

KDPW |
CCP

ANNUAL REPORT

2 0 2 2

www.kdpwccp.pl

1. KEY INFORMATION ABOUT KDPW_CCP

- 1.1. Core business
- 1.2. Corporate bodies
- 1.3. KDPW Group

2. OPERATIONS

- 2.1. Transaction clearing – organised trading
- 2.2. Transaction clearing – OTC trade
- 2.3. Transaction clearing liquidity guarantee system

3. MAIN AREAS OF DEVELOPMENT IN 2022

- 3.1. Preparing KDPW_CCP to provide clearing services for conditional transactions in the ATS market segment for organised trading
- 3.2. Preparing KDPW_CCP for CSDR settlement discipline requirements
- 3.3. Adaptation of KDPW_CCP S.A.'s regulations and procedures for the purposes of recovery and resolution for CCPs and for credit institutions and investment firms (BRRD).
- 3.4. Extension of KDPW_CCP services available in the GUI for clearing members to include a financial instrument auction mechanism
- 3.5. Modernisation of the clearing risk management system in connection with the implementation of the validation recommendations
- 3.6. Development of a risk management system for OTC transactions

4. KEY STATISTICS OF KDPW_CCP

5. BALANCE SHEET

6. PROFIT AND LOSS ACCOUNT

7. AUDITOR'S REPORT

1. KEY INFORMATION ABOUT KDPW_CCP

KDPW_CCP is a modern clearing house

which clears transactions using a range of mechanisms to systemically reduce the risk of default by the parties to transactions.

1. KEY INFORMATION ABOUT KDPW_CCP

1.1 Core business

According to the applicable legislation and the KDPW_CCP Statute, the core business of the company in 2022 included:

- to clear transactions concluded in financial instruments;
- to operate a transaction clearing liquidity guarantee system;
- to promote information and perform educational activities concerning the capital market.

Furthermore, under the Statute, the Company may conduct activities involving :

- performance of functions of an exchange settlement institution for transactions concluded on commodity markets;
- other forms of lending – cash loans outside of the banking system;
- other financial services not classified elsewhere, excluding insurance and pension funds – other financial intermediation related mainly to distribution of cash other than by lending, concluding hedging transactions.

1. KEY INFORMATION ABOUT KDPW_CCP

1.2 Corporate bodies

The Company's corporate bodies are
**the General Meeting, the Supervisory Board,
and the Management Board.**

General Meeting

In 2022, Krajowy Depozyt Papierów Wartościowych was the sole shareholder of the Company.

Supervisory Board

In 2022, the Supervisory Board of the fifth term of office was comprised of:

- **Dr Marek Dietl** (Chairperson),
- **Jacek Fotek** (Deputy Chairperson),
- **Paweł Kołkiewicz** (Independent Member),
- **Dr Mirosław Panek** (Independent Member),
- **Paweł Sobolewski**,
- **Dr Renata Wojciechowska** (Independent Member).

1. KEY INFORMATION ABOUT KDPW_CCP

1.2 Corporate bodies

Management Board

In 2022, the Management Board of KDPW_CCP was comprised of:



Maciej
Trybuchowski

PRESIDENT



Sławomir
Panasiuk

VICE-PRESIDENT

1. KEY INFORMATION ABOUT KDPW_CCP

1.3 KDPW Group

KDPW_CCP is a member of the Krajowy Depozyt Papierów Wartościowych S.A. Group (KDPW Group), of which Krajowy Depozyt Papierów Wartościowych S.A. is the parent entity. KDPW holds 100% of KDPW_CCP.

The KDPW Group provides the capital market with core services including the operation of a securities depository, clearing and settlement of transactions, as well as a range of complementary services, including trade reporting, provision of market information and data, and issuance of identification codes to financial instruments and market participants.

The activities of the KDPW Group's companies are regulated by national and EU laws and are subject to the supervision of both the Polish supervisory authority (KNF) and the European supervisory authority (ESMA).

Both companies have obtained European authorisations to provide services within the European Union.



1/3 THE STATE TREASURY

1/3 THE NATIONAL BANK OF POLAND

1/3 THE WARSAW STOCK EXCHANGE

2. OPERATIONS

2.1 Transaction clearing – organised trading

In performing the clearing of transactions in organised trading, KDPW_CCP performs the following functions:

- operating a system of clearing and collateral accounts;
- registering transactions that are to be cleared and transfers of open positions following transactions executed in the derivatives market in the relevant clearing accounts;
- registering in clearing accounts positions arising from transactions that are to be cleared and operations related to such positions,
- calculating the amounts of cash and non-cash payments that parties to transaction clearing or KDPW_CCP are obliged to meet,
- sending to KDPW instructions to settle cleared transactions in securities,
- sending to the National Bank of Poland (NBP) instructions to execute cash payments arising from the clearing of transactions in derivatives;
- submitting derivatives transaction reports to the KDPW trade repository.

In 2022, KDPW_CCP cleared transactions on GPW and BondSpot regulated markets and alternative trading systems covered by the transaction clearing liquidity guarantee system based on a multi-tiered SPAN risk management system.

On the basis of an authorisation issued by the KNF, as of April 2022, the clearing house KDPW_CCP started clearing conditional (repo) transactions concluded in organised trading (the Treasury BondSpot Poland alternative trading system). The addition of repo clearing to the KDPW_CCP service range was part of the Capital Market Development Strategy developed by the Ministry of Finance in 2019 in cooperation with capital market institutions. Despite the implementation of a comprehensive repo clearing service at KDPW_CCP in cooperation with BondSpot, another element of the Strategy and a success factor of the project, the exemption of repo transactions cleared by a central counterparty from bank tax, was not implemented at that time (the exemption did not come into force until 1 January 2023). Following the implementation, 653 transactions were cleared in 2022 with a value of PLN 34,152,035,000.

2. OPERATIONS

2.1 Transaction clearing – organised trading

The table below presents the statistics of transactions cleared in 2021 and 2022:

MARKET	NUMBER OF TRANSACTIONS CLEARED IN 2022	NUMBER OF TRANSACTIONS CLEARED IN 2021	CHANGE (%)
Regulated cash market (GPW and BondSpot)	33 708 365	34 674 749	-2.79%
Alternative trading systems (GPW and BondSpot)	1 744 866	3 103 649	-43.78%
Derivatives market (GPW)	6 015 770	4 349 536	38.31%
Total:	41 469 001	42 127 934	-1.56%

In 2022, in addition to the uncertainty and volatility caused by the Covid-19 coronavirus pandemic in the Polish and global capital markets, the volume of trading and consequently the number of transactions cleared by KDPW_CCP was mainly driven by the events which started in February 2022 with Russia's aggression against Ukraine.

2. OPERATIONS

2.1 Transaction clearing – organised trading

The value of transactions in 2022 was as follows:

TRANSACTION VALUE	2022 R. (PLN'000)	2021 R. (PLN'000)	CHANGE (%)
Regulated cash market (GPW and BondSpot)	295,820,906	319,351,334	-7.37%
Alternative trading systems (GPW and BondSpot)	114,084,522	70,837,628	61.05%
Derivatives market (GPW)	365,400,756	271,601,103	34.54%
Total	775,306,184	661,790,065	17.15%

In 2022, KDPW_CCP continued the clearing of Treasury bond transactions in the alternative trading system TBSP operated by BondSpot, which started in October 2020.

2. OPERATIONS

2.1 Transaction clearing – organised trading

The turnover volume in derivatives on GPW by class in 2022 was as follows (comparative data for 2021 included):

	WOLUMEN OBROTU 2022 R.	WOLUMEN OBROTU 2021 R.	ZMIANA WOLUMENU (%)
Futures	15 280 089	11 707 149	30,52%
index futures	9 396 272	5 456 107	72,22%
single-stock futures	1 883 632	2 267 567	-16,93%
FX futures	4 000 185	3 983 475	0,42%
Index options	314 226	277 995	13,03%
Total:	15 594 315	11 985 144	30,11%

The 2022 summary shows a year-on-year increase in the number of futures transactions due to increased uncertainty in this market throughout the reporting period.

Interest in FX futures was supported throughout 2022 by promotional transaction and clearing fees offered jointly by GPW and KDPW_CCP including the High Volume Provider and High Volume Funds programmes in which more than a dozen GPW traders participate

2. OPERATIONS

2.2 Transaction clearing – OTC trade

In performing the clearing of transactions in OTC trading, KDPW_CCP performs the following functions:

- operating a system of clearing and collateral accounts;
- accepting for clearing transactions concluded or confirmed on relevant electronic platforms;
- registering in clearing accounts positions arising from transactions that are to be cleared and operations related to such positions,
- calculating the amounts of cash and non-cash payments that parties to transaction clearing or KDPW_CCP are obliged to meet,
- sending to KDPW instructions to settle cleared transactions in securities,
- sending to NBP instructions to execute cash payments arising from the clearing of transactions in derivatives;
- submitting derivatives transaction reports to the KDPW trade repository.

In 2022, KDPW_CCP's clearing system was ready to clear OTC transactions in the following PLN and EUR derivatives covered by the transaction clearing guarantee liquidity system based on a multi-tiered Expected Shortfall risk management system:

- Forward Rate Agreement (FRA);
- Interest Rate Swap (IRS);
- Overnight Index Swap (OIS);
- Basis Swap;
- REPO and sell/buy-back (in Polish Treasury bonds).

On 19 December 2022, KDPW_CCP launched the clearing and risk management of OTC derivatives in the kdpw_stream system, terminating production use of third-party clearing systems. The number of OTC transactions sent by domestic banks to KDPW_CCP for clearing decreased year on year in 2022.

2. OPERATIONS

2.2 Transaction clearing
– OTC trade

The table below presents the number of OTC transactions cleared by KDPW_CCP in 2021 and 2022:

	NUMBER OF TRANSACTIONS IN 2022	NUMBER OF TRANSACTIONS IN 2021	CHANGE (%)
Number of cleared transactions	1,974	2,486	-21.68%
Transactions by instrument:			
Number of FRAs	173	138	25.36%
Number of IRS and Basis Swaps	1,774	2,348	-24.45%
Number of OIS	0	0	0

The value of OTC transactions accepted for clearing by KDPW_CCP in 2021 and 2022 was as follows:

	VALUE OF TRANSACTIONS IN 2022 (PLN'000)	VALUE OF TRANSACTIONS IN 2021 (PLN'000)	CHANGE (%)
Value of cleared transactions	242,577,632	272,500,727	-10.98%
Transactions by instrument:			
Value of FRAs	57,952,000	36,606,000	58.31%
Value of IRS and Basis Swaps	184,625,632	235,894,727	-21.73%
Value of OIS	0	0	0

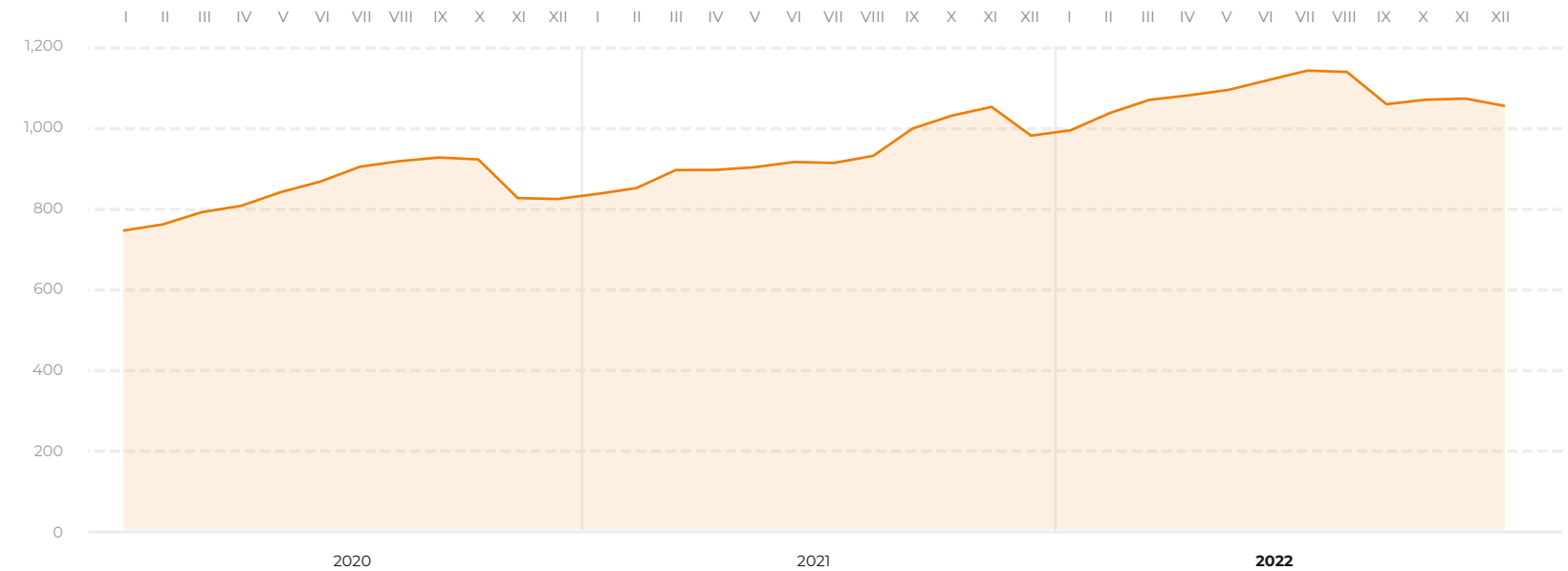


2. OPERATIONS

2.2 Transaction clearing – OTC trade

THE VALUE OF OTC TRANSACTIONS PENDING CLEARING IN THE KDPW_CCP SYSTEM WAS AS FOLLOWS:

(PLN mn)



KDPW_CCP received few trades in EUR for clearing in 2021. Banks which are OTC clearing members presented 4 trades for clearing in KDPW_CCP in a total amount of EUR 15,027,887.83.

2. OPERATIONS

2.3 Transaction clearing liquidity guarantee system

In the transaction clearing liquidity guarantee system, KDPW_CCP performs the following functions:

- collecting and managing assets that form the clearing fund and the relevant guarantee fund;
- organising the automatic securities lending and borrowing system and the negotiated securities lending and borrowing system in co-operation with KDPW;
- collecting and managing assets that form margins.

The table below presents the amount of resources of the funds as at 31 December 2022:

FUND	NUMBER OF CLEARING MEMBERS		VALUE OF CONTRIBUTIONS (PLN'000)		CHANGE (%)
	2022	2021	2022	2021	
Clearing Fund (regulated market GPW and BondSpot)	27	26	587,911.76	391,756.14	50.07%
GPW BondSpot ATS Guarantee Fund	26	27	26,618.77	16,977.79	56.79%
On-demand Securities Lending Guarantee Fund	0	0	0	0.00	0.00
OTC Guarantee Fund	12	12	191,947.58	496,391.93	-61.33%
Total:			806,478.11	905,125.86	-10.90%

2. OPERATIONS

2.3 Transaction clearing
liquidity guarantee system

The table below presents the value of margins deposited by clearing members as at 31 December 2021 and as at 31 December 2022. The increase/decrease is a reflection of the conditions on the capital market in 2022:

MARGIN	VALUE OF PARTICIPANTS' MARGINS, 2022 YE (PLN'000)	VALUE OF PARTICIPANTS' MARGINS, 2021 YE (PLN'000)	CHANGE 2021/2022 (%)
Initial deposit	649,951.42	567,406.70	14.55%
Initial margin	506,027.34	535,437.34	-5.49%
ATS initial deposit	137,765.95	107,525.89	28.12%
ATS initial margin	48,903.24	23,472.15	108.35%
OTC initial deposit	96,880.06	87,916.21	10.20%
OTC initial margin	565,353.23	411,679.28	37.33%
Total:	2,004,881.23	1,733,437.57	15.66%

Following the decision of the KNF and ESMA approving changes to the margining model for organised and OTC trading, KDPW_CCP implemented modifications on 25 April 2022 to include additional components of total risk, i.e., wrong way risk (WWR) and liquidity and concentration risk (LCR), in the calculation of margin requirements.

The margining model for the OTC market was changed from historical VaR to Expected Shortfall as of 1 April 2022.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.1 Preparing KDPW_CCP to provide clearing services for conditional transactions in the ATS market segment for organised trading

On 23-24 April 2022, in the spring implementation window, tools were implemented in KDPW_CCP's IT systems to support the clearing of repo transactions concluded on TBSP combined with changes to the processing of securities buy-ins. As of 25 April 2022, KDPW_CCP started providing a new service: the clearing of conditional (repo) transactions concluded on the Treasury BondSpot Poland platform (classic repo transactions in Treasury securities registered with KDPW, excluding index-linked bonds, according to a list published by BondSpot).

On the same day, KDPW_CCP made available in the GUI the securities buy-in and repo auctions functionalities.

The new functionality Auctions is available through the KDPW Group Services Portal online.kdpw.pl under KDPW_CCP Core Services, and all repo transactions cleared by KDPW_CCP in organised trading are covered by KDPW_CCP's reporting to the KDPW trade repository.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.2 Preparing KDPW_CCP for CSDR settlement discipline requirements

On 1 February 2022, in the winter implementation window, a new system was rolled out in the KDPW Group's IT systems for calculating cash penalties for late settlement, including mechanisms for the redistribution of penalties to counterparties by KDPW and KDPW_CCP, mechanisms for monitoring participants' timely settlement and assessing settlement efficiency, mechanisms for reporting to the supervisor, changes to the hold-release mechanism already in place, and changes to the processing of settlement orders relating to post-trade settlements.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.3 Adaptation of KDPW_CCP S.A.'s regulations and procedures for the purposes of recovery and resolution for CCPs and for credit institutions and investment firms (BRRD).

A new version of the Recovery Plan was completed in the second half of 2022, aligned with Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).

All elements of the document required by the CCP Recovery and Resolution Regulation were completed. In addition, the provisions of the Recovery Plan were updated in view of changes in the market environment. In the second half of August 2022, the Recovery Plan was submitted to the Risk Committee for its opinion, which suggested clarifying the provisions regarding the implementation of the Recovery Plan.

Following the relevant amendments and revisions, the Recovery Plan was approved by the KDPW_CCP Management Board and subsequently submitted to the KDPW_CCP Supervisory Board on 20 October 2022.

An application was drawn up to the Polish Financial Supervision Authority to review the KDPW_CCP Recovery Plan and assess the extent to which it meets the requirements set out in Article 9 of the Regulation of the European Parliament and of the Council (EU) 2021/23 of 16 December 2020 on a framework for the recovery and resolution of central counterparties. The application was submitted to the KNF on 26 October 2022.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.4 Extension of KDPW_CCP services available in the GUI for clearing members to include a financial instrument auction mechanism

On 23-24 April 2022, in the spring implementation window, KDPW_CCP made the securities buy-in and auction functionality available in the GUI.

The new Auctions functionality is available through the KDPW Group Services Portal online.kdpw.pl under KDPW_CCP Core Services. The auctions module is designed to support KDPW_CCP's handling of securities buy-in offers.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.5 Modernisation of
the clearing risk management
system in connection
with the implementation
of the validation
recommendations

On 23-24 April 2022, a new risk management model was implemented in KDPW_CCP's IT systems, expanded to include add-ons covering liquidity and concentration risk and wrong way risk.

The KNF approved KDPW_CCP's proposed changes to the margining models on 26 January 2022, and a positive validation decision was issued by ESMA on 2 February 2022. In the next phase of the project, during the second half of 2022, the specification was reviewed and updated for the redesign of the kdpw_stream data processing scheme in relation to the calculation of the risk parameters covered by the automation.

Work continued on the specification of requirements for the automation of the SPAN risk parameter determination process and the update of the testing programme, i.e., reverse stress testing, sensitivity testing, and back testing. According to the approved schedule, project work in this area was finalised by the end of 2023.

3. MAIN AREAS OF DEVELOPMENT IN 2022

3.6 Development of a risk management system for OTC transactions

A proprietary OTC derivatives clearing system was rolled out on 17-18 December 2022. The new system is one of the clearing modules of the kdpw_stream system and includes new solutions for communication with participants using system messages in the FpML standard.

System messages were adjusted to the newly implemented functionalities to the extent of services provided to banks which are parties to OTC transactions. Importantly, new proprietary functionalities were added to the system, including trade compression, banks' access to post-clearing information via external GUIs, and risk management: determination of interest rate curves, valuation of financial instruments, calculation of margin components, calculation of contributions to the OTC guarantee fund, test programme calculations, and handling member default.

The new OTC system will improve the quality of provided clearing services (standardisation of messages, including adaptation of native messages to the changes requested by OTC participants, expansion of the use of messages in FpML format (supported by Markit and LCH, among others)), speed up the operations, provide a GUI interface, increase flexibility and reduce costs for future changes to clearing services and the risk management system.

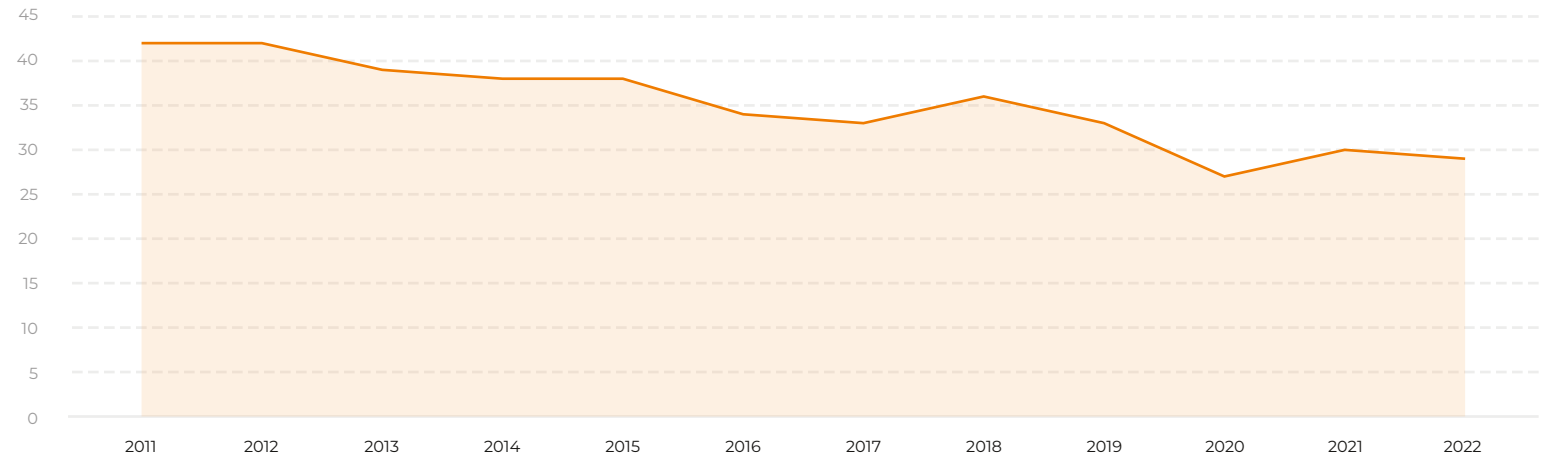
Importantly, the legacy system from Nasdaq was replaced with a proprietary solution developed in-house by the KDPW Group.



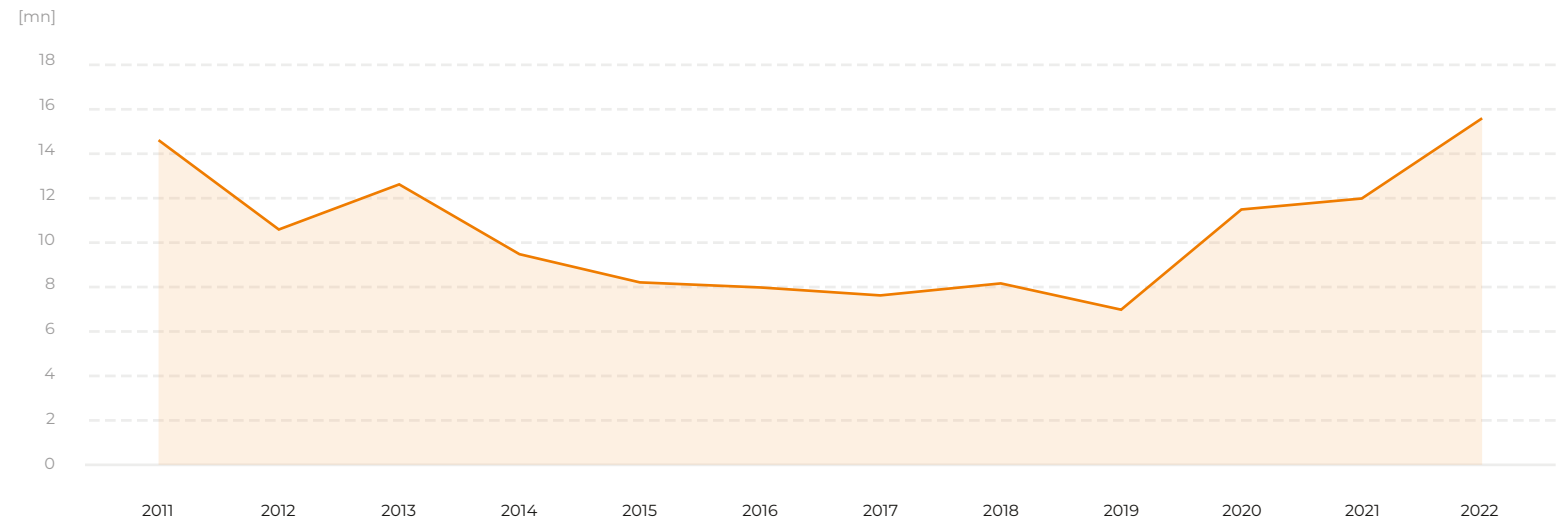
4. KEY STATISTICS OF KDPW_CCP

- organised trading

Number of KDPW_CCP clearing members (regulated trade)



Volume of derivatives cleared on the derivatives market by KDPW_CCP

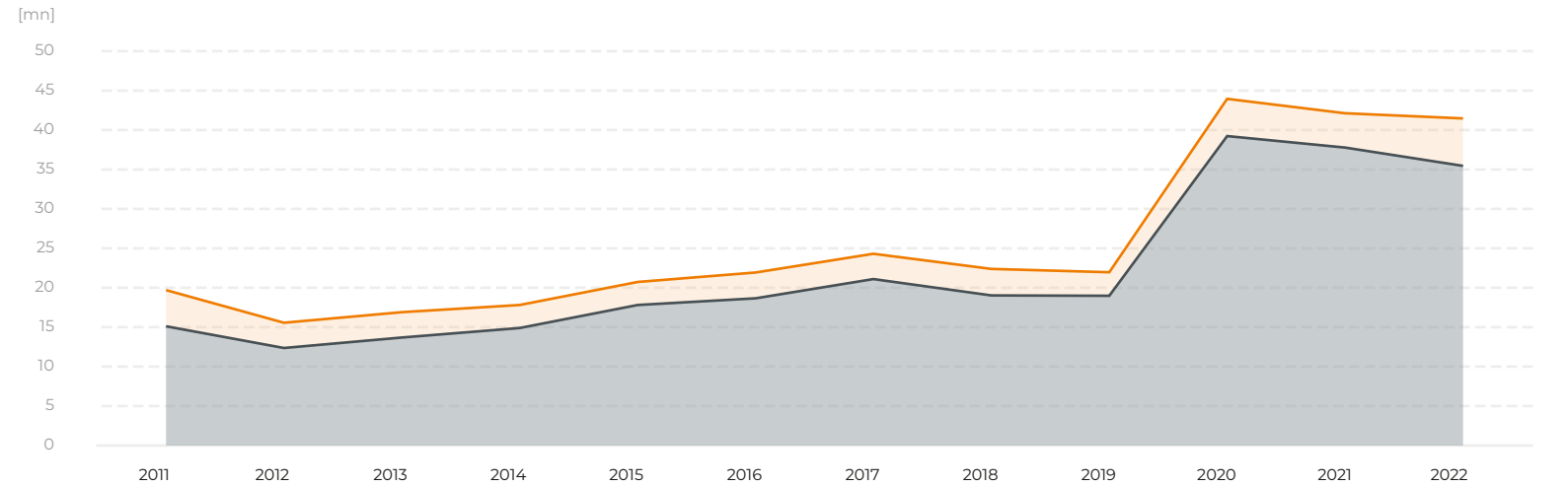




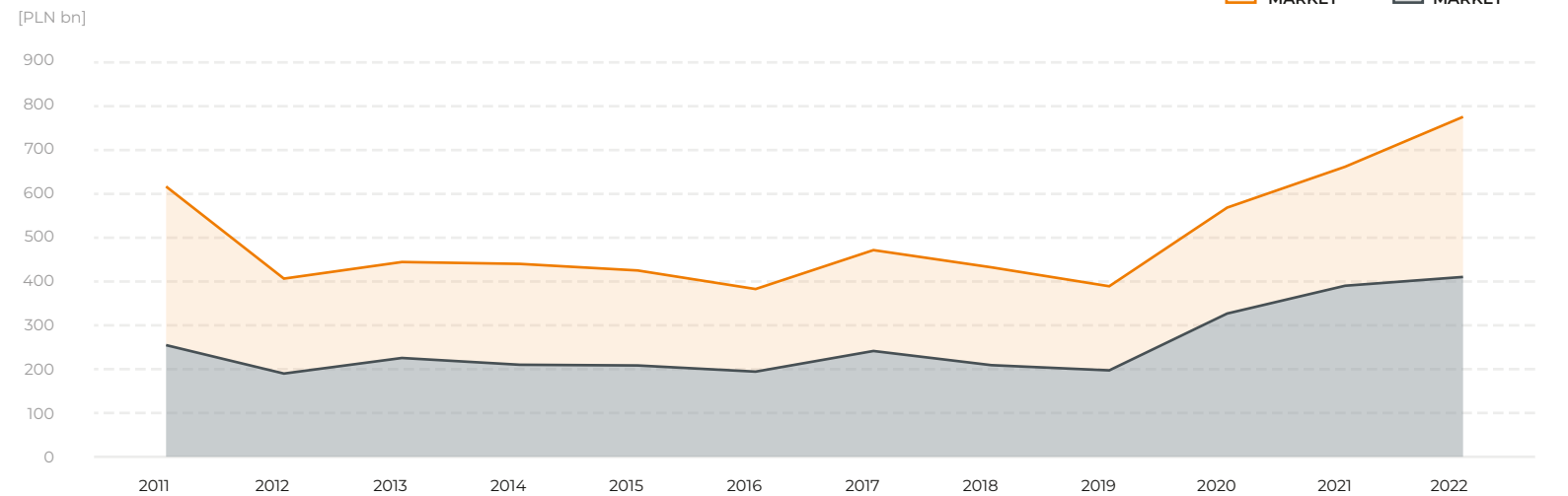
4. KEY STATISTICS
OF KDPW_CCP
- organised trading

*single-counted transactions

Number of guaranteed transactions cleared on the secondary market by KDPW_CCP*



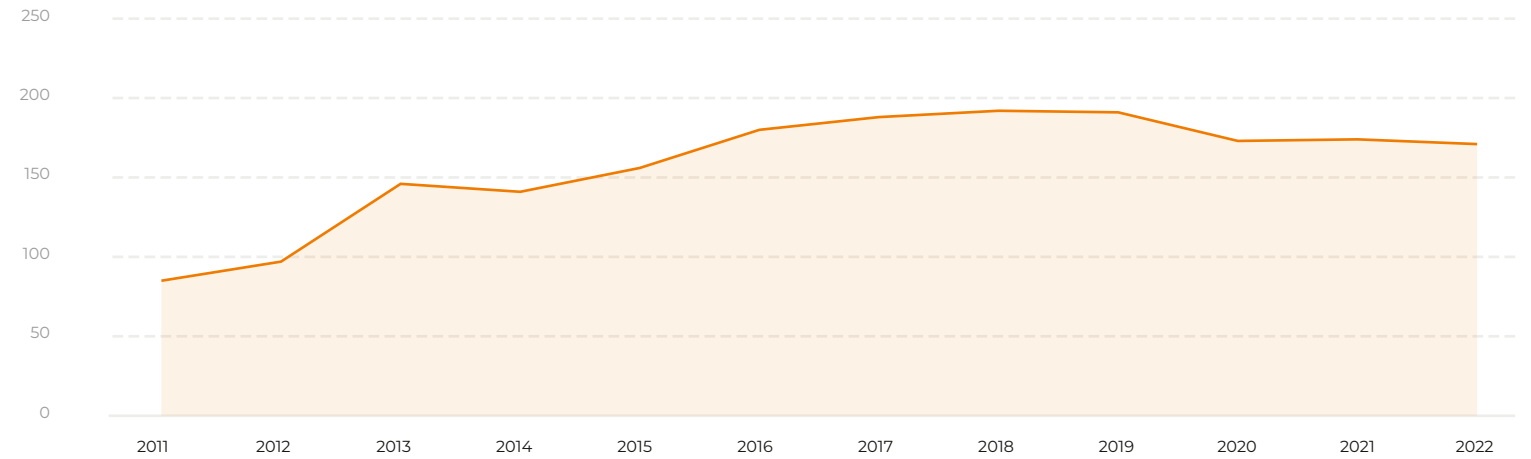
Value of guaranteed transactions cleared on the secondary market by KDPW_CCP*





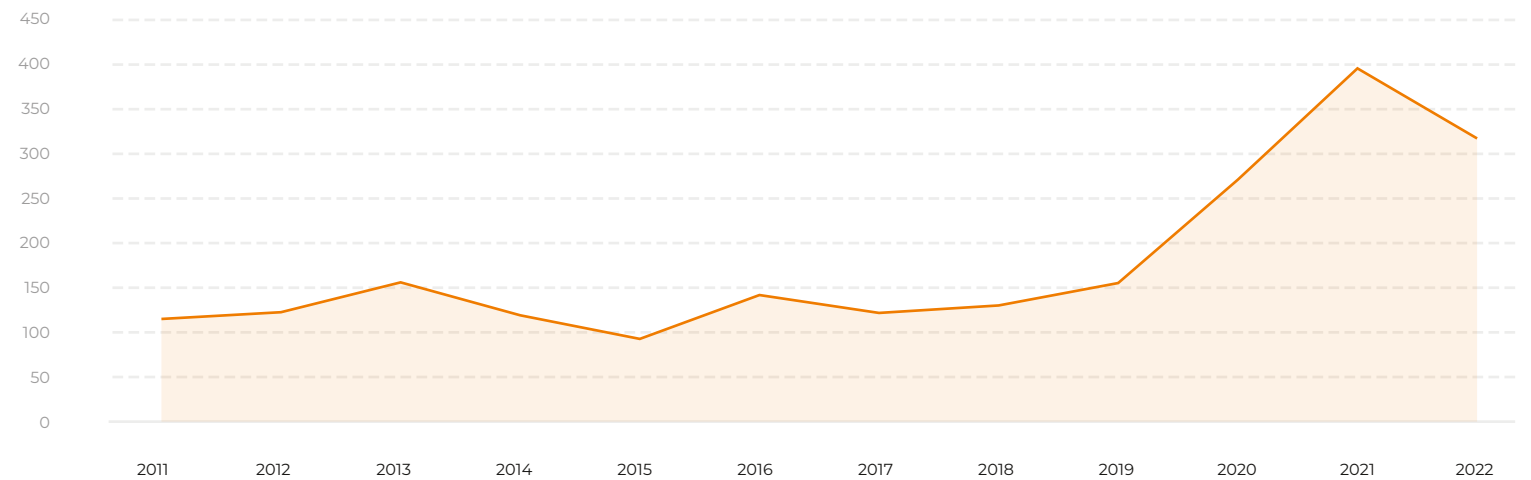
4. KEY STATISTICS OF KDPW_CCP - organised trading

Number of futures (ISIN codes)



Number of open positions in futures

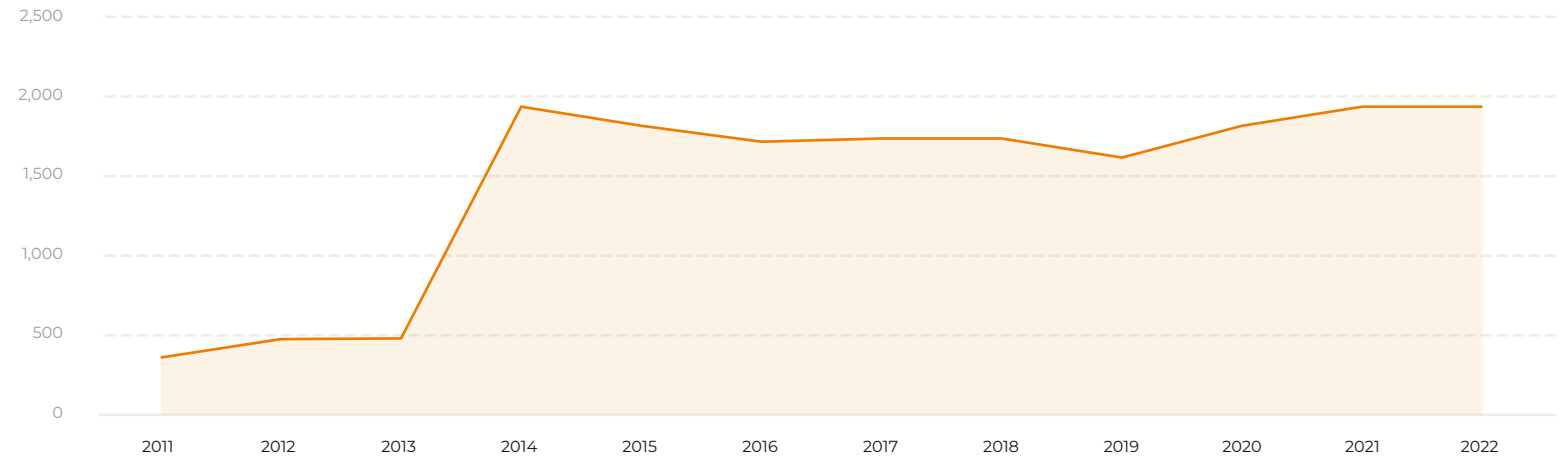
[thou.]



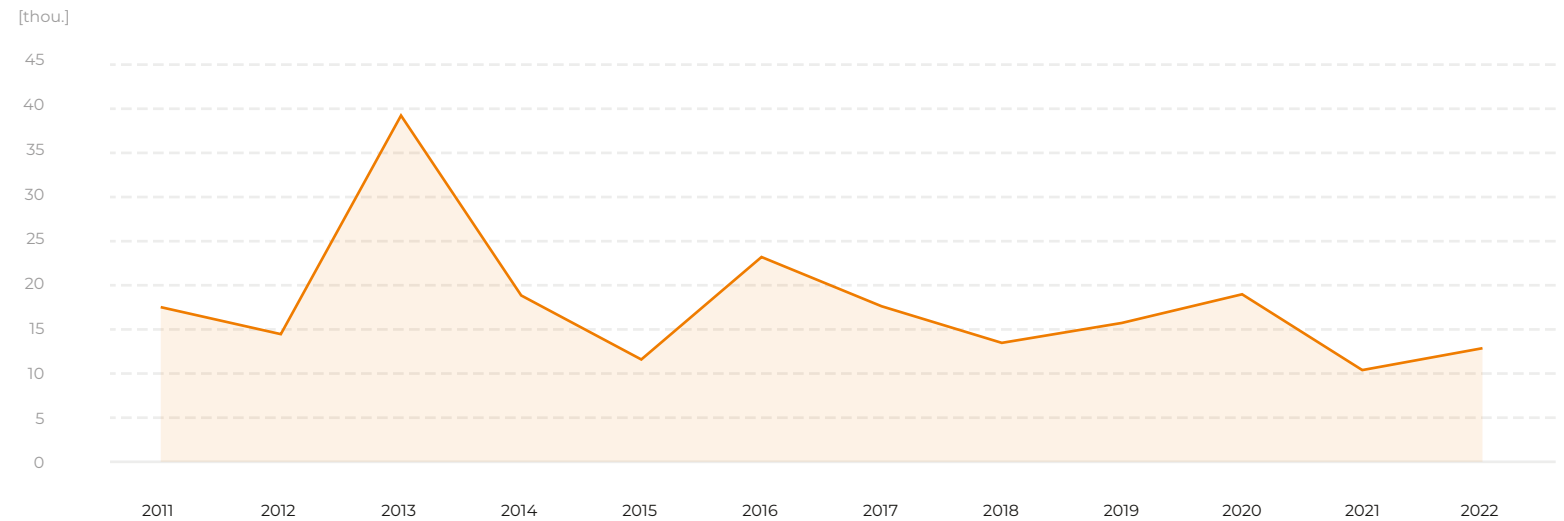


4. KEY STATISTICS OF KDPW_CCP - organised trading

Number of options (ISIN codes)



Number of open positions in options

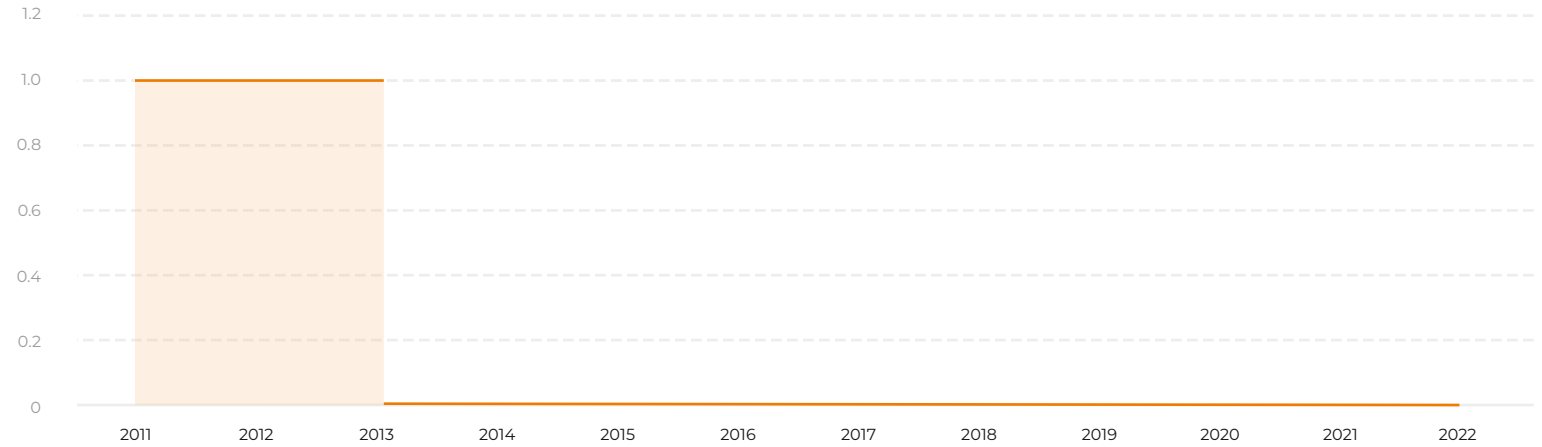




4. KEY STATISTICS OF KDPW_CCP

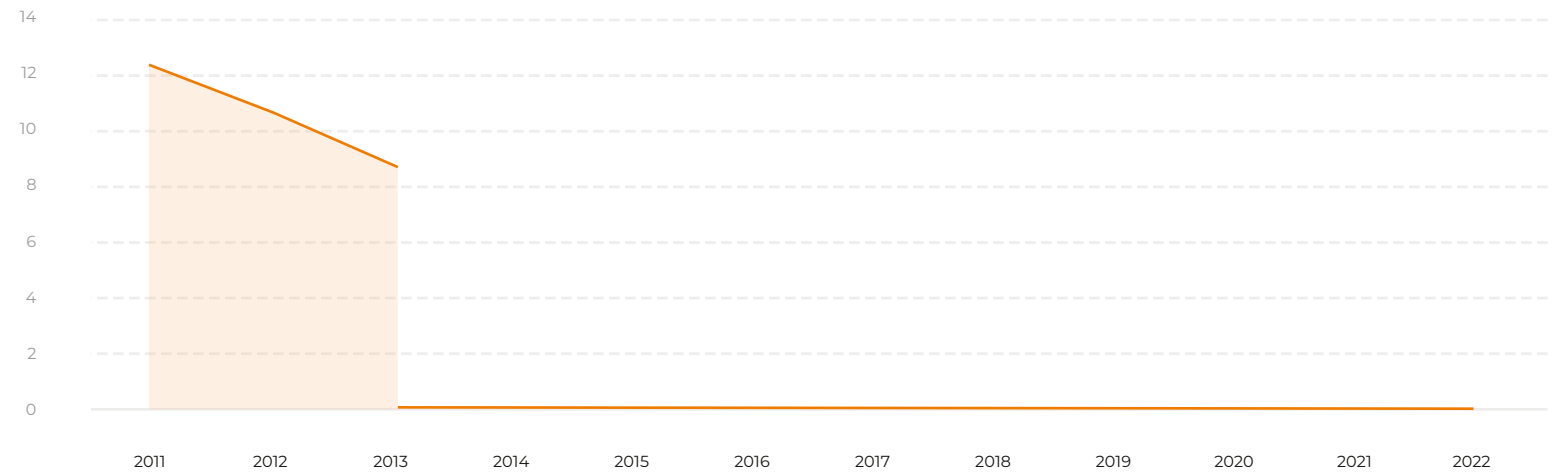
- organised trading

Number of index participation units (ISIN codes)



Number open positions in index participation units

[thou.]

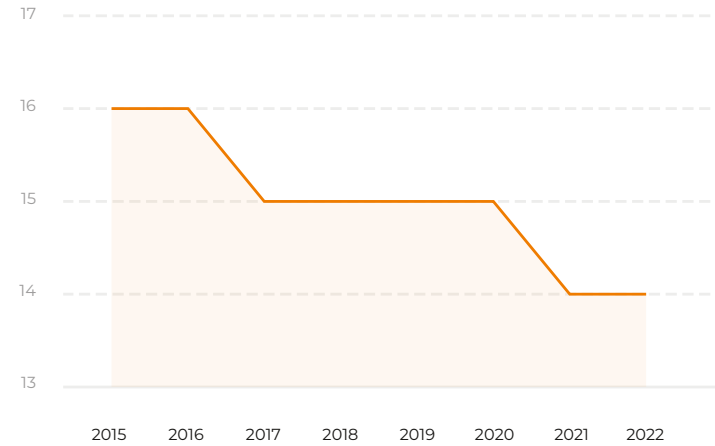




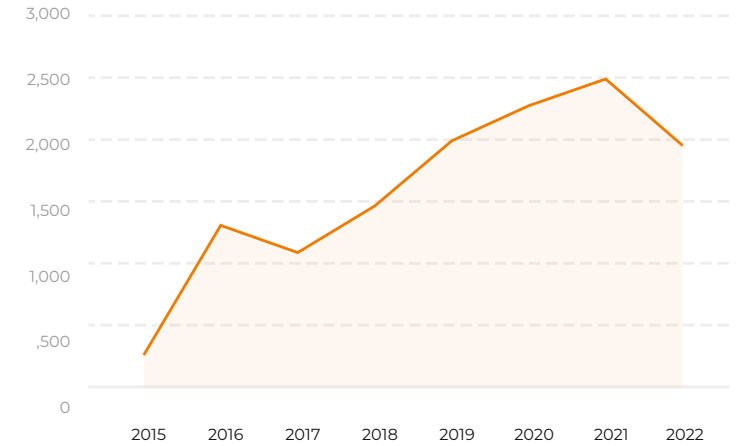
4. KEY STATISTICS OF KDPW_CCP

- OTC trade

Number of clearing members (OTC trading)

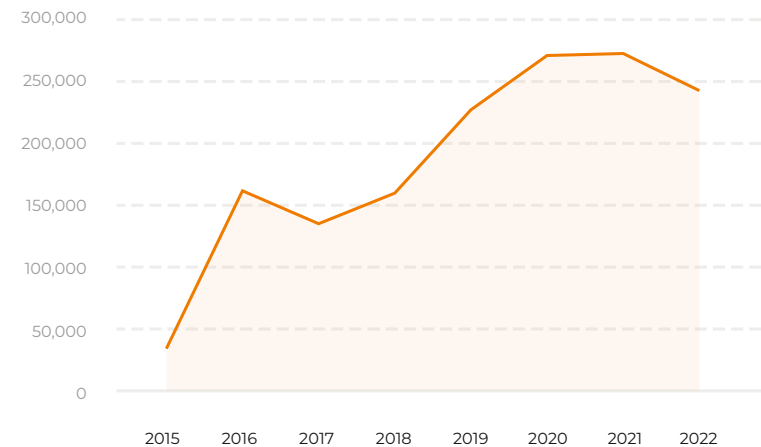


Number of transactions accepted for clearing (OTC trading - derivatives)



Nominal value of transactions accepted for clearing (OTC trading - derivatives)

[PLN mn]



5. BALANCE SHEET
AS AT 31 DECEMBER 2022

ASSETS	AS AT 31.12.2021	AS AT 31.12.2022
NON-CURRENT ASSETS	138,017,480.42	116,559,858.38
Intangible assets	1,400,739.66	12,521.10
Other intangible assets	1,400,739.66	0.00
Advances for intangible assets	0.00	12,521.10
Property, plant and equipment	16,446.03	13,937.17
Property, plant and equipment in use	16,446.03	13,937.17
buildings, premises, civil and water engineering structures	10,069.05	9,308.76
technical equipment and machines	1,700.10	1,144.43
other property, plant and equipment	4,676.88	3,483.98
Non-current investments	134,398,878.00	112,854,686.00
Non-current financial assets	134,398,878.00	112,854,686.00
in other entities	134,398,878.00	112,854,686.00
- other securities	134,398,878.00	112,854,686.00

5. BALANCE SHEET
AS AT 31 DECEMBER 2022

ASSETS	AS AT 31.12.2021	AS AT 31.12.2022
Non-current prepayments	2,201,416.73	3,678,714.11
Deferred tax asset	2,201,416.73	3,678,714.11
Other prepayments	0.00	0.00
CURRENT ASSETS	122,989,253.79	183,988,504.24
Current receivables	34,614,133.31	123,080,739.25
Receivables from other entities	34,614,133.31	123,080,739.25
trade receivables, maturing:	4,584,443.82	13,962,954.59
- up to 12 months	4,584,443.82	13,962,954.59
tax, subsidy, customs, social security, health insurance and other benefits	21,772.49	20,736.06
other	30,007,917.00	109,097,048.60

5. BALANCE SHEET
AS AT 31 DECEMBER 2022

ASSETS	AS AT 31.12.2021	AS AT 31.12.2022
Current investments	87,764,816.28	60,387,058.95
Current financial assets	87,764,816.28	60,387,058.95
in other entities	39,812,124.90	46,124,551.95
- other securities	39,812,124.90	46,124,551.95
cash and other monetary assets	47,952,691.38	14,262,507.00
- cash in hand and at bank	47,952,691.38	14,262,507.00
Current prepayments	610,304.20	520,706.04
OTHER ASSETS	2,562,823,713.86	2,713,738,680.94
TOTAL ASSETS	2,823,830,448.07	3,014,287,043.56

5. BALANCE SHEET
AS AT 31 DECEMBER 2022

EQUITY AND LIABILITIES

AS AT 31.12.2021

AS AT 31.12.2022

	AS AT 31.12.2021	AS AT 31.12.2022
EQUITY	251,580,392.10	286,032,474.32
Share capital	190,000,000.00	190,000,000.00
Supplementary capital	4,572,875.16	5,685,525.67
Revaluation reserve	-6,498,888.83	-12,933,272.29
Other reserves	34,493,364.77	47,148,845.67
Reserve capital to cover losses caused by participant default under transactions accepted for clearing by the Company (dedicated resources) including:	15,104,909.59	15,104,909.59
Reserve capital - dedicated resources		
- part of dedicated resources proportionate to the size of the clearing fund	6,533,837.91	11,011,277.25
- part of dedicated resources proportionate to the size of ATS guarantee fund	283,449.44	498,555.48
- part of dedicated resources proportionate to the size of OTC guarantee fund	8,287,622.24	3,595,076.86
Previous years' profit (loss)	0.00	0.00
Net profit (loss)	13,908,131.41	41,026,465.68

5. BALANCE SHEET
AS AT 31 DECEMBER 2022

EQUITY AND LIABILITIES

AS AT 31.12.2021

AS AT 31.12.2022

	AS AT 31.12.2021	AS AT 31.12.2022
LIABILITIES AND PROVISIONS FOR LIABILITIES	9,426,342.11	14,515,888.30
Provisions for liabilities	3,188,203.47	3,385,452.85
Deferred tax liability	352,155.90	563,194.62
Provision for retirement and similar benefits	2,785,256.97	2,771,274.43
- non-current	1,470,638.00	1,442,365.00
- current	1,314,618.97	1,328,909.43
Other provisions	50,790.60	50,983.80
- current	50,790.60	50,983.80
Non-current liabilities	0.00	0.00
To related parties	0.00	0.00
other financial liabilities	0.00	0.00

5. BALANCE SHEET
AS AT 31 DECEMBER 2022

EQUITY AND LIABILITIES

AS AT 31.12.2021

AS AT 31.12.2022

Current liabilities	6,238,138.64	11,130,435.45
To related parties	3,724,709.62	3,529,019.46
trade liabilities, maturing:	2,148,063.78	3,529,019.46
- up to 12 months	2,148,063.78	3,529,019.46
other financial liabilities	1,576,645.84	0.00
To other entities	1,905,475.61	6,872,411.76
trade liabilities, maturing:	56,525.52	76,051.49
- up to 12 months	56,525.52	76,051.49
tax, customs, insurance and other liabilities	1,826,042.33	6,761,665.06
payroll	0.00	34,195.21
other	22,907.76	500.00
Special funds	607,953.41	729,004.23
Accruals	0.00	0.00
OTHER LIABILITIES	2,562,823,713.86	2,713,738,680.94
TOTAL EQUITY AND LIABILITIES	2,823,830,448.07	3,014,287,043.56

6. PROFIT AND LOSS
ACCOUNT FOR THE PERIOD
01.01.2022 - 31.12.2022

ITEM	01.01-31.12 2021	01.01-31.12 2022
Net revenues from sales and equivalent, including revenues:	45,299,183.92	73,640,552.46
- from related parties	0.00	3,302.40
Net revenues from sales of products	45,299,183.92	73,640,552.46
Operating expenses	33,187,735.64	34,771,750.07
Amortisation and depreciation	2,118,736.20	1,416,905.21
Consumption of materials and energy	46,484.97	11,005.99
External services	20,732,887.16	22,547,556.65
Taxes and charges	2,252,626.53	2,464,768.62
Payroll	5,537,445.96	5,797,389.05
Social security and other benefits, including:	1,819,156.13	1,710,694.39
- pension benefits	703,110.88	772,493.78
Other costs by type	680,398.69	823,430.16
PROFIT ON SALES	12,111,448.28	38,868,802.39

6. PROFIT AND LOSS
ACCOUNT FOR THE PERIOD
01.01.2022 - 31.12.2022

ITEM	01.01-31.12 2021	01.01-31.12 2022
PROFIT ON SALES	12,111,448.28	38,868,802.39
Other operating revenues	59,907.62	458,205.24
Gains on disposal of non-current non-financial assets	26,237.55	3,447.12
Other operating revenues	33,670.07	454,758.12
Other operating expenses	32,245.34	73,197.98
Other operating expenses	32,245.34	73,197.98
OPERATING PROFIT	12,139,110.56	39,253,809.65

6. PROFIT AND LOSS
ACCOUNT FOR THE PERIOD
01.01.2022 - 31.12.2022

ITEM	01.01-31.12 2021	01.01-31.12 2022
OPERATING PROFIT	12,139,110.56	39,253,809.65
Financial revenues	2,548,861.90	10,945,283.11
Interest, including:	2,376,068.08	10,945,281.15
- from related parties	0.00	0.00
Other	172,793.82	1.96
Financial expenses	151,663.33	61,289.91
Interest, including:	104,704.37	26,987.77
- to related parties	104,660.37	26,432.58
Other	46,958.96	34,302.14
GROSS PROFIT	14,536,309.13	50,137,802.85
Income tax	628,177.72	9,111,337.17
NET PROFIT	13,908,131.41	41,026,465.68

7. INDEPENDENT AUDITOR'S REPORT



tel.: +48 22 543 16 00
fax: +48 22 543 16 01
e-mail: office@bdo.pl
www.bdo.pl

BDO spółka z ograniczoną
odpowiedzialnością
spółka komandytowa
ul. Postępu 12
02-676 Warszawa
Polska

*This document is a translation.
The Polish original should be referred to in matters of interpretation.*

Independent Auditor's Report to the General Meeting and Supervisory Board of KDPW_CCP S.A.

Report on the Audit of the Year-end Financial Statements

Opinion

We have audited the year-end financial statements of KDPW_CCP S.A. ("the Company"), which comprise introduction to the financial statements, the balance sheet prepared as at 31 December 2022, the profit and loss account, the statement of changes in equity and the statement of cash flows for the period from 1 January to 31 December 2022, as well as additional information and explanations ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2022, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable provisions of the Accounting Act of 29 September 1994 ("the Accounting Act" - 2023 Journal of Laws, item 120 with subsequent amendments) and the adopted accounting principles (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Statute;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing in the wording of International Standards on Auditing adopted by resolution of the National Council of Certified Auditors ("NSA") and in compliance with the Act of 11 May 2017 on Certified Auditors, Audit Firms and on Public Oversight ("the Certified Auditors Act" - 2022 Journal of Laws, item 1302). Our responsibilities under those standards are further described in the *Responsibilities of the Auditor for the Audit of the Financial Statements* section of this report.

BDO spółka z ograniczoną odpowiedzialnością spółka komandytowa, Sąd Rejonowy dla m. st. Warszawy, XIII Wydział Gospodarczy, KRS: 0000729684, REGON: 141222237, NIP: 108-000-42-12, Wartość wkładu kapitałowego wynosi 10.037.500 zł. Biura BDO w Polsce: Katowice: 40-007, ul. Uniwersytecka 13, tel.: +48 32 661 06 00, katowice@bdo.pl; Kraków: 31-546, al. Pokoju 1, tel.: +48 12 378 69 00, krakow@bdo.pl; Poznań: 60-650, ul. Piątkowska 165, tel.: +48 61 622 57 00, poznan@bdo.pl; Wrocław: 53-332, ul. Powstańców Śląskich 7a, tel.: +48 71 734 28 00, wroclaw@bdo.pl

BDO spółka z ograniczoną odpowiedzialnością spółka komandytowa jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich.



We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by resolution of the National Council of Certified Auditors, as well as with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Management and Supervisory Board for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of financial statements that give a true and fair view of the Company's financial position and financial result in accordance with the provisions of the Accounting Act, the adopted accounting methods (policies), the applicable binding regulations and the Company's Statute. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

7. INDEPENDENT AUDITOR'S REPORT



Throughout an audit in accordance with NSA, we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Supervisory Board with information about, among others, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses of internal controls that we identify during our audit.

Other Information, Including Report on Activities

Other information comprises a report on the Company's activities for the financial year ended 31 December 2022 ("Report on Activities").

Responsibilities of the Company's Management and Supervisory Board

The Company's Management is responsible for the preparation of the Report on Activities in accordance with binding regulations.

The Company's Management and members of its Supervisory Board are required to ensure that the Report on Activities meets the requirements of the Accounting Act.



Responsibilities of the Auditor

Our opinion on the financial statements does not cover the Report on Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on Activities and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of the Report on Activities, we are required to state this fact in our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act;
- is consistent with the information presented in the financial statements.

Furthermore, based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Report on Activities.

The auditor in charge of the audit resulting in this independent auditor's report is Dr. Anna Bernaziuk.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered on the list of audit firms in number 3355

on behalf of which the audit was performed by the auditor in charge

Signed with a qualified electronic signature

Dr. Anna Bernaziuk
Certified Auditor
Registration No. 173

Warsaw, 28 February 2023