



**Quarterly report of ATM S.A.  
for the third quarter of 2019**



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

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

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

## 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: 16 November 2019

### **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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NIP (Tax ID No): 113-00-59-989

REGON (Statistical ID No): 012677986



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

## SELECTED FINANCIAL DATA

	<u>30/09/2019</u>	<u>30/09/2018</u>	<u>30/09/2019</u>	<u>30/09/2018</u>
	<u>in PLN thousand</u>		<u>in EUR thousand</u>	
Total sales revenue	109,666	101,917	25,453	23,961
Profit on sales	79,156	59,692	18,372	14,033
Operating profit	17,151	6,898	3,981	1,622
Profit before tax	2,469	1,189	573	280
Net profit	(109)	(405)	(25)	(95)
Comprehensive income	1,555	(792)	361	(186)
Net cash from operating activities	51,697	31,349	11,999	7,370
Net cash from investing activities	(29,980)	(31,120)	(6,958)	(7,316)
Net cash from financing activities	(13,953)	1,353	(3,238)	318
Increase (decrease) in cash	7,765	1,583	1,802	372

	<u>30/09/2019</u>	<u>31/12/2018</u>	<u>30/09/2019</u>	<u>31/12/2018</u>
Fixed assets	535,423	395,492	122,422	91,975
Current assets	46,255	36,173	10,576	8,412
Total assets	581,678	431,665	132,998	100,387
Long-term liabilities	356,051	226,861	81,409	52,758
Short-term liabilities	61,898	43,690	14,153	10,160
Equity	163,730	161,115	37,436	37,468
Share capital *	34,723	34,723	7,939	8,075
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (in PLN/EUR)	4.64	4.43	1.06	1.03

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

The above financial figures for the third quarter of 2019 and third quarter of 2018 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 4.3736 as quoted by the National Bank of Poland on 30 September 2019;
- 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 2019, amounting to 4.3085, and from 1 January to 30 September 2018, amounting to 4.2535.

The financial figures for 2018 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 4.30 as quoted by the National Bank of Poland on 31 December 2018.



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

## A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE THIRD QUARTER OF 2019

### 1. CONDENSED INTERIM INCOME STATEMENT

	<u>For the period</u> <u>01/01–30/09/2019</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2019</u>	<u>For the period</u> <u>01/01–</u> <u>30/09/2018</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2018</u>
Sales revenue	109,666	38,200	101,917	34,572
Costs of sales	30,510	11,442	42,226	14,351
<b>Profit on sales</b>	<b>79,156</b>	<b>26,759</b>	<b>59,692</b>	<b>20,221</b>
Other operating revenue	594	169	48	18
General and administrative expenses	62,153	19,526	52,563	17,968
Other operating expenses	447	202	279	45
<b>Operating profit (loss)</b>	<b>17,151</b>	<b>7,201</b>	<b>6,898</b>	<b>2,226</b>
Share of profit/(loss) of equity-accounted entities*	3,053	1,345	(398)	(99)
Revenue from subsidiaries	1,166	389	1,166	389
Financial revenue	(774)	(1,484)	588	(503)
Financial expenses **	18,126	5,552	7,065	4,426
<b>Profit (loss) before tax</b>	<b>2,469</b>	<b>1,898</b>	<b>1,189</b>	<b>(2,414)</b>
Income tax	2,579	1,361	1,594	523
<b>Net profit (loss)</b>	<b>(109)</b>	<b>537</b>	<b>(405)</b>	<b>(2,936)</b>
<b>Profit (loss) per share</b>				
Ordinary	(0.00)	0.01	(0.01)	(0.08)
Diluted	(0.00)	0.01	(0.01)	(0.08)

NOTES:

\*) 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.

\*\*) For the first three quarters of 2019, this item includes an impairment loss on shares in an associate, Linx Telecommunications Holding B.V., in the amount of PLN 7,570 thousand.

\*\*\*) For a reconciliation of EBITDA, including the elimination of effects of the IFRS 16 implementation on the Issuer's revenue and expenses, see section "KEY PERFORMANCE INDICATOR – EBITDA" on page 26.

### 2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<u>For the period</u> <u>01/01–30/09/2019</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2019</u>	<u>For the period</u> <u>01/01–</u> <u>30/09/2018</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2018</u>
<b>Net profit (loss)</b>	<b>(109)</b>	<b>537</b>	<b>(405)</b>	<b>(2,936)</b>
<b>Other comprehensive income that may be reclassified to profit or loss</b>	<b>1,665</b>	<b>974</b>	<b>(387)</b>	<b>(831)</b>
Exchange differences on translation of a shares in an associate	486	790	655	(568)
Share in other comprehensive income of associates	1,179	184	(1,042)	(263)
<b>Total comprehensive income</b>	<b>1,555</b>	<b>1,512</b>	<b>(792)</b>	<b>(3,767)</b>

### 3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

	<u>End of period</u> <u>30/09/2019</u>	<u>End of period</u> <u>30/09/2018</u>	<u>End of period</u> <u>31/12/2018</u>
<b>Fixed assets</b>	<b>535,423</b>	<b>389,641</b>	<b>395,492</b>



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

Intangible assets	13,707	10,006	11,622
Tangible fixed assets*	468,875	326,637	327,516
Including: Right-of-use assets	145,572	-	-
Investments in equity-accounted associates	49,971	51,467	54,597
Other fixed assets	2,870	1,531	1,757
Including: Long-term lease receivables (IFRS 16)	794	-	-
<b>Current assets</b>	<b>46,255</b>	<b>29,237</b>	<b>36,173</b>
Borrowings advanced	-	21	9
Trade and other receivables	18,926	17,393	17,923
Including: Short-term lease receivables (IFRS 16)	1,028	-	-
Income tax receivables	57	166	143
Other current assets	4,350	3,007	2,939
Cash and cash equivalents	22,923	8,650	15,159
<b>Total assets</b>	<b>581,678</b>	<b>418,878</b>	<b>431,665</b>

\*) Figures for comparative periods were restated – see Note 10 to the Report for the first half of 2019.

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

	<u>End of period</u> <u>30/09/2019</u>	<u>End of period</u> <u>30/09/2018</u>	<u>End of period</u> <u>31/12/2018</u>
<b>Equity</b>	<b>163,730</b>	<b>157,168</b>	<b>161,115</b>
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Reserve capital	2,459	440	440
Capital from incentive scheme measurement	4,176	2,005	3,740
Retained earnings*	(1,362)	(3,735)	(1,523)
<b>Long-term liabilities</b>	<b>356,051</b>	<b>228,993</b>	<b>226,861</b>
Long-term loans and borrowings	210,727	205,614	204,600
Provision for deferred tax*	8,226	7,617	7,612
Long-term trade and other liabilities, including:*	10,691	11,785	11,784
Measurement of derivative instruments (IRS contracts)	739	371	736
Lease liabilities	126,406	3,978	2,866
Including: Liabilities from restatement of operating leases under IFRS 16	124,612	-	-
<b>Short-term liabilities</b>	<b>61,898</b>	<b>32,714</b>	<b>43,690</b>
Bank loans and borrowings	14,368	8,362	12,392
Income tax liability	134	-	-
Trade and other liabilities	26,844	21,770	28,546
Lease liabilities	20,552	2,582	2,752
Including: Liabilities from restatement of operating leases under IFRS 16	18,883	-	-
<b>Total equity and liabilities</b>	<b>581,678</b>	<b>418,878</b>	<b>431,665</b>

\*) Figures for comparative periods were restated – see Note 10 to the Report for the first half of 2019.



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

## 5. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Reserve capital</u>	<u>Capital from incentive scheme measurement</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
<b>As at 31 December 2018</b>	<b>34,723</b>	<b>123,735</b>	<b>440</b>	<b>3,740</b>	<b>(1,523)</b>	<b>161,115</b>
Adjustment through retained earnings under IFRS 16					623	623
<b>As at 1 January 2019</b>	<b>34,723</b>	<b>123,735</b>	<b>440</b>	<b>3,740</b>	<b>(900)</b>	<b>161,737</b>
Net profit					(109)	(109)
Exchange differences on translation of a shares in an associate	-	-	-	-	486	486
Share in other comprehensive income of associates					1,179	1,179
Distribution of profit in accordance with a resolution	-	-	2,019	-	(2,019)	-
<b>Transactions with owners</b>						
Incentive scheme	-	-	-	436		436
<b>As at 30 September 2019</b>	<b>34,723</b>	<b>123,735</b>	<b>2,459</b>	<b>4,176</b>	<b>(1,361)</b>	<b>163,730</b>





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

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Reserve capital</u>	<u>Capital from incentive scheme measurement</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
<b>As at 31 December 2017 [before adjustment]</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	-	<b>26,377</b>	<b>245,979</b>
Adjustments of errors from previous periods *					(727)	(727)
<b>As at 31 December 2017 [before restatement]</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	-	<b>25,649</b>	<b>245,252</b>
Adjustment through retained earnings under IFRS 15	-	-	-	-	(1,457)	(1,457)
Adjustment through retained earnings under IFRS 9	-	-	-	-	1,568	1,568
<b>As at 1 January 2018</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	-	<b>25,760</b>	<b>245,363</b>
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)
<b>Transactions with owners</b>						
Incentive scheme				2,005	-	2,005
Dividend payout			60,704		28,701	89,405
<b>As at 30 September 2018</b>	<b>34,723</b>	<b>123,735</b>	<b>440</b>	<b>2,005</b>	<b>(3,735)</b>	<b>157,168</b>

\*) Figures for comparative periods were restated – see Note 10 to the Report for the first half of 2019.



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

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Reserve capital</u>	<u>Capital from incentive scheme measurement</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
<b>As at 31 December 2017 [before adjustment]</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	<b>-</b>	<b>26,377</b>	<b>245,979</b>
Adjustments of errors from previous periods *					(727)	(727)
<b>As at 31 December 2017 [before restatement]</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	<b>-</b>	<b>25,650</b>	<b>245,252</b>
Adjustment through retained earnings under IFRS 15	-	-	-	-	(1,457)	(1,457)
Adjustment through retained earnings under IFRS 9	-	-	-	-	1,568	1,568
<b>As at 1 January 2018 [restated]</b>	<b>34,723</b>	<b>123,735</b>	<b>61,144</b>	<b>-</b>	<b>25,761</b>	<b>245,363</b>
Net profit					2,019	2,019
Exchange differences on translation of a shares in an associate	-	-	-	-	837	837
Share in other comprehensive income of associates					(1,440)	(1,440)
Profit distribution – increase of the supplementary capital	-	-	-	-	27,997	27,997
Profit distribution to be allocated to equity	-	-	-	-	(27,997)	(27,997)
<b>Transactions with owners</b>						
Incentive scheme	-	-	-	3,740	-	3,740
Dividend payout			60,704		28,701	89,405
<b>As at 31 December 2018</b>	<b>34,723</b>	<b>123,735</b>	<b>440</b>	<b>3,740</b>	<b>(1,523)</b>	<b>161,115</b>

\*) Figures for comparative periods were restated – see Note 10 to the Report for the first half of 2019.

## 6. CONDENSED INTERIM STATEMENT OF CASH FLOWS

	<b>For the period 01/01–30/09/2019</b>	<b>For the period 01/01–30/09/2018</b>
<b>Operating activities</b>	<b>51,697</b>	<b>31,349</b>
Profit (loss) before tax	2,469	1,189
Adjustments by:	49,228	30,160
Share of profit/(loss) of equity-accounted entities	(3,053)	398
Depreciation and amortisation	36,403	24,996
Foreign exchange differences	860	(436)
Interest paid	9,715	3,506
(Gains) losses on investing activities	(587)	1
Change in receivables	(100)	(102)
Change in liabilities and provisions *	2,292	3,470
Change in other assets	(2,311)	(2,219)
Income tax paid	(1,830)	(912)
Other	7,839	1,460
<b>Investing activities</b>	<b>(29,980)</b>	<b>(31,120)</b>
Expenditure on purchase of tangible fixed assets	(33,390)	(31,141)
Proceeds from sale of tangible fixed assets	1,627	8
Repayments of long-term borrowings granted	9	14
Dividends received	1,774	-
<b>Financing activities</b>	<b>(13,953)</b>	<b>1,353</b>
Proceeds from loans and borrowings	13,976	104,864
Repayments of loans and borrowings	(5,705)	(7,621)
Payment of finance lease liabilities	(2,155)	(3,415)
Payment of lease liabilities – IFRS 16	(10,534)	-
Dividends paid	-	(89,405)
Interest paid	(5,643)	(3,506)
Interest paid – IFRS 16	(4,073)	-
Foreign exchange differences	182	436
<b>Change in cash and cash equivalents</b>	<b>7,765</b>	<b>1,583</b>
<b>Opening balance of cash</b>	<b>15,159</b>	<b>7,067</b>
<b>Closing balance of cash</b>	<b>22,923</b>	<b>8,650</b>

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

The interim condensed financial statements for this quarter ended 30 September 2019 were prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union and applicable as at 30 September 2019.

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 2019.

In 2019, 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 2019. Adopting the standards and interpretations listed above did not lead to significant changes in the Company's accounting policy<sup>1</sup>, except for those described below.

#### First-time adoption of IFRS 16

For a detailed description of concepts, accounting principles and significant judgments, estimates and practical expedients applied by the Company in the implementation of IFRS 16, see Note 2 to the Company's Annual Report for 2018 and Note 1 to the Company's Semi-annual Report for the first half of 2019.

The effect of application of IFRS 16 on the Company's statement of financial position as at 1 January 2019 is presented below:

	As at 1 January 2019		
	Before application of IFRS 16	Effect of application of IFRS 16	After application of IFRS 16
<b>ASSETS</b>	<b>431,665</b>	<b>149,810</b>	<b>581,475</b>
Tangible fixed assets, including:	327,516	148,781	476,297
Fixed assets	327,516	(7,616)	319,900
Right-of-use assets	-	156,397	156,397
Other fixed assets, including	1,757	203	1,960
Long-term lease receivables	-	203	203
<b>Fixed assets</b>	<b>395,492</b>	<b>148,983</b>	<b>544,475</b>
Trade and other receivables, including:	17,923	827	18,750
Short-term lease receivables	-	827	827
<b>Current assets</b>	<b>36,173</b>	<b>827</b>	<b>37,000</b>
<b>EQUITY AND LIABILITIES</b>	<b>431,665</b>	<b>149,810</b>	<b>581,475</b>
Retained earnings	(1,523)	624	(899)
<b>Equity</b>	<b>161,115</b>	<b>624</b>	<b>161,738</b>
Long-term trade and other liabilities	11,784	-	11,784
Long-term lease liabilities	2,866	130,195	133,061
<b>Long-term liabilities</b>	<b>226,861</b>	<b>130,195</b>	<b>357,055</b>
Lease liabilities	2,752	18,990	21,742
<b>Short-term liabilities</b>	<b>43,690</b>	<b>18,990</b>	<b>62,680</b>

#### The Company as a lessor

Agreements in which ATM acts as the lessor are accounted for in accordance with the new standard in the same manner as under IAS 17, except for sublease contracts.

<sup>1</sup> In addition to IFRS 16, on 1 January 2019 the Company applied the provisions of IFRIC 23 "Uncertainty over income tax treatments". The interpretation was endorsed by the European Union on 23 October 2018 and is effective for annual periods beginning on or after 1 January 2019. The interpretation has no effect on the Company's financial statements.



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

Under IFRS 16, an entity is required to assess the classification of subleases by reference to the right-of-use asset under the main lease, and not by reference to the underlying asset (for example, the leased tangible fixed asset). As at the date of transition, the Company reclassified certain leases classified as operating leases under IAS 17 to finance leases in accordance with IFRS 16. The total amount of payments under such agreements, which would be presented as sales revenue under IAS 17, amounted to PLN 799 thousand in the period of the first three quarters of 2019.

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 2018, including notes for the 12 months ended 31 December 2018, 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 2018 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 2018.

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 2019, as well as the results of its operations in the period of 3 and 9 months ended 30 September 2019, 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.



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

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.

In order to ensure comparability of figures concerning 2019 with the figures for the periods ended before 1 January 2019, as well as to preserve the consistency of figures presented in interim reports with the management reports used by the Company's Management Board, figures concerning operating segments are presented below after eliminating the impact of IFRS 16 on the Issuer's revenue and expenses. Relevant adjustments on this account, reconciling the Issuer's figures to those presented in the Income Statement, are presented under separate line items of the table below.

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

**Company's results broken down by operating segments in the period from 1 January 2019 to 30 September 2019:**

	<b>Data Center Services Segment</b>	<b>Telecommunications Services Segment</b>	<b>Other</b>	<b>Total</b>
<b>Fixed assets</b>	<b>231,145</b>	<b>254,306</b>	<b>49,971</b>	<b>535,423</b>
Sales revenue	54,863	55,602	-	110,465
Costs of sales	17,207	26,266	-	43,473
Profit on sales	37,656	29,336	-	66,992
Payroll costs of employees in divisions responsible for service performance	3,428	2,439	-	5,868
<b>Segment's results</b>	<b>34,228</b>	<b>26,896</b>	<b>-</b>	<b>61,124</b>
Other general and administrative expenses, of which:				45,529
Depreciation and amortisation				23,980
Other net operating revenue and expenses				(765)
Increase (decrease) in operating revenue following implementation of IFRS 16				208
Increase (decrease) in operating expenses following implementation of IFRS 16				(2,113)
<b>Operating profit (loss)</b>				<b>17,151</b>
Revenue from subsidiaries				1,166
Net financial revenue and expenses*				(10,782)
Increase (decrease) in net financial revenue and expenses following implementation of IFRS 16				(5,065)
<b>Profit (loss) before tax</b>				<b>2,469</b>
Income tax				2,579
<b>Net profit (loss)</b>				<b>(109)</b>

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

	<b>Data Center Services Segment</b>	<b>Telecommunications Services Segment</b>	<b>Other</b>	<b>Total</b>
<b>Fixed assets</b>	<b>168,803</b>	<b>169,371</b>	<b>51,467</b>	<b>389,641</b>
Sales revenue	46,772	55,145	-	101,917
Costs of sales	14,748	27,477	-	42,226
Profit on sales	32,024	27,668	-	59,692
Payroll costs of employees in divisions responsible for service performance	3,330	2,634	-	5,964
<b>Segment's results</b>	<b>28,694</b>	<b>25,034</b>	<b>-</b>	<b>53,728</b>
Other general and administrative expenses, of which:				46,599
Depreciation and amortisation				24,996
Other net operating revenue and expenses				(231)
<b>Operating profit (loss)</b>				<b>6,898</b>
Revenue from subsidiaries				1,166
Net financial revenue and expenses*				(6,875)
<b>Profit (loss) before tax</b>				<b>1,189</b>
Income tax				1,594
<b>Net profit (loss)</b>				<b>(405)</b>

\*) 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 2019:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
<b>Fixed assets</b>	<b>231,145</b>	<b>254,306</b>	<b>49,971</b>	<b>535,423</b>
Sales revenue	19,861	18,612	-	38,473
Costs of sales	6,767	8,875	-	15,642
Profit on sales	13,094	9,737	-	22,831
Payroll costs of employees in divisions responsible for service performance	1,167	880	-	2,048
<b>Segment's results</b>	<b>11,927</b>	<b>8,856</b>	<b>-</b>	<b>20,783</b>
Other general and administrative expenses, of which:				13,919
Depreciation and amortisation				8,013
Other net operating revenue and expenses				(197)
Increase (decrease) in operating revenue following implementation of IFRS 16				(53)
Increase (decrease) in operating expenses following implementation of IFRS 16				(588)
<b>Operating profit (loss)</b>				<b>7,201</b>
Revenue from subsidiaries				389
Net financial revenue and expenses*				(2,634)
Increase (decrease) in net financial revenue and expenses following implementation of IFRS 16				(3,057)
<b>Profit (loss) before tax</b>				<b>1,898</b>
Income tax				1,361
<b>Net profit (loss)</b>				<b>538</b>

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

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
<b>Fixed assets</b>	<b>168,803</b>	<b>169,371</b>	<b>51,467</b>	<b>389,641</b>
Sales revenue	16,213	18,359	-	34,572
Costs of sales	5,227	9,123	-	14,351
Profit on sales	10,986	9,236	-	20,221
Payroll costs of employees in divisions responsible for service performance	1,129	950	-	2,079
<b>Segment's results</b>	<b>9,857</b>	<b>8,286</b>	<b>-</b>	<b>18,143</b>
Other general and administrative expenses, of which:				15,889
Depreciation and amortisation				8,811
Other net operating revenue and expenses				(27)
<b>Operating profit (loss)</b>				<b>2,226</b>
Revenue from subsidiaries				389
Net financial revenue and expenses*				(5,028)
<b>Profit (loss) before tax</b>				<b>(2,414)</b>
Income tax				523
<b>Net profit (loss)</b>				<b>(2,936)</b>

\*) 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:

<u>Sales revenue</u>	<u>For the period</u> <u>01/01–30/09/2019</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2019</u>	<u>For the period</u> <u>01/01–30/09/2018</u>	<u>For the period</u> <u>01/07–30/09/2018</u>
Domestic customers	97,361	33,731	91,166	30,882
Foreign customers	12,305	4,469	10,751	3,691
<b>Total sales revenue</b>	<b>109,666</b>	<b>38,200</b>	<b>101,917</b>	<b>34,572</b>

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:

<u>Sales revenue</u>	<u>For the period</u> <u>01/07–30/09/2019</u>	<u>For the period</u> <u>01/07–30/09/2019</u>	<u>For the period</u> <u>01/01–30/09/2018</u>	<u>For the period</u> <u>01/07–30/09/2018</u>
Revenue from sales of products	109,263	38,200	101,229	34,070
Revenue from sales of goods and materials	403	-	689	503
<b>Total sales revenue</b>	<b>109,666</b>	<b>38,200</b>	<b>101,917</b>	<b>34,572</b>

A vast majority of the Issuer's revenue is recognised over time, i.e. as the Issuer satisfies the 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).

During the first three quarters of 2019:

- liabilities from contracts (reported under “Trade and other liabilities” in the Statement of financial position) increased – as compared to the opening balance of 2019 – by PLN 92 thousand; Deferred income included in this item will be recognised in full within the next 30 months; Revenue recognised by the Company in 2019, included in the balance of liabilities from contracts at the beginning of 2019, amounted to PLN 1,276 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 2019 – by PLN 18 thousand;

The vast majority (approx. 98% 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:



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

- 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 IFRS 16. The only exception to this is a portion of the optical fibre lease services, which are based on the infrastructure leased by the Company from suppliers and therefore constitute a sublease under IFRS 16. In this case, the Company is required to assess the classification of subleases by reference to the right-of-use asset under the main lease, and not by reference to the underlying asset (for example, the leased tangible fixed asset). As at the date of implementation of IFRS 16 – i.e. 1 January 2019 – the Company reclassified such leases classified as operating leases under IAS 17 to finance leases in accordance with IFRS 16.

### 3. IMPAIRMENT LOSSES ON INVENTORIES REDUCING THE VALUE TO NET REALISABLE VALUE

During the three quarters of 2019, the Company did not recognise any revaluation write-downs on inventories.

### 4. IMPAIRMENT LOSSES ON FIXED ASSETS

The Company did not recognise any impairment losses on fixed assets during the first three quarters of 2019, save for an impairment loss of PLN 7,570 thousand on the value of shares in an associated undertaking, Linx. In the Management Board's opinion, at the end of the third quarter of 2019 there were indications that the value of shares in Linx would change in relation to the valuation as at the end of 2018, which, combined with the positive contribution of ATM to the change in Linx capital (in accordance with the equity method), resulted in the need to recognise an additional impairment loss. The Issuer has taken into account information received from Linx, conducted a multiplier analysis of transactions carried out on the European market since the beginning of 2015 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 49.97 million as at 30 September 2019.

### 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

	End of period 30/09/2019	End of period 31/12/2018	For the period 01/01– 30/09/2019	For the period 01/01– 30/09/2018
<b>Deferred tax provision</b>				
Adjustment to the cost due to difference in electricity prices	120	-	120	-
Adjustment – valuation of SCN loan	266	340	(75)	-
Difference between the carrying amount and tax base of tangible fixed assets	10,058	9,288	771	449
Adjustment to costs of installation fees – IFRS 15	101	98	3	7
Foreign exchange gains	175	46	129	35
<b>Gross deferred tax provision</b>	<b>10,720</b>	<b>9,773</b>	<b>948</b>	<b>491</b>
<b>Deferred tax assets</b>				
Adjustment to revenue from installation fees – IFRS 15	506	488	(18)	(35)
Write-downs on inventories	-	-	-	-
Write-downs on receivables	439	359	(80)	(38)
Foreign exchange losses	-	-	-	105



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

Liabilities to the Social Insurance Institution (ZUS)	121	106	(15)	79
Deferred income/expenses and accruals	1,287	1,068	(219)	86
Effects of IRS valuation	141	140	(1)	(6)
<b>Gross deferred tax assets</b>	<b>2,494</b>	<b>2,161</b>	<b>(333)</b>	<b>191</b>
<b>Net tax assets (tax provision)</b>	<b>8,226</b>	<b>7,611</b>		
<b>Deferred income tax charge against profit</b>			<b>615</b>	<b>682</b>

## 7. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS

In the reporting period (first three quarters of 2019), the Company acquired fixed assets in the amount of PLN 28.3 million. The aforementioned amount concerns expenditure construed as an increase in the value of fixed assets, without right-of-use assets recognised following the adoption of IFRS 16. 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 16.9 million;
- assets of the Telecommunications Services Segment (primarily assets related to the fibre-optic network) – approx. PLN 7.8 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

Figures for the first three quarters of 2018 were adjusted – as described in Note 10 to the Semi-annual Report for the first half of 2019.

## 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 41.039 million as at 30 September 2019, 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 57.938 million as at 30 September 2019, 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;



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

3. Term loan for the period of 5 years (2018-2023), drawn in the amount of PLN 41.039 million as at 30 September 2019, 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 57.938 million as at 30 September 2019, 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 14.525 million as at 30 September 2019, 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 14.525 million as at 30 September 2019, 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 facilities, which revolve on a triennial basis, undrawn as at 30 September 2019.

The above amounts drawn on loans do not include an adjustment updating the value of loan liabilities to a value measured using the amortised cost method.

Lease liabilities amounted to PLN 146,958 thousand. For a description of lease liabilities, see Note 1.

### 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 INSTRUMENTS MEASURED AT FAIR VALUE

As at 30 September 2019, 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 30/09/2019		End of period 31/12/2018	
	carrying amount	fair value	carrying amount	fair value
Financial liabilities at fair value through profit or loss	739	739	736	736

### FAIR VALUE HIERARCHY



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

<u>Financial liabilities at fair value through profit or loss</u>	<u>Fair value hierarchy level</u>	<u>31/03/2018</u>
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the loan	level 2	739
<b>Total</b>		<b>739</b>

The IRS contract hedging the interest rate risk in respect of the term loans was measured using the discounted cash flow model based on market parameters.

During the period ended 30 September 2019, 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 2015–2018 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.

## 18. DIVIDENDS PAID AND DECLARED

On 28 June 2019, the Ordinary General Meeting of the Company decided to allocate the entire net profit of the Company for 2018, amounting to PLN 2,018,913, to the reserve capital.

## 19. VALUE OF COLLATERAL AND SECURITY GIVEN, CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent receivables or liabilities.

### Guarantees and sureties issued, collateral established

	<u>End of period</u> <u>30/09/2019</u>	<u>End of period</u> <u>31/12/2018</u>
<b>Bank guarantees for other entities:</b>		
Guarantees issued by banks on behalf of the Company:	844	196
- performance bonds and tender bonds	844	196
<b>Loan collateral</b>		
Collateral pledge	66,383	45,267



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

Promissory notes and mortgages:	110,178	110,408
- bank loan collateral	110,178	110,408
<b>Total</b>	<b>177,405</b>	<b>155,871</b>

## 20. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

There were no significant events after the end of the quarter.

## 21. INCENTIVE SCHEME

### Incentive Scheme adopted by the Supervisory Board of the Company on 14 December 2018

Assumptions, key parameters and valuation of the incentive scheme implemented in the Company and adopted by the Supervisory Board of the Company on 14 December 2018 were presented in Note 32 to the Annual Report for 2018. During the first three quarters of 2019, the Company's income statement included costs of the incentive scheme in the amount of PLN 435 thousand.

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

	Number of warrants	Weighted average exercise price
Outstanding at the beginning of the period	1,217,064	8.54
Granted during the period	527,416	8.54
Exercised during the period	0	n/a
Outstanding at the end of the period	1,744,480	8.54

The average remaining life of warrants at the end of the third quarter of 2019: 0.8 year.



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

**SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:**

<b>Name and surname</b>	<b>Position/function</b>	<b>Date</b>	<b>Signature</b>
Daniel Szcześniewski	President of the Management Board .....	16 November 2019	
Tomasz Galas	Vice President of the Management Board .....	16 November 2019	

**SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:**

Kinga Bogucka	Chief Accountant	16 November 2019	.....
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## 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, 13<sup>th</sup> 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:

- Daniel Szcześniewski – 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:

- Piotr Sieluk – Chairperson of the Supervisory Board,
- Mariusz Grendowicz – Deputy Chairperson of the Supervisory Board,
- Tomasz Czechowicz – Member 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 19 March 2019, Mr Sławomir Koszołko resigned from the position of the President of the Company's Management Board. On the same day, the Company's Supervisory Board adopted a resolution on appointing Mr Daniel Szcześniewski to the Company's Management Board as President of the Company's Management Board as of 19 March 2019.

On 5 April 2019, the Company received a notification from AAW III Sp. z o.o. (hereinafter referred to as the "Shareholder") on the appointment of Mr Tomasz Czechowicz as Member of the Company's Supervisory Board as of 5 April 2019. The aforementioned appointment was performed in the exercise of the personal power of the Shareholder on the basis of § 13(2)(a) of the Company's Articles of Association.

On 28 June 2019, the Ordinary General Meeting of the Company appointed the following members to the Supervisory Board of the Company: Mr Piotr Sieluk, Mr Mariusz Grendowicz, Mr Tomasz Czechowicz, Mr Przemysław Głębocki, Mr Tomasz Jacygrad, Mr Maciej Kowalski and Mr Sebastian Millinder.

At the same time, the Ordinary General Meeting of the Company appointed Mr Piotr Sieluk as Chairman of the Supervisory Board and Mr Mariusz Grendowicz as Vice Chairman 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 QUARTERLY REPORT**

<u>Shareholder</u>	<u>Number of shares held</u>	<u>Interest in share capital</u>	<u>Number of votes at the General Meeting</u>	<u>Share in the overall number of votes</u>
MCI.PrivateVentures FIZ *	34,339,567	94.49%	34,339,567	94.49%

<u>Shareholder</u>	<u>Number of shares according to the previous periodic report</u>	<u>Number of shares according to the current quarterly report</u>	<u>Change in the number of shares and number of votes</u>
MCI.PrivateVentures FIZ *	34,339,567	34,339,567	-

*\*) 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**



<u>Name and surname</u>	<u>As at 2 September 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>As at 19 November 2019</u>
Daniel Szcześniowski *	278,632	7,572	-	286,204
Tomasz Galas *	278,632	7,572	-	286,204
Piotr Sieluk *	363,434	68,143	-	431,577

*\*) values presented in the table refer to the number of subscription warrants allocated to the above persons in connection with the Incentive Scheme (see Note 21 above).*

## PURCHASE OF TREASURY SHARES

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

## 2. KEY PERFORMANCE INDICATOR – 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). Moreover, as of the beginning of 2019, the Issuer revised the definition of EBITDA so as to eliminate the impact of implementation of IFRS 16 on revenue and expenses of the Issuer - thereby preserving the comparability of the Issuer's EBITDA in relation to the periods ended before 1 January 2019. For detailed information and reconciliation of EBITDA with the relevant Income Statement items, see below. EBITDA is not defined by IFRS and may be calculated differently by other entities.

Items of revenue and expenses 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 64 thousand in the first three quarters of 2019 and PLN 36 thousand in the first three quarters of 2018) – 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 631 thousand in the first three quarters of 2019 and PLN 665 thousand in the first three quarters of 2018 (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 386 thousand in the first three quarters of 2019 and PLN 8 thousand in the first three quarters of 2018 – 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 in the amount of PLN 1,435 thousand in the first three quarters of 2019 and 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 433 thousand in the first three quarters of 2019 and PLN 265 thousand in the first three quarters of 2018 – presented in the table below under “other operating expenses (income)”.

	<u>For the period</u> <u>01/01–30/09/2018</u>	<u>For the period</u> <u>01/01–</u> <u>30/09/2018</u>	<u>Difference</u>	<u>For the period</u> <u>01/01–30/09/2019</u>	<u>For the period</u> <u>01/01–</u> <u>30/09/2019</u>	<u>Difference</u>
	<u>(according to</u> <u>the approved</u> <u>financial</u> <u>statements –</u> <u>before</u> <u>restatement)</u>	<u>(restated)</u>		<u>(before</u> <u>restatement)</u>	<u>(restated)</u>	
<b>Operating profit (loss)</b>	<b>6,898</b>	<b>6,898</b>	-	<b>17,151</b>	<b>17,151</b>	-
Depreciation and amortisation	24,996	24,996	-	36,403	36,403	-
<b>EBITDA</b>	<b>31,894</b>			<b>53,554</b>		
<b>Adjustments, of which:</b>	-	<b>3,280</b>	<b>3,280</b>	-	<b>(10,067)</b>	<b>(10,067)</b>
General and administrative expenses	-	2,705	2,705	-	2,131	2,131
Other operating expenses (income)	-	273	273	-	819	819
Restructuring costs	-	302	302	-	1,726	1,726
Elimination of the effect of implementation of IFRS 16 – operating revenue (adjustment)	-	-	-	-	(208)	(208)
Elimination of the effect of implementation of IFRS 16 – operating expenses (adjustment)	-	-	-	-	(2,113)	(2,113)
Elimination of the effect of implementation of IFRS 16 – amortisation and depreciation (adjustment)	-	-	-	-	(12,423)	(12,423)
<b>Adjusted EBITDA</b>	<b>31,894</b>	<b>35,174</b>	<b>3,280</b>	<b>53,554</b>	<b>43,487</b>	<b>(10,067)</b>

	<u>For the period</u> <u>01/07–30/09/2018</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2018</u>	<u>Difference</u>	<u>For the period</u> <u>01/07–30/09/2019</u>	<u>For the period</u> <u>01/07–</u> <u>30/09/2019</u>	<u>Difference</u>
	<u>(according to</u> <u>the approved</u> <u>financial</u> <u>statements –</u> <u>before</u> <u>restatement)</u>	<u>(restated)</u>		<u>(before</u> <u>restatement)</u>	<u>(restated)</u>	
<b>Operating profit (loss)</b>	<b>2,226</b>	<b>2,226</b>	-	<b>7,201</b>	<b>7,201</b>	-
Depreciation and amortisation	8,810	8,810	-	12,062	12,062	-
<b>EBITDA</b>	<b>11,036</b>			<b>19,263</b>		
<b>Adjustments, of which:</b>	-	<b>1,091</b>	<b>1,091</b>	-	<b>(3,856)</b>	<b>(3,856)</b>
General and administrative expenses	-	691	691	-	279	279
Other operating expenses (income)	-	62	62	-	192	192
Restructuring costs	-	338	338	-	257	257
Elimination of the effect of implementation of IFRS 16 – operating revenue (adjustment)	-	-	-	-	53	53
Elimination of the effect of implementation of IFRS 16 – operating expenses (adjustment)	-	-	-	-	(587)	(587)
Elimination of the effect of implementation of IFRS 16 – amortisation and depreciation (adjustment)	-	-	-	-	(4,049)	(4,049)
<b>Adjusted EBITDA</b>	<b>11,036</b>	<b>12,127</b>	<b>1,091</b>	<b>19,263</b>	<b>15,407</b>	<b>(3,856)</b>



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

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

The discussion of the Issuer's performance in this section has been prepared with the assumption that the effects of implementation of IFRS 16 on the Issuer's income statement are eliminated. This ensured comparability of the Issuer's figures for 2019 with the periods ended before 1 January 2019.

##### Operating and financial results

The third quarter of 2019 marks the continuation of strong results generated by the Company since the beginning of 2019. Key items of the income statement developed as follows:

- sales revenue increased by 11.5%, driven – traditionally – primarily by the Data Center Services segment's sales (+23% y/y) and the revenue from the Telecommunications Services Segment which has remained at a consistent level since the beginning of 2016 (+1.5% y/y);
- cost of sales increased by 9% y/y, which is almost entirely attributable to an increase in market prices of electricity purchased by the Company to provide guaranteed power supply services within the Data Centre Services Segment;
- profit on sales increased by nearly 13% y/y and the return on sales improved by 1 percentage point to 59.3%;
- general and administrative expenses were reduced by 11% y/y, mainly as a result of improved efficiency and effectiveness of key processes in the Company's operations, as well as a year-on-year decrease in depreciation and amortisation.

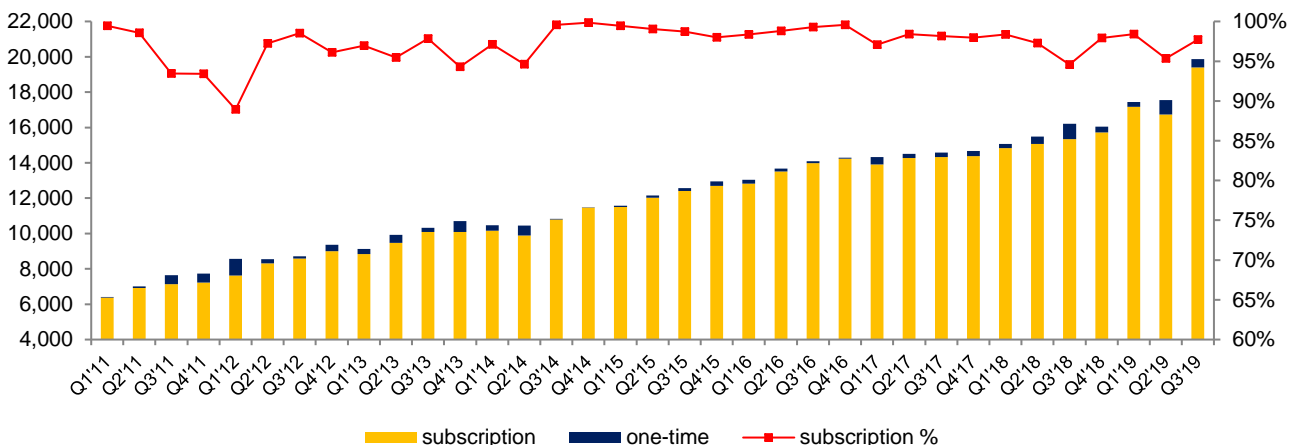
In the third quarter, EBITDA reached PLN 15.4 million (+27% y/y), thus improving the record-breaking performance of the second quarter. Traditionally, nearly 100% of total revenue was of a recurring and subscription-based nature.

A detailed discussion of results in particular operating segments is presented further below.

##### Data Center Services Segment

figures in PLN thousand	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Revenue from the Data Center Services Segment	14,324	14,501	14,586	14,673	15,073	15,486	16,213	16,051	17,444	17,558	19,861
of which: subscription revenue	13,906	14,270	14,319	14,378	14,826	15,067	15,336	15,720	17,167	16,739	19,405

Revenues from data center services segment [PLN thousand]



In the third quarter of 2019, the Company's revenue in the Data Centre Services Segment reached almost PLN 20 million, thus significantly improving the performance recorded in the previous quarters. In year-on-year terms, sales increased by 23% (PLN +3.6 million), while subscription-based sales grew by 27% y/y. This strong growth was driven primarily by:

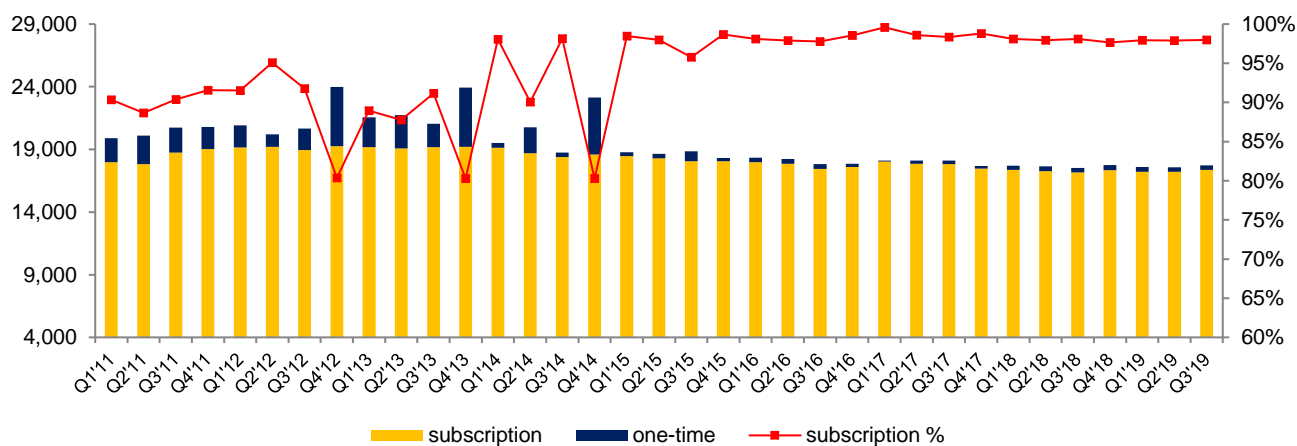
- colocation services (together with associated services, e.g. lease of switches in data centres, guaranteed power supply services) - growth generated in this area by new and existing customers stood at +17% y/y in the third quarter of 2019;
- dedicated servers services and cloud computing services - in this area, the Company recorded a very significant increase in sales during the first quarters of this year as a result of, among other factors, large contracts signed with new customers, involving comprehensive and tailor-made solutions in the area of cloud computing, dedicated servers and IT security. In this part of the Company's business, revenue increased by +47% y/y (in the third quarter of 2019).

In the past quarter, the segment's cost of sales was PLN 6.8 million, up by PLN 1.5 million year-on-year (including an increase of PLN 1.4 million in the cost of electricity purchased, resulting from market trends). As a result, the segment's return on sales was 1.8 percentage points lower than in the third quarter of 2018 (it stood at 66%), while the Segment's margin – taking into account the costs of employees directly involved in the provision of services in the Data Centre Services Segment – increased over the year by PLN 2.1 million (+21%).

### Telecommunications Services Segment

figures in PLN thousand	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Revenue from the Telecommunications Services Segment	18,854	18,757	18,813	18,477	18,398	18,388	18,359	18,652	18,495	18,495	18,612
of which: subscription revenue	18,778	18,504	18,514	18,260	18,062	18,021	18,024	18,232	18,129	18,128	18,254

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 2019, revenue in the Telecommunications Services Segment exceeded PLN 18.6 million, up by 1.5% y/y. Subscription revenue accounted for 98% of this amount and sales results for the main product lines were as follows:

- revenue from Internet access services increased in the past quarter by about PLN 0.2 million y/y (+2.5% y/y);
- revenue from data transmission services also increased slightly – by approx. PLN 0.05 million y/y (+0.5% y/y);



- revenue not directly related to the core segments of the Issuer's operations (services of an administrative nature which have a negligible impact on the margin) remained relatively flat year on year.

Costs of sales of the Telecommunications Services Segment were reduced by 2.5% y/y, mainly owing to the consistently implemented strategy to renegotiate costs with suppliers and the optimisation of network equipment maintenance costs.

As a result of the above mentioned factors, the segment's return on sales reached 52.3% (+2 p.p. y/y), while the profit on sales increased by 5.5% y/y.

The Segment's margin grew even stronger, increasing by PLN 0.6 million (+7% y/y) in terms of value.

## **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:

- implementation, as of the beginning of 2019, of the accounting principles contained in IFRS 16 " Leases ", which resulted in a significant change in the value of assets and liabilities as well as in the level of the Issuer's operating expenses and, consequently, in the operating profit and EBITDA compared to the values reported in previous periods (see description and table in the section "KEY PERFORMANCE INDICATOR - EBITDA" above);

- the Issuer's restructuring costs in the amount of PLN 0.26 million (in the third quarter of 2019);

- impairment loss on shares in an associate, Linx Telecommunications Holding B.V., in the amount of PLN 7.6 million, recognised in the third quarter of 2019 and included in the Issuer's Income Statement, under financial expenses.

## **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<sup>2</sup> of net collocation space, 69% of which is utilised by customers. In addition, the Company can relatively quickly increase the supply of space with additional 1.5 thousand m<sup>2</sup> net, by expanding the DC localised at Konstruktorska in Warsaw.

The results achieved by the Issuer during the first three quarters of 2019 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's performance during the first three quarters of 2019 slightly exceeds the values assumed in the forecast published in Current Report No 16/2019 of 20 May 2019. Based on the above, as well as on the current knowledge of the Company's operations at present and in the future, the Management Board believes that it is highly probable that the aforementioned full-year forecast for 2019 will be implemented.



## 4. 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:**

<b>Name and surname</b>	<b>Position/function</b>	<b>Date</b>	<b>Signature</b>
Daniel Szcześniewski	President of the Management Board .....	16 November 2019	
Tomasz Galas	Vice President of the Management Board .....	16 November 2019	

**SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:**

Kinga Bogucka	Chief Accountant	16 November 2019	.....
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