

KDPW
CCP

ANNUAL REPORT

2023

www.kdpwccp.pl

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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.

The company is 100 percent owned by Krajowy Depozyt Papierów Wartościowych.

The clearing house KDPW_CCP provides clearing services in accordance with the authorisation granted by the Polish Financial Supervision Authority (KNF) on 8 April 2014, as extended in subsequent years to include the clearing of new classes of instruments (KNF decisions of 9 August 2016, 31 October 2019, and 3 March 2022).

1.1 Core business

According to the applicable legislation and the KDPW_CCP Statute, the core business of the company in 2023 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.

1.2 Corporate bodies

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

General Meeting

In 2023, Krajowy Depozyt Papierów Wartościowych was the sole shareholder of the Company.

Supervisory Board

In 2023, 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)

1.2 Corporate bodies

Management Board

In 2023, the Management Board of KDPW_CCP was comprised of:



**Maciej
Trybuchowski**

PRESIDENT



**Sławomir
Panasiuk**

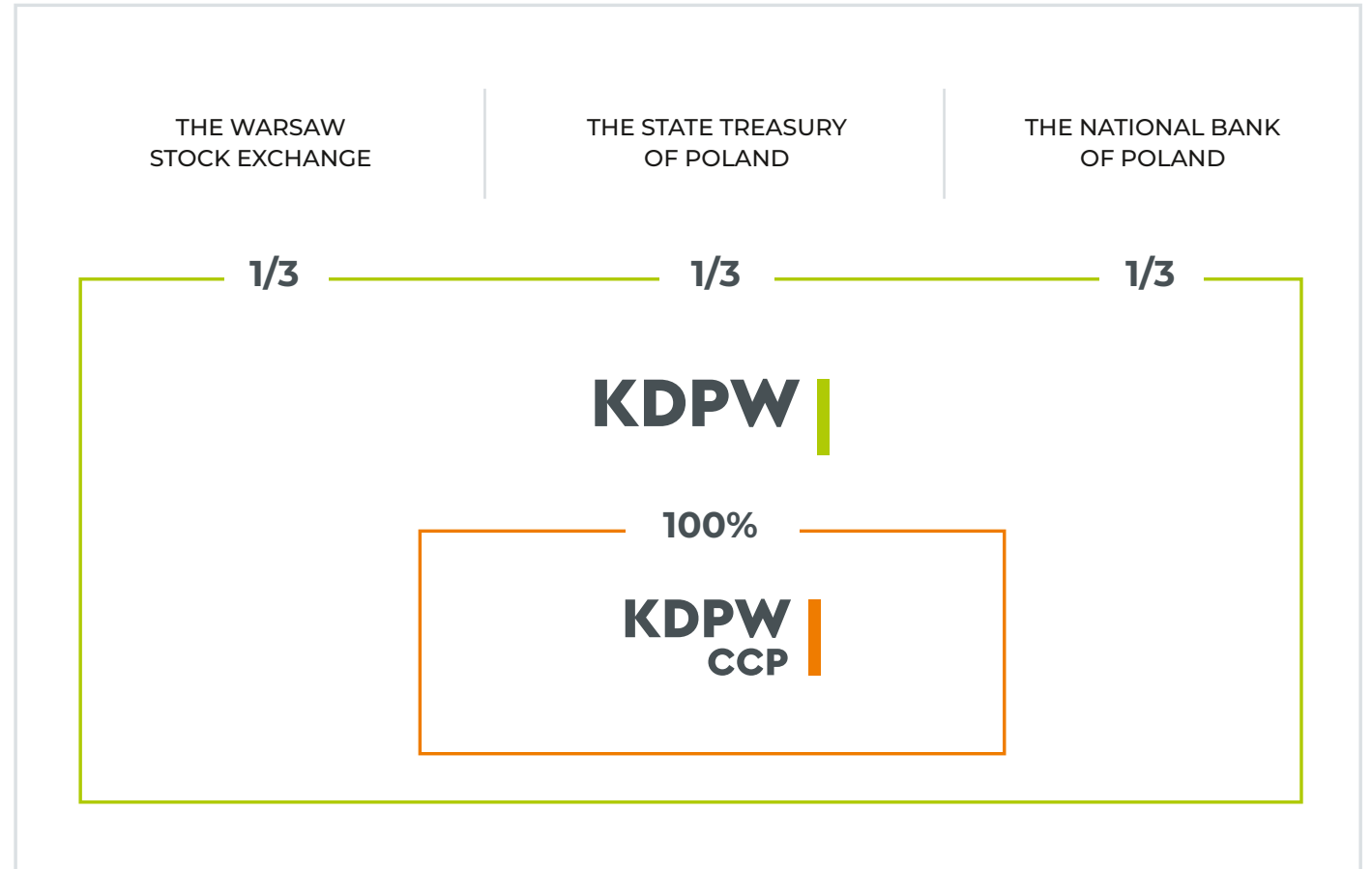
VICE-PRESIDENT

1.3 KDPW Group

KDPW_CCP is a member of the Krajowy Depozyt Papierów Wartościowych Group (KDPW Group), of which Krajowy Depozyt Papierów Wartościowych 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.



Ownership structure of the KDPW Group

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 (under EMIR);
- submitting securities financing transaction reports to the KDPW trade repository (under SFTR).

In 2023, 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.

As of 1 January 2023, repo transactions cleared by a central counterparty are exempt from bank tax. This is an element of the Capital Market Development Strategy prepared by the Ministry of Finance in 2019 in cooperation with capital market institutions.

In 2023, 3,027 repo transactions concluded on BondSpot were cleared with a value of PLN 272,138,571,000.

NUMBER OF TRANSACTIONS CLEARED IN KDPW_CCP IN 2022-2023

MARKET	NUMBER OF TRANSACTIONS CLEARED IN 2023	NUMBER OF TRANSACTIONS CLEARED IN 2022	CHANGE (%)
Regulated cash market (GPW and BondSpot)	34,897,093	33,708,365	3.53%
Alternative trading systems (GPW and BondSpot)	1,635,743	1,744,866	-6.25%
Derivatives market (GPW)	5,311,560	6,015,770	-11.71%
Total:	41,844,396	41,469,001	0.91%

VALUE OF TRANSACTIONS CLEARED IN KDPW_CCP IN 2022-2023

VALUE OF TRANSACTIONS	2023 (PLN'000)	2022 (PLN'000)	CHANGE (%)
Regulated cash market (GPW and BondSpot)	282,017,893	295,820,906	-4.67%
Alternative trading systems (GPW and BondSpot)	410,398,937	114,084,522	259.73%
Derivatives market (GPW)	380,139,612	365,400,756	4.03%
Total	1,072,556,442	775,306,184	38.34%

The significant increase in the value of cleared Treasury bond transactions concluded in the alternative trading system TBSP operated by BondSpot in 2023 was driven in particular by the development of the repo market.

TURNOVER VOLUME IN DERIVATIVES ON GPW BY CLASS IN 2022-2023

	TURNOVER VOLUME IN 2023	TURNOVER VOLUME IN 2022	CHANGE (%)
Futures:	14,417,636	15,280,089	-5.64%
- index futures	8,734,624	9,396,272	-7.04%
- single-stock futures	1,316,175	1,883,632	-30.13%
- FX futures	4,366,837	4,000,185	9.17%
Index options	259,961	314,226	-17.27%
Total:	14,677,597	15,594,315	-5.88%

The 2023 summary shows a year-on-year decrease in the number of futures transactions. The futures market was supported throughout 2023 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.

2.2 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 2023, 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.

The number of OTC transactions sent by domestic banks for clearing in KDPW_CCP decreased year on year in 2023.

NUMBER OF OTC TRANSACTIONS CLEARED IN KDPW_CCP IN 2022-2023

	NUMBER OF TRANSACTIONS IN 2023	NUMBER OF TRANSACTIONS IN 2022	CHANGE (%)
Number of cleared transactions	1,374	1,947	-29.43%
Transactions by instrument:			
- Number of FRAs	180	173	4.05%
- Number of IRS and Basis Swaps	1,194	1,774	-32.69%
- Number of OIS	0	0	0

NOMINAL AMOUNT OF OTC TRANSACTIONS ACCEPTED FOR CLEARING IN PLN BY KDPW_CCP IN 2022-2023

	VALUE OF TRANSACTIONS IN 2023 (PLN'000)	VALUE OF TRANSACTIONS IN 2022 (PLN'000)	CHANGE (%)
Nominal amount of cleared transactions	235,838,527	242,577,632	-2.78%
Transactions by instrument:			
- Nominal amount of FRAs	53,360,000	57,952,000	-7.92%
- Nominal amount of IRS and Basis Swaps	182,478,527	184,625,632	-1.16%
- Nominal amount of OIS	0	0	0

KDPW_CCP received few trades in EUR for clearing in 2023.

Banks which are OTC clearing members presented 4 trades for clearing in KDPW_CCP in a total amount of EUR 25,135,920.53.

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.

AMOUNT OF RESOURCES OF THE FUNDS AS AT 31 DECEMBER

FUND	NUMBER OF CLEARING MEMBERS AS AT 31 DECEMBER		VALUE OF CONTRIBUTIONS AS AT 31 DECEMBER (PLN'000)		CHANGE (%)
	2023	2022	2023	2022	
Clearing Fund (regulated market GPW and BondSpot)	25	27	660,236.69	587,911.76	12.30%
GPW BondSpot ATS Guarantee Fund (including TBSP)	25	26	116,716.05	26,618.77	338.47%
On-demand Securities Lending Guarantee Fund	0	0	0.00	0	0.00%
OTC Guarantee Fund	12	12	133,588.54	191,947.58	-30.40%
Total:			910,541.28	806,478.11	12.90%

MARGINS POSTED BY CLEARING MEMBERS AS AT 31 DECEMBER

MARGIN	VALUE OF PARTICIPANTS' MARGINS AS AT 31 DECEMBER (PLN'000)		CHANGE (%)
	2023	2022	
Initial deposit	737,145.77	649,951.42	13.42%
Initial margin	804,531.49	506,027.34	58.99%
ATS initial deposit	265,228.09	137,765.95	92.52%
ATS initial margin	32,818.83	48,903.24	-32.89%
OTC initial deposit	119,787.42	96,880.06	23.65%
OTC initial margin	388,795.03	565,353.23	-31.23%
Total:	2,348,306.61	2,004,881.23	17.13%

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

Project work aiming to modernise the clearing risk management system was completed in December 2023 in connection with the implementation of the validation recommendations. The main objective of the project was to develop new functionalities and to update the software of the kdpw_stream system with regard to selected risk management functions.

As part of the project work, the kdpw_stream system was extended with new functionalities and products including new calculation algorithms for new margin components: the liquidity and concentration add-on and the wrong way risk add-on. The handling of back-testing of risk parameters was automated, and programming work was initiated for reverse stress testing, the calculation of risk parameters of the SPAN methodology, the SPAN wrapper software and the SPAN Calculator application.

In addition to system changes, amendments were made to the KDPW_CCP regulations by aligning the rules and risk procedures with the implemented modified calculation functions.

3.2 Handling KDPW_CCP clearing member default

A project was launched in 2023 with the main objective of developing regulatory and technical solutions to support the handling of clearing member default.

The project includes the development of a detailed model for the automation of actions taken in the event of clearing member default. Such solutions are necessary to handle default efficiently and, in particular, to mitigate the risk of operational activities by eliminating manual actions which, due to their complexity, may prevent the process from being carried out efficiently.

At the end of December 2023, the specification of requirements for the handling of default in the derivatives market was finalised, including a detailed model for the automation of actions taken in the event of clearing member default, whereby the portfolio of a defaulting member in organised trading consisting of derivatives will be closed out by means of an auction, handled in the GUI, and new messages aligned with the existing auct messages were proposed for communication with participants.

According to the adopted timetable, the next step will be consultations of the designed solutions with market participants, which may influence the final shape of the model. The project is expected to be completed by the end of 2024.

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)

In 2023, project work was carried out on KDPW_CCP regulations and the KDPW_CCP Recovery Plan to ensure that the financial stability of KDPW_CCP is maintained.

Amendments were drafted to the Rules of Transaction Clearing (organised trading), the Rules of Transaction Clearing (non-organised trading), the Detailed Rules of Transaction Clearing (organised trading), the Detailed Rules of the OTC Clearing System, and the Procedures for handling KDPW_CCP clearing member default, which were aligned with the European Union regulations on recovery and resolution for CCPs (BRRD, CCP Recovery and Resolution Regulation).

In June 2023, the Supervisory Board adopted resolutions approving the amendments, which were submitted to the KNF for approval, together with amendments covering issues requiring modification in connection with the parallel project Development of the service of clearing WIRON-based OIS instruments and converting the WIBOR legacy portfolio (the draft amendments to the Rules are part of the authorisation application for changes to the service for WIRON contracts; deadline for submission of the application to the KNF: 22 June 2023).

On 9 October 2023, the General Meeting of KDPW_CCP S.A. adopted a resolution adjusting the amount of the reserves, which are the company's dedicated resources to cover specific losses, to the updated estimates as to the appropriate length of the resolution period and the capital necessary to cover losses arising from economic risks.

In addition, the Polish Financial Supervision Authority provided comments on the Recovery Plan prepared by KDPW_CCP, to which an appropriate response was prepared. The Bank Guarantee Fund (the resolution authority for KDPW_CCP) requested KDPW_CCP to provide relevant information necessary for the authority to draft a Resolution Plan for KDPW_CCP. A meeting of the Supervisory College held on 27 September 2023 included a presentation of the Resolution Plan for KDPW_CCP.

3.4 Development of the OTC transaction risk management system

In connection with the implementation of the new OTC clearing system in the kdpw_stream system on 17-18 December 2022, the functioning of the implemented clearing and risk modules was monitored in the first weeks after implementation and in the first months of 2023 in order to identify any incidents and errors to be fixed. All processes were executed without errors and all banks - OTC clearing members were prepared to receive FpML and XML messages in the new format.

In addition, the risk module was enhanced with position concentration calculations and the ability to generate positions for OIS, PV01, Sensitivity contracts. The auction module was modified as regards communication with participants.

Further functionalities were developed for the calculation of margins based on filtered historical simulation and hedging. Sensitivity tests and reverse-stress tests were also prepared.

The kdpw_stream system was expanded to include comprehensive support for clearing by KDPW_CCP and reporting to the KDPW_TR of OTC derivatives transactions accepted via the MarkitWire confirmation platform, as well as automatic calculation of fees for such transactions.

State-of-the-art solutions were implemented for participant access to dedicated system elements via external GUIs and for the exchange of FpML messages in version 5.11 and proprietary xml messages with paging.

3.5 Development of the service of clearing WIRON-based OIS instruments and converting the WIBOR legacy portfolio

In connection with the planned benchmark reform, including the introduction of a new interest rate benchmark WIRON, replacing the WIBOR benchmark, whose input data are ON (overnight) transactions, KDPW_CCP is required to adapt its systems and regulations in this regard and obtain the relevant authorisation.

At the beginning of 2023, work began on adapting clearing and risk management systems, processes, procedures and regulations to support the new benchmark and the conversion of the transaction portfolio to the new instruments.

In 2023, a specification of requirements was developed for change of processing of OIS to the extent of the payment lag, an analysis was performed of changes to the kdpw_stream system for WIRON OIS, based on which the necessary system changes were defined and implemented. This was followed by the configuration of kdpw_stream system parameters to accommodate WIRON OIS and the start of development testing of the new solution.

In view of the need for a comprehensive validation of KDPW_CCP's readiness to clear interest rate contracts on WIRON, analyses and data necessary for the OIS validation process were prepared. The process of reviewing, assessing and validating the models and methodologies and the risk management framework was completed in May 2023.

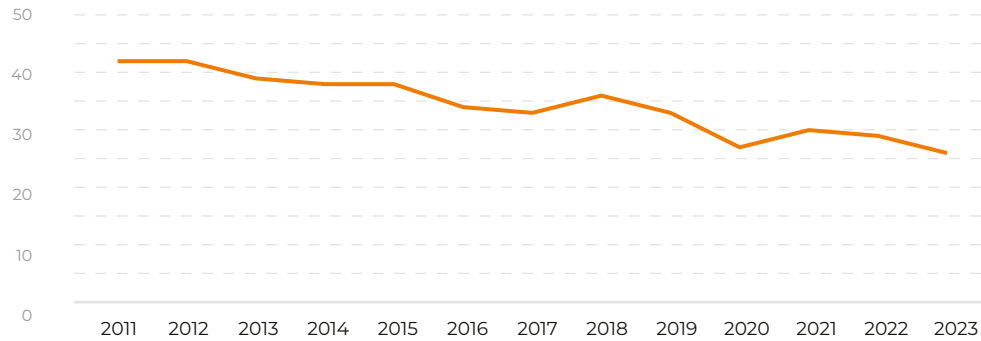
In parallel, work was carried out on amendments to the regulations.

On 2 June 2023, an application to extend the scope of the authorisation to provide clearing services was submitted to the Polish Financial Supervision Authority. The expanded activities of KDPW_CCP will include clearing of OIS (Overnight Indexed Swap) transactions based on the new WIRON benchmark. On 11 December 2023, the Polish Financial Supervision Authority declared the application complete.

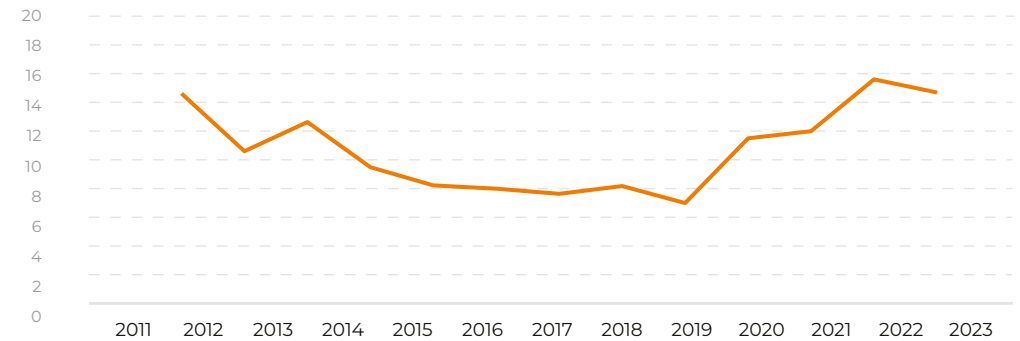
In the second half of 2023, following the completion of the development phase, acceptance testing was conducted for clearing of OIS instruments based on WIRON. Expectations of clearing members regarding the information content of post-conversion reports were collected and arrangements were made regarding the form of one of the reports provided by KDPW_CCP.

Representatives of KDPW_CCP actively participated in the work of the National Working Group on Benchmark Reform in stream #6 led by KDPW_CCP. In early November 2023, by a decision of the Steering Committee of the National Working Group on Benchmark Reform, the final deadline for the conversion of WIBOR to WIRON was postponed from 2025 to the end of 2027. Following this decision, the conversion of the WIBOR legacy portfolio will be excluded from the scope of this project.

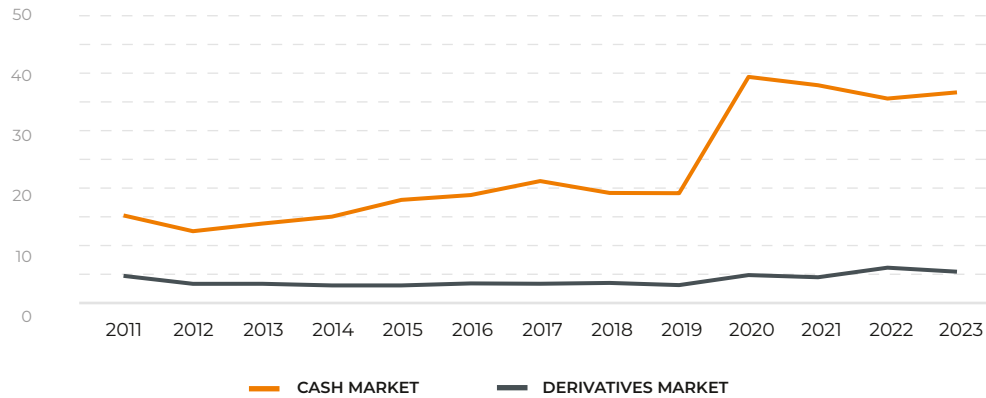
NUMBER OF KDPW_CCP CLEARING MEMBERS (REGULATED TRADE)



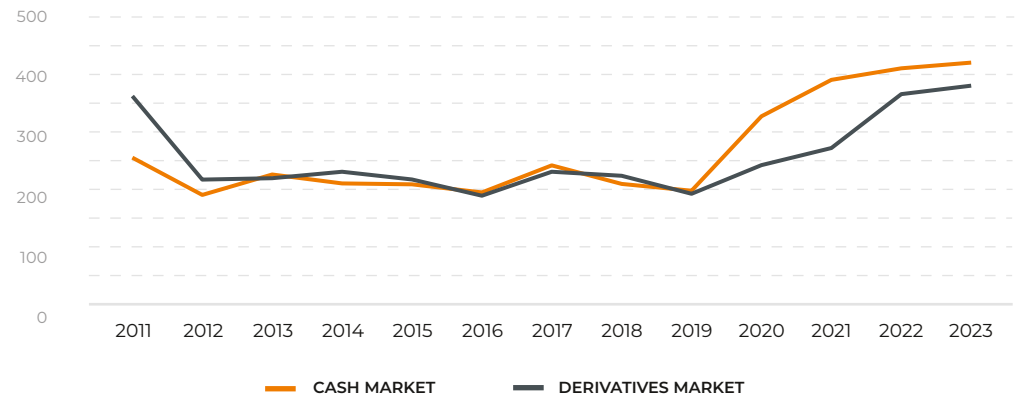
VOLUME OF DERIVATIVES CLEARED ON THE DERIVATIVES MARKET BY KDPW_CCP (MN)



NUMBER OF GUARANTEED TRANSACTIONS CLEARED ON THE SECONDARY MARKET BY KDPW_CCP (ORGANISED TRADING)* (MN)

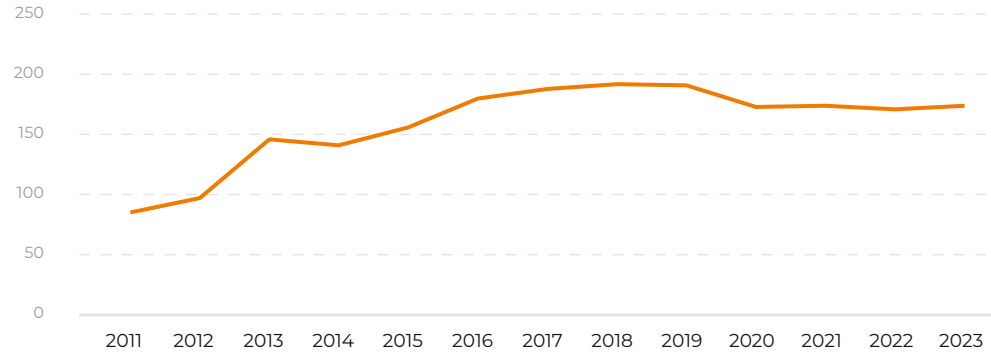


VALUE OF GUARANTEED TRANSACTIONS CLEARED ON THE SECONDARY MARKET BY KDPW_CCP (ORGANISED TRADING)* (PLN BN)

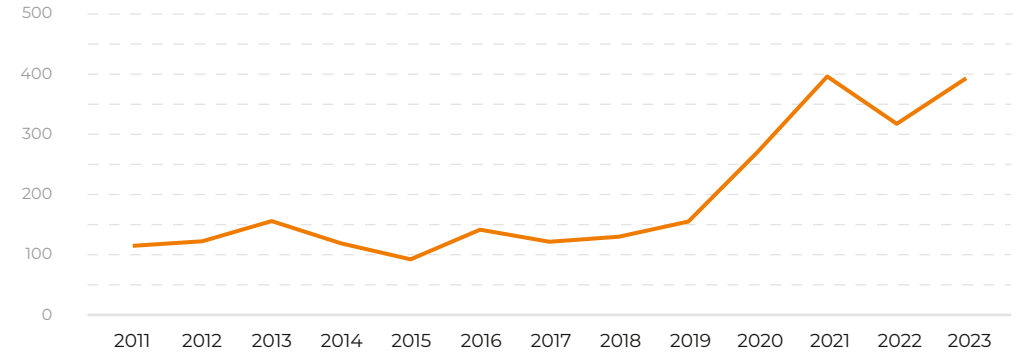


*single-counted transactions

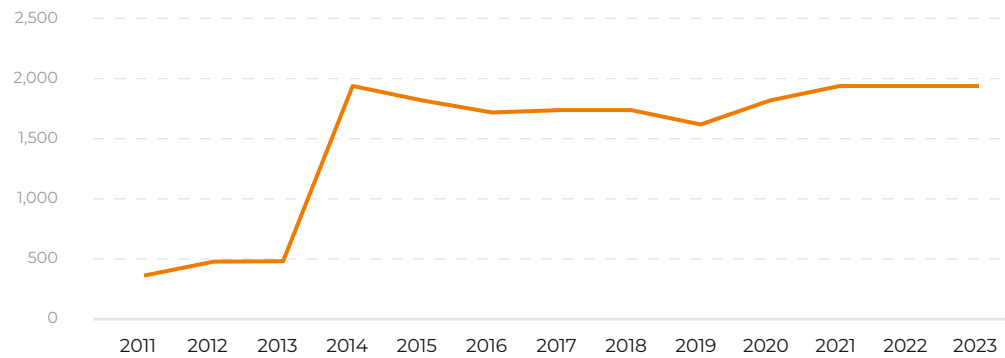
NUMBER OF FUTURES (ISIN CODES) - ORGANISED TRADING



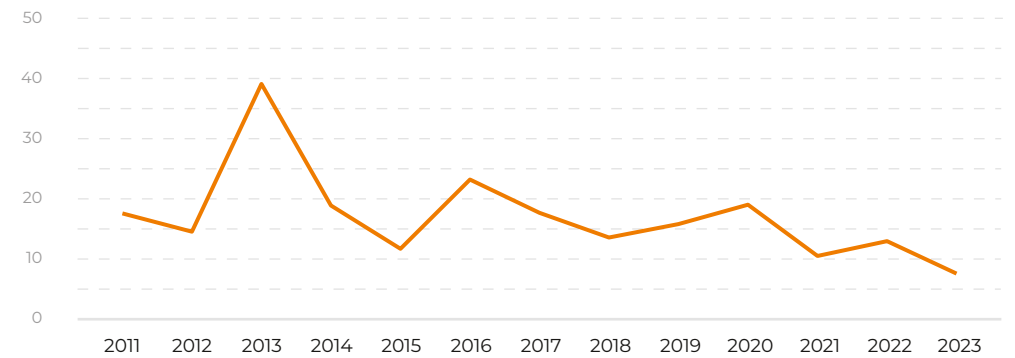
NUMBER OF OPEN POSITIONS IN FUTURES - ORGANISED TRADING (THOU.)



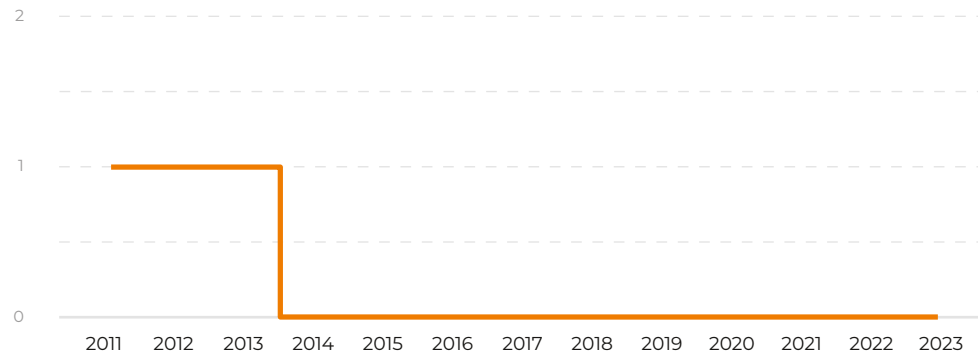
NUMBER OF OPTIONS (ISIN CODES)- ORGANISED TRADING



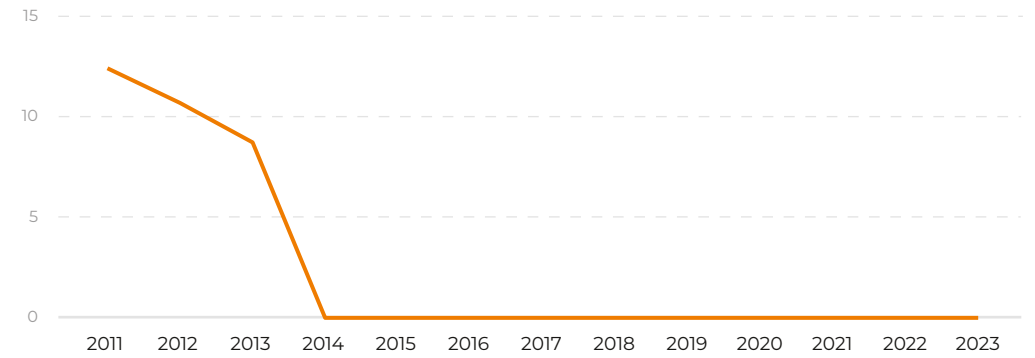
NUMBER OF OPEN POSITIONS IN OPTIONS - ORGANISED TRADING (THOU.)



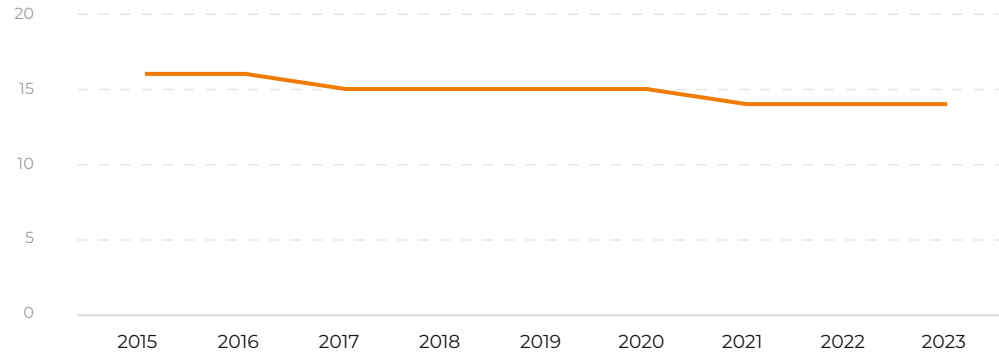
NUMBER OF INDEX PARTICIPATION UNITS (ISIN CODES)
- ORGANISED TRADING



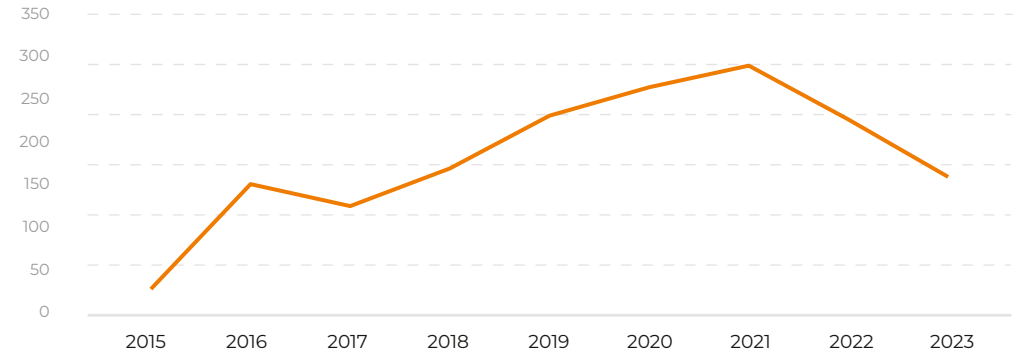
NUMBER OF OPEN POSITIONS IN INDEX PARTICIPATION UNITS
- ORGANISED TRADING (THOU.)



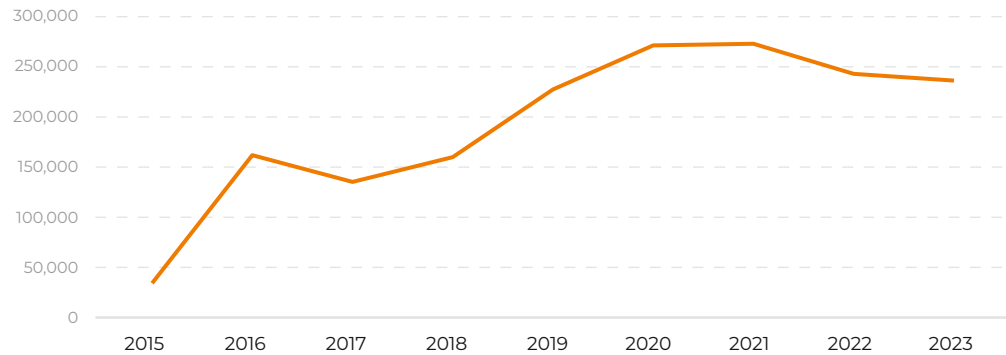
NUMBER OF CLEARING MEMBERS (OTC TRADING)



NUMBER OF TRANSACTIONS ACCEPTED FOR CLEARING (OTC TRADING - DERIVATIVES)



NOMINAL VALUE OF TRANSACTIONS ACCEPTED FOR CLEARING (OTC TRADING - DERIVATIVES) (PLN MN)



ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
NON-CURRENT ASSETS	116,559,858.38	109,010,931.28
Intangible assets	12,521.10	16,595.85
Other intangible assets	0.00	16,595.85
Advances for intangible assets	12,521.10	0.00
Property, plant and equipment	13,937.17	11,739.91
Property, plant and equipment	13,937.17	11,739.91
buildings, premises, civil and water engineering structures	9,308.76	8,860.07
technical equipment and machines	1,144.43	588.76
other property, plant and equipment	3,483.98	2,291.08
Non-current investments	112,854,686.00	106,698,610.00
Non-current financial assets	112,854,686.00	106,698,610.00
in other entities	112,854,686.00	106,698,610.00
- other securities	112,854,686.00	106,698,610.00
Non-current prepayments	3,678,714.11	2,283,985.52
Deferred tax asset	3,678,714.11	2,283,811.45
Other prepayments	0.00	174.07

ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
CURRENT ASSETS	183,988,504.24	253,033,052.63
Current receivables	123,080,739.25	169,522,159.55
Receivables from related parties	0.00	2,656.80
trade receivables, maturing:	0.00	2,656.80
- up to 12 months	0.00	2,656.80
Receivables from other entities	123,080,739.25	169,519,502.75
trade receivables, maturing:	13,962,954.59	14,039,585.40
- up to 12 months	13,962,954.59	14,039,585.40
tax, subsidy, customs, social security, health insurance and other benefits	20,736.06	21,380.44
other	109,097,048.60	155,458,536.91

ASSETS

AS AT 31.12.2022

AS AT 31.12.2023

Current investments**60,387,058.95****82,991,090.75**

Current financial assets

60,387,058.95

82,991,090.75

in other entities

46,124,551.95

13,356,002.40

- other securities

46,124,551.95

13,356,002.40

cash and other monetary assets

14,262,507.00

69,635,088.35

- cash in hand and at bank

14,262,507.00

69,635,088.35

Current prepayments**520,706.04****519,802.33****OTHER ASSETS****2,713,738,680.94****2,926,263,843.68****TOTAL ASSETS****3,014,287,043.56****3,288,307,827.59**

EQUITY AND LIABILITIES

AS AT 31.12.2022

AS AT 31.12.2023

EQUITY	286,032,474.32	344,328,841.14
Share capital	190,000,000.00	190,000,000.00
Supplementary capital	5,685,525.67	8,967,642.92
Revaluation reserve	-12,933,272.29	-6,932,692.89
Other reserves	47,148,845.67	68,267,876.93
Reserve capital to cover losses caused by participant default under transactions accepted for clearing by the Company (first dedicated resource) including:	15,104,909.59	15,760,113.38
- part of dedicated resources proportionate to the size of the clearing fund	11,011,277.25	11,427,713.77
- part of dedicated resources proportionate to the size of ATS guarantee fund	498,555.48	2,020,180.95
- part of dedicated resources proportionate to the size of OTC guarantee fund	3,595,076.86	2,312,218.66
Reserve capital to cover losses caused by participant default under transactions accepted for clearing by the Company (second dedicated resource) including:	0.00	15,760,113.38
- part of dedicated resources proportionate to the size of the clearing fund	0.00	11,427,713.77
- part of dedicated resources proportionate to the size of ATS guarantee fund	0.00	2,020,180.95
- part of dedicated resources proportionate to the size of OTC guarantee fund	0.00	2,312,218.66

EQUITY AND LIABILITIES

AS AT 31.12.2022

AS AT 31.12.2023

Previous years' profit (loss)	0.00	0.00
Net profit (loss)	41,026,465.68	52,505,787.42
LIABILITIES AND PROVISIONS FOR LIABILITIES	14,515,888.30	17,715,142.77
Provisions for liabilities	3,385,452.85	3,446,395.92
Deferred tax liability	563,194.62	485,825.05
Provision for retirement and similar benefits	2,771,274.43	2,909,490.47
- non-current	1,442,365.00	1,627,038.00
- current	1,328,909.43	1,282,452.47
Other provisions	50,983.80	51,080.40
- current	50,983.80	51,080.40
Non-current liabilities	0.00	0.00

EQUITY AND LIABILITIES	AS AT 31.12.2022	AS AT 31.12.2023
Current liabilities	11,130,435.45	14,268,746.85
To related parties	3,529,019.46	3,477,988.18
trade liabilities, maturing:	3,529,019.46	3,477,988.18
- up to 12 months	3,529,019.46	3,477,988.18
To other entities	6,872,411.76	9,873,435.37
trade liabilities, maturing:	76,051.49	82,825.84
- up to 12 months	76,051.49	82,825.84
tax, customs, insurance and other liabilities	6,761,665.06	9,790,552.12
payroll	34,195.21	0.00
other	500.00	57.41
Special funds	729,004.23	917,323.30
Accruals	0.00	0.00
OTHER LIABILITIES	2,713,738,680.94	2,926,263,843.68
TOTAL EQUITY AND LIABILITIES	3,014,287,043.56	3,288,307,827.59

ITEM	01.01 - 31.12 2022	01.01 - 31.12 2023
Net revenues from sales and equivalent, including revenues:	73,640,552.46	84,865,598.31
- from related parties	3,302.40	8,035.20
Net revenues from sales of products	73,640,552.46	84,865,598.31
Operating expenses	34,771,750.07	38,055,890.88
Amortisation and depreciation	1,416,905.21	6,816.99
Consumption of materials and energy	11,005.99	15,954.08
External services	22,547,556.65	24,338,429.20
Taxes and charges	2,464,768.62	3,365,797.57
Payroll	5,797,389.05	7,162,635.38
Social security and other benefits, including:	1,710,694.39	1,992,457.04
- pension benefits	772,493.78	921,236.24
Other costs by type	823,430.16	1,173,800.62
PROFIT ON SALES	38 868 802,39	46 809 707,43

ITEM	01.01 - 31.12 2022	01.01 - 31.12 2023
PROFIT ON SALES	38,868,802.39	46,809,707.43
Other operating revenues	458,205.24	2,633.94
Gains on disposal of non-current fixed assets	3,447.12	325.20
Other operating revenues	454,758.12	2,308.74
Other operating expenses	73,197.98	243,893.78
Other operating expenses	73,197.98	243,893.78
OPERATING PROFIT	39,253,809.65	46,568,447.59

ITEM	01.01 - 31.12 2022	01.01 - 31.12 2023
OPERATING PROFIT	39,253,809.65	46,568,447.59
Financial revenues	10,945,283.11	17,975,644.49
Interest, including:	10,945,281.15	17,975,640.33
- from related parties	0.00	0.00
Other	1.96	4.16
Financial expenses	61,289.91	18,064.89
Interest, including:	26,987.77	240.03
- to related parties	26,432.58	0.00
Other	34,302.14	17,824.86
GROSS PROFIT	50,137,802.85	64,526,027.19
Income tax	9,111,337.17	12,020,239.77
NET PROFIT	41,026,465.68	52,505,787.42



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

Independent Auditor's Report to the Shareholders 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"), comprising introduction to the financial statements, the balance sheet as at 31 December 2023, the profit and loss account, the statement of changes in equity and the statement of cash flows for the financial year from 1 January to 31 December 2023, 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 2023, 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 methods (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" - 2023 Journal of Laws, item 1015 with subsequent amendments). 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: 141222257, 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 31-548, 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

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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 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.

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 in internal controls that we identify during our audit.

Other Information, Including Report on Activities

Other information comprises the report on the Company's activities for the financial year ended 31 December 2023 ("the 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 on 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.

/Electronic signature:

Signed by

Anna Agnieszka Bernaziuk

Date 2024-02-28 15:42/

Dr. Anna Bernaziuk

Certified Auditor

Registration No. 173

Warsaw, 28 February 2024