Quarterly report of ATM S.A.
for the third quarter of 2018

Warsaw, November 2018

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KEY INFORMATION REGARDING QUARTERLY REPORT

This quarterly report covers information prepared pursuant to § 65 item 1 and § 66 item 1 of the Regulation of the Minister of Finance of 29 March 2018, and includes financial statements of ATM S.A. prepared according to the International Accounting Standard 34 "Interim financial reporting", as endorsed by the European Union.

Submission date: 19 November 2018

Information on the Issuer:

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Abbreviated name of the Issuer: ATM
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SELECTED FINANCIAL DATA

	30/09/2018	30/09/2017***	30/09/2018	30/09/2017***
	in PLN thousand		in EUR thousand	
Total sales revenue	101,917	99,835	23,961	23,454
Sales margin	59,692	57,328	14,034	13,468
EBITDA *	35,173	34,294	8,269	8,057
Operating profit	6,898	13,050	1,622	3,066
Profit before tax	1,189	11,662	279	2,740
Net profit (loss)	(405)	8,452	(95)	1,986
Comprehensive income	(792)	14,791	(186)	3,475
Net cash from operating activities	31,349	26,024	7,370	6,114
Net cash from investing activities	(31,120)	(12,810)	(7,316)	(3,009)
Net cash from financing activities	1,353	(11,279)	318	(2,650)
Increase (decrease) in cash	1,583	1,935	372	455

	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Fixed assets	388,358	397,312	90,921	95,258
Current assets	29,237	25,660	6,845	6,152
Total assets	417,595	422,972	97,765	101,410
Long-term liabilities	226,540	127,713	53,036	30,620
Short-term liabilities	34,023	48,576	7,965	11,646
Equity	157,031	246,683	36,764	59,144
Share capital **	34,723	34,723	8,129	8,325
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (in PLN/EUR)	4.32	6.79	1.01	1.63

**) Starting from the Annual Report for 2017, the Issuer applies the definition of EBITDA adapted to the management reporting requirements introduced at ATM at the beginning of 2017 (which was possible owing to, among other things, the implementation of a new ERP-class system). Comparative data for the first three quarters of 2017 were restated accordingly — for detailed information and reconciliation of EBITDA with the relevant Income Statement items, see Note 21.*

***) The share capital was restated in accordance with IAS 29.*

****) Figures for comparative periods were restated – as described in Note 10.*

The above financial figures for the first three quarters of 2018 and 2017 were converted into EUR according to the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.2714 as quoted by the National Bank of Poland on 30 September 2018;
- particular items of the income statement and the statement of cash flows were converted at the EUR/PLN exchange rate which is the arithmetic mean of the mid-rates as quoted by the National Bank of Poland for the last day of each month of the financial period from 1 January to 30 September 2018, amounting to 4.2535, and from 1 January to 30 September 2017, amounting to 4.2566.

The financial figures for 2017 were converted into EUR according to the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.1709 as quoted by the National Bank of Poland on 31 December 2017.

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

A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE THIRD QUARTER OF 2018

1. CONDENSED INTERIM INCOME STATEMENT

	For the period 01/01–30/09/2018	For the period 01/07–30/09/2018	For the period 01/01–30/09/2017****	For the period 01/07–30/09/2017
Sales revenue	101,917	34,572	99,835	33,399
Costs of sales	42,226	14,351	42,507	14,051
Sales margin *	**59,692**	**20,221**	**57,328**	**19,348**
Other operating revenue	48	18	192	59
General and administrative expenses	52,563	17,968	43,930	15,692
Other operating expenses	279	45	540	53
Operating profit	**6,898**	**2,226**	**13,050**	**3,662**
Share of profit/(loss) of equity-accounted entities ***	(398)	(99)	13,982	79
Revenue from subsidies	1,166	389	1,166	389
Financial revenue	588	(503)	257	3
Financial expenses	7,065	4,426	16,793	(1,327)
Profit (loss) before tax	**1,189**	**(2,414)**	**11,662**	**5,460**
Income tax	1,594	523	3,210	825
Net profit (loss)	**(405)**	**(2,936)**	**8,452**	**4,635**
Profit (loss) per share				
Ordinary	(0.01)	(0.08)	0.23	0.13
Diluted	(0.01)	(0.08)	0.23	0.13
EBITDA **	**35,173**	**12,127**	**34,294**	**11,135**

NOTES:

*) The Issuer additionally discloses, in relation to the IFRS requirements, the “Sales margin” category which represents the difference between sales revenue and costs of sales, i.e. costs 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 (or quasi-fixed) costs, i.e. a point at which Company’s activities are operationally profitable.

*) Starting from the Annual Report for 2017, the Issuer applies the definition of EBITDA adapted to the management reporting requirements introduced at ATM at the beginning of 2017 (which was possible owing to, among other things, the implementation of a new ERP-class system). Comparative data for the first three quarters of 2017 were restated accordingly — for detailed information and reconciliation of EBITDA with the relevant Income Statement items, see Note 21.

***) This item includes the Issuer’s share of the net profit or loss 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.

****) Figures for comparative periods were restated – as described in Note 10.

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

2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the period 01/01–30/09/2018	For the period 01/07–30/09/2018	For the period 01/01–30/09/2017*	For the period 01/07–30/09/2017
Net profit (loss)	**(405)**	**(2,936)**	**8,452**	**4,635**
Other comprehensive income that may be reclassified to profit or loss	**(387)**	**(831)**	**6,339**	**414**
Share in other comprehensive income of associates	(387)	(831)	6,339	414
Total comprehensive income	**(792)**	**(3,767)**	**14,791**	**5,050**

*) Figures for comparative periods were restated – as described in Note 10.

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

3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

	End of period 30/09/2018	End of period 30/09/2017*	End of period 31/12/2017
Fixed assets	**388,358**	**394,965**	**397,312**
Goodwill	-	-	-
Intangible assets	10,006	8,036	8,708
Tangible fixed assets	325,355	330,481	333,886
Investments in equity-accounted associates	51,467	55,569	53,474
Other fixed assets	1,531	879	1,244
Current assets	**29,237**	**26,783**	**25,660**
Financial assets held for trading	21	39	35
Trade and other receivables	17,393	21,843	17,291
Income tax receivables	166	57	168
Other current assets	3,007	1,135	1,099
Cash and cash equivalents	8,650	3,709	7,067
Total assets	**417,595**	**421,748**	**422,972**

*) Figures for comparative periods were restated – as described in Note 10.

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

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

	End of period 30/09/2018	End of period 30/09/2017*	End of period 31/12/2017
Equity	**157,031**	**249,695**	**246,683**
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Reserve capital	440	61,144	61,144
Capital from incentive scheme measurement	2,005	-	-
Retained earnings	(3,872)	30,093	27,081
Long-term liabilities	**226,540**	**133,332**	**127,713**
Long-term loans and borrowings	206,578	104,606	101,375
Provision for deferred tax	7,927	7,577	7,587
Long-term trade and other liabilities	8,057	14,186	13,438
Other financial liabilities	3,978	6,963	5,313
Short-term liabilities	**34,023**	**38,719**	**48,576**
Bank loans and borrowings	8,362	14,542	16,321
Income tax liability	-	98	-
Trade and other liabilities	23,079	20,125	27,593
Other financial liabilities	2,582	3,954	4,662
Total equity and liabilities	**417,595**	**421,748**	**422,972**

*) Figures for comparative periods were restated – as described in Note 10.

(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	Reserve capital	Capital from incentive scheme measurement	Retained earnings, including supplementary capital	Equity
As at 31 December 2017 [before adjustment and restatement]	**34,723**	**123,735**	**61,144**		**28,702**	**248,304**
Adjustment through retained earnings under IFRS 15	-	-	-	-	(1,460)	(1,460)
Adjustments of errors from previous periods	-	-	-	-	(1,621)	(1,621)
As at 1 January 2018	**34,723**	**123,735**	**61,144**	**-**	**25,621**	**245,223**
Net profit					(405)	(405)
Other comprehensive income	-	-	-	-	(387)	(387)
Profit distribution – increase of the supplementary capital	-	-	-	-	27,997	27,997
Profit distribution to be allocated to equity	-	-	-	-	(27,997)	(27,997)
Transactions with owners						
Incentive scheme	-	-	-	2,005	-	2,005
Dividend payout			60,704		28,701	89,405
As at 30 September 2018	**34,723**	**123,735**	**440**	**2,005**	**(3,872)**	**157,031**

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

	Share capital	Supplementary capital from share premium	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 31 December 2016 [before adjustment]	**34,723**	**123,735**	**61,144**	**5,068**	**224,670**
Adjustments of errors from previous periods	-	-	-	10,237	10,237
As at 1 January 2017	**34,723**	**123,735**	**61,144**	**15,305**	**234,907**
Net profit	-	-	-	8,452	8,452
Other comprehensive income	-	-	-	6,339	6,339
As at 30 September 2017	**34,723**	**123,735**	**61,144**	**30,096**	**249,698**

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

	Share capital	Supplementary capital from share premium	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 31 December 2016 [before adjustment]	**34,723**	**123,735**	**61,144**	**5,068**	**224,670**
Adjustments of errors from previous periods	-	-	-	10,237	10,237
As at 1 January 2017	**34,723**	**123,735**	**61,144**	**15,305**	**234,907**
Net profit	-	-	-	10,481	10,481
Other comprehensive income	-	-	-	1,295	1,295
As at 31 December 2017	**34,723**	**123,735**	**61,144**	**27,081**	**246,683**

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

6. CONDENSED INTERIM CASH FLOW STATEMENT

	For the period 01/01–30/09/2018	For the period 01/01–30/09/2017**
Operating activities	**31,349**	**26,024**
Profit (loss) before tax	1,189	11,662
Adjustments by:	30,160	14,362
Share of profit/(loss) of equity-accounted entities	398	(13,982)
Depreciation and amortisation	24,996	19,392
Foreign exchange differences	(436)	160
Interest paid	3,506	3,418
(Gains) losses on investing activities	1	306
Change in inventories	-	816
Change in receivables	(102)	(7,534)
Change in liabilities and provisions *	3,470	(3,269)
Change in other assets	(2,219)	14,632
Income tax paid	(912)	(1,531)
Other	1,460	1,954
Investing activities	**(31,120)**	**(12,810)**
Expenditure on purchase of tangible fixed assets	(31,141)	(18,896)
Proceeds from sale of tangible fixed assets	8	1,402
Repayments of long-term borrowings granted	14	12
Dividends received	-	4,672
Financing activities	**481**	**(11,279)**
Proceeds from loans and borrowings	104,864	1,465
Repayments of loans and borrowings	(7,621)	(5,088)
Payment of finance lease liabilities	(3,415)	(4,078)
Dividends paid	(89,405)	-
Interest paid	(3,506)	(3,418)
Foreign exchange differences	436	(160)
Change in cash and cash equivalents	**1,583**	**1,935**
Opening balance of cash	**7,067**	**1,774**
Closing balance of cash	**8,650**	**3,709**

*) 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”.
**) Figures for comparative periods were restated – as described in Note 10.

ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICY)

The interim condensed financial statements for the this quarter ended 30 September 2018 were prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union and applicable as at 30 September 2018.

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 2018.

In 2018, 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 2018. Adopting the standards and interpretations listed above did not lead to significant changes in the Company's accounting policy, except for those described below.

First-time adoption of IFRS 9

Starting from the financial statements for the first quarter of 2018, the Company applied IFRS 9 "Financial Instruments" for the first time. The above standard has superseded IAS 39. The standard introduces a single model that divides financial assets into two measurement categories – those measured at fair value and those measured at amortised cost. Assets are classified on initial recognition depending on an entity's financial instrument management model and the characteristics of contractual cash flows from such instruments. IFRS 9 introduces a new impairment recognition model based on expected credit losses.
As the Company does not apply hedge accounting, IFRS 9 is not applicable in this respect.
The Company implemented IFRS 9 without restating comparative data, therefore the data for 2017 and 2018 are not comparable.

The impact of applying the above standard on the Company's financial statements is outlined below:

a) Determination of write-downs using the expected loss method – trade receivables
IFRS 9 requires that expected losses be estimated regardless of whether there is evidence of impairment. The standard provides for a three-stage approach to accounting for impairment of non-financial assets:
(1) Stage 1 – balances for which credit risk has not increased significantly since initial recognition, in which case 12-month expected credit loss are recognised based on the probability of default,
(2) Stage 2 – balances for which credit risk has increased significantly since initial recognition, in which case lifetime expected credit losses are recognised based on the probability of default,
(3) Stage 3 – balances of credit impaired assets. As regards trade receivables that do not include a significant financing factor, the standard requires a simplified approach and estimation of the impairment loss on the basis of expected credit losses over the life of the instrument.
The Company has classified trade receivables as Stage 2 (estimation of write-downs on the basis of lifetime expected credit losses), except for impaired receivables which have been classified as Stage 3.
A portfolio analysis was conducted for trade receivables (other than receivables assessed separately as non-performing); a simplified provision matrix was applied in the individual age categories based on lifetime expected credit losses. The analysis was made on the basis of historical data on expected default rates.
According to the Management Board, the adjustment resulting from the estimation of the expected loss is marginal and, consequently, the Company did not adjust its retained earnings as at 1 January 2018 on this account.

b) Determination of write-downs using the expected loss method – cash
The Company estimated write-downs on cash based on the probability of default during a contractual period which is shorter than 3 months, established on the basis of external ratings of banks where cash is held and publicly available information from credit rating agencies on the probability of default. The Company decided not to recognise the impairment write-down due to its immateriality.

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

First-time adoption of IFRS 15

Starting from the financial statements for the first quarter of 2018, the Company applied IFRS 15 “Revenue from Contracts with Customers” and clarifications to IFRS 15 for the first time. This standard supersedes IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The core principle of the new standard is that revenue is to be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Issuer expects to be entitled in exchange for those goods or services. Any goods or services that are sold in bundles and are distinct within the bundle should be recognised separately, and any discounts and rebates on the transaction price should be allocated to the specific bundle items. Under the new standard, an amount of variable consideration is recognised as revenue only if it is highly probable that there will not be a subsequent reversal in recognised revenue due to change in estimates. Furthermore, in accordance with IFRS 15, the cost of obtaining and securing a contract with a customer should be capitalised and amortised over the period in which the contract's benefits are consumed.

Due to the nature of the Company’s operations, the specific features of the products and services sold and the terms and conditions of agreements with customers, the impact of IFRS 15 on the Company’s financial statements is mainly related to the moment of recognising revenue associated with one-off, non-recurring payments (mainly installation/activation fees for subscription services). In accordance with IFRS 15, within the framework of its accounting policy for 2018, the Company has adopted the assumption to identify one-off transactions with revenue spread over time based on the materiality threshold and to recognise the revenue from such transactions over time based on the average duration of subscription contracts. In parallel to revenue, the corresponding costs such as costs related to installation fees, etc., are also recognised over time.

After another analysis of the facts carried out for the purposes of the semi-annual report for the first half of 2018, the Issuer decided to abandon the materiality threshold for the identification of one-off transactions covered by the procedure of recognising them over time. As a result, all transactions, regardless of their unit value, are subject to this procedure. In effect, the values of assets, liabilities and retained earnings as at 1 January 2018 (opening balances) were adjusted in relation to those presented in the report for the first quarter of 2018. The table below presents the values of adjustments in particular items:

	According to the published FS for Q1 2018	Adjustment	Restated
Liabilities from contracts as at 1 January 2018	1,337	915	2,252
Assets from the performance of contracts as at 1 January 2018	267	183	450
Adjustment to retained earnings (before tax) as at 1 January 2018	(1,070)	(732)	(1,802)

As at 30 September 2018, the impact of application of IFRS 15 on individual items of the Company’s financial statements was as follows (as compared with the standards effective before 1 January 2018):

- liabilities from contracts (reported under “Trade and other liabilities” in the Statement of financial position) increased – as compared to the opening balance of 2018 – by PLN 186 thousand;
- assets from the performance of contracts (reported under “Other current assets” in the Statement of financial position) increased – as compared to the opening balance of 2018 – by PLN 37 thousand;
- in the period 01.01.2018–30.09.2018, sales revenue decreased by PLN 186 thousand and the corresponding costs decreased by PLN 37 thousand. As a consequence, the Company’s profit or loss (before tax) decreased by PLN 149 thousand.

The vast majority (approx. 99% of total revenue – in terms of value) of services provided by the Company is subscription-based (cyclical), therefore revenue is also recognised in accordance with the settlement cycles (monthly). In such cases, the starting moment is usually determined by the date of signing the service acceptance report by the customer (service activation). For non-recurring/installation services and fees (other than the sale of assets) – revenue is recognised, in accordance with paragraphs B48-B49 of IFRS 15, over time, concurrently with revenue from cyclical services (to which a given installation fee applies) – fees are therefore treated as advance payments.

Variable remuneration – due to the subscription nature of ATM services (and the cyclical nature of settlements with customers), all variable remuneration elements (e.g. electricity consumption charges, Internet traffic charges) are calculated on an ongoing basis and in real values, and therefore do not require estimation.

Assignment of price based on individual sales prices - due to the requirements of the pricing and offering process in the CRM system, all products (goods/services) offered to customers are priced autonomously, while the allocation of discounts and rebates on individual products, if any, is real and is the final outcome of the pricing and offering process.

The Company acts as a lessor for the following types of services provided to customers:

- collocation services – lease of dedicated server rooms and separate parts of the server rooms;

- lease of dedicated servers;

- dedicated back-up offices services;

- lease of optical fibres.

In each of the aforementioned cases, the nature and contractual terms of the services provided indicate that they are operating leases, as defined in IAS 17. Therefore, the Company's sales revenue includes operating lease revenue.

The Company has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application in accordance with paragraphs C7–C8 of IFRS 15.

First-time adoption of IFRS 16

IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019. The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. All lease transactions result in the lessee acquiring a right-of-use asset and incurring a lease liability. Thus, IFRS 16 abolishes the operating and finance lease classification under IFRS 17 and provides a single lessee accounting model The lessee will be required to recognise:

(a) assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value, and

(b) amortisation of the leased asset separately from interest on lease liability in the income statement.

IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17. Lessors continue to classify leases as operating or finance leases, with each of them subject to different accounting treatment.

The Company originally planned to implement IFRS 16 early (as of the beginning of 2018), which was reflected in the interim report for the first quarter of 2018. The aforementioned report presents the impact of the application of IFRS 16 on individual items of the Company's financial statements, and the Issuer decided at that time to use the practical expedient contained in paragraph C3 of IFRS 16. However, having re-examined the facts for the purposes of the interim report for the first half of 2018, the Issuer decided not to apply IFRS 16 early – thus the standard will be implemented in accordance with the date set by the legislator, i.e. for periods beginning on 1 January 2019. Such a standpoint of the Issuer stems from the fact that the issue is more complex than originally estimated, in particular in the context of the scope of agreements covered by the potential change of the recognition of costs from costs of third-party services to amortisation/depreciation and interest expenses. Therefore, in the semi-annual report for the first half of 2018, the data for the first quarter of 2018 have been restated in order to eliminate the impact of IFRS 16. As a result, the changes contained in the originally published report for the first quarter of 2018 have been reversed in the semi-annual report for the first half of 2018:

- As at 1 January 2018 (opening balance):
    - lease liabilities of PLN 5,755 thousands were recognised (under "Other financial liabilities – long-term" – PLN 4,147 thousand and under "Other financial liabilities – short-term" – PLN 1,608 thousand);
    - right-of-use assets of PLN 5,755 thousand were recognised under "Tangible fixed assets", classified as the first group of the Fixed Assets Classification;
- As at 31 March 2018:
    - lease liabilities recognised under "Other financial liabilities – short- and long-term", arising from contracts reclassified following the application of IFRS 16, amounted to PLN 5,382 thousand;
    - right-of-use assets arising from lease contracts reclassified following the application of IFRS 16, amounted to PLN 5,436 thousand;
    - in the period from 1 January 2018 to 31 March 2018, as a result of the application of IFRS 16, "Costs of other services" decreased by PLN 489 thousand and depreciation costs

increased by PLN 319 thousand (both items presented under “General and administrative expenses”). Interest expense on leases, included in “Financial expenses”, increased by PLN 66 thousand.

The Company believes that the implementation of IFRS 16 will have a significant impact on ATM's financial statements as it will result in an increase in depreciation and amortisation costs and a decrease in lease/rental costs (primarily from lease contracts for telecommunications infrastructure), resulting in improved EBITDA, increased total assets and liabilities and increased level of debt.

Amendments to other IFRSs and interpretations of that entered into force in the period from 1 January 2018 to the date of approval of these financial statements for publication did not have a material impact on these financial statements.

The Company intends to adopt the new standards, amendments to standards and interpretations of the IFRS published by the International Accounting Standards Board but not yet effective as at the reporting date, when they become effective.

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 2017, including notes for the 12 months ended 31 December 2017, 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 2017 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 would 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.

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 2017, except for the judgments and estimates made in connection with the implementation of IFRS 9 and IFRS 15 as described in the relevant sections above.

In addition, in the period of nine months ended 30 September 2018, the Company's Management Board reviewed the depreciation and amortisation rates on the basis of the adopted accounting principles and decided to change the useful lives of some tangible and intangible assets, adjusting them to the currently estimated useful lives. As a result, the remaining amortisation/depreciation period for certain assets has been extended or shortened. Annual amortisation and depreciation rates of tangible and intangible assets were revised accordingly, which resulted in an increase in the average monthly amortisation and depreciation charge as compared to previous periods. The total impact of these changes on the annual amortisation and depreciation charge in 2018 (compared to 2017, assuming no increases in tangible and intangible assets) amounts to approximately PLN 5.9 million.

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 2018, as well as the results of its operations in the period of 3 and 9 months ended 30 September 2018, together with comparative figures.

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, as well as data security and business continuity management services, e.g. AntyDDoS);

- the Telecommunications Services Segment, including broadband data transmission services, telecommunications connection leasing services, Internet access services and voice services (ISDN and VoIP).

Starting from the interim report for the first quarter of 2018, the Issuer additionally presents in the Telecommunications Services Segment the revenue and sales margins earned outside its core business segments, including those from 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. In the previous periodic reports, this stream of revenue and sales margins was presented separately in the column "Other".
This change in data presentation arose because of the need to ensure consistency of interim reports with management reports used by the Company's Management Board. The figures in the comparative period were restated accordingly.

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 (based on the proportion of sales revenue in both segments). The value of the Issuer's shares in its associated company is shown in the column marked "Other".

Costs of sales and costs of remuneration of employees in the organisational units responsible for the performance of services are allocated to segments in accordance with their direct relationship.

Starting with the interim report for the first quarter of 2018, the Issuer no longer allocates other operating expenses to segments using ratio-based methods. Therefore, at the segment level, the so-called Segment Margin is calculated, which is the difference between the Sales Margin of a particular segment and the payroll cost for staff of divisions responsible for service performance.
This change in data presentation also arose because of the need to ensure consistency of interim reports with management reports used by the Company's Management Board. The figures in the comparative period were restated accordingly.

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

Company's results broken down by operating segments in the period from 1 January 2018 to 30 September 2018:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**167,521**	**169,371**	**51,467**	**388,358**
Sales revenue	46,772	55,145	-	101,917
Costs of sales	14,748	27,477	-	42,226
Sales margin	32,024	27,668	-	59,692
Payroll costs of employees in divisions responsible for service performance	3,330	2,634	-	5,964
Segment Margin	**28,694**	**25,034**	**-**	**53,728**
Other general and administrative expenses, of which:				46,599
Depreciation and amortisation				24,996
Other net operating revenue and expenses				(231)
Operating profit (loss)				**6,898**
EBITDA *				**35,173**
Revenue from subsidies				1,166
Net financial revenue and expenses **				(6,875)
Profit (loss) before tax				**1,189**
Income tax				1,594
Net profit (loss)				**(405)**

Company's results broken down by operating segments in the period from 1 January 2017 to 30 September 2017*:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**167,255**	**172,141**	**55,569**	**394,965**
Sales revenue	43,411	56,424	-	99,835
Costs of sales	13,097	29,410	-	42,507
Sales margin	30,314	27,014	-	57,327
Payroll costs of employees in divisions responsible for service performance	3,147	3,275	-	6,422
Segment Margin	**27,167**	**23,739**	**-**	**50,906**
Other general and administrative expenses, of which:				37,508
Depreciation and amortisation				19,392
Other net operating revenue and expenses				(348)
Operating profit (loss)				**13,050**
EBITDA *				**34,294**
Revenue from subsidies				1,166
Net financial revenue and expenses **				(2,554)
Profit (loss) before tax				**11,662**
Income tax				3,210
Net profit (loss)				**8,452**

*) Starting from the Annual Report for 2017, the Issuer applies the definition of EBITDA adapted to the management reporting requirements introduced at ATM at the beginning of 2017 (which was possible owing to, among other things, the implementation of a new ERP-class system). Comparative data for the first three quarters of 2017 were restated accordingly — for detailed information and reconciliation of EBITDA with the relevant Income Statement items, see Note 21. In addition, figures for comparative periods were restated – as described in Note 10.

**) Including share in the profit or loss of equity-accounted entities.

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

Company's results broken down by operating segment in the third quarter of 2018:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**167,521**	**169,371**	**51,467**	**388,358**
Sales revenue	16,213	18,359	-	34,572
Costs of sales	5,227	9,123	-	14,351
Sales margin	10,986	9,236	-	20,221
Payroll costs of employees in divisions responsible for service performance	1,129	950	-	2,079
Segment Margin	**9,857**	**8,286**	**-**	**18,143**
Other general and administrative expenses, of which:				15,889
depreciation and amortisation				8,811
Other net operating revenue and expenses **				(27)
Operating profit (loss)				**2,226**
EBITDA *				**12,127**
Revenue from subsidies				389
Net financial revenue and expenses				(5,028)
Profit (loss) before tax				**(2,414)**
Income tax				523
Net profit (loss)				**(2,936)**

Company's results broken down by operating segment in the third quarter of 2017*:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**167,255**	**172,141**	**55,569**	**394,965**
Sales revenue	14,586	18,813	-	33,399
Costs of sales	4,419	9,632	-	14,051
Sales margin	10,167	9,181	-	19,348
Payroll costs of employees in divisions responsible for service performance	1,192	1,199	-	2,391
Segment Margin	**8,975**	**7,982**	**-**	**16,957**
Other general and administrative expenses, of which:				13,301
depreciation and amortisation				6,806
Other net operating revenue and expenses				6
Operating profit (loss)				**3,662**
EBITDA *				**11,135**
Revenue from subsidies				389
Net financial revenue and expenses **				1,409
Profit (loss) before tax				**5,460**
Income tax				825
Net profit (loss)				**4,635**

*) Starting from the Annual Report for 2017, the Issuer applies the definition of EBITDA adapted to the management reporting requirements introduced at ATM at the beginning of 2017 (which was possible owing to, among other things, the implementation of a new ERP-class system). Comparative data for the first three quarters of 2017 were restated accordingly — for detailed information and reconciliation of EBITDA with the relevant Income Statement items, see Note 21. In addition, figures for comparative periods were restated – as described in Note 10.

**) Including share in the profit or loss of equity-accounted entities.

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

The geographical breakdown of sales revenue is as follows:

Sales revenue	For the period 01/01–30/09/2018	For the period 01/07–30/09/2018	For the period 01/01–30/09/2017	For the period 01/07–30/09/2017
Domestic customers	90,784	30,785	91,009	30,278
Foreign customers	11,134	3,788	8,826	3,121
Total sales revenue	**101,917**	**34,572**	**99,835**	**33,399**

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

Sales revenue by the moment of revenue recognition:

Sales revenue	For the period 01/01–30/09/2018	For the period 01/07–30/09/2018	For the period 01/01–30/09/2017	For the period 01/07–30/09/2017
Revenue from sales of products	101,229	34,070	99,732	33,399
Revenue from sales of goods and materials	689	503	103	-
Total sales revenue	**101,917**	**34,572**	**99,835**	**33,399**

A vast majority of the Issuer's revenue is recognised over time, i.e. as the Issuer satisfies a performance obligation towards the customer (subscription-based services are settled on a monthly basis). In the above table, this revenue is presented under "Revenue from sales of products". Only a small portion of revenue – presented under "Revenue from sales of goods and materials" in the above table – is recognised when the performance obligation is satisfied, i.e. when the control over the asset is transferred to the customer (non-subscription based revenue).

3. INVENTORIES REVALUATION WRITE-DOWNS REDUCING THE VALUE TO NET REALISABLE VALUE

During the first three quarters of 2018, the Company did not recognise any revaluation write-downs on inventories.

4. REVALUATION WRITE-DOWNS ON FIXED ASSETS

The Company did not recognise any revaluation write-downs on fixed assets during the first three quarters of 2018, save for a write-down of PLN 1,223 thousand on the value of shares in an associated undertaking, Linx. In the Management Board's opinion, in the third quarter of 2018 there were indications that the value of shares in Linx would change in relation to the valuation as at the end of the first half of 2018, which, combined with the negative contribution of ATM to the change in Linx capital (in accordance with the equity method), resulted in the need to recognise an additional write-down. The Issuer has conducted a multiplier analysis of transactions carried out over the last 3 years on the European market and involving assets comparable to Linx's assets, and an analysis of the discount applicable to Linx's assets located in Russia to determine the recoverable amount of the investment as its fair value less costs to sell. As a result of the analysis, the Issuer determined the recoverable amount of the investment in Linx shares at PLN 51.5 million as at 30 September 2018. This value was recognised in the Issuer's accounting books as at 30 September 2018. The Issuer also estimated the fair value less costs to sell as at 30 September 2017, which resulted in the recognition of the adjustment to the book value of these shares as described in Note 10 to these condensed financial statements.

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

5. Recognition, increase, utilisation and reversal of provisions

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

6. Deferred income tax assets and provisions

	Statement of financial position		Income statement	
	End of period 30/09/2018	End of period 31/12/2017	For the period 01/01–30/09/2018	For the period 01/01–30/09/2017
Deferred tax provision				
Difference between the carrying amount and tax base of tangible fixed assets	9,770	9,320	449	1,654
Adjustment to costs of installation fees – IFRS 15	93	-	7*	-
Foreign exchange gains	103	69	35	-
Gross deferred tax provision	**9,966**	**9,389**	**491**	**1,654**
Deferred tax assets				
Adjustment to revenue from installation fees – IFRS 15	463	-	(35)*	-
Write-downs on inventories	-	-	-	(12)
Write-downs on receivables	297	259	(38)	(7)
Foreign exchange losses	-	105	105	(125)
Liabilities to the Social Insurance Institution (ZUS)	20	99	79	-
Deferred income/expenses and accruals	1,189	1,275	86	478
Effects of IRS valuation	70	64	(6)	17
Gross deferred tax assets	**2,039**	**1,802**	**191**	**351**
Net tax assets (tax provision)	**(7,927)**	**(7,587)**		
Deferred income tax charge against profit			**682**	**2,004**

*) The impact on the result for the period from 1 January 2018 to 30 September 2018 is not equal to the change in the balance sheet. The difference results from the initial recognition of IFRS 15 through retained earnings.

7. Significant tangible fixed asset sales and acquisitions

In the reporting period (first three quarters of 2018), the Company acquired fixed assets in the amount of PLN 17.8 million. The aforementioned amount concerns expenditure construed as an increase in the value of fixed assets. The main categories of investments were as follows:

- assets of the Data Center Services Segment (primarily components necessary for the lease of dedicated and colocation servers) – approx. PLN 7.7 million;

- assets of the Telecommunications Services Segment (primarily assets related to the fibre-optic network) – approx. PLN 6.1 million;

- other assets, including primarily those related to the development of the Issuer's IT systems.

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. Adjustments of errors from previous periods

Adjustments of errors from previous periods: 30 September 2017 – concerning the book value of investment in an associate, Linx

Following the publication of its financial statements for 2017, the Issuer was informed by Linx of its intention to dispose of all of its operating assets and to change the manner of presenting these assets in Linx's financial statements to discontinued operations, which meant that the method of estimating the recoverable amount of Linx shares had to be changed (see Note 10 to the Semi-annual report of ATM for the first half of 2018).

In accordance with the requirements of IAS 36 'Impairment of Assets', the recoverable amount of assets is the higher of their value in use and fair value less costs to sell. The Issuer's Management Board measured the investment in Linx at fair value less costs to sell as at 30 September 2018 and as at the end date of previous comparative period. The established fair value less costs to sell as at 30 September 2017 turned out to be higher than the value in use, which had previously been used as the recoverable amount; in particular, the Issuer determined the recoverable value of the investment in Linx shares as at 30 September 2017 at PLN 55.5 million (i.e. it was higher by PLN 14.5 million than the original value measured as at 30 September 2017). Therefore, the Issuer has adjusted the book value of the investment in Linx as at 30 September 2017 to the determined fair value less costs to sell, as the appropriate recoverable amount of shares in Linx.

Adjustments relating to shares in the associate, Linx, are numbered (1) in the headings of the relevant columns of the following table.

Other adjustments of errors from previous period: 30 September 2017

In addition to the adjustments to the book value of Linx described above, the Issuer disclosed in these financial statements the following adjustments of errors from previous periods:
- changes in the presentation of selected balance sheet items (reclassifications between short- and long-term assets/liabilities and between tangible and intangible assets) – numbered (2) in the headings of the relevant columns of the following table;
- adjustment to the value of depreciation incorrectly charged on increases in tangible fixed assets – the error resulted from the fact that the ERP system was not working as intended – numbered (3) in the headings of the relevant columns of the following table;

All adjustments described in the above sections, together with their values, are presented in detail in the following table.

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

Statement of financial position as at 30 September 2017	End of period 30/09/2017 (before adjustments)	Adjustment as at 01/01/2017 (see Note 10 to the Report for the first half of 2018)	Changes in the presentation of assets and liabilities (other than Linx) (2)	Adjustment to the amount of depreciation on increases in tangible fixed assets (3)	Adjustment to the equity of Linx (reclassifications) (1)	Change in the presentation of ATM's share in the change of capital of Linx – dividend (1)	Adjustment to measurement of Linx as at 30 September 2017 (1)	Adjustment to the equity of ATM – comprehensive income	Adjustment to the equity of ATM – net profit (loss)	End of period 30/09/2017 (after adjustments)
Fixed assets	**380,357**	**14,496**	**413**	**(301)**	**16,187**	**(7,643)**	**(8,544)**	**-**	**-**	**394,965**
Intangible assets	7,675	-	361	-	-	-	-	-	-	8,036
Tangible fixed assets	331,143	-	(361)	(301)	-	-	-	-	-	330,481
Investments in equity-accounted associates	41,073	14,496	-	-	16,187	(7,643)	(8,544)	-	-	55,569
Other fixed assets	466	-	413	-	-	-	-	-	-	879
Current assets	**27,196**	**-**	**(413)**	**-**	**-**	**-**	**-**	**-**	**-**	**26,783**
Other current assets	1,548	-	(413)	-	-	-	-	-	-	1,135
Total assets	**407,552**	**14,496**	**-**	**(301)**	**16,187**	**(7,643)**	**(8,544)**	**-**	**-**	**421,748**
Equity	**239,759**	**10,237**	**-**	**-**	**-**	**-**	**-**	**9,146**	**(9,447)**	**249,695**
Retained earnings	20,157	10,237	-	-	-	-	-	9,146	(9,447)	30,093
Long-term liabilities	**128,765**	**4,259**	**308**	**-**	**-**	**-**	**-**	**-**	**-**	**133,332**
Provision for deferred tax	3,318	4,259	-	-	-	-	-	-	-	7,577
Long-term trade and other liabilities	13,878	-	308	-	-	-	-	-	-	14,186
Short-term liabilities	**39,027**	**-**	**(308)**	**-**	**-**	**-**	**-**	**-**	**-**	**38,719**
Trade and other liabilities	20,433	-	(308)	-	-	-	-	-	-	20,125
Total equity and liabilities	**407,552**	**14,496**	**-**	**-**	**-**	**-**	**-**	**9,146**	**(9,447)**	**421,748**

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

Income statement and statement of comprehensive income for the first three quarters of 2017	For the period 01/01–30/09/2017 (before adjustments)	-	-	Adjustment to the amount of depreciation on increases in tangible fixed assets (3)	Adjustment to the equity of Linx (reclassifications) (1)	Change in the presentation of ATM's share in the change of capital of Linx – dividend (1)	Adjustment to measurement of Linx as at 30 September 2017 (1)	-	-	For the period 01/01–30/09/2017 (after adjustments)
General and administrative expenses	43,629	-	-	301	-	-	-	-	-	43,930
Operating profit (loss)	**13,351**	**-**	**-**	**(301)**	**-**	**-**	**-**	**-**	**-**	**13,050**
Share of profit/(loss) of equity-accounted entities ***	6,941	-	-	-	7,041	-	-	-	-	13,982
Financial revenue ****	7,900	-	-	-	-	(7,643)	-	-	-	257
Financial expenses	8,249	-	-	-	-	-	8,544	-	-	16,793
Profit (loss) before tax	**21,109**	**-**	**-**	**(301)**	**7,041**	**(7,643)**	**(8,544)**	**-**	**-**	**11,662**
Net profit (loss) on continuing operations	**17,899**	**-**	**-**	**(301)**	**7,041**	**(7,643)**	**(8,544)**	**-**	**-**	**8,452**
Net profit (loss)	17,899	-	-	(301)	7,041	(7,643)	(8,544)	-	-	8,452
Other comprehensive income that may be reclassified to profit or loss	**(2,807)**	**-**	**-**	**-**	**9,146**	**-**	**-**	**-**	**-**	**6,339**
Share in other comprehensive income of associates	(2,807)	-	-	-	9,146	-	-	-	-	6,339
Total comprehensive income	**15,092**	**-**	**-**	**(301)**	**16,187**	**(7,643)**	**(8,544)**	**-**	**-**	**14,791**

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. Term loan for the period of 5 years (2018-2023), drawn in the amount of PLN 42.323 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
2. Term loan for the period of 5 years (2018-2023), drawn in the amount of PLN 59.75 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
3. Term loan for the period of 5 years (2018-2023), drawn in the amount of PLN 42.323 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
4. Term loan for the period of 5 years (2018-2023), drawn in the amount of PLN 59.75 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
5. Term loan for the period of 5 years (2018-2023, with the maturity date in 2024), drawn in the amount of PLN 4.5 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
6. Term loan for the period of 5 years (2018-2023, with the maturity date in 2024), drawn in the amount of PLN 4.5 million as at 30 September 2018, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
7. Overdraft facility, which revolves on a triennial basis, with a total limit of up to PLN 30 million, drawn in the amount of PLN 2.325 million as at 30 September 2018.

Lease liabilities recognised under "Other financial liabilities – short- and long-term" amounted to PLN 6,560 thousand. The lease agreements are concluded primarily in order to refinance investment expenditures, and they are usually entered into for the period of 5 years.

13. Default on a loan or 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 2018, 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,

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

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	30/09/2018		31/12/2017	
	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	371	371	337	337
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	Fair value hierarchy level	30/09/2018
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the loan	level 2	371
Total		371

The valuation of the IRS contract hedging the interest rate risk in respect of the term loans was made based on information obtained from ING Bank Śląski and mBank S.A. (prepared using parameters that were considered optimal by the Banks).

During the period ended 30 September 2018, 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 2015–2017 this phenomenon did not occur.

17. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE EQUITY SECURITIES

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

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

18. Dividends paid and declared

On 29 June 2018, the Ordinary General Meeting of the Company adopted a resolution allocating the amount of PLN 89,404,626.24 to the payment of dividend (corresponding to PLN 2.46 per share). The number of shares eligible for the payment of dividend is 36,343,344. At the same time, the General Meeting set 10 August 2018 as the dividend record date and 17 August 2018 as the dividend payment date. On 17 August 2018, the Company paid out the foresaid dividend amount.

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

	End of period 30/09/2018	End of period 31/12/2017
To related entities:	**-**	**-**
To other entities:		
1. Bank guarantees received:	309	309
- performance bonds and tender bonds	309	309
2. Collateral pledge	77,824	91,420
3. Promissory notes and mortgages:	89,655	93,272
- endorsements concerning agreements related to EU project financing	-	-
- bank loan collateral	89,655	93,272
Total	**167,788**	**185,001**

Since the end of the financial year 2017, the value of collateral has decreased by PLN 17,213 thousand as a result of:
- decrease in the value of pledge collateral by PLN 13,596 thousand;
- decrease in the value of mortgage collateral by PLN 3,617 thousand.

20. Significant events after the end of the quarter

On 3 October 2018, the Issuer's Management Board received Mr Przemysław Czichon's resignation from the position of the Chairman of the Supervisory Board of the Company with effect as of the date of the next General Meeting of the Company.

On 5 October 2018, the Issuer's Management Board convened an Extraordinary General Meeting to be held on 31 October 2018, the agenda of which included:
- adoption of a resolution on the introduction of an incentive scheme in the Company,
- adoption of a resolution on the issue, in order to implement the incentive scheme, of series A subscription warrants, and complete waiver of the existing shareholders' pre-emptive rights in respect of series A subscription warrants, carrying the right to subscribe for series I shares, and on the conditional increase in the Company's share capital by way of an issue of series I shares, and complete waiver of the existing shareholders' pre-emptive rights in respect of series I shares, as well as on relevant amendments to the Company's Articles of Association.

On 10 October 2018, the Management Board of ATM received a request from the shareholder – AAW III Sp. z o.o. – to include an item concerning the "Adoption of resolutions on changes in the Company's Supervisory Board" in the agenda of the Extraordinary General Meeting of the Company convened for 31 October 2018.

On 31 October 2018, the Extraordinary General Meeting of the Company adopted resolutions on the aforementioned matters, including removal of Mr Przemysław Czichon from the Company's Supervisory Board, appointment of Mr Sebastian Millinder to the Company's Supervisory Board and entrusting Mr Mariusz Grendowicz with the function of the Chairman of the Company's Supervisory Board.

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

21. Comparative figures – EBITDA

Starting from the Annual Report for 2017, the Issuer applies the definition of EBITDA (as an alternative measure of profit or loss) adapted to the management reporting requirements introduced at ATM at the beginning of 2017 (which was possible owing to, among other things, the implementation of a new ERP-class system). Comparative data for the first three quarters of 2017 were restated accordingly — for detailed information and reconciliation of EBITDA with the relevant Income Statement items, see the note below.

The cost items that were excluded from the calculation of EBITDA are as follows (provided that these items were previously charged to the operating profit):

- costs of restructuring – costs related to the Issuer's restructuring carried out by the Management Board – presented in the table below under "restructuring costs";

- costs related to bank fees and commissions (in the total amount of PLN 36 thousand in the first three quarters of 2018 and PLN 27 thousand in the first three quarters of 2017) – due to their non-operating nature – presented in the table below under "general and administrative expenses";

- real property tax and other public levies in the total amount of PLN 665 thousand in the first three quarters of 2018 and PLN 488 thousand in the first three quarters of 2017 (including those paid to the Municipal Roads Authority) – in view of the generally accepted definition of EBITDA (i.e. operating profit before, inter alia, taxes) – presented in the table below, in the lines "general and administrative costs";

- loss (gain) incurred in connection with the disposal/revaluation of fixed assets (due to the non-cash nature of such losses/gains) in the total amount of PLN 8 thousand in the first three quarters of 2018 and PLN 390 thousand in the first three quarters of 2017 – presented in the table below under "other operating expenses (income)";

- payroll costs resulting from the valuation of derivatives granted to key employees of the Company under the incentive scheme (see next note) in the amount of PLN 2,004 thousand in the first three quarters of 2018 – due to their non-cash nature – presented in the table below under "general and administrative expenses";

- write-downs on trade receivables estimated in accordance with IFRS 9 (due to their non-cash nature – provisions) in the total amount of PLN 265 thousand in the first three quarters of 2018 and PLN 122 thousand in the first three quarters of 2017 – presented in the table below under "other operating expenses (income)".

	For the period 01/01–30/09/2017 (according to the approved financial statements – before restatement)	For the period 01/01–30/09/2017 (restated)	Difference	For the period 01/01–30/09/2018 (before restatement)	For the period 01/01–30/09/2018 (restated)	Difference
Operating profit	**13,050**	**13,050**	**-**	**6,898**	**6,898**	**-**
Depreciation and amortisation	19,392	19,392	-	24,996	24,996	-
EBITDA	**32,441**			**31,893**		
Adjustments, of which:	**-**	**1,853**	**1,853**	**-**	**3,280**	**3,280**
General and administrative expenses	-	515	515	-	2,705	2,705
Other operating expenses (income)	-	513	513	-	273	273
Restructuring costs	-	825	825	-	302	302
EBITDA after adjustments	**32,441**	**34,294**	**1,853**	**31,893**	**35,173**	**3,280**

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

	For the period 01/07–30/09/2017 (according to the approved financial statements – before restatement)	For the period 01/07–30/09/2017 (restated)	Difference	For the period 01/07–30/09/2018 (before restatement)	For the period 01/07–30/09/2018 (restated)	Difference
Operating profit	**3,662**	**3,662**	**-**	**2,226**	**2,226**	**-**
Depreciation and amortisation	6,806	6,806	-	8,810	8,810	-
EBITDA	**10,468**			**11,036**		
Adjustments, of which:	**-**	**668**	**668**	**-**	**1,091**	**1,091**
General and administrative expenses	-	192	192	-	691	691
Other operating expenses (income)	-	44	44	-	62	62
Restructuring costs	-	433	433	-	338	338
EBITDA after adjustments	**10,468**	**11,135**	**668**	**11,036**	**12,127**	**1,091**

22. INCENTIVE SCHEME

On 31 January 2018, the persons who are key to the implementation of the Company's strategy entered into agreements with two key shareholders of the Company. Under these agreements, they acquired derivative financial instruments related to the Company's shares held by these shareholders. The purpose of executing the agreements is to ensure optimal conditions for long-term growth of the Company's value by providing incentives to persons of key importance for the implementation of the Company's strategy to act in the interest of the Company and its shareholders. These persons have acquired the right to receive from these shareholders – provided that they meet the criteria set out in the agreements – cash amounts, the amount of which will depend on the future value of the Company's shares. The Company measured the instruments granted on the basis of the Monte-Carlo simulation in accordance with the Black-Scholes model. The total measurement as at the balance sheet date is PLN 3,700 thousand, of which PLN 2,004 thousand charged to the payroll costs of the first three quarters of 2018. - services received by the Company do not qualify for recognition as assets.

The following input data were used to calculate the fair value of instruments at the grant date:
Share price on the grant date: PLN 11.25
Weighted average expected volatility: 20.45%
Weighted average risk-free rate: 2.13%
Expected average life of instruments outstanding at the end of the period: 2 years
The expected volatility was estimated taking into account the historical average volatility of the Company's share price.
The resulting fair value of a single instrument at the grant date was PLN 2.74.

Summary of changes in the number and weighted average exercise price of instruments:

	Number of equity instruments *)	Weighted average exercise price
Outstanding at the beginning of the period	1,338,343.15	11
Granted during the period	0	n/a
Exercised during the period	0	n/a
Outstanding at the end of the period	1,338,343.15	11

*) Eligible persons receive the right to a total of 3.9% of the increase in the share price above the exercise price.

The average remaining life of instruments outstanding at the end of the period: 9.25 years.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Sławomir Koszołko	President of the Management Board	19 November 2018	....
Tomasz Galas	Vice President of the Management Board	19 November 2018	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	19 November 2018	....

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:

- Sławomir Koszołko – President of the Management Board,
- Tomasz Galas – Vice-President of the Management Board.

The Company is supervised by a Supervisory Board comprising the following members:
- Mariusz Grendowicz – Chairperson of the Supervisory Board,
- Piotr Sieluk – Deputy Chairperson of the Supervisory Board,
- Przemysław Głębocki – Member of the Supervisory Board,
- Maciej Kowalski – Member of the Supervisory Board,
- Tomasz Jacygrad – Member of the Supervisory Board,
- Sebastian Millinder – Member of the Supervisory Board.

On 3 October 2018, the Issuer's Management Board received Mr Przemysław Czichon's resignation from the position of the Chairman of the Supervisory Board of the Company with effect as of the date of the next General Meeting of the Company.

On 31 October 2018, the Extraordinary General Meeting of the Company removed Mr Przemysław Czichon from the Company's Supervisory Board, appointed Mr Sebastian Millinder to the Company's Supervisory Board and entrusted Mr Mariusz Grendowicz with the function of the Chairman of the Company's 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 QUARTERLY 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 *	34,339,567	94.49%	34,339,567	94.49%

Shareholder	Number of shares in accordance with the previous quarterly report	Number of shares according to the current quarterly report	Change in the number of shares and number of votes
MCI.PrivateVentures FIZ *	25,220,527	34,339,567	9,119,040
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,119,040	-	(9,119,040)

**) jointly with subsidiaries. The number of shares as at 28 September 2018 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 QUARTERLY REPORT

Name and surname	As at 10 September 2018	Increases	Decreases	As at 19 November 2018
Sławomir Koszołko	-	-	-	-
Tomasz Galas	-	-	-	-

PURCHASE OF TREASURY SHARES

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

2. DESCRIPTION OF THE ISSUER'S ACHIEVEMENTS, RISK FACTORS AND DEVELOPMENT PROSPECTS

DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD

Operating and financial results

The third quarter saw the quarterly growth rate of ATM's sales revenue accelerate to over 2% q/q, driven by the performance of the Data Center Services Segment (see below for more details on segment performance). As a result of a one-off increase in cost of sales in the aforementioned segment, the Issuer's total return on sales in the past quarter decreased slightly (by approx. 0.5 p.p. - to 58.5%) which, combined with an increase in revenue, translated into an increase in sales margin by 1% q/q (increase by approx. PLN 0.2 million).

General and administrative expenses increased by approx. 4.5% q/q (by less than PLN 0.8 million), with over 70% of the increase being attributable to an increase in the cost of depreciation and amortisation. ATM's EBITDA ultimately amounted to PLN 12.1 million in the third quarter of 2018 (+3.5% q/q), and slightly exceeded PLN 35 million in the entire period of the first three quarters of 2018.

Taking into account the Company's performance during the first three quarters of 2018, on a year on year basis, the following developments should be noted:

- an increase in total revenue by 2% y/y, driven by the systematically growing Data Center Services segment (+7.5% y/y) and the revenue from the Telecommunications Services Segment which has remained at a consistent level since the beginning of 2016 (-2.5% y/y during the first three quarters of 2018);

- a decrease in cost of sales (-1% y/y), where major savings were made by the Company in the Telecommunications Services Segment (-6.5% y/y which means PLN 1.9 million of costs of sales less than during the first three quarters of 2017);

- an improvement in the return on total sales by 1.1 p.p. (up to 58.6% during the first three quarters of 2018) — as a consequence of the factors listed in the previous indents;

- the increase in general and administrative expenses by approx. 19.5% y/y which in almost 65% results from an increase in amortisation and depreciation costs (change in amortisation/depreciation rates for some assets described in the Issuer's interim report for the first quarter of 2018). In the remaining part, this is a consequence of an increase in remuneration resulting from supplementing competencies in key areas of the

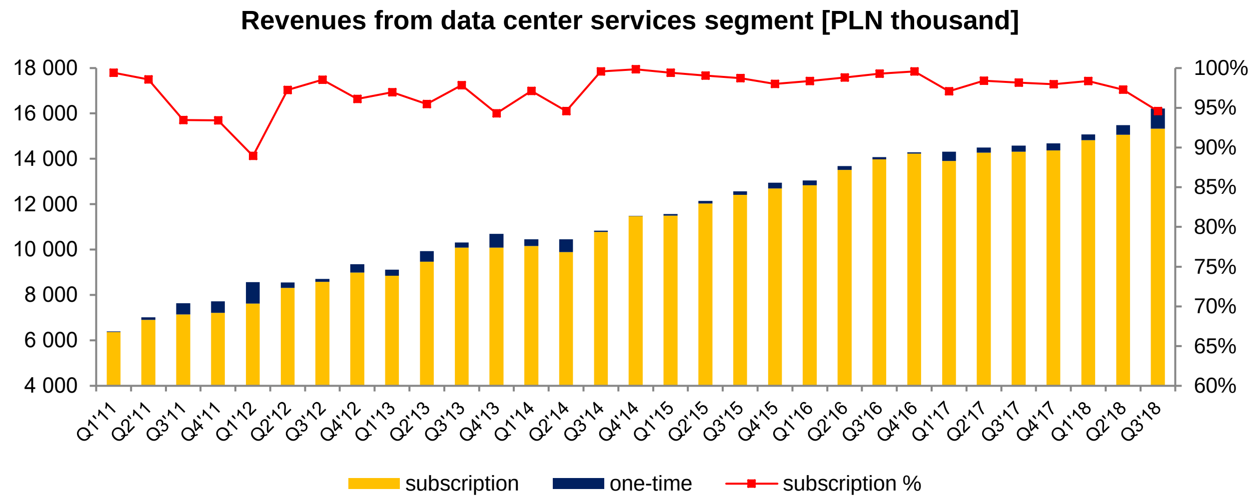
Company's operations and recognition of the costs of valuation of derivatives related to the management incentive scheme in 2018 (PLN 2 million during the first three quarters of 2018 – non-cash item);

- an increase in financial expenses by approx. PLN 1.6 million (excluding the effect of write-downs on shares in Linx) – which was caused by the Issuer's debt refinancing operation described in the Semi-Annual Report for the first half of 2018 (recognition of the fee for early repayment of existing financing and costs of early closing of interest rate risk hedging transactions in the income statement).

During the first three quarters of 2018, more than 97% of total revenue was of a recurring and subscription-based nature.

Data Center Services Segment

figures in PLN thousand	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Revenue from the Data Center Services Segment	**14,324**	**14,501**	**14,586**	**14,673**	**15,073**	**15,486**	**16,213**
of which: subscription revenue	13,906	14,270	14,319	14,378	14,826	15,067	15,336



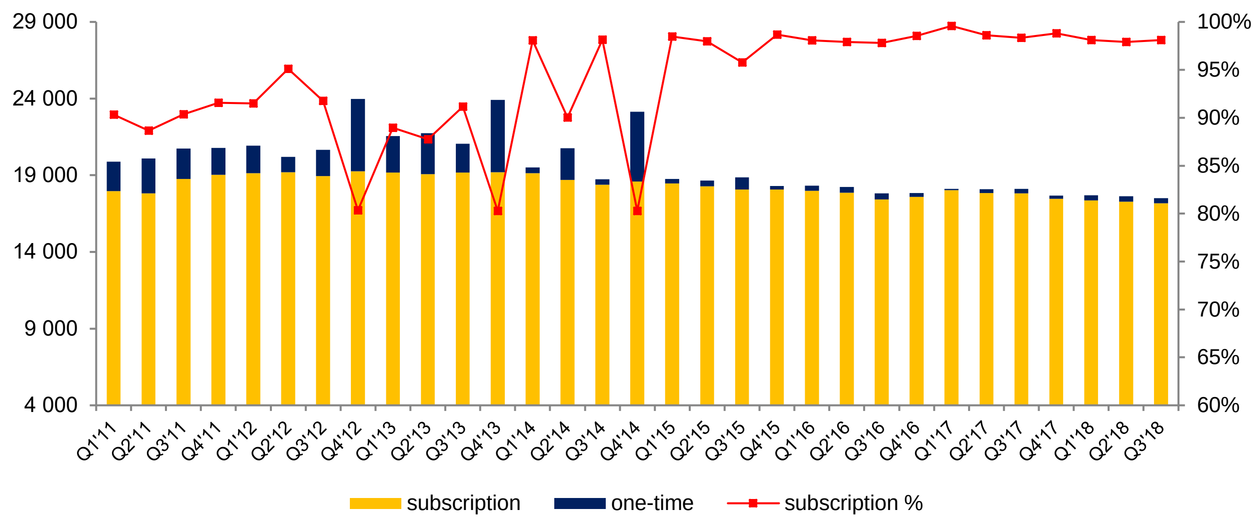
In the third quarter of 2018, revenue in the Data Center Services Segment increased by 4.5% as compared with the preceding quarter (PLN +0.7 million; to PLN 16.2 million), almost doubling the growth rate recorded since the beginning of the year. This performance was primarily attributable to the following developments:
- maintaining a fast growth rate of sales of dedicated servers and cloud computing (in total, approximately a 7% increase in subscription-based revenue q/q);
- increase in subscription-based revenue related to the so-called basic colocation services (Rack, Box, Data Room) by approx. 2% q/q;
- execution of a large contract for the sale of equipment accompanying a significant expansion of cooperation with one of the key data center customers (which resulted in a doubling of non-subscription based revenue as compared to the previous quarter).

Maintaining discipline in the area of direct costs of data center maintenance, higher costs of energy consumed by server rooms (seasonal fluctuations) by approx. 7% q/q and one-off costs of purchase of equipment covered by the aforesaid transaction – all these factors combined resulted in a slight decrease in the segment's return on sales (by 1.4 percentage points q/q), while the segment's margin increased by nearly 4% q/q and reached approx. PLN 9.9 million.

Telecommunications Services Segment

figures in PLN thousand	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Revenue from the Telecommunications Services Segment	**18,854**	**18,757**	**18,813**	**18,477**	**18,398**	**18,388**	**18,359**
of which: subscription revenue	18,778	18,504	18,514	18,260	18,062	18,021	18,024

Revenues from telecommunications services segment [PLN thousand] *



** after excluding revenue earned outside the core business segments (from the sale of administrative services) – reported in interim reports before 2018 in the "Other" segment*

In the third quarter of 2018, sales revenue in the Telecommunications Services Segment trended horizontally. As regards subscription-based revenue, this resulted in particular from the following:

- a decrease by approx. PLN 100 thousand (-0.5% q/q) in revenue from core business, including:

  - a decrease in revenue from wholesale (carrier) transmission services by PLN 135 thousand (-2% q/q);

  - a decrease in revenue from voice services by approx. PLN 30 thousand (lower fees for calls);

  - an increase in revenue from the Internet access services by approx. PLN 65 thousand (+1% q/q);

- an increase in revenue earned outside core business segments by approx. PLN 100 thousand (seasonal fluctuations with a negligible impact on sales margins).

Cost of sales in the Telecommunications Services Segment increased slightly (by approx. 0.5% q/q), primarily due to an increase in costs of services not directly related to the core segments (in line with the increase in revenue – see previous paragraph).

As a result of the above mentioned changes in revenue and costs, the segment's sales profitability was maintained above the threshold of 50% (-0.2 p.p. q/q). The Segment's margin decreased by 1% q/q and amounted to nearly PLN 8.3 million.

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, apart from those listed below:

- recognition of costs of measurement of derivatives related to the incentive scheme of key management personnel (PLN 0.46 million in the third quarter of 2018 – non-cash item).

- the Issuer's restructuring costs in the amount of PLN 338 thousand (in the third quarter of 2018);

- financial expenses in the amount of approx. PLN 1.6 million (in the third quarter of 2018), related to the refinancing of the Issuer's debt described in the Semi-Annual Report for the first half of 2018 (recognition of the fee for early repayment of existing financing and costs of early closing of interest rate risk hedging transactions in the income statement).

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 increasingly important (including FinTech),
- 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 Data Center 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, 64% 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 during the first three quarters of 2018 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;
- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in subscription revenue, improve its 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 2018.

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 BODY OR PUBLIC ADMINISTRATION BODY

There are no significant proceedings before court, arbitration body or public administration body concerning liabilities or receivables of the Issuer.

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 significant

During the reporting period, no loan or borrowing sureties or guarantees were extended by the Issuer, the value of which would be significant.

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
Sławomir Koszołko	President of the Management Board	19 November 2018	
Tomasz Galas	Vice President of the Management Board	19 November 2018	

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	19 November 2018	....