Quarterly report of ATM S.A.
for the third quarter of 2016

Warsaw, November 2016

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KEY INFORMATION REGARDING QUARTERLY REPORT

This quarterly report covers information prepared pursuant to § 86 item 1 and § 87 item 1 of the Regulation of the Minister of Finance of 19 February 2009, and includes financial statements of ATM S.A. prepared according to the International Financial Reporting Standards, as approved by the European Union.

Submission date: 10 November 2016

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: information technology
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REGON (Statistical ID No): 012677986

SELECTED FINANCIAL DATA

	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	in PLN thousand		in EUR thousand	
Total sales revenue	99,004	98,766	22,671	23,750
Revenue from core operating segments	95,201	92,562	21,800	22,258
Sales margin	53,107	50,919	12,161	12,245
EBITDA	28,920	26,364	6,623	6,340
Operating profit	11,535	9,298	2,641	2,236
Profit before tax	7,254	6,676	1,661	1,605
Net profit on continued operations	5,833	4,274	1,336	1,028
Comprehensive income	7,100	3,606	1,626	867
Net cash from operating activities	22,613	26,087	5,178	6,273
Net cash from investing activities	(19,231)	(29,104)	(4,404)	(6,999)
Net cash from financing activities	(3,432)	1,361	(786)	328
Increase (decrease) in cash	(51)	(1,656)	(12)	(397)
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Fixed assets	387,021	388,367	89,754	91,134
Current assets	20,460	19,078	4,745	4,478
Total assets	407,481	407,445	94,499	95,611
Long-term liabilities	78,231	102,031	18,143	23,943
Short-term liabilities	90,351	73,615	20,953	17,274
Equity	238,899	231,799	55,403	54,394
Share capital *	34,723	34,723	8,053	8,148
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.57	6.38	1.52	1.50

**) the share capital was restated in accordance with IAS 29*

The above financial data for the third quarter of 2016 and 2015 were converted to EUR in accordance with the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.3120 as published by the National Bank of Poland on 30 September 2016;
- particular items of the profit and loss account and the statement of cash flows were converted at the EUR/PLN exchange rate which is the arithmetical mean of average rates set by the National Bank of Poland as at the last day of each month of the financial period from 1 January until 30 September 2016, amounting to 4.3670, and from 1 January until 30 September 2015, amounting to 4.1585.

The financial figures for 2015 were translated into EUR according to the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.2615 as published by the National Bank of Poland on 31 December 2015.

(all amounts are presented in PLN thousand, unless specified otherwise)

A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE THIRD QUARTER OF 2016

1. CONDENSED INTERIM INCOME STATEMENT

	For the period 01/01–30/09/2016	For the period 01/07–30/09/2016	For the period 01/01–30/09/2015	For the period 01/07–30/09/2015
Continued operations				
Sales revenue	99,004	32,941	98,766	32,994
of which: Revenue from core operating segments	95,201	31,909	92,562	31,434
Cost of sales (variable)	45,898	15,157	47,846	15,634
Sales margin*	**53,107**	**17,784**	**50,919**	**17,360**
Cost of sales (fixed)	21,255	7,146	19,727	6,901
Gross profit (loss) on sales	**31,852**	**10,638**	**31,193**	**10,460**
Other operating revenue	62	3	155	59
General and administrative expenses	20,200	6,623	21,505	7,016
Other operating expenses	178	41	544	66
Operating profit (loss)	**11,535**	**3,977**	**9,298**	**3,436**
Share in the financial result of undertakings accounted for using the equity method**	1,481	(21)	663	(781)
Financial revenue	31	2	165	10
Financial expenses	5,793	1,088	3,450	1,240
Profit (loss) before tax	**7,254**	**2,870**	**6,676**	**1,425**
Income tax	1,421	479	2,401	1,209
Net profit (loss) on continued operations	**5,833**	**2,390**	**4,274**	**216**
Discontinued operations				
Net profit (loss) on discontinued operations				
Net profit (loss)	5,833	2,390	4,274	216
Profit (loss) per share	0.00	0.00	0.00	0.00
On continued operations:				
Ordinary	0.16	0.07	0.12	0.01
Diluted	0.16	0.07	0.12	0.01
On continued and discontinued operations:				
Ordinary	0.16	0.07	0.12	0.01
Diluted	0.16	0.07	0.12	0.01
EBITDA	**28,920**	**9,998**	**26,364**	**9,455**

NOTES:

*) The Issuer additionally discloses, in relation to the IFRS requirements, the “Sales margin” category which represents the difference between sales revenue and own variable costs of sales, i.e. those that are directly related to the value of the revenue (cost of goods sold, costs of subcontractors in the implementation of services, materials and energy consumption). This category – according to the Issuer’s Management Board – is important for the analysis of the Company’s finances as it is correlated with the value of sales and determines a break-even point for fixed costs, i.e. a point at which Company’s activities are operationally profitable.

**) This item includes the Issuer’s share in the financial result of an associate, Linx Telecommunications Holding B.V. ATM S.A.’s share in the remaining part of changes in equity of this company is recognised as “Share in other comprehensive income of associated entities” of the Condensed Interim Statement of Comprehensive Income presented below.

(all amounts are presented in PLN thousand, unless specified otherwise)

2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the period 01/01–30/09/2016	For the period 01/07–30/09/2016	For the period 01/01–30/09/2015	For the period 01/07–30/09/2015
Net profit (loss)	**5,833**	**2,390**	**4,274**	**216**
Other comprehensive income that will not be reclassified to profit or loss	**1,267**	**144**	**(669)**	**(1,721)**
Results of revaluation of fixed assets	-	-	-	-
Actuarial gains or losses	-	-	-	-
Share in other comprehensive income of associated entities	1,267	144	(669)	(1,721)
Income tax related to items that will not be reclassified	-	-	-	-
Other comprehensive income that may be reclassified to profit or loss	**-**	**-**	**-**	**-**
Revaluation of tangible fixed assets	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Results of valuation of financial assets available for sale	-	-	-	-
Hedge accounting	-	-	-	-
Income tax related to other comprehensive income items	-	-	-	-
Total comprehensive income	**7,100**	**2,534**	**3,606**	**(1,506)**

(all amounts are presented in PLN thousand, unless specified otherwise)

3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

	End of period 30/09/2016	End of period 30/09/2015	End of period 31/12/2015
Fixed assets	**387,021**	**388,145**	**388,367**
Goodwill	-	-	-
Intangible assets	2,932	3,133	2,939
Tangible fixed assets	330,354	331,024	331,825
Investments in associates consolidated using the equity method	53,468	53,740	53,346
Investments in subsidiaries	-	-	-
Deferred income tax assets	-	-	-
Other fixed assets	267	248	257
Current assets	**20,460**	**22,468**	**19,078**
Inventories	1,015	1,099	1,052
Financial assets held for trading	54	72	66
Trade and other receivables	14,648	16,222	13,452
Income tax receivables	57	57	57
Other current assets	2,919	3,148	2,634
Other financial receivables	-	-	-
Cash and cash equivalents	1,767	1,871	1,817
Total assets	**407,481**	**410,613**	**407,445**

(all amounts are presented in PLN thousand, unless specified otherwise)

4. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

	End of period 30/09/2016	End of period 30/09/2015	End of period 31/12/2015
Equity	**238,899**	**231,023**	**231,799**
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Revaluation reserve	-	-	-
Treasury shares	-	-	-
Reserve capital	61,144	55,504	55,504
Hedge valuation reserve and FX gains/losses due to consolidation	-	-	-
Retained earnings	19,297	17,061	17,837
Long-term liabilities	**78,231**	**111,948**	**102,031**
Long-term loans and borrowings	50,297	78,245	71,473
Provision for deferred tax	4,316	3,353	3,673
Provisions for liabilities	-	-	-
Long-term trade and other liabilities	16,058	17,876	17,116
Other financial liabilities	7,560	12,474	9,769
Short-term liabilities	**90,351**	**67,642**	**73,615**
Bank loans and borrowings	74,953	46,442	49,627
Provisions for liabilities	-	-	-
Income tax liability	120	259	267
Trade and other liabilities	11,500	9,974	17,479
Other financial liabilities	3,779	10,967	6,242
of which: dividends payable	-	5,452	-
Total equity and liabilities	**407,481**	**410,613**	**407,445**

(all amounts are presented in PLN thousand, unless specified otherwise)

5. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2016	**34,723**	**123,735**	**-**	**55,504**	**17,837**	**231,799**
Increases:						
Current period result	-	-	-	-	5,833	5,833
Share in other comprehensive income of associated entities	-	-	-	-	1,267	1,267
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the reserve capital	-	-	-	5,640	-	5,640
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	5,640	5,640
Dividend payout	-	-	-	-	-	-
As at 30 September 2016	**34,723**	**123,735**	-	**61,144**	**19,297**	**238,899**

(all amounts are presented in PLN thousand, unless specified otherwise)

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2015	**34,723**	**123,735**	**-**	**55,504**	**20,724**	**234,686**
Increases:						
Current period result	-	-	-	-	4,274	4,274
Share in other comprehensive income of associated entities	-	-	-	-	(669)	(669)
Profit distribution – increase of the supplementary capital	-	-	-	-	799	799
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	799	799
Dividend payout	-	-	-	-	7,268	7,268
As at 30 September 2015	**34,723**	**123,735**	**-**	**55,504**	**17,061**	**231,023**

(all amounts are presented in PLN thousand, unless specified otherwise)

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2015	**34,723**	**123,735**	**-**	**55,504**	**20,724**	**234,686**
Increases:						
Current period result	-	-	-	-	5,640	5,640
Share in other comprehensive income of associated entities	-	-	-	-	(1,259)	(1,259)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the supplementary capital	-	-	-	-	799	799
Share subscription under the stock option plan	-	-	-	-	-	-
Decreases:						
Profit distribution to be allocated to supplementary capital	-	-	-	-	799	799
Dividend payout	-	-	-	-	7,268	7,268
As at 31 December 2015	**34,723**	**123,735**	**-**	**55,504**	**17,837**	**231,799**

(all amounts are presented in PLN thousand, unless specified otherwise)

6. CONDENSED INTERIM CASH FLOW STATEMENT

	For the period 01/01–30/09/2016	For the period 01/01–30/09/2015
Operating activities	**22,613**	**26,087**
Profit (loss) before tax	7,254	6,676
Adjustments by items:	15,359	19,409
Share in the financial result of undertakings accounted for using the equity method	(1,481)	(663)
Depreciation and amortisation	17,386	17,065
Foreign exchange differences	(6)	(33)
Interest received	(1)	(2)
Interest paid	3,040	3,055
Dividends received	-	-
(Profit) loss on investing activities	61	103
Change in inventories	36	253
Change in receivables	(1,196)	2,558
Change in liabilities and provisions *	(2,780)	(750)
Change in other assets	(285)	(228)
Income tax paid	(927)	(751)
Other	1,512	(1,198)
Investing activities	**(19,231)**	**(29,104)**
Expenditure on purchase of tangible fixed assets	(19,357)	(34,134)
Expenditure on purchase of financial assets	-	-
Proceeds from sale of tangible fixed assets	118	4,896
Repayments of long-term borrowings granted	13	134
Borrowings granted	-	-
Proceeds from sales of financial assets	-	-
Interest received	-	-
Dividends received	-	-
Foreign exchange differences	(5)	-
Other	-	-
Financing activities	**(3,432)**	**1,361**
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	120	1,570
Proceeds from loans and borrowings	18,370	21,192
Repayments of loans and borrowings	(14,221)	(11,021)
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(4,672)	(5,541)
Dividends paid	-	(1,817)
Interest received	-	2
Interest paid	(3,040)	(3,055)
Other profit-sharing	-	-
Foreign exchange differences	11	33
Other (division adjustment)	-	-
Change in cash	**(51)**	**(1,656)**
Opening balance of cash	**1,817**	**3,527**
Closing balance of cash	**1,767**	**1,871**

*) The item “Change in liabilities and provisions” does not comprise the change in liabilities in respect of investment purchases; the change
in such liabilities is reported in the item “Expenditure on purchase of tangible fixed assets”.

ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GROUNDS FOR THE DRAWING UP OF FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICIES)

The interim condensed financial statements for the third quarter ended 30 September 2016 were prepared in accordance with IAS 34 *Interim Financial Reporting in a condensed form* and in compliance with the relevant International Financial Reporting Standards (IFRS) applicable to interim financial reporting, approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union and applicable as at 30 September 2016.

Accounting principles (policies) used for preparing the interim condensed financial statements are consistent with those used for preparing the annual financial statements of the Company for the previous year, except for the changes to standards and new standards and interpretations approved by the European Union applicable for reporting periods beginning on or after 1 January 2016.

In 2016, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretation Committee and approved for use in the EU, applicable in the activities conducted by the Company and binding during the reporting periods starting from 1 January 2016. Adopting the standards and interpretations listed above did not lead to significant changes in the Company's accounting policy nor in the presentation of data in financial statements.

Interim condensed financial statements do not include all the information and disclosures required in annual financial statements, and they should be read jointly with the Company's annual financial statements for 2015, including notes for the 12 months ended 31 December 2015, prepared according to IFRS, as approved by the EU.

These condensed interim financial statements have not been audited by an independent statutory auditor. The financial statements for 2015 were the last financial statements audited by an independent statutory auditor.

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of authorisation of these interim condensed financial statements, no circumstances are found indicating a threat to the continued operations by the Company.

The duration of the Company is indefinite.

These interim condensed financial statements, except for the cash flow statement, were prepared on an accrual basis.

In these foregoing interim condensed financial statements, the significant assumptions made by the Management Board regarding adoption of accounting principles and main uncertainties were the same as those presented in Note 2 in the Financial Statements for the year 2015.

Polish zloty is the functional currency of the Issuer and presentation currency of these interim condensed financial statements. The data in the financial statements are rounded up to PLN thousand, unless stated differently.

The interim condensed financial statements present the financial position of ATM S.A. as at 30 September 2016 and as at 30 September 2015 and 31 December 2015, as well as the results of its operations in the period of 9 and 3 months ended 30 September 2016 and 30 September 2015.

2. OPERATING SEGMENTS

The operations of the Issuer are divided into two operating segments, which group together the basic categories of services provided by the Issuer:

- the Data Center Services Segment, including collocation services and other services relating to data center infrastructure (such as the leasing of dedicated servers, cloud computing services and backup office services);
- the Telecommunications Services Segment, including broadband data transmission services, telecommunications connection leasing services, Internet access services and voice services (ISDN and VoIP).

The column marked "Other" shows revenue obtained outside the core operating segments, including from the sale of services of an administrative nature. The revenue in this category makes only a small (and decreasing) contribution to the overall profit on sales and does not represent a significant burden on the Company's fixed costs.

The allocation of fixed assets is based on identification of their actual use. For assets used by both segments, allocation is made based on indices. The value of the Issuer's shares in its associated company is shown in the column marked "Other".

Variable costs of sales, costs of depreciation and amortisation, as well as remuneration of employees in the organisational units responsible for the performance of services are allocated to segments in accordance with their direct relationship. Other operating costs are allocated to the appropriate segments proportionally to revenue or to costs of remuneration.

(all amounts are presented in PLN thousand, unless specified otherwise)

Company's results broken down by operating segments in the period from 1 January 2016 to 30 September 2016:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**168,396**	**163,331**	**55,295**	**387,021**
Sales revenue	40,808	54,393	3,804	99,004
of which: sales associated with data center services	-	15,700	-	15,700
Cost of sales (variable)	11,765	30,371	3,761	45,898
Sales margin	29,042	24,022	43	53,107
Fixed costs	19,603	21,852	-	41,455
of which: depreciation and amortisation	9,792	7,594	-	17,386
Other net operating revenue and costs	(51)	(66)	-	(117)
Operating profit (loss)	**9,388**	**2,104**	**43**	**11,535**
EBITDA	**19,180**	**9,698**	**43**	**28,920**
Net financial revenue and expenses				(4,281)
Profit (loss) before tax				**7,254**
Income tax				1,421
Net profit (loss)				**5,833**

Company's results broken down by operating segments in the period from 1 January 2015 to 30 September 2015:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**165,673**	**167,229**	**55,243**	**388,145**
Sales revenue	36,289	56,273	6,204	98,766
of which: sales associated with data center services	-	15,933	-	15,933
Cost of sales (variable)	12,089	30,276	5,480	47,846
Sales margin	24,199	25,997	723	50,920
Fixed costs	16,762	23,265	1,205	41,232
of which: depreciation and amortisation	8,229	7,645	1,190	17,065
Other net operating revenue and costs	(152)	(238)	-	(390)
Operating profit (loss)	**7,286**	**2,494**	**(482)**	**9,298**
EBITDA	**15,516**	**10,139**	**710**	**26,364**
Net financial revenue and expenses				(2,623)
Profit (loss) before tax				**6,676**
Income tax				2,401
Net profit (loss)				**4,274**

(all amounts are presented in PLN thousand, unless specified otherwise)

Company's results broken down by operating segments in the third quarter of 2016:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**168,396**	**163,331**	**55,295**	**387,021**
Sales revenue	14,083	17,826	1,032	32,941
of which: sales associated with data center services	-	5,501	-	5,501
Cost of sales (variable)	4,162	9,988	1,007	15,157
Sales margin	9,921	7,839	25	17,784
Fixed costs	6,583	7,186	-	13,769
of which: depreciation and amortisation	3,435	2,586	-	6,021
Other net operating revenue and costs	(17)	(21)	-	(38)
Operating profit (loss)	**3,321**	**631**	**25**	**3,977**
EBITDA	**6,756**	**3,217**	**25**	**9,998**
Net financial revenue and expenses				(1,107)
Profit (loss) before tax				**2,870**
Income tax				479
Net profit (loss)				**2,390**

Company's results broken down by operating segments in the third quarter of 2015:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**165,673**	**167,229**	**55,243**	**388,145**
Sales revenue	12,574	18,860	1,559	32,994
of which: sales associated with data center services	-	5,545	-	5,545
Cost of sales (variable)	4,178	10,081	1,375	15,634
Sales margin	8,396	8,780	184	17,360
Fixed costs	5,887	7,629	401	13,918
of which: depreciation and amortisation	2,915	2,707	397	6,019
Other net operating revenue and costs	(3)	(4)	-	(7)
Operating profit (loss)	**2,506**	**1,147**	**(217)**	**3,436**
EBITDA	**5,422**	**3,854**	**180**	**9,455**
Net financial revenue and expenses				(2,011)
Profit (loss) before tax				**1,425**
Income tax				1,209
Net profit (loss)				**216**

(all amounts are presented in PLN thousand, unless specified otherwise)

The geographical breakdown of sales revenue is as follows:

Sales revenue	For the period 01/01–30/09/2016	For the period 01/07–30/09/2016	For the period 01/01–30/09/2015	For the period 01/07–30/09/2015
Domestic customers	87,160	28,974	88,519	29,385
Foreign customers	11,844	3,967	10,247	3,609
Total sales revenue	**99,004**	**32,941**	**98,766**	**32,994**

In the above table, the item "foreign customers" includes only sales to foreign-registered customers. This category does not include sales to foreign users to whom services are provided through a Polish-registered entity.

3. Inventories revaluation write-downs reducing the value to net realisable value

By 30 September 2016, the Company made revaluation write-downs amounting to PLN 153 thousand.

4. Revaluation write-downs for fixed assets

The Company did not make any revaluation write-downs for fixed assets in the period from 1 July 2016 to 30 September 2016.

5. Recognition, increase, utilisation and release of provisions

In the reported period, the Company did not recognise any provisions.

6. Deferred income tax assets and provisions

	Statement of financial position		Statement of comprehensive income	
	End of period 30/09/2016	End of period 31/12/2015	For the period 01/01–30/09/2016	For the period 01/01–30/09/2015
Deferred tax provision				
Difference between the carrying amount and tax value of tangible fixed assets	7,284	6,642	642	1,635
Recognised service revenue	-	12	(12)	(52)
Receivable compensation	-	-	-	-
Accrued interest	6	6	-	-
Valuation of financial instruments	-	-	-	-
Subsidies received – settlement	-	-	-	74
Foreign exchange gains	-	-	-	-
Provision for deferred tax acquired as a result of a business combination	-	-	-	-
Gross deferred tax provision	**7,290**	**6,660**	**630**	**1,657**
Deferred tax assets	-	-	-	-
Difference between the carrying amount and tax value of tangible fixed assets	7,284	6,642	642	1,635
Deferred payment revenue	-	-	-	-
Revenue settled over time	-	-	-	-
Inventories write-downs	513	487	(26)	(22)
Receivables write-downs	243	225	(18)	(28)
Write-downs on financial assets	1,927	1,928	1	-

(all amounts are presented in PLN thousand, unless specified otherwise)

Provisions for service expenses	-	-	-	110
Provisions for employee benefits	-	-	-	-
Foreign exchange losses	-	-	-	-
Liabilities to the Social Insurance Institution (ZUS)	-	-	-	-
Liabilities to employees	-	-	-	-
Deferred income/expenses and accruals	230	200	(30)	-
Subsidies received	-	-	-	-
Effects of IRS valuation	64	147	84	108
Recognised interest	-	-	-	-
Deductible tax losses	-	-	-	275
Deferred tax assets acquired through a business combination	-	-	-	-
Gross deferred tax assets	**2,977**	**2,987**	**11**	**443**
Net tax assets (tax provision)	**(4,313)**	**(3,673)**	**-**	**-**
Deferred income tax charge against profit			**641**	**2,100**

7. Significant tangible fixed asset sales and acquisitions

The Company did not carry out any significant one-time transactions concerning fixed assets. In the period covered by the financial statements, investment expenditure totalled PLN 15.9 million. The aforementioned sum concerns expenditure construed as an increase in the value of fixed assets.

8. Significant liabilities on account of the purchase of tangible fixed assets

There were no significant liabilities on account of the purchase of tangible fixed assets.

9. Significant settlements arising from court cases

There were no significant settlements arising from court cases.

10. Adjustment of errors from previous periods

The entity did not make any adjustments of errors from previous periods.

11. Changes in economic situation and business conditions having significant impact on the fair value of the entity's financial assets and financial liabilities

There were no changes in economic situation that would have material impact on the fair value of the entity's financial assets and liabilities.

12. Bank loans and borrowings, and lease liabilities

Bank loans include:

1. investment loan for the period of 5 years (2012–2017) of PLN 17.78 million, secured by mortgage on real estate, where the Issuer develops data centers,
2. investment loan for the period of 5 years (2014–2019) of PLN 31.25 million, secured by mortgage on real estate, where the Issuer develops data centers,
3. investment loan for the period of 5 years (2014–2019) of PLN 13.37 million, secured by mortgage on real estate, where the Issuer develops data centers,
4. investment loan for the period of 5 years (2013–2019) of PLN 3.49 million, secured by pledge on capital expenditure,

(all amounts are presented in PLN thousand, unless specified otherwise)

5. investment loan for the period of 5 years (2015–2020) of PLN 12.54 million, secured by pledge on capital expenditure,
6. overdraft facility, which revolves annually, with a total limit of up to PLN 46.82 million, used as at the balance-sheet date up to the amount of PLN 40.82 million.

Other financial liabilities include finance lease agreements of the net total value of liabilities amounting to PLN 11.33 million as at the balance sheet date. The lease agreements are concluded in order to refinance investment expenditures, and they are usually entered into for the period of 5 years.

13. FAILURE TO PAY OFF A LOAN OR A BORROWING

There was no breach of bank loan or borrowing contract, and there was no failure to pay off any loan or borrowing.

14. FINANCIAL ASSETS AT FAIR VALUE

As at 30 September 2016, the Company held financial instruments carried at fair value in its statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2 – other methods for which all inputs that have a significant effect on the recognised fair value are included, either directly or indirectly.
Level 3 – methods which use inputs that have a significant effect on the recognised fair value, but are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of input data is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable input data that require significant adjustments based on unobservable inputs, such measurement is a Level 3 measurement. Assessing the significance of particular input data for the fair value measurement in its entirety requires judgement considering factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	End of period 30/09/2016		End of period 31/12/2015	
	carrying amount	fair value	carrying amount	fair value
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets held to maturity	-	-	-	-
Financial assets available for sale (at fair value)	-	-	-	-
Loans granted and own receivables	-	-	-	-
Financial liabilities at fair value through profit or loss	181	181	717	717
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	Fair value hierarchy level	End of period 30/09/2016
Derivative financial instruments – option spread hedging the interest rate risk in respect of the investment loan	level 2	-
Derivative financial instruments – IRS contract hedging the interest rate risk in respect of the investment loan	level 2	181
Total		**181**

(all amounts are presented in PLN thousand, unless specified otherwise)

The valuation of the IRS contract hedging the interest rate risk in respect of the investment loan was made based on information obtained from Bank Zachodni WBK S.A. (prepared using parameters that were considered optimal by the Bank).

During the period ended 30 September 2016, no transfers took place between Level 1 and Level 2 of the fair value hierarchy and no instruments were transferred to/from Level 3 of the fair value hierarchy.

15. Changes in the classification of financial assets due to a change of their purpose or use

During the reporting period, the Company did not change the classification of assets.

16. Seasonality of operations

Revenue from sales is stable, recurrent and relatively resistant to the business cycle, owing to the predominant subscription nature of the contracts. This revenue is not seasonal. A periodic rise in revenues may be due to a greater share of revenue from sources other than subscription services relating to providing the clients with telecommunications lines and collocation space. Such an increase in revenue occurred in the last quarters of the years 2012–2014, and in 2015, this phenomenon did not occur.

17. Issue, redemption and repayment of non-share securities and equities

The Company did not carry out any of the aforementioned transactions.

18. Dividends paid and declared

On 28 June 2016, the Ordinary General Meeting of the Company adopted a resolution, in accordance with the Management Board's recommendation, allocating the entire net profit generated by the Company in 2015, i.e. PLN 5,639,805.91, to the reserve capital.

19. Value of collateral and security given, changes in contingent liabilities and contingent assets

Off-balance sheet items	End of period 30/09/2016	End of period 31/12/2015
1. Contingent receivables	-	-
1.1 from other undertakings	-	-
2. Contingent liabilities	49,206	47,701
2.1 to other entities, of which:	49,206	47,701
- guarantees and sureties granted	464	2,925
- mortgage collateral	31,600	31,600
- collateral pledge	17,142	13,176
Total	**49,206**	**47,701**

Since the end of the financial year 2015, the following changes have occurred with respect to collateral and security given:

a) guarantees and sureties granted have decreased by PLN 2,461 thousand because of:

- expiry of guarantees amounting to PLN 2,611 thousand and granting of guarantees amounting to PLN 150 thousand,

b) mortgage collateral has remained unchanged,

c) collateral pledges have increased by PLN 3,966 thousand.

20. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- On 12 October 2016, the Issuer published an announcement on convening an Extraordinary General Meeting of the Company for 7 November 2016. The reason for convening the General Meeting by the Issuer's Management Board is the need to adopt a resolution on granting an approval for establishing registered pledges on an organised part of the enterprise. On 23 September 2016, documents associated with refinancing the debt of ATM S.A. (the "Company", "Issuer") was signed. Detailed information about this transaction was provided by the Company's Management Board in Current Report No 39/2016 of 23 September 2016. The primary purpose of the transaction was to provide for the Issuer's long-term financial security by adjusting the volume and structure of debt financing to the Company's needs. As a consequence, the structure of collateral established in favour of financing institutions was also rearranged. In this respect, one of the banks' requirements — typical for such transactions — related to establishing collateral on the Issuer's moveable assets. The registered pledge was established, in particular, on assets comprising the equipment used in campus, where the Company provides data center services. In accordance with Article 393(3) of the Code of Commercial Companies, a resolution is required for the "disposal and lease the Company's business or an organized part thereof and establishment a limited property right thereon". In formal and legal terms, the above case involves the establishment of registered pledges on all moveable assets owned by ATM S.A. and located in Warsaw at Grochowska 21 A, Jublierska 8, Jubilerska 8a ("set 1") and at Konstruktorska 5 ("set 2"), used by the Company in the provision of services of the Data Center Services Segment, which both sets (individually) constituting single economic units which change from time to time, as defined in Article 7(2)(3) of the Act on registered pledge and pledge register. Therefore, in order to fulfil the obligation towards financing banks, it is necessary that the Shareholders adopt a resolution, the draft of which was published by the Company's Management Board together with announcing the EGM. The Management Board believes that the establishment of the said registered pledges by the Company is in the best interest of the Company.
- On 17 October 2016, the Issuer received a request from a Shareholder (MCI.PrivateVentures FIZ) to add two items to the agenda of the EGM convened for 7 November 2016:
    - Adoption of a resolution on dismissing a Member of the Supervisory Board;
    - Adoption of a resolution on appointing a Member of the Supervisory Board.
- On 7 November 2016, the Company received a letter of resignation from the position of a member of the Company's Supervisory Board submitted by Piotr Misztal.
- On 7 November 2016, the Extraordinary General Meeting of the Company adopted the following resolutions:
    - on granting an approval for establishing registered pledges on an organised part of the enterprise;
    - On appointing Łukasz Wierdak as a member of the Supervisory Board.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Sylwester Biernacki	President of the Management Board	10 November 2016	....
Robert Zaklika	Vice-President of the Management Board	10 November 2016	....
Tomasz Galas	Vice-President of the Management Board	10 November 2016	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	10 November 2016	....

B. OTHER INFORMATION REGARDING THE QUARTERLY REPORT

(REQUIRED BY THE REGULATION OF THE MINISTER OF FINANCE ON THE CURRENT AND PERIODIC INFORMATION SUBMITTED BY ISSUERS OF SECURITIES)

1. INFORMATION ON THE ISSUER

INFORMATION ON THE ISSUER:

ATM S.A. is a joint-stock company. The Company launched its operation in 1994 as ATM Sp. z o.o. (limited liability company). On 10 July 1997, ATM Sp. z o.o. was transformed into a joint-stock company pursuant to a notarial deed drawn up at the Notarial Office in Raszyn on 16 May 1997 (Repertory No 3243/97).

The registered office of the Company is located in Warsaw at Grochowska 21a. The Company operates from its registered office as well as through a branch in Katowice, which is not a self-contained accounting unit. The Company is registered at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The Company is registered under the National Court Register (KRS) No 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange classification, the Company's core business falls within the sector "Information Technology". In the period covered by these financial statements, ATM S.A. provided data center and data transmission services for corporate clients.

The Company is managed by the Management Board composed as follows:

- Sylwester Biernacki – President of the Management Board,
- Robert Zaklika – Vice-President of the Management Board,
- Tomasz Galas – Vice-President of the Management Board.

On 10 May 2016, the Issuer's Supervisory Board adopted the following resolutions on:

- determining the number of the Members of the Management Board to three;
- dismissing Dariusz Terlecki from the position of President and Member of the Company's Management Board as of 10 May 2016;
- dismissing Jacek Krupa from the position of Vice-President and Member of the Company's Management Board as of 10 May 2016;
- appointing Sylwester Biernacki to the position of President of the Company's Management Board as of 10 May 2016;
- appointing Robert Zaklika to the position of Vice-President of the Company's Management Board as of 1 June 2016;
- appointing Tomasz Galas to the position of Member of the Company's Management Board responsible for finance as of 16 May 2016 (on 29 June 2016, the Issuer's Supervisory Board adopted a resolution appointing Tomasz Galas, current Member of the Company's Management Board, to the position of Vice-President of the Company's Management Board as of 1 July 2016).

Currently, the Company is supervised by a Supervisory Board comprising the following five members:

- Tadeusz Czichon – Chairperson of the Supervisory Board,
- Maciej Kowalski – Deputy Chairperson of the Supervisory Board,
- Łukasz Wierdak – Member of the Supervisory Board,
- Jacek Osowski – Member of the Supervisory Board,
- Cezary Smorszczewski – Member of the Supervisory Board.

Due to the resignation from the membership in the Supervisory Board submitted on 4 March 2016 by the Chairperson of the Supervisory Board Mirosław Panek, on 14 March 2016, the Supervisory Board elected a new Chairperson – Kinga Stanisławska, and a new Deputy Chairperson – Jacek Osowski.

On 25 April 2016, the Extraordinary General Meeting of the Company dismissed Sławomir Kamiński from the Supervisory Board and appointed Cezary Smorszczewski and Maciej Kowalski to the Supervisory Board of the Company.

On 30 May 2016, the Company's Management Board received Kinga Stanisławska's resignation from membership in the Supervisory Board. The resignation was submitted as of the day of the subsequent Extraordinary General Meeting of the Company where changes in the composition of the Supervisory Board are to be on the agenda.

On 30 May 2016, the Extraordinary General Meeting of the Company dismissed Grzegorz Domagała from the Supervisory Board, set the number of Supervisory Board members at five and appointed Piotr Misztal to the Supervisory Board of the Company.

On 2 June 2016, the Issuer's Supervisory Board elected Tadeusz Czichon as the new Chairperson of the Supervisory Board and Maciej Kowalski as the new Deputy Chairperson of the Supervisory Board. The former Deputy Chairperson of the Supervisory Board, Jacek Osowski, handed in his resignation from this post on 2 June 2016.

On 7 November 2016, the Company received a letter of resignation from the position of a member of the Company's Supervisory Board submitted by Piotr Misztal. On the same day, the Extraordinary General Meeting of the Company adopted resolution on appointing Łukasz Wierdak as a member of the Supervisory Board.

DESCRIPTION OF CHANGES IN THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP, INCLUDING CHANGES RESULTING FROM BUSINESS COMBINATIONS, OBTAINING OR LOSING CONTROL OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, AS WELL AS DIVISION, RESTRUCTURING OR DISCONTINUATION OF OPERATIONS; INDICATION OF CONSOLIDATED ENTITIES AND, IN THE CASE OF AN ISSUER WHICH IS A DOMINANT ENTITY AND, UNDER APPLICABLE REGULATIONS, IS NOT REQUIRED OR MAY OPT NOT TO DRAW UP CONSOLIDATED FINANCIAL STATEMENTS – ALSO THE REASON AND LEGAL BASIS FOR THE LACK OF CONSOLIDATION

Currently, ATM S.A. does not have any subsidiaries – and thus it does not form a capital group. On the day of publication of this report, the Issuer held shares representing 21.02% of the share capital of Linx Telecommunications Holding B.V. The results of this entity, as an associated company, are not consolidated at the operating level – they are accounted for according to the equity method. The Company recognises the share in the results of the associated entity in its results, while other comprehensive income of the associated entity is recognised in the Company's other comprehensive income. The amount of acquisition costs is adjusted by the change in share of the Company in net assets of the associated entity, after the acquisition date.

INFORMATION ON SHAREHOLDERS HAVING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING AS OF THE DATE OF SUBMISSION OF THE QUARTERLY REPORT AND INDICATION OF CHANGES IN THE OWNERSHIP STRUCTURE OF LARGE BLOCKS OF SHARES OF THE ISSUER IN THE PERIOD FROM THE SUBMISSION OF THE PREVIOUS PERIODIC REPORT

Shareholder	Number of shares held	Interest in share capital	Number of votes at the General Meeting	Share in the overall number of votes
MCI.PrivateVentures FIZ *	11,070,470	30.46%	11,070,470	30.46%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych **	9,119,040	25.09%	9,119,040	25.09%
Nationale-Nederlanden PTE ***	7,160,120	19.70%	7,160,120	19.70%
PKO BP Bankowy OFE ****	1,914,556	5.27%	1,914,556	5.27%

Shareholder	Number of shares according to the previous periodic report	Number of shares according to the current quarterly report	Change in the number of shares and number of votes
MCI.PrivateVentures FIZ	11,070,470	11,070,470	0
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,119,040	9,119,040	0
Nationale-Nederlanden PTE	7,160,120	7,160,120	0
PKO BP Bankowy OFE	1,914,556	1,914,556	0

**) jointly with subsidiaries. The number of shares as at 5 May 2016 based on the notification*
***) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, Chairperson of the Supervisory Board of ATM S.A. since 2 June 2016 (previously Member of the Management Board of ATM S.A. for a number of years)*
****) the number of shares as at 31 December 2014 based on the "Annual asset structure"*
*****) the number of shares as at 7 May 2015 based on the notification*

The number of shares is equal to the number of votes at the General Meeting.

Summary of changes in the number of Issuer's shares or stock options held by the Issuer's managers and supervisors, in accordance with the information available to the Issuer, since the submission of the previous periodic report

Name and surname	As at 30 September 2016	Increases	Decreases	As at 10 November 2016
Sylwester Biernacki	742,843	-	-	742,843
Tomasz Galas	-	-	-	-
Robert Zaklika	-	-	-	-
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych *	9,119,040	-	-	9,119,040

***) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, Chairperson of the Supervisory Board of ATM S.A. since 2 June 2016 (previously Member of the Management Board of ATM S.A. for a number of years)*

Purchase of treasury shares

The Issuer did not purchase treasury shares in the reporting period.

2. Description of the Issuer's achievements and development prospects

Description of the Issuer's significant achievements or failures during the reporting period

Operating and financial results

In the third quarter of 2016, the Issuer recorded revenue and sales margin at the level similar to that of the immediately preceding quarter. The above results from:

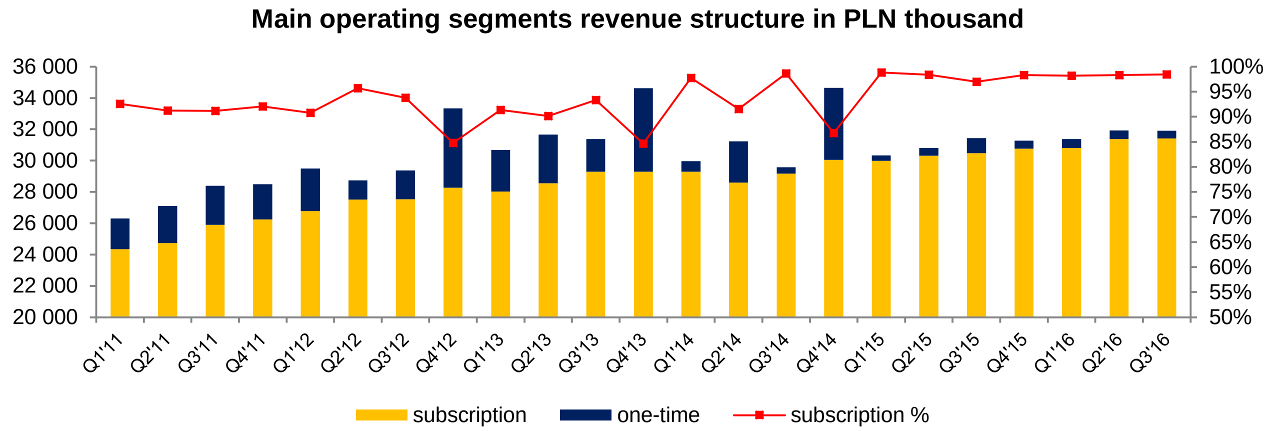
- maintaining the rate of revenue growth in the Data Center Services Segment at the level of more than ten percent on a quarter-to-quarter basis;

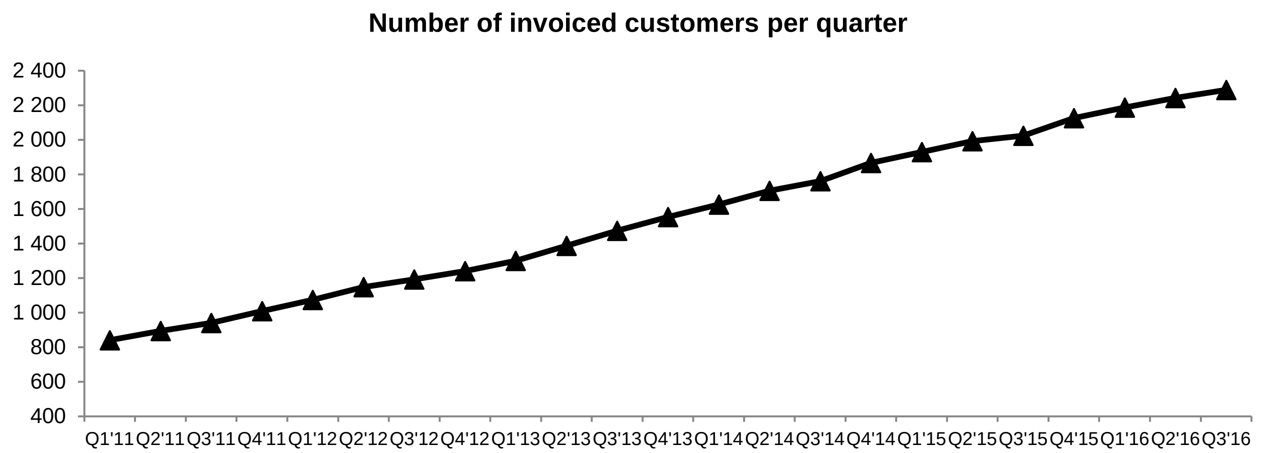
- further — insignificant — decreases in the Telecommunications Services Segment (-2% q/q);
- slight decrease in the return on sales in core operating segments (from 56.2% do 55.7%).

Following a decrease in overhead costs (including costs of salaries), both the operating profit and EBITDA increased by, respectively, 3% and 4% q/q. The above dynamics of sales in individual segments is in line with trends observed for the last few quarters.

Attention should be paid to a significant decrease in the Company's net debt as at the end of the third quarter of the current year — owing the excess of operating cash flows and reduction of investment expenditure in 2016 (as compared to previous years), the Company managed to reduce its net debt by more than PLN 5 million as compared to the level of net debt as at the end of 2015.

A consistent increase in subscription-based revenue and continuously growing customer base are presented in the following charts:

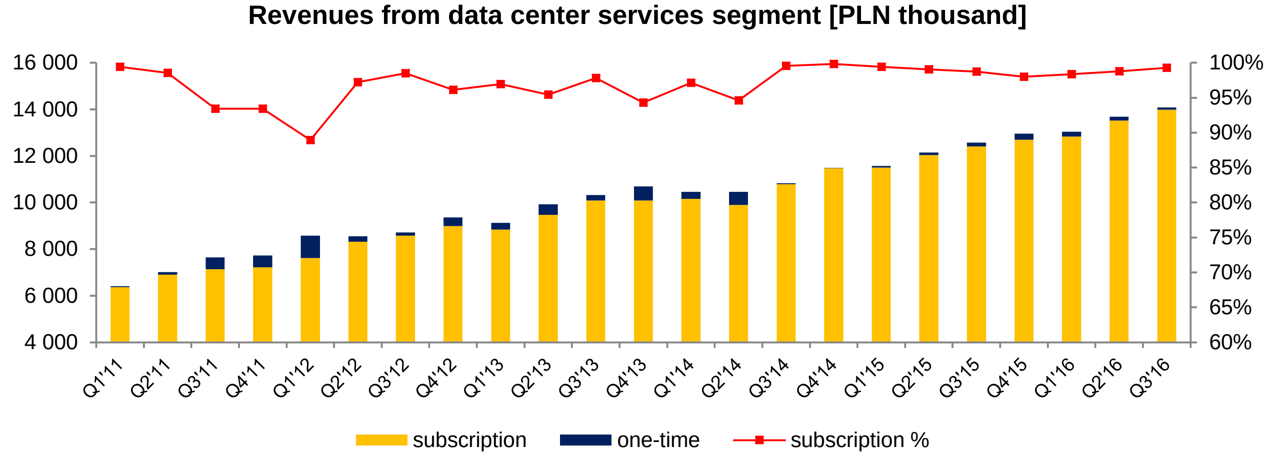




Data Center Services Segment

Starting with the report for the first half of 2015, the Issuer has decided to present the data relating to operating segments in such a way that the revenue and costs of the Data Center Services Segment do not include the revenue and costs of telecommunications services associated with data center services, which are now shown in full under the Telecommunications Services Segment. The Issuer also shows, as a separate item, the value of revenue from the Telecommunications Services Segment, which is correlated with data center services (e.g. sale of Internet access service as an add-on to a collocation service). To enable comparability and further analysis of the results, the results for the Data Center Services Segment are shown below with past figures recalculated in accordance with the methodology described above:

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Revenue from the Data Center Services Segment	10,459	10,458	10,834	11,487	11,567	12,147	12,574	12,951	13,044	13,681	14,083
Revenue from the Telecommunications Services Segment associated with data center services	4,845	4,953	5,253	5,268	5,181	5,207	5,545	5,187	4,962	5,237	5,501
Total	**15,304**	**15,410**	**16,088**	**16,755**	**16,748**	**17,355**	**18,119**	**18,138**	**18,006**	**18,918**	**19,584**



The result on sales recorded in the Data Center Services Segment in the third quarter of the current year was slightly better than in the second quarter (the segment's revenue increased by 3% q/q, and the sales margin increased by 0.5% q/q). The above results from:

- maintaining the revenue from collocation services at a stable level (as compared to the preceding quarter) — it is worth mentioning that subscription-based revenue account for more than 98% of the Issuer's revenue in this area;
- maintaining the high rate of increase in revenue from the lease of dedicated servers (ATMAN EcoSerwer) – more than 40% y/y and 12% q/q;
- decrease in the segment's return on sales by 1.8 p.p. q/q (from 72.2% to 70.4%), which results from a temporary increase of the segment's operating costs.

Ultimately, EBITDA generated by the Data Center Services Segment increased to PLN 6.8 million (by 25% y/y and 4% q/q) and accounted for 68% of total EBITDA of ATM in the third quarter of 2016.

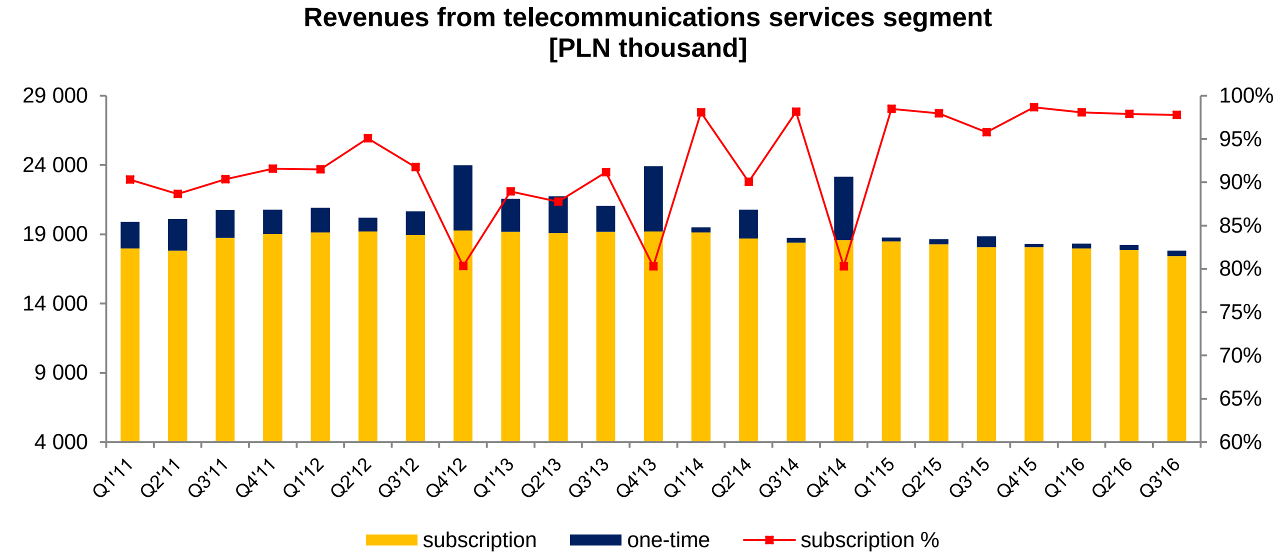
Net collocation space occupied by the customers increased to more than 4,120 m^2 as at the end of the quarter, which represents an increase by 8% y/y (2% q/q). This figure includes approx. 50 m^2 of space occupied for the purposes of implementation of the P1 project (project implemented for the Center for Health Information Systems [CSIOZ]; the Issuer informed about this project in the periodic report for the 1st half of 2016), the revenue from which should start to appear in the last quarter of the current year.

In the past quarter, the rate of growth of the customer number was similar to the one recorded in the first half of this year (approx. 17% y/y) and the sectoral structure of customers remains — in principle — stable (it is worth noting here that a growing share of customers from the IT sector can be observed for several quarters).

Telecommunications Services Segment

Presented below are the results of the Telecommunications Services Segment, with past figures recalculated according to the methodology described in the section on the Data Center Services Segment (see the previous section):

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Total Revenue from the Telecommunications Services Segment	**19,505**	**20,772**	**18,734**	**23,148**	**18,762**	**18,650**	**18,860**	**18,302**	**18,330**	**18,237**	**17,826**
of which: subscription revenue	19,131	18,704	18,388	18,584	18,476	18,274	18,064	18,061	17,981	17,855	17,433



In the Telecommunications Services Segment, the Issuer is still facing declining revenue in the area of data transmission (pressure for the so-called ARPU, i.e. the average revenue per user, through a decline in unit prices and reduction of the scope of collaboration with major telecommunication operators), which cannot be offset by growing revenue from smaller corporate customers (which takes place primarily in the Internet access services, where the number of customers also grows dynamically — by approx 12% y/y). Moreover, the share of revenue from one-off services (primarily installation services and services related to the sales of lines) in the segment's total revenue still remains low. Ultimately, in the third quarter of the current year the segment's revenue decreased by 2% q/q and 5% y/y.

The negative of the above decline was offset, to a large extent, by reduction of the segment's operating costs. As a result, the rate of return on sales remained at a stable level on the quarter-to-quarter basis (i.e. approx. 44%), and the sales margin decreased by 3% q/q. As a result of reducing overhead costs, EBITDA generated by the segment in the third quarter of the current year was similar to EBITDA earned in the previous quarter. This means that EBITDA declined by 17% y/y.

The number of customers invoiced in the third quarter of 2016 increased by 10% y/y.

Amounts and types of items affecting assets, liabilities, equity, net financial result or cash flows which are atypical due to their type, size or frequency. Description of atypical factors and events which materially affect the condensed financial statements

No atypical factors or events occurred which might materially affect the financial results achieved by the Company.

INFORMATION ON FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE NEXT QUARTER

One of the most important external factors which condition the development of the Issuer's Company is a constant growth of demand for transfer, processing and archiving of information which creates conditions for constant increase in demand for the services provided by the Issuer in the area of data transmission for companies and institutions, as well as data center (collocation) services.

The main factors that – in the opinion of the Issuer – should stimulate the demand for its services in the next few years include:

- digitisation of companies – increasing demand for data computing power and storage space (also in relation to the so-called "Big Data"),
- advances in telecommunications – the new generation network (LTE), the dynamically growing number of mobile devices used to send increasing amounts of data (content delivery),
- increasing popularity of services generating large volumes of data: video transmission, social media, online games, e-commerce, the Internet of Things,
- tangible benefits of locating own equipment in close proximity of the equipment and connection lines of business partners and customers – such possibilities are offered only by data centers, concentrating wide range of stakeholders from different sectors,
- dynamic development of the market for financial services, in which e-commerce and the need to handle large volumes of transactions per unit of time are becoming more and more important,
- progressive digitalisation of the public sector (e.g. health care),
- IT outsourcing – increased inclination to place own data processing equipment at the premises of specialised providers of data center services, rather than building own server facilities (cost – economies of scale, quality and reliability of services – know-how),
- cloud computing – transfer of a part of data processing to companies offering cloud computing which also operate based on the infrastructure offered by specialised data center providers.

In view of the above, the Issuer implements the adopted strategy by preparing further modules of the ATMAN and Thinx Poland data centers for sale, including through the ATM Innovation Center Project finalised in 2015. The high pace of sales of the collocation space offered will strengthen ATM's leading position on the domestic data center market and will bring a tangible result in the increase of revenue and profits in the next financial periods.

After the investment projects completed in 2015, the Company currently has over 8 thousand m^2 of net collocation space, 50% of which is utilised by customers. In addition, the Company can relatively quickly increase the supply of space with additional 1.5 thousand m^2 net, by expanding the DC localised at Konstruktorska in Warsaw.

The results achieved by the Issuer in the first three quarters of 2016 are nearly entirely based on the recurring stream of revenue, which means that they should be improved regularly in subsequent periods. The dynamics of this growth will substantially depend on 2 factors:

- the EBITDA growth rate in the Data Center Services Segment which, in turn, will be closely correlated with the rate of commercialisation of the collocation space and sales of products based on the data center infrastructure (e.g. dedicated servers, cloud, backup offices). The strategic objective of the Issuer is to strengthen its position of a leader in the data center market in Poland and to build a position of an important player in this segment in the European market. The dynamics of this process depends strongly on market developments and growth in the demand for collocation services in Poland and abroad as well as the
- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in subscription revenue and profitability and maximise the utilisation of potential of the network infrastructure developed over the recent years. Investments in city and intercity optical networks completed in previous years – combined with a systematic increase in the number of served business locations – should contribute to the stabilisation of revenue from broadband data transmission and traffic exchange on the Internet, while at the same time acting as a catalyst for

growth of collocation revenue (proper high quality lines increase the attractiveness of data center offers).

Risk associated with the level of demand for the Issuer's services is the main factor which might have a negative impact on its future results. All circumstances known to the Company – including those mentioned above – indicate that the Polish data center market still has not reached its expected growth phase. An argument for this view is provided by a comparison of the scale and degree of development of the data center markets in Western Europe and the USA with that of Poland. The significant gaps here should rapidly close in the coming years.

Due to the geopolitical environment, the impact of any potential worsening of the business conditions in Russia – including the devaluation of the ruble against the euro – will be an additional risk factor for the following quarters in the context of the Issuer's total income (through the impact on the results of the associated company – Linx Telecommunications Holding B.V.).

POSITION OF THE MANAGEMENT BOARD REGARDING THE VIABILITY OF ACHIEVING PREVIOUSLY PUBLISHED FORECAST RESULTS FOR A PARTICULAR YEAR, TAKING INTO ACCOUNT THE RESULTS PRESENTED IN THE QUARTERLY REPORT VERSUS PROJECTED RESULTS

The Company did not publish any forecasts for 2016.

3. OTHER INFORMATION

INFORMATION CONCERNING THE CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED UNDERTAKINGS IF CONCLUDED UNDER NON-MARKET CONDITIONS

During the reporting period, the Issuer did not conclude any transactions with related entities under non-market conditions.

INFORMATION ON PENDING PROCEEDINGS BEFORE COURT, ARBITRATION PANEL OR PUBLIC ADMINISTRATION BODY

There are no proceedings before court, arbitration body or public administration body concerning liabilities or receivables of the Issuer the value of which would constitute at least 10% of the Issuer's equity.

INFORMATION ON GRANTING BY THE ISSUER OR ISSUER'S SUBSIDIARY OF A LOAN OR BORROWING SURETY OR A GUARANTEE, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES IS EQUAL TO AT LEAST 10% OF THE ISSUER'S SHAREHOLDERS' EQUITY

During the reporting period, no loan or borrowing sureties or guarantees that would in total exceed 10% of the Issuer's equity were extended by the Issuer.

OTHER INFORMATION CONSIDERED BY THE ISSUER AS IMPORTANT IN THE ASSESSMENT OF THE ISSUER'S PERSONNEL, ASSET AND FINANCIAL STANDING, FINANCIAL RESULT AND CHANGES TO SUCH ITEMS; INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFIL OBLIGATIONS

The Company has a stable personnel, asset and financial position. There are no known factors that could adversely affect the Issuer's ability to meet its obligations.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Sylwester Biernacki	President of the Management Board	10 November 2016	....
Robert Zaklika	Vice-President of the Management Board	10 November 2016	....
Tomasz Galas	Vice-President of the Management Board	10 November 2016	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	10 November 2016	....