

Brief assessment of the Company's position in 2014 by the Supervisory Board

Under Article 15.2 of the Articles of Association of the Company, Chapter III of the Code of Best Practices for WSE Listed Companies and Article 11.3 of the Regulations of the Supervisory Board, the Supervisory Board of ATM S.A. has conducted a brief assessment of the position of ATM S.A. and submits the same to the General Meeting and appends it to the 2014 Annual Report.

I. Assessment of the Company's position

In the Supervisory Board's assessment, the results achieved by ATM S.A. in 2014 were not fully satisfactory.

Most notably, the results in the entire 2014 were heavily affected by poorer performance of the Company in the area of data transmission Internet access services. A slower than expected commercialization of the newly build data center space also had its effect, which made the growth of revenues from subscription charges on data center services amount to only 10.5% y-o-y. This, in turn, caused a several per cent decrease in total revenues (excluding the OST 112 contract), sales margin and EBITDA compared with 2013. In addition, the intensive investment program implemented by the Company last year (involving mainly extension of data center space as part of the ATM Innovation Center Project) entailed a notable increase in the cost of depreciation, which translated into deterioration of the operating profit by around 17% y-o-y. Establishment of the impairment write-off in the amount of PLN 4.9 million for the potential loss in value of shares in the affiliated entity Linx Telecommunications B.V., which generates a major part of its revenues on the Russian market, had a material impact on the Company's financial result.

Profitability ratios were on a similar level as in 2013. The share of subscription revenues in ATM's total revenues in 2014 remained on a high level (around 92%), which together with a strong operating cash flow (PLN 44.1 in 2014 compared with PLN 39.6 million in 2013) has reduced the risk and stabilized the Company's financial position.

When assessing the Company's 2014 results in individual service categories, one needs to bear the following issues in mind:

- for the first time in the Issuer's history a customer made a significant decision to resign from some collocation services for reasons attributable to the customer's business – had there not been such events, the annual increase in revenues from data center services would have been around 17%,
- subscription revenues from transmission services showed a downward trend for the first three quarters of 2014 and that trend was reversed only in the last quarter (an

increase by 2.5% q-o-q to PLN 8.7 million) – mainly because of the strong tendency to lower unit prices observed in the last several years.

One should note that the Company's net indebtedness level grew notably in 2014, a result of the completion of the investment program aimed at expanding the data centers. This year's plans include a scheduled completion of key investment projects aimed at expanding the ATMAN Data Center campus at Grochowska Street in Warsaw, which will require a further increase in the increase bearing debts. This will mark the last year of so intensive investments in the Company's history so far, and the data center space built to date will be commercialized in the coming periods and will not require any further significant investments. In our opinion, prospects on the Company's markets are good. We are particularly happy to see that the demand for data center services, which have a growing share in the Company's revenues and margin, remains at a relatively high level. According to independent industry analyses, the data center market in Poland is expected to keep growing at least 10-15% in the coming years. It should allow the Issuer, the leader of this market, to continue to dynamically grow its sales and consolidate its market position – specifically, taking into account the collocation space available for commercialization.

In the Supervisory Board's assessment, the Company is managed in a sound manner. The great professionalism and significant engineering expertise, which is being built up and developed all the time, deserve a particular emphasis. One should also note the intensive actions taken by the Management Board since the fourth quarter of 2014 to improve the Company's commercial performance (including changes in the organizational structure of the Commercial Division).

The Supervisory Board believes that the Company is well positioned to overcome the factors that slowed down its growth in 2014, and the completion of the large investments will lead to an increased profitability and more free cash flows.

As far as supervision of the Company's operations is concerned, the Supervisory Board appointed an Audit Committee within its structure in late 2014, which will enable a more efficient control within the Committee's remit.

Internal control and management of significant risks for ATM S.A. are conducted as part of supervisory functions exercised by relevant Members of the Management Board with the support from their subordinate units. The Supervisory Board finds the internal control and risk management system in place in the Company as satisfactory, given the size and business profile of the Company.

II. Operations of the Supervisory Board

In 2014, the Supervisory Board held 8 meetings on:

- 1) 20 March 2009;
- 2) 28 May 2014;
- 3) 13 June 2014;
- 4) 16 July 2014;
- 5) 27 August 2014;
- 6) 22 October 2014;
- 7) 6 November 2014;
- 8) 14 November 2014.

The meetings were held to, among others:

- 1) present unit results of ATM S.A. in 2013 and approve the Company's budget in 2014;
- 2) adopt a report of the Supervisory Board on the review of the Company's 2013 financial statements, the Management Board's report on the Company's operations in 2013 and the Management Board's proposal regarding distribution of the profit from 2013;
- 3) assess the current situation of the Company;
- 4) express a positive opinion on draft solutions of the Ordinary General Meeting;
- 5) appoint a certified auditor to review the Company's financial statements for the first half of 2014 and audit the Company's financial statements for 2014;
- 6) appoint Chair and Deputy Chair of the Supervisory Board as well as the Management Board of the Company;
- 7) exercise Audit Committee functions, and on 22 October 2014 – to appoint the Audit Committee.

The Audit Committee held one meeting on 14 November 2014 at which it adopted its Rules. Furthermore, the Supervisory Board exercised on-going supervision of the Company's activities in all areas of its operations. The Supervisory Board was kept up to date regarding the Company's on-going operations, financial results and ratios through information provided by the Management Board and documents prepared specially for its meetings. Furthermore, the five members of the Supervisory Board acted in the capacity of the Audit Committee before that committee was appointed.