including lease contract, including	49 486	49 849
- real estate used under a lease agreement according to the estimated gross value	0	0
- operational lease	825	1 188
- perpetual usufruct title to lands	48 661	48 661
<b>Total off-balance fixed assets</b>	<b>49 486</b>	<b>49 849</b>

**Note 3a**

<b>Change in intangible assets (by type groups)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	0	0
- computer software	0	0
b) additions, by titles	26	0
- computer software	26	0
c) reductions, by titles	0	0
- computer software	0	0
d) closing balance	26	0
- computer software	26	0

**Tire Company Dębica S.A.**

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**Note 3b**

<b>Long-term financial assets</b>	<b>2021</b>	<b>2020</b>
a) in related entities	0	0
- interests or shares	0	0
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
b) in jointly owned entities	0	0
- interests or shares	0	0
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
c) in associated entities	0	0
- interests or shares	0	0
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
d) in a major investor	0	0
- interests or shares	0	0
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
e) in a parent entity	0	0
- interests or shares	0	0
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
f) in other entities	101	74
- interests or shares	101	74
- debt securities	0	0
- other securities (by category)	0	0
- loans extended	0	0
- other long-term financial assets (by category)	0	0
Total long-term financial assets	101	74

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**Note 3c**

<b>Change of balance of long-term financial assets (by category)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	74	74
b) additions (of which)	27	0
- correction of recognition of shares in Centrum Utylizacji Opon Organizacja Odzysku S.A.	27	0
c) reductions (of which)	0	0
d) closing balance	101	74

As at the balance sheet date, the Company adjusted the value of shares held in Centrum Utylizacji Opon Organizacja Odzysku S.A. to the nominal value of shares (purchase price).



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### Note 3d

Shares/interest in other entities	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*:		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	% of share capital				
1	TIRE RECYCLING CENTER, RECOVERY ORGANISATION S.A.	Warsaw	Recovery and recycling of packaging and used waste (tires)	101	1 855	1 008	10,00%	10,00%	0	0

\*Data as of December 31, 2020

(latest available data as of the date of preparation of the financial statements by the Company)

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**Note 3e**

<b>Securities, interests and other long-term financial assets (by currency)</b>	<b>2021</b>	<b>2020</b>
a) in Polish currency	101	74
b) in foreign currencies (by currencies and after conversion into PLN)	0	0
b1. unit /EUR currency/ ...	0	0
<b>Total securities, interests and other long-term financial assets</b>	<b>101</b>	<b>74</b>

**Note 3f**

<b>Securities, interests and other long-term financial assets (by marketability)</b>	<b>2021</b>	<b>2020</b>
A. With limited marketability (balance sheet value)	101	74
a) interests and shares (balance sheet value):	101	74
- revaluation adjustments (for the period)	0	0
- value at the beginning of the period	0	0
- value according to prices of acquisition	101	74
b) bonds (balance sheet value):	0	0
- revaluation adjustments (for the period)	0	0
- value at the beginning of the period	0	0
- value according to prices of acquisition	0	0
c) other - by category (balance sheet value):	0	0
c1 valuation of embedded derivatives	0	0
- revaluation adjustments (for the period)	0	0
- value at the beginning of the period	0	0
- value according to prices of acquisition	0	0
Total value according to prices of acquisition	101	74
Total value at the beginning of the period	0	0
Total revaluation adjustments (for the period)	0	0
<b>Total balance sheet value</b>	<b>101</b>	<b>74</b>

**Note 4a**

Change of the balance of deferred income tax assets	2021	2020
1. Total opening balance of the deferred income tax assets, including:	19 013	17 292
a) included in the net financial income	19 013	17 292
costs of unpaid, unfinished or not made available payments, benefits and other receivables due to the titles specified in art. 12	7 921	7 941
value of created provisions for costs	6 515	4 767
provisions for revaluation write-offs	4 235	4 238
other	342	346
1a Valuation adjustment	0	0
2. Additions	2 632	2 586
a) included in the net financial income in the accounting period with reference to negative temporary differences (of which):	2 632	2 586
costs of unpaid, unfinished or not made available payments, benefits and other receivables due to the titles specified in art. 12	1 033	770
value of created provisions for costs	1 546	1 795
provisions for revaluation write-offs	20	14
other	33	7
2a Valuation adjustment	0	0
b) included in the net financial income in the accounting period in connection with tax loss (if which)	0	0
3. Reductions	1 998	865
a) included in the net financial income in the accounting period with reference to negative temporary differences (of which):	1 998	865
costs of unpaid, unfinished or not made available payments, benefits and other receivables due to the titles specified in art. 12	123	790
value of created provisions for costs	474	47
provisions for revaluation write-offs	1 350	17
other	51	11
b) included in the net financial income in the accounting period in connection with tax loss (if which)	0	0
4. Total closing balance of the deferred income tax assets, including:	19 647	19 013
a) included in the net financial income	19 647	19 013
costs of unpaid, unfinished or not made available payments, benefits and other receivables due to the titles specified in art. 12	8 831	7 921
value of created provisions for costs	7 587	6 515
provisions for revaluation write-offs	2 905	4 235
other	324	342
b) charged to equity	0	0
4A. Valuation adjustment	0	0
4B. Total closing balance of the deferred income tax assets, including:	19 647	19 013
c) charged to goodwill or negative goodwill	0	0

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**Note 5a**

<b>Inventory</b>	<b>2021</b>	<b>2020</b>
a) materials	92 777	68 943
b) intermediate products and work in progress	41 837	31 589
c) finished goods	3 381	1 776
d) merchandise	5	4
<b>Total inventory</b>	<b>138 000</b>	<b>102 312</b>

**Note 6a**

<b>Short-term receivables</b>	<b>2021</b>	<b>2020</b>
a) from related entities	403 164	366 461
- trade receivables, with maturity:	403 164	366 461
- below 12 months	403 164	366 461
b) from other entities in which the entity has equity exposure	0	0
- trade receivables, with maturity:	0	0
- below 12 months	0	0
- above 12 months	0	0
- claimed in court	0	0
- other	0	0
c) from other entities	37 042	24 708
- trade receivables, with maturity:	32 919	21 470
- below 12 months	32 919	21 470
- above 12 months	0	0
- due to taxes, customs, social and health insurance and other public law titles	3 773	2 383
- other	350	855
- claimed in court	0	0
Total short-term receivables, net	440 206	391 169
d) receivables revaluation write-downs	14 797	22 000
<b>Total short-term receivables, gross</b>	<b>455 003</b>	<b>413 169</b>

**Note 6b**

<b>Short-term receivables from related entities</b>	<b>2021</b>	<b>2020</b>
a) trade payables, of which:	403 164	366 461
- from parent company	1 296	954
- from other related entities	401 868	365 507
Total short-term receivables from related entities, net	403 164	366 461
<b>Total short-term receivables from related entities, gross</b>	<b>403 164</b>	<b>366 461</b>

**Tire Company Dębica S.A.**

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**Note 6c**

<b>Short-term receivables from non-related entities</b>	<b>2021</b>	<b>2020</b>
a) trade payables	32 919	21 470
b) due to taxes, customs, social and health insurance and other public law titles	3 773	2 383
c) other	350	855
Total short-term receivables from non-related entities, net	37 042	24 708
d) write-downs revaluating receivables from non-related entities	14 797	22 000
<b>Total short-term receivables from non-related entities, gross</b>	<b>51 839</b>	<b>46 708</b>

**Note 6d**

<b>Change of balance of write-downs revaluating short-term receivables</b>	<b>2021</b>	<b>2020</b>
Opening balance	22 000	22 090
a) additions (of which)	1 177	186
- setting up provisions	1 177	186
b) reductions (of which)	8 380	276
- utilization	7 812	25
- dissolution, paid	568	251
Closing balance of write-down revaluating short-term receivables	<b>14 797</b>	<b>22 000</b>

**Note 6e**

<b>Short-term receivables, gross (currency breakdown)</b>	<b>2021</b>	<b>2020</b>
a) in Polish currency	58 160	56 240
b) in foreign currencies (by currencies and after conversion into PLN)	396 843	356 929
b1. unit /currency '000/USD	66	61
'000 PLN	269	230
b2. unit /currency '000/EUR	86 223	77 270
'000 PLN	396 574	356 587
b3. unit /currency '000/GBP	0	22
'000 PLN	0	112
<b>Total short-term receivables</b>	<b>455 003</b>	<b>413 169</b>

## Tire Company Dębica S.A.

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### Note 6f

Gross trade receivables from other entities - with maturity counted from balancing date	2021	2020
a) below 1 month	8 257	39
b) from 1 to 3 months	21 445	16 328
c) from 3 to 6 months	0	0
d) from 6 months to 1 year	0	0
e) above 1 year	0	0
f) overdue receivables	18 014	27 103
Total trade receivables, gross	47 716	43 470
g) write-downs revaluating trade receivables	-14 797	-22 000
<b>Total trade receivables, net</b>	<b>32 919</b>	<b>21 470</b>

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

Overdue trade receivables, gross – with the following ageing structure	2021	2020
a) below 1 month	504	795
b) from 1 to 3 months	92	71
c) from 3 to 6 months	23	80
d) from 6 months to 1 year	130	36
e) above 1 year	17 265	26 121
Total overdue trade receivables, gross	18 014	27 103
f) write-downs revaluating overdue trade receivables	14 797	22 000
<b>Total overdue trade receivables, net</b>	<b>3 217</b>	<b>5 103</b>

### Note 7a

Gross short-term receivables amount to PLN 455,003 thousand, including PLN 18,014 thousand of overdue receivables.

Write-offs amount to PLN 14,797 thousand, including PLN 14,797 thousand relating to overdue receivables.

Gross long-term receivables do not exist.

Trade receivables claimed in court PLN 17 387 thousand.

Provision for trade receivables claimed in court PLN 14 687 thousand.

## Tire Company Dębica S.A.

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### Note 8a

Short-term financial assets	2021	2020
a) other related entities	500 000	400 000
- loans extended	500 000	400 000
b) cash and other cash assets	110 320	137 569
- cash in hand and cash at bank	110 320	137 569
<b>Total short-term financial assets</b>	<b>610 320</b>	<b>537 569</b>

### Note 8b

Short-term loans extended (by currency)	2021	2020
a) in Polish currency	500 000	400 000
b) in foreign currencies (by currencies and after conversion into PLN)	0	0
other currencies in '000 PLN	0	0
<b>Total short-term loans extended</b>	<b>500 000</b>	<b>400 000</b>

### Note 8c

Cash and cash equivalents (by currency)	2021	2020
a) in Polish currency	83 086	121 243
b) in foreign currencies (by currencies and after conversion into PLN)	27 234	16 326
b1. unit /currency '000/USD	84	130
'000 PLN	339	489
b2. unit /currency '000/EUR	5 848	3 432
'000 PLN	26 895	15 837
other currencies in '000 PLN	0	0
<b>Total cash and cash equivalents</b>	<b>110 320</b>	<b>137 569</b>

### Note 9a

Short-term prepayments	2021	2020
a) cost prepayments including:	2 449	2 162
- property insurance	1 225	1 209
- other	1 224	953
<b>Total short-term prepayments</b>	<b>2 449</b>	<b>2 162</b>

### Note 10a

The write-down of inventories was made as a result of prudent valuation of materials, products and goods.

For 12 months of 2021, the revaluation of non-financial assets amounted to PLN 96 thousand and concerned the inventory of materials (PLN 93 thousand) and finished goods (PLN 3 thousand).

At the same time, the value of the write-down on materials was adjusted (decreased) by PLN 16 thousand, which in the profit and loss account decreased the cost of products sold.

## Tire Company Dębica S.A.

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### Note 11a

Share Capital (structure)								
				in '000 PLN				
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 i B	DĘBICA	-		10 100 000	80 800	cash	23.05.1995	09.05.1995
C	DĘBICA	-		3 702 750	29 622	cash	11.04.1996	01.01.1996
<b>Total number of shares</b>				<b>13 802 750</b>				
<b>Total share capital</b>					<b>110 422</b>			
<b>Par value per share (in PLN)</b>				<b>8,00</b>				

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\*.
- In 2021, there were no changes in the shareholding structure of the Company.

\* 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

Supplementary capital	2021	2020
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)	21 507	21 433
- reposting of reserve capital from revaluation of fixed assets –liquidated and disposed of	19 823	19 749
- 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
<b>Total supplementary capital</b>	<b>327 741</b>	<b>327 667</b>



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**Note 13a**

<b>Revaluation capital</b>	<b>2021</b>	<b>2020</b>
a) revaluation of fixed assets	64 336	64 410
b) from profits/losses from the valuation of financial instruments, including	0	0
- from the valuation of hedging instruments	0	0
c) deferred tax assets	481	481
<b>Total revaluation capital</b>	<b>64 817</b>	<b>64 891</b>

**Note 14a**

<b>Other reserve capital (by purpose)</b>	<b>2021</b>	<b>2020</b>
- 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	22 395

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<b>Other reserve capital (by purpose)</b>	<b>2021</b>	<b>2020</b>
- allocation of 2019 profits to the reserve capital, with an option of distribution among shareholders	56 424	56 424
- allocation of 2020 profits to the reserve capital, with an option of distribution among shareholders	17 046	0
<b>Total other reserve capitals</b>	<b>615 385</b>	<b>598 339</b>

**Note 15a**

<b>Change in the balance of provision for deferred income tax</b>	<b>2021</b>	<b>2020</b>
1. Opening balance of the deferred income tax provision, including:	49 901	37 315
a) included in the net financial income	49 901	37 315
difference between accounting and tax treatment of depreciation	49 427	36 825
interest charged to and not received from the contractors including interests on extended loans (credits)	60	136
prepayments	410	354
other	4	0
2. Additions	10 576	12 819
a) included in the net financial income in the accounting period with reference to positive temporary differences (of which):	10 576	12 819
difference between accounting and tax treatment of depreciation	10 264	12 759
interest charged to and not received from the contractors including interests on extended loans (credits)	205	0
prepayments	107	56
other	0	4
3. Reductions	205	233
a) included in the net financial income in the accounting period with reference to positive temporary differences (of which):	205	233
difference between accounting and tax treatment of depreciation	155	157
interest charged to and not received from the contractors including interests on extended loans (credits)	0	76
prepayments	48	0
other	2	0
4. Total closing balance of the deferred income tax provision	60 272	49 901
a) included in the net financial income	60 272	49 901
difference between accounting and tax treatment of depreciation	59 536	49 427
interest charged to and not received from the contractors including interests on extended loans (credits)	265	60
prepayments	469	410
other	2	4
4a. Total closing balance of the deferred income tax provision	60 272	49 901

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**Note 15b**

<b>Change in the balance of long-term provision for retirement benefits and equivalents (by title)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	11 341	10 449
- retirement gratuities	11 055	10 206
- other employee benefits due, but unpaid	286	243
b) additions (of which)	379	1 528
- retirement gratuities	0	1 242
- other employee benefits due, but unpaid	379	286
c) utilization (of which)	932	636
- retirement gratuities	646	393
- other employee benefits due, but unpaid	286	243
d) dissolution (of which)	0	0
- retirement gratuities	0	0
- other employee benefits due, but unpaid	0	0
e) closing balance	10 788	11 341
- retirement gratuities	10 409	11 055
- other employee benefits due, but unpaid	379	286

**Note 15c**

<b>Change in the balance of short-term provision for retirement benefits and equivalents (by title)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	31 182	27 926
- retirement gratuities	652	559
- other employee benefits due, but unpaid	30 530	27 367
b) additions (of which)	27 402	30 622
- retirement gratuities	19	93
- other employee benefits due, but unpaid	27 383	30 529
c) utilization (of which)	23 299	27 366
- retirement gratuities	0	0
- other employee benefits due, but unpaid	23 299	27 366
d) dissolution (of which)	0	0
- retirement gratuities	0	0
- other employee benefits due, but unpaid	0	0
e) closing balance	35 285	31 182
- retirement gratuities	671	652
- other employee benefits due, but unpaid	34 614	30 530

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**Note 15d**

<b>Change in balance of other long-term provisions (by title)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	239	218
- tire warranties extended	239	218
b) additions (of which)	191	99
- tire warranties extended	191	99
c) utilization (of which)	0	78
- tire warranties extended	0	78
d) dissolution (of which)	17	0
- tire warranties extended	17	0
e) closing balance	413	239
- tire warranties extended	413	239

**Note 15e**

<b>Change in balance of other short-term provisions (by title)</b>	<b>2021</b>	<b>2020</b>
a) opening balance	0	4 159
- restructuring provision (severance pays for laid-off workers)	0	4 159
b) additions (of which)	1 084	0
- restructuring provision (severance pays for laid-off workers)	1 084	0
c) utilization (of which)	0	1 924
- restructuring provision (payment of severance pays to laid-off workers)	0	1 924
d) dissolution (of which)	0	2 235
- restructuring provision (severance pays for laid-off workers)	0	2 235
e) closing balance	1 084	0
- restructuring provision (severance pays for laid-off workers)	1 084	0

**Note 16a**

<b>Long-term liabilities</b>	<b>2021</b>	<b>2020</b>
a) to other entities	3 449	3 682
- credits and loans	0	0
- related to the issue of debt securities	0	0
- other financial liabilities, of which:	3 449	3 682
- financial lease contracts	3 449	3 682
- other (by category)	0	0
- embedded derivatives	0	0
<b>Total long-term liabilities</b>	<b>3 449</b>	<b>3 682</b>

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**Note 16b**

<b>Long-term liabilities with maturity from balancing date</b>	<b>2021</b>	<b>2020</b>
a) from 1 to 3 years	2 847	2 871
b) from 3 to 5 years	602	811
c) above 5 years	0	0
<b>Total long-term liabilities</b>	<b>3 449</b>	<b>3 682</b>

**Note 16c**

<b>Long-term liabilities (by currency)</b>	<b>2021</b>	<b>2020</b>
a) in Polish currency	3 449	3 682
<b>Total long-term liabilities</b>	<b>3 449</b>	<b>3 682</b>

## Tire Company Dębica S.A.

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### Note 16d

#### Long-term liabilities related to credits and loans

Name of entity (company)	Registered office	Credit /loan amount under Agreement				Amount of credit/loan to be repaid				Terms of payment		Securities & collaterals
		including legal status	('000 PLN)	currency	unit	currency	('000 PLN)	currency	unit	currency	interest rate	
BANK PEKAO S.A.	WARSZAWA	60 000	0	('000 PLN)	PLN	0	0	('000 PLN)	PLN	WIBOR 1M + 1.30%	31.10.2023	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	WARSZAWA	40 000	0	('000 PLN)	PLN	0	0	('000 PLN)	PLN	WIBOR 1M + 1.00%	30.09.2022	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	WARSZAWA	45 000	0	('000 PLN)	PLN	0	0	('000 PLN)	PLN	WIBOR ON + 1.60%	30.09.2022	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
		145 000										

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**Note 17a**

<b>Short-term liabilities</b>	<b>2021</b>	<b>2020</b>
a) short term liabilities to related entities	168 193	112 932
a1) to parent entity	4 240	3 056
- credits and loans, of which:	0	0
- long-term under repayment	0	0
- related to the issue of debt securities	0	0
- dividend related	0	0
- other financial liabilities, of which:	0	0
- trade payables, with maturity:	4 240	3 056
- below 12 months	4 240	3 056
- above 12 months	0	0
- prepaid deliveries	0	0
- bill of exchange liabilities	0	0
- other (by category)	0	0
a2) to other related entities	163 953	109 876
- trade payables, with maturity:	163 953	109 876
- below 12 months	163 953	109 876
- dividend related	0	0
b) to other entities	539 819	438 699
- credits and loans, of which:	0	0
- long-term under repayment	0	0
- related to the issue of debt securities	0	0
- dividend related	0	0
- other financial liabilities, of which:	2 395	2 652
- financial lease contracts	2 395	2 652
- trade payables, with maturity:	501 221	397 276
- below 12 months	501 221	397 276
- above 12 months	0	0
- prepaid deliveries	0	0
- bill of exchange liabilities	0	0
- related to taxes, subsidies, custom duties, insurance and other	21 156	23 777
- wages and salaries	0	0
- other (by title)	15 047	14 994
- investment liabilities	15 047	14 994
- other	0	0
d) special funds (by title)	222	869
<b>Total short-term liabilities</b>	<b>708 234</b>	<b>552 500</b>

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### Note 17b

Short-term liabilities (by currency)	2021	2020
a) in Polish currency	212 885	195 875
b) in foreign currencies (by currencies and after conversion into PLN)	495 349	356 625
b1. unit /currency '000/USD	3 145	1 074
'000 PLN	12 770	4 035
b2. unit/currency '000/EUR	104 922	76 404
'000 PLN	482 579	352 590
b3. unit/currency '000/GBP	0	0
'000 PLN	0	0
<b>Total short-term liabilities</b>	<b>708 234</b>	<b>552 500</b>

### 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.



## 2.2. EXPLANATORY NOTES TO PROFIT AND LOSS ACCOUNT

## Note 19a

Net sales of products (by type of activity)	2021	2020
- revenues from the sales of rubber products	2 016 654	1 614 053
- of which: from related entities	2 014 336	1 609 504
- revenues from sales of services	22 159	21 031
- of which: from related entities	20 380	18 372
<b>Total net sales of products</b>	<b>2 038 813</b>	<b>1 635 084</b>
- of which: from related entities	2 034 716	1 627 876

## Note 19b

Net sales of products (by geographical area)	2021	2020
a) domestic market	3 731	8 752
- of which: from related entities	1 750	2 438
- revenues from the sales of rubber products	202	3 672
- of which: from related entities	0	0
- revenues from sales of services	3 529	5 080
- of which: from related entities	1 750	2 438
b) export markets	2 035 082	1 626 332
- of which: from related entities	2 032 966	1 625 438
- revenues from the sales of rubber products	2 016 452	1 610 381
- of which: from related entities	2 014 336	1 609 504
- revenues from sales of services	18 630	15 951
- of which: from related entities	18 630	15 934
<b>Total net sales of products</b>	<b>2 038 813</b>	<b>1 635 084</b>
- of which: from related entities	2 034 716	1 627 876

## Note 20a

Net sales of commodities and materials (by type of activity)	2021	2020
- revenues from the sales of materials	43 384	8 987
- of which: from related entities	43 384	8 987
- revenues from the sales of commodities	260 631	171 104
- of which: from related entities	0	0
<b>Total net sales of commodities and materials</b>	<b>304 015</b>	<b>180 091</b>
- of which: from related entities	43 384	8 987

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**Note 20b**

<b>Net sales of commodities and materials (by geographical area)</b>	<b>2021</b>	<b>2020</b>
a) domestic market	260 631	171 104
- of which: from related entities	0	0
- revenues from the sales of materials	0	0
- of which: from related entities	0	0
- revenues from sales of commodities	260 631	171 104
- of which: from related entities	0	0
b) export markets	43 384	8 987
- of which: from related entities	43 384	8 987
- revenues from the sales of materials	43 384	8 987
- of which: from related entities	43 384	8 987
- revenues from sales of commodities	0	0
- of which: from related entities	0	0
<b>Total net sales of commodities and materials</b>	<b>304 015</b>	<b>180 091</b>
- of which: from related entities	43 384	8 987

**Note 21a**

<b>Costs by category</b>	<b>2021</b>	<b>2020</b>
a) amortization	97 516	96 515
b) material and energy consumption	1 485 760	1 079 473
c) third party services	130 130	123 828
d) taxes and charges	9 438	8 349
e) wages and salaries	238 278	216 777
f) social insurance and other benefits	76 411	67 812
g) other costs by category (of which)	11 649	12 700
- advertising and entertainment costs	2 779	1 955
- business travel	215	298
- costs of relations with purchasing groups	0	1 999
- distribution costs	0	1 568
- property insurance	4 487	3 959
- contributions to the State Fund for Rehabilitation of the Disabled	3 585	2 166
- other	583	755
Total costs by type	2 049 182	1 605 454
Change in the balance of inventory, products and prepayments	-11 852	-7 398
Manufacturing costs of products for own consumption of the entity (negative value)	-8 600	-46 388
Cost of sales (negative value)	-15 055	-15 813
General management and administration costs (negative value)	-9 386	-8 835
<b>Manufacturing costs of products sold</b>	<b>2 004 289</b>	<b>1 527 020</b>

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In the yearly report for 2021, there was a presentation change in the scope of cash bonuses due to customers from sales costs to net sales deduction. The value of cash bonuses in the yearly report for 2020 included in costs of sale amounted to PLN 3,567.0 thousand. This change has a neutral impact on the level of operating profit and operating profit margin.

### Note 22a

Other operating income	2021	2020
a) dissolved provisions (of which)	0	2 372
- provision for restructuring costs	0	2 235
- provision for liquidation of a fixed asset	0	137
b) other, of which:	320	16 861
- subsidy from Guaranteed Employee Benefits Fund	0	16 551
- refunded costs of dispute proceedings	12	4
- gain on the disposal of non-financial fixed assets	212	212
- compensation for bad quality of raw materials	6	15
- received compensations from Social Security Institution and Tax Office	68	63
- other operating income	22	16
<b>Total other operating income</b>	<b>320</b>	<b>19 233</b>

### Note 23a

Other operating expenses	2021	2020
a) set up provisions (of which)	1 258	21
- restructuring expenses	1 084	0
- provision for warranties extended	174	21
b) other, of which:	453	37 728
- expenses related to dispute procedure	20	27
- scrapping of products and materials	117	94
- donations and contributions to the organisations	169	166
- inventory differences	0	439
- costs of non-utilized production capacity	0	36 449
- liquidation of fixed assets	131	0
- return of subsidy from the Guaranteed Employee Benefits Fund	0	518
- other operating expenses	16	35
<b>Total other operating expenses</b>	<b>1 711</b>	<b>37 749</b>

### Note 23b

Revaluation of non-financial assets includes:

- write-down in the amount of PLN 609 thousand concerning overdue trade receivables,
- PLN 96 thousand write-off on non-current stocks of materials and products subject to prudent valuation.

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**Note 24a**

<b>Financial income from dividend and shares in profits</b>	<b>2021</b>	<b>2020</b>
a) from other entities, of which:	0	0
- from other entities	0	0
<b>Total financial income from dividend and shares in profits</b>	<b>0</b>	<b>0</b>

**Note 24b**

<b>Financial gains related to interest income</b>	<b>2021</b>	<b>2020</b>
a) loans extended	7 782	2 879
- from related entities, of which:	7 782	2 879
- from parent entity	7 782	2 879
- from other entities	0	0
b) other interests	21	291
- from non-related entities	21	291
- from other entities	21	291
<b>Total financial gains related to interest income</b>	<b>7 803</b>	<b>3 170</b>

**Note 24c**

<b>Other financial gains</b>	<b>2021</b>	<b>2020</b>
a) foreign exchange gains	0	1 764
- realised	0	2 054
- non-realised	0	-290
b) other (of which)	27	0
- other financial gains	27	0
<b>Total other financial gains</b>	<b>27</b>	<b>1 764</b>

**Note 25a**

<b>Financial costs related to interest expense</b>	<b>2021</b>	<b>2020</b>
a) on credits and loans	15	15
- for non-related entities, of which:	15	15
- for other entities	15	15
b) other interest expenses	1 869	1 839
- for non-related entities, of which:	1 869	1 839
- for other entities	1 869	1 839
<b>Total financial costs related to interest expense</b>	<b>1 884</b>	<b>1 854</b>

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**Note 25b**

Other financial expenses	2021	2020
a) foreign exchange losses, of which:	2 026	0
- realised	-1 051	0
- non-realised	3 077	0
<b>Total other financial expenses</b>	<b>2 026</b>	<b>0</b>

**Note 26a**

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**

Current income tax	2021	2020
1. Gross profit/loss	54 800	83 336
2. Differences between gross profit (loss) and income tax base (by title)	-48 000	-54 236
Non-taxable income in the current year	3 621	0
A. Permanent differences	6 871	2 947
Non-deductible costs and losses, including	6 871	2 947
receivables written off as irrecoverable (VAT amount)	1 556	25
interest on late payments - receivables of the budget	527	194
payments to State Fund for the Rehabilitation of the Disabled	3 542	2 161
expenses, subject to point 30, for the costs of using passenger cars (for the purposes of business activities) that are not components of the taxpayer's property	92	108
compensation for accidents at work and occupational diseases	23	60
contributions to organizations to which the taxpayer's membership is not compulsory	49	14
donations and offerings of any kind, except as provided for by law	156	115
representation costs, in particular incurred for catering services, purchase of food and beverages, including alcoholic beverages	16	39
VAT not recovered on export consignments and non-confirmed correction invoices	13	13
costs of general liability policies which are not CIT pursuant to Article 15 par.1 of the CIT Act	672	0
other causes	225	218
B. Temporary differences	51 250	57 183
Positive, of which:	54 587	66 240
difference between accounting and tax treatment of depreciation	53 208	66 328
interest charged to and not received from the contractors including interests on extended loans (credits)	1 076	-402
prepayments	303	314

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<b>Current income tax – cont.</b>	<b>2021</b>	<b>2020</b>
Negative, of which	-3 337	-9 057
costs of unpaid, unfinished or not made available payments, benefits and other receivables due to the titles specified in art. 12	-4 793	103
revaluation write-offs	7 000	15
accrued expenses and provisions for liabilities	-5 396	-9 140
other causes (total of items, where each valued at below PLN 20 thousand)	-148	-35
<b>3. Income tax base (before deductions)</b>	<b>6 800</b>	<b>29 100</b>
4. Income covered by the special economic zone permit	0	7 632
5. Income tax base (after deductions)	6 800	21 468
<b>6. Income tax at 19 %</b>	<b>1 292</b>	<b>4 079</b>
7. Taxable income in the current year relating to previous years, including adjustment of income on transactions with related entities	5 747	0
other	3 594	0
<b>8. Income tax at 19% relating to income from previous years</b>	<b>1 092</b>	<b>0</b>
<b>9. Total current portion of income tax recognized (reported) in the tax return for the period, including</b>	<b>2 384</b>	<b>4 079</b>
- that posted into the Profit and Loss Account	2 384	4 079

In 2021, the Company did not use the corporate income tax relief. The due tax relief resulting from the permit No. 134/ARP/2008 dated February 27, 2008 to conduct business activities in the Special Economic Zone Euro-Park Mielec was fully utilized in the years 2013-2020

### Note 27b

<b>Deferred income tax</b>	<b>2021</b>	<b>2020</b>
- decrease (increase) due to the occurrence and reversal of temporary differences	9 737	10 865
<b>Total deferred income tax</b>	<b>9 737</b>	<b>10 865</b>

### Note 28a

Distribution of net profit for 2020:

dividend to shareholders: PLN 51,346 thousand, which was paid on December 17, 2021

increase of reserve capital: PLN 17,046 thousand

Total net profit: PLN 68,392 thousand

The proposal to allocate net profit for 2021 in the amount of PLN 42,679 thousand will be presented by the Management Board at the Annual General Meeting of Shareholders to be held in accordance with Article 395 of the Commercial Companies Code.

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### **Note 29a**

For the calculation of earnings per share, the net profit for 2021 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.

### 2.3. EXPLANATORY NOTES TO CASH FLOW STATEMENT

I. Cash assets – see Note 8a point b).

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.

Period	31.12.2021	31.12.2020
1. Cash and cash equivalents according to item 3.1.b of assets, including:	110 320	137 569
- cash at bank	110 313	137 559
- cash in hand	7	10
2. Adjustment of balance sheet valuation of foreign currencies	42	387
3. Cash assets for the Cash Flow Statement	110 278	137 182

II. Discrepancies between balance sheet changes in the balance of liabilities, and changes in those items shown in the cash flow statement:

Period	31.12.2021	31.12.2020
balance sheet change	155 734	43 558
Adjustments:		
change in liabilities triggered by fixed assets under construction	-52	-12 246
change in short-term financial lease liabilities	257	36
repayment of financial lease instalments	0	0
Total adjustments	205	-12 210
In the Cash Flow Statement	155 939	31 348



### **3. ADDITIONAL EXPLANATORY NOTES**

#### **1. Inventory revaluation write-offs**

In the accounting year 2021, the Company did not make any fixed assets revaluation write-offs.

As at 31.12.2021, the balance of impairment losses on fixed assets amounted to PLN 192 thousand.

As at 31.12.2021, the balance of inventory write-downs amounted to PLN 377 thousand, including:

- for products: PLN 0 thousand,
- materials: PLN 377 thousand.

The balance of inventory write-downs in 2020 amounted to PLN 300 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 2021 financial 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 program

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 39 634 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 2021, 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**

The cost of construction in progress in 2021 amounted to PLN 59,117 thousand (in 2020 - PLN 62,007 thousand); including exchange differences increasing the cost of production amounted to PLN 273 thousand (in 2020 - PLN 93 thousand).

Interest increasing the cost of production did not occur.

The cost of fixed assets for own use amounted to PLN 8,600 thousand (in 2020: PLN 46,389 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 2021, capital expenditures totalled PLN 100 162 thousand, including PLN 6 476 thousand on environmental protection. The planned capital expenditures in 2021 amount to PLN 150 395 thousand (for environmental protection PLN 11 467 thousand).

## **11. Information about extraordinary or incidental revenues or costs**

None.

### **12.1. Transactions with related parties that were concluded on conditions other than at arms-length**

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.

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### 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	2020	2021	Women	Men
Total	2 984	3 016	495	2 521
including:				
white-collar workers	296	280	99	181
blue-collar workers	2 688	2 736	396	2 340

### 16. Remuneration of management and supervisory personnel

Remuneration paid and accrued (including profit sharing) to the Management Board and Supervisory Board for 2021 amounted to PLN 6,133.4 thousand:

#### Remuneration of Management Board members (in '000 PLN):

1. Leszek Szafran	1 164,1
2. Ireneusz Maksymiuk	872,7
3. Michał Mędrek	605,6
4. Mirosław Maziarka*	1 249,9
<b>Total:</b>	<b>3 892,3</b>

\* Costs incurred by the Company based on invoices received for compensation in connection with the employment by Goodyear SA Luxembourg

#### Remuneration of Supervisory Board members (in '000 PLN):

1. Łukasz Rędziniak	149.4
2. Janusz Raś	137.4
3. Andrzej Kowal	168.8
4. Agnieszka Modras	35.6
5. Marek Piekoś	112.5
<b>Total:</b>	<b>603.7</b>

Other Supervisory Board members did not receive remuneration.

**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 12.08.2021, an agreement was concluded with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw, ul. Polna 11, for the audit and review of the financial statements for 2021.

Pursuant to the agreement, the fee due for the audit and review of the financial statements for 2021 is PLN 302,000 (2020: PLN 285,000).

In addition, in 2021, the statutory auditor provided the service of evaluating the Report of the Supervisory Board on the remuneration of the members of the Management Board and members of the Supervisory Board for the years 2019-2020, based on the engagement letter dated May 5, 2021. The remuneration for the service amounted to PLN 25,000.

The Management Board informs that, based on the statement of the Supervisory Board, the entity authorized to audit financial statements, auditing the annual financial statements of the Company for 2021 was selected in accordance with the provisions of law and that this entity and the auditors performing this audit met the conditions for issuing an impartial and independent audit report, in accordance with the provisions of national law.

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

None.

**21. Other information that may significantly affect the assessment of the property, financial position and financial result**

### **21.1. Impact of the coronavirus pandemic COVID-19**

Management has continued to monitor the impact of the COVID-19 pandemic on the Company's financial, business and operational aspects since the beginning of the pandemic and has made appropriate decisions to ensure business continuity and a safe and stable situation for the Company. The scale of the Company's operations is and will be adjusted to the current market situation

#### 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 the personnel whose work can be performed without a need for physical presence in the company can work remotely.

##### c) Tire production constraints

During 2021 Company has not experienced production disruptions related to the COVID-19 pandemic.

##### d) Monitoring market conditions.

The Company monitors the market situation and order levels on an ongoing basis to adapt its operations to the rapidly changing market situation.

##### e) Monitoring the supply chain for materials and services.

The Company monitors the status of the supply of strategic raw materials and other materials and 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. The Company smoothly fulfills all commercial obligations towards contractors, obligations towards employees and all public and legal obligations.

##### b) Monitoring of loans extended

As at the balance sheet date, December 31, 2021, loans extended to Goodyear amounted to PLN 500 million, 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

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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.

### 3. Continuation of sales and distribution activities

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.

In the opinion of the Management Board, the data for 2021 should not be treated as a source of indications or forecasts regarding the Company's results in subsequent periods due to dynamically changing business circumstances, including: increased level of market uncertainty, uncertainty as to the further impact of the pandemic COVID-19 on the economy, industry, business partners of the Company and consumer behavior.

## 21.2. Tax audit results

In the Current Report No. 6/2021 published on 17 May 2021, the Management Board of Firma Oponiarska Dębica S.A. informed about receiving the result of a customs and tax inspection carried out by the Małopolska Customs and Tax Office in the scope of fulfilling the obligations of a corporate income tax payer for the years 2016 and 2017 ("Control", "Audit Result"). In the period covered by the Control, the Company, as a remitter, benefited under the Corporate Income Tax Act from an exemption from the obligation to collect withholding tax in relation to royalties under the technical assistance and licensing agreement (about the conclusion of which it informed in the Current Report No. 17/2014, and about the termination of which from January 1, 2018 it informed in the Current Report No. 2/2018). As a result of the audit, it was found that the Company unduly benefited from the exemption from withholding tax collection. The Company does not agree with the Audit Result and believes that the use of the above-mentioned exemption was correct.

In the Current Report no. 8/2021 published on 20 May 2021, the Management Board of Firma Oponiarska Dębica S.A. informed about the decision to pay tax liability for 2016 in the amount of PLN 7.3 million together with interest for late payment in the amount of PLN 2.8 million and payment of tax liability for 2017 in the amount of PLN 8.2 million together with interest for late payment in the amount of PLN 2.5 million. At the same time, the Management Board informed that the above liability together with interest will be returned to the Company by the Company's parent companies, i.e. The Goodyear Tire & Rubber Company with its registered office in Akron, Ohio, USA and Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg, and thus the payment of the above-mentioned amounts will not affect the financial result of the Company.

The payment of the above-mentioned amounts and their return took place in May 2021, and did not significantly affect the Company's financial result for 12 months of 2021.

In the Current Report No. 7/2020 published on 24 April 2020, the Management Board of Firma Oponiarska Dębica S.A. informed about receiving the result of a customs and tax inspection carried out by the Małopolska Customs and Tax Office in the scope of fulfilling the obligations of a corporate income tax payer for the year 2014 ("Control", "Audit Result"). In the period covered by the Control, the Company, as a remitter, benefited under the Corporate Income Tax Act from an exemption from the

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obligation to collect withholding tax in relation to royalties under the technical assistance and licensing agreement (about the conclusion of which it informed in the Current Report No. 17/2014, and about the termination of which from January 1, 2018 it informed in the Current Report No. 2/2018). As a result of the audit, it was found that the Company unduly benefited from the exemption from withholding tax collection. The Company does not agree with the Audit Result and believes that the use of the above-mentioned exemption was correct.

In the Current Report no. 11/2021 published on 16 June 2021, the Management Board of Firma Oponiarska Dębica S.A. informed about the decision to pay tax liability for 2014 in the amount of PLN 6.7 million together with interest for late payment in the amount of PLN 3.5 million. At the same time, the Management Board informed that the above liability together with interest will be returned to the Company by the Company's parent companies, i.e. The Goodyear Tire & Rubber Company with its registered office in Akron, Ohio, USA and Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg, and thus the payment of the above-mentioned amounts will not affect the financial result of the Company.

The payment of the above-mentioned amounts and their return took place in June 2021, and did not significantly affect the Company's financial result for 12 months of 2021.

In the Current Report No. 10/2020 published on 18 May 2020, the Management Board of Firma Oponiarska Dębica S.A. informed about receiving the result of a customs and tax inspection carried out by the Małopolska Customs and Tax Office in the scope of fulfilling the obligations of a corporate income tax payer for the year 2015 ("Control", "Audit Result"). In the period covered by the Control, the Company, as a remitter, benefited under the Corporate Income Tax Act from an exemption from the obligation to collect withholding tax in relation to royalties under the technical assistance and licensing agreement (about the conclusion of which it informed in the Current Report No. 17/2014, and about the termination of which from January 1, 2018 it informed in the Current Report No. 2/2018). As a result of the audit, it was found that the Company unduly benefited from the exemption from withholding tax collection. The Company does not agree with the Audit Result and believes that the use of the above-mentioned exemption was correct.

In the Current Report no. 11/2021 published on 16 June 2021, the Management Board of Firma Oponiarska Dębica S.A. informed about the decision to pay tax liability for 2015 in the amount of PLN 8.0 million together with interest for late payment in the amount of PLN 3.8 million. At the same time, the Management Board informed that the above liability together with interest will be returned to the Company by the Company's parent companies, i.e. The Goodyear Tire & Rubber Company with its registered office in Akron, Ohio, USA and Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg, and thus the payment of the above-mentioned amounts will not affect the financial result of the Company.

The payment of the above-mentioned amounts and their return took place in June 2021, and did not significantly affect the Company's financial result for 12 months of 2021.

The Management Board of Firma Oponiarska Dębica S.A. has decided to correct tax liabilities in terms of fulfilling the obligations of the corporate income tax payer for 2018 and payment of tax in the amount of PLN 1.8 million and interests for late payment in the amount of PLN 0.5 million. The payment was made in the month of June 2021. The tax liability together with interest was returned to the Company by the Company's parent companies, i.e. The Goodyear Tire & Rubber Company with its registered office in Akron, Ohio, USA and Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg in June 2021. Thus, the payment of the above-mentioned amounts did not significantly affect the Company's financial result for 12 months of 2021.

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On 23 August 2021 company received audit result of a customs and fiscal control conducted by the Head of the Małopolska Customs and Tax Office in Kraków initiated on 19 August 2019, with respect to compliance with the provisions of the Corporate Income Tax Act of 15 February 1992 - regarding taxation of income earned for 2016. In the course of the customs and fiscal control, irregularities were found in the scope of: 1) the determination of the amount of remuneration for loans granted in 2016 by the Company to related entity Goodyear S.A., based in Luxembourg, 2) the reporting of the costs of severance payments paid to the Company's employees in connection with employment restructuring. As a result, it was found that Firma Oponiarska Dębica S.A. understated its revenue for 2016 by the amount of PLN 241,979.45. This revenue should be qualified as related to non-special economic zone activities. In addition, it was found that the Company incorrectly reported the amount of PLN 879,921.21 as revenue and as deductible costs in the income tax settlement for 2016.

On 23 August 2021 company received audit result of a customs and fiscal control conducted by the Head of the Malopolska Customs and Tax Office in Kraków initiated on 9 June 2020, with respect to compliance with the provisions of the Corporate Income Tax Act of 15 February 1992 - regarding taxation of income earned for 2017. In the course of the customs and fiscal control, irregularities were found in the scope of: 1) determination of the amount of remuneration received by the Company in the audited period on account of loans granted to related entity Goodyear S.A. with its registered office in Luxembourg, 2) overstatement of tax deductible costs related to employment restructuring. As a result, it was found that Firma Oponiarska Dębica S.A. understated its revenue for 2017 by the amount of PLN 678,760.27. In addition it was also found that the Company overstated the exempted costs related to special economic zone activities by the amount of PLN 291,804.63.

After reviewing audit results of the above-mentioned two tax controls and analyzing the available scenarios for further action, the Company decided to adjust its settlements for the years from 2016 to 2020 to the results of controls. On 26 August 2021 The Company paid tax arrears in the amount of PLN 115,952.00 with interests in the amount of PLN 31,539.00 and on 14 September 2021 the Company made the payment of tax arrears for the remaining years in the amount of PLN 295,780.00 with interests in the amount of PLN 45,085.00.

Remuneration for loans granted by the Company was adjusted to the results of the inspection and in October 2021 the related entity Goodyear S.A. paid the interest due for the years of 2016-2021 in the amount of PLN 4,674,657.00.

### **21.3 Consideration of climate change**

The Company's management is aware of the issues related to the impact of climate change. However, this issue does not currently have a material impact on the financial statements and its future effects on the Company's operations and business plans are difficult to predict. The Board of Directors will continue to monitor issues related to the impact of climate change on its business and take appropriate action depending on developments.

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



### **22.1 Impact of the political and economic situation in Ukraine**

Since the beginning of the war in Ukraine, the Company has been monitoring the impact of the war on its operations. The Company does not have manufacturing facilities or offices in Ukraine, Russia or Belarus. It also does not sell its products directly in these countries.

While some of the raw materials used in production at the Debica plant are sourced from conflict-affected areas, the Company cooperates on an ongoing basis with Goodyear's purchasing centers to reduce risks associated with the unavailability of raw materials and to provide alternative sources of supply.

The Company is continually evaluating the potential impact of the political and economic situation in Ukraine that may affect its business operations. As events unfold, management will take appropriate steps to minimize the negative impact on the Company's business.

### **23. 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.

### **24. 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).

### **25. Differences between data disclosed in the report and previously published reports**

None.

### **26. Changes in the accounting principles used and the method for drawing up the financial statement**

None.

### **27. Adjustments of fundamental errors**

None.

### **28. 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.

## Tire Company Dębica S.A.

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

In the accounting year 2021 no merger took place to which the Company would be a party.

### 30. 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.

### 31. 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).

### 32. 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.

### 33. Other information - extended loans

In 2021, the Company extended four (4) short-term loans to Goodyear S.A. Luxembourg.

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

Agreement date	13.12.2019	13.12.2019	26.06.2020	25.09.2020	11.12.2020	15.12.2020
maturity date (loan repayment)	03.03.2020	11.12.2020	25.06.2021	24.09.2021	10.12.2021	26.02.2021
contractual compensation	WIBOR1R + 0,45%					
loan amount ('000 PLN)	25 000	105 000	115 000	120 000	105 000	60 000
Interest received in 2021 ('000 PLN)	3	10	229	356	542	41
Interest received in 2021 related 2016-2020 according to special agreement ('000 PLN)	0	10	228	342	296	42
principal of the loans as of 31.12.2021 ('000 PLN)	0	0	0	0	0	0
interest accrued as of 31.12.2021 ('000 PLN)	0	0	0	0	80	0

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Agreement date	25.06.2021	06.09.2021	08.12.2021	08.12.2021	28.10.2021	Razem
maturity date (loan repayment)	24.06.2022	23.09.2022	09.12.2022	01.02.2022		
contractual compensation	WIBOR1R + 0,45%					
loan amount ('000 PLN)	175 000	120 000	105 000	100 000		
Interest received in 2021 ('000 PLN)	572	283	0	0		2 036
Interest received in 2021 related 2016-2020 according to special agreement ('000 PLN)	163	0	0	0	3 594	4 675
principal of the loans as of 31.12.2021 ('000 PLN)	175 000	120 000	105 000	100 000	0	500 000
interest accrued as of 31.12.2021 ('000 PLN)	458	314	195	135	0	1 181

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

### 34. Cash accumulated in the VAT account

The amount of cash accumulated in the VAT account as at December 31, 2021 totalled PLN 4 906 thousand (in 2020 this amount totalled PLN 1 520 thousand).

### 35. Information on transactions with related entities

Transaction	Company name	2021	2020
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Dalian Tire Company Ltd.	17 002	7 578
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Malaysia Berhad	22	10
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Germany GmbH	15 364	10 182
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Operations S.A.	1 994 455	1 576 743
Sale of finished products, goods, raw materials and semi-finished products	Goodyear S.A.	111	2 440
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Slovenija d.o.o.	2 599	701
Sale of finished products, goods, raw materials and semi-finished products	Goodyear France	543	479
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Amiens	1 876	1 234
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Lastikleri T.A.S.	12 053	2 993
Sale of finished products, goods, raw materials and semi-finished products	Goodyear South Africa LTD	825	325
Sale of finished products, goods, raw materials and semi-finished products	Goodyear do Brasil Productos de Borracha LTDA	1 350	733
Sale of finished products, goods, raw materials and semi-finished products	Goodyear De Colombia S.A	465	347

## Tire Company Dębica S.A.

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Transaction – cont.	Company name	2021	2020
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Canada INC	2 439	1 967
Sale of finished products, goods, raw materials and semi-finished products	Goodyear International Corporation	0	63
Sale of finished products, goods, raw materials and semi-finished products	Goodyear SLP S de RL de CV	245	107
Sale of finished products, goods, raw materials and semi-finished products	Goodyear Tire & Rubber Company	8 362	5 223
Sale of finished products, goods, raw materials and semi-finished products	Goodyear India Limited	10	0
Sale of finished products, goods, raw materials and semi-finished products	PT Goodyear Indonesia Tbk.	8	0
Sale of intra-group services	Goodyear Germany GmbH	1 823	1 493
Sale of intra-group services	Goodyear Hungary Kft.	2	2
Sale of intra-group services	Goodyear Czech s.r.o.	26	22
Sale of intra-group services	Goodyear Tires Netherlands	163	134
Sale of intra-group services	Goodyear Belgium	29	23
Sale of intra-group services	Goodyear Operations S.A.	15 932	13 804
Sale of intra-group services	Goodyear Mounting Solutions SA	0	0
Sale of intra-group services	Goodyear Romania S.R.L.	11	9
Sale of intra-group services	Goodyear Slovakia s.r.o.	13	11
Sale of intra-group services	Goodyear Tyres UK Limited	6	5
Sale of intra-group services	Goodyear Slovenija d.o.o.	397	11
Sale of intra-group services	Goodyear Polska Sp. z o.o.	1 750	2 438
Sale of intra-group services	Goodyear France	0	90
Sale of intra-group services	Goodyear Amiens	0	24
Sale of intra-group services	Goodyear South Africa LTD	0	269
Sale of intra-group services	Goodyear S.A.	202	37
Sale of intra-group services	Goodyear Lastikleri T.A.S.	0	0
Sale of intra-group services	Goodyear Tire & Rubber Company	19	0
Purchase of goods, raw materials, semi-finished products	Goodyear Orient Co PTE LTD	567 880	188 287
Purchase of goods, raw materials, semi-finished products	Goodyear Germany GmbH	32	81
Purchase of goods, raw materials, semi-finished products	Goodyear Operations S.A.	298 194	219 155
Purchase of goods, raw materials, semi-finished products	Goodyear S.A.	4 275	7 590
Purchase of goods, raw materials, semi-finished products	Goodyear Lastikleri T.A.S.	765	10
Purchase of goods, raw materials, semi-finished products	Goodyear Tire & Rubber Company	41 105	15 745
Purchase of goods, raw materials, semi-finished products	Goodyear Slovenija d.o.o.	58	0
Purchase of goods, raw materials, semi-finished products	Goodyear International Corporation	3	0
Purchase of goods, raw materials, semi-finished products	Goodyear South Africa LTD	343	0
Purchase of goods, raw materials, semi-finished products	Goodyear do Brasil Productos de Borracha LTDA	38	0

**Tire Company Dębica S.A.**

## Financial Statement for the accounting year 2021

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<b>Transaction – cont.</b>	<b>Company name</b>	<b>2021</b>	<b>2020</b>
Purchase of goods, raw materials, semi-finished products	Goodyear Dalian Tire Company Ltd	14	0
Purchase of intra-group services	Goodyear Operations S.A.	5 603	42
Purchase of intra-group services	Goodyear S.A.	1 957	1 237
Purchase of intra-group services	Goodyear Slovenija d.o.o.	1	475
Purchase of intra-group services	Goodyear Polska Sp. z o.o.	8 986	5 721
Purchase of intra-group services	Goodyear Lastikleri T.A.S.	28	0
Purchase of intra-group services	Goodyear Tire & Rubber Company	1 672	0
Purchase of intra-group services	Goodyear Germany Gmbh	42	0
Purchase of tangible fixed assets	Goodyear Germany GmbH	592	11
Purchase of tangible fixed assets	Goodyear Operations S.A.	1 601	2 418
Purchase of tangible fixed assets	Goodyear S.A.	23 527	32 212
Purchase of tangible fixed assets	Goodyear Slovenija d.o.o.	759	162
Purchase of tangible fixed assets	Goodyear Lastikleri T.A.S.	684	388
Purchase of tangible fixed assets	Goodyear Tire & Rubber Company	2 201	381
Purchase of tangible fixed assets	Goodyear South Africa LTD	183	0
Sale of tangible fixed assets	Goodyear Operations S.A.	1 248	888
Sale of tangible fixed assets	Goodyear Lastikleri T.A.S.	183	862
Sale of tangible fixed assets	Goodyear S.A.	0	81
Sale of tangible fixed assets	Goodyear South Africa LTD	127	0
Revenue from financial instruments	Goodyear S.A.	7 782	2 879

**Signatures of all Management Board Members of T.C. Dębica S.A.**

**Leszek Szafran** President of the Management Board,  
Chief Commercial Officer (CCO) \_\_\_\_\_

**Ireneusz Maksymiuk** A Management Board member,  
Chief Financial Officer (CFO) \_\_\_\_\_

**Anna Winiarska-Miśkowiec** A Management Board member,  
**General Counsel** \_\_\_\_\_

**Marko Nahtigal** A Management Board member,  
Chief Production Officer (CPO) \_\_\_\_\_

**Signature of person who was entrusted with book keeping**

**Anna Bolanowska** Financial Controller \_\_\_\_\_

**Date of report:** **11 May 2022**