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Independent Auditor's Report

To the General Shareholders' Meeting and Supervisory Board of ATM S.A.

Report on the Audit of the Annual Financial Statements

Qualified Opinion

We have audited the accompanying annual financial statements of ATM S.A. (the "Entity"), which comprise:

- the statement of financial position as at 31 December 2018,

and, for the period from 1 January 2018 to 31 December 2018:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

and

- notes comprising a summary of significant accounting policies and other explanatory information (notes to the financial statements)

(the "financial statements").

In our opinion, except for the possible effects of matter described in the Basis for Qualified Opinion section, the accompanying financial statements of the Entity:

- give a true and fair view of the financial position of the Entity as at 31 December 2018 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS EU") and the adopted accounting policy;
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association;
- have been prepared, in all material respects, on the basis of properly maintained accounting records in accordance with chapter 2 of the accounting act dated 29 September 1994 (Official Journal from 2019, item 351) (the "Accounting Act").

Our audit opinion on the financial statements is consistent with our report to the Audit Committee dated 30 April 2019.

KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k.

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Basis for Qualified Opinion

As at 31 December 2018, the carrying amount of the investment in the foreign associate - Linx Telecommunications Holding B.V. ("Linx"), accounted for using the equity method, less impairment loss amounted to PLN 54 597 thousand in the statement of financial position, and the share of the Entity in the net loss of Linx in the amount of PLN 176 thousand was recognised in the statement of comprehensive income and the share in other comprehensive income of Linx in the amount of PLN 603 thousand (loss) was recognised in the statement of total comprehensive income of the Entity for the year ended 31 December 2018. Furthermore, as at 31 December 2018 the investment in Linx is stated at the recoverable amount represented by the fair value less costs to sell, which was determined, among others, based on the financial information of Linx as at and for the year ended 31 December 2018 and as a result the Entity recognised financial income in the amount of PLN 1 902 thousand due to a decrease in the impairment allowance for investment in Linx.

Until the date of issue of this auditor's report, we were unable to obtain sufficient appropriate audit evidence regarding the carrying amount of the investment in the associate - Linx as at 31 December 2018, the share of the Entity in net loss and other comprehensive income for the year ended on that day, because the Management Board of the associate did not provide us access to the books and information we considered as necessary in these circumstances. Therefore, we were not able to determine whether any adjustments to the above amounts would be required.

We conducted our audit in accordance with:

— International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Auditing (the "NSA"); and
— the act on certified auditors, audit firms and public oversight dated 11 May 2017 (Official Journal from 2017, item 1089 with amendments) (the "Act on certified auditors"); and
— regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Official Journal of the European Union L 158 from 27 May 2014, page 77 and Official Journal of the European Union L 170 from 11 June 2014, page 66) (the "EU Regulation"); and
— other applicable laws.

Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of the financial statements section of our report.

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

Independence and Ethics

We are independent of the Entity in accordance with the Code of Ethics for Professional Accountants ("IFAC Code") issued by the International Ethics Standards Board for Accountants as adopted by the resolutions of the National Council of Certified Auditors, as well as other independence and ethical requirements, applicable to audit engagement in Poland. We have fulfilled all ethical responsibilities resulting from those requirements and IFAC Code. During our audit the key certified auditors and the audit firm remained independent of the Entity in accordance with requirements of the Act on certified auditors and the EU Regulation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They are the most significant assessed risks of material misstatements, including those due to fraud, described below and we performed appropriate audit procedures to address these matters. Key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we have summarized our response to those risks. We do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report we have determined the following key audit matters:

Implementation of IFRS 15 - Revenues from Contracts with Customers

We refer to the financial statements:

- Note “New standards and amendments to existing standards issued by the International Accounting Standards Board published and applied for the first time”
- Note 3 Sales revenues
- Note 4 Accounting principles - revenues

Key audit matter	*Our response*
Starting from 1 January 2018, the Entity has applied the new IFRS 15 *Revenue from contracts with customers.* The majority of services provided by the Entity is delivered in the subscription system and settled on a monthly basis. In addition, the Entity provides installation services relating to the subscription-based services and sells merchandise. The first-time application of a new standard requires from the Management Board to exercise judgment and adopt assumptions to determine the accounting policies for revenue recognition for all the significant types of contracts executed. In particular, judgment is required to identify separate performance obligations, determine whether performance obligations are satisfied over time or at a point in time, identify the costs of obtaining contracts and estimate the duration of contracts with customers in order to account for the costs of obtaining contracts. The risk of a misstatement of revenue due to the application of the new Standard for the first time relates mainly to revenue from installation, activation and other fees of a one-off nature recognised by the Entity based on contracts with customers. Furthermore, a part of the Entity’s revenues is derived from the provision of rights to use certain assets. Revenues from such contracts are considered as lease revenues which are not covered by the new accounting standard on revenues from contracts with customers and therefore should continue to be accounted for in accordance with the requirements of IAS 17 *Leases.* An analysis of the concluded contracts from the perspective of applying an appropriate accounting standard requires significant judgment.	Our procedures in response to the identified risk of misstatements included, among others: — Evaluating the appropriateness of the adopted accounting policies in relation to the requirements of a relevant standard based on our understanding of the Entity’s business and industry practices. — Obtaining understanding of new or amended revenue recognition processes, including controls implemented by the Management Board; — Evaluating the appropriateness of accounting standards selected by the Management Board for the recognition of revenue from the individual types of contracts based on our understating of the Entity’s business. — Assessing the reasonableness of the key judgments of the Management Board made upon adoption of the new standard, including in particular those relating to the identification of individual performance obligations, the manner of satisfying performance obligations, identification of the costs of obtaining contracts and estimation of contracts duration by way of an analysis of selected contracts with customers, comparing to the Entity’s historical data, and to industry practices. — Assessing the completeness and appropriateness of the disclosures required by IFRS 15.

IFRS 2 – Share-based Payment

We refer to the financial statements:

- Note 4 Accounting principles – costs of employee benefits
- Note 26 Remuneration of the management
- Note 32 Motivation programme

Key Audit Matter	*Our response*
In 2018, the Entity implemented an incentive programme based on the Entity's own shares for persons of key importance to the execution of the Entity's strategy, where the entities obliged to settle liabilities under the programme were the Entity's related parties ("the Group Programme"). In December 2018, the Entity modified the Programme by replacing the Group Programme with warrants for the Entity's own shares. The assumptions adopted for the measurement of share-based payments require that the Management Board use significant judgments and make estimates, in particular with respect to the anticipated moment of the sale of the Entity's shares by the controlling shareholder ("the moment of exit"), the probability of transaction at the moment of exit, the timing of the execution of warrants by the entitled persons, estimating the volatility of the Entity's share prices, determining the vesting period for share-based payments and the number of people who are likely to acquire the right to share-based payments. Furthermore, the valuation of the programme requires adopting an appropriate valuation model. The Entity used the support of an external expert in this regard. Given the complexity of the recognition and valuation of share-based payments programme and the material impact on the Entity's profit or loss, we considered this issue to be a key audit matter.	Our procedures in response to the identified risk of misstatements included, among others: — Understanding and evaluating internal controls over the valuation of the share-based payments programme, including primarily the appropriate involvement of the Management Board in selecting the expert, supervision over transfer of relevant data, including the key assumptions, to the expert, and involvement in an evaluation of the results of the expert's work; — Evaluating the scope of work, competencies and objectivity of the expert engaged by the Management Board; — With the support of our own financial risk management specialists, evaluating: o the appropriateness of the valuation model and the accounting treatment applied to the share-based payments programme, by reference to the requirements of the relevant accounting standard and also valuation practices commonly applied in this regard; o the reasonableness of significant assumptions, including the moment of granting and the vesting period of share-based payments, and the level of volatility of the shares, by analysing the relevant documents and information on the historical stock exchange quotations of the Entity's shares; o the internal consistency and mathematical accuracy of the valuation model.

Audit of the financial statements for the first time

We refer to the financial statements:

— Note 33 Correction of prior period errors

Key Audit Matter	*Our response*
The financial statements of the Entity for the year ended 31 December 2018 were the first financial statements of the Entity audited by us. During the audit, we performed a number of procedures to gain an understanding of the nature of the Entity's operations, including the associated processes and risks, and of its internal control system and the adopted accounting policies. Furthermore, procedures performed by us were aimed at determining whether or not the opening balances of the financial statements contain misstatements which materially affect the financial statements for the year ended 31 December 2018. The Entity's disclosures with regard to adjustments of the opening balances have been presented in Note 33 "Correction of prior period errors" of the attached financial statements.	Our procedures in response to the identified risks included, among others: — Assessing the compliance of the accounting policies applied by the Entity with the relevant financial reporting standards, in particular with regard to the recognition and measurement of an associate and measurement of bank loans at amortized cost; — Communicating with the Key Certified Auditor acting on behalf of the previous audit firm with respect to key audit matters, including a review of audit documentation for the year ended 31 December 2017; — Assessing the key and significant audit matters from the prior year audit and their impact on the financial statements for the year ended 31 December 2018; — Analysing the appropriateness of adjustments to the opening balances recognised by the Entity; — Evaluating the correctness and completeness of disclosures in the financial statements with respect to adjustments of the opening balances.

Other matter

The financial statements of the Entity as at and for the year ended 31 December 2017 were audited by another auditor, who expressed an unqualified opinion on those financial statements on 27 April 2018.

Responsibility of the Management Board and Supervisory Board of the Entity for the financial statements

The Management Board of the Entity is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, the adopted accounting policy, the applicable laws and the provisions of the Entity's articles of association and for such internal control as the Management Board of the Entity determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board of the Entity is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Entity either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act, the Management Board and members of the Supervisory Board of the Entity are required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Supervisory Board of the Entity are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the audit of the financial statements

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

The scope of audit does not include assurance on the future viability of the Entity or on the efficiency or effectiveness with which the Management Board of the Entity has conducted or will conduct the affairs of the Entity.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with the Supervisory Board of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Supervisory Board of the Entity with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board of the Entity, we determine those matters that were of most significance in the audit of the financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditors' report on the audit of the financial statements unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the report on activities

Other Information

Other information consists of:

- a Letter from the President of the Management Board,
- Selected financial data,
- the Report on the activities of the Entity for the financial year ended December 31, 2018 ("Report on activities") together with the statement on the application of corporate governance and the statement on non-financial information referred to in Art. 49b Par. 1, which are separate parts of this Activity Report,
- the Statement of Management Board regarding the preparation of the financial statements and the Activity Report,
- Information of the Management Board on the selection of the audit firm,
- the Statement of the Supervisory Board regarding the Audit Committee, and
- the Assessment of the financial statements and Activity Report made by the Supervisory Board,
- the Position of the Management Board or the managing person together with the opinion of the Supervisory Board or the supervising person relating to the auditor's opinion expressed in the auditor's qualified report,

(together "Other information").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Entity is responsible for the Other information in accordance with applicable laws.

The Management Board and members of the Supervisory Board of the Entity are required to ensure that the Report on activities of the Entity for the year ended 31 December 2018, including the corporate governance statement which is a separate part of the Report on activities, are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our opinion on the financial statements does not cover the Other information.

In connection with our audit of the financial statements, our responsibility was to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement in the Other information, we are required to report that fact.

In accordance with the Act on certified auditors our responsibility was to report if the Report on activities was prepared in accordance with applicable laws and the information given in the Report on activities is consistent with the financial statements.

Moreover, in accordance with the requirements of the Act on certified auditors our responsibility was to report whether the Entity included in the statement on corporate governance information required by the applicable laws and regulations, and in relation to specific information indicated in these laws or regulations, to determine whether it complies with the applicable laws and whether it is consistent with the financial statements .

Opinion on the Report on activities

Based on the work undertaken in the course of our audit of the financial statements, in our opinion, the accompanying Report on activities, in all material respects:

- has been prepared in accordance with applicable laws, and
- is consistent with the financial statements.

Opinion on the statement on corporate governance

In our opinion, the corporate governance statement, which is a separate part of the Report on activities, includes the information required by paragraph 70 subparagraph 6 point 5 of the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (Official Journal from 2018, item 757) (the "decree").

Furthermore, in our opinion, the information identified in paragraph 70 subparagraph 6 point 5 letter c-f, h and letter i of the decree, included in the corporate governance statement, in all material respects:

- has been prepared in accordance with applicable laws; and
- is consistent with the financial statements.

Statement on Other information

As described in the Basis Qualified Opinion section of the report, until the date of issue of this auditor's report, we have not been able to obtain sufficient appropriate audit evidence regarding the carrying amount of the Entity's investment in the associate - Linx as at 31 December 2018, the Entity's share in the net loss and other comprehensive income for the year ended on that date, because the Management Board of the associate did not provide us access to the books and information we considered as necessary in these circumstances.

Therefore, we were unable to determine whether or not the Report on activities and other information contain material misstatement with respect to amounts and other items which may be affected by this matter.

Report on other legal and regulatory requirements

Statement on services other than audit of the financial statements

To the best of our knowledge and belief, we did not provide prohibited non-audit services referred to in Art. 5 Paragraph 1 second subparagraph of the EU Regulation and Art. 136 of the act on certified auditors.

Services other than audit of the financial statements, which were provided to the Entity in the audited period are listed in note 31 of the financial statements.

Appointment of the audit firm

We have been appointed for the first time to audit the annual financial statements of the Entity by resolution of Supervisory Board dated 11 June 2018. Our period of total uninterrupted engagement is 1 year.

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546

Signed on the Polish original	*Signed on the Polish original*
Mirosław Matusik	Anna Jabłońska
Key Certified Auditor Registration No. 90048 *Limited Partner, Proxy*	Key Certified Auditor Registration No. 12792

Warsaw, 30 April 2019