

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program. 3.0.

161/2023/AR

March 30, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
DataWalk	Hold	107.0	Neutral	Tomasz Rodak, CFA

Event: 4Q22 preliminary results released – 31% yoy drop of revenues – below expectations

Yesterday, after the market close, DataWalk released 1-4Q22 preliminary financial results.

1-4Q22 revenues reached PLN 33.4 million (up 8% yoy) which implies 4Q22 revenues at PLN 7.5 million (down 31% yoy). The implied 4Q22 adj operating loss amounted to PLN 12.2 million. Adj opex stand at PLN 19.7 million (up 66%/ 31% yoy/ qoq). The impairment loss on intangible assets related to the creation and development of DataWalk's platform reached PLN 5.2 million (though we are not sure whether these costs are included in adj EBITDA).

The Company's CEO Paweł Wiecznyński explained in the commentary to the results that:

- The results disappointed the management; the reason for the weak performance stems from a lack of experience in Field Engineering (implementation of pilot and complete projects);
- The Company was not able to provide services to a growing number of clients and implement more complex projects;
- The Company has been working on the improvement of the situation for a year and a lot has been done; DataWalk is more effective and capable of providing services to the most demanding clients as regards big and advanced projects,
- Though numerous internal processes still need improvement.

The full financial statement for 1-4Q22 will be published on April 13.

DataWalk; 4Q22 preliminary results vs DM BOŚ forecasts

(PLN million)	4Q22 (preliminary)	4Q21	3Q22	yoy chg	qoq chg	1-4Q22	1-4Q21	yoy chg
Revenues	7.5	10.8	7.7	-31%	-2%	33.4	30.8	8%
Adj OPEX	-19.7	-11.9	-15.0	66%	31%	-65.5	-36.4	80%
EBIT	-12.2	-1.1	-4.4	1,047%	177%	-129.5	-5.7	2,186%
Adj EBIT	-12.2	-1.1	-4.4	1,047%	177%	-32.2	-5.7	468%

Adj EBIT excludes non-cash costs of the motivation program
 Source: Company, DM BOS SA estimates

Expected impact: *Negative. The revenue growth dynamic in FY22 (up 8% yoy) is disappointing. 4Q22 revenues fell by 31% yoy while we expected the sales dynamic to be at least flat. The management declares the improvement of effectiveness, however this is not reflected in a number of contracts signed (the last contract was revealed on November 25 last year).*

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.