

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

259/2024/AR/May 7, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
DataWalk	Hold	53.0	Underweight	Tomasz Rodak, CFA

Event: 1Q24 preliminary results released – 100% yoy growth of revenues – slightly below our expectations; investors' meeting takeaways.

Yesterday, during the WSE trading hours, DataWalk revealed preliminary 1Q24 financial results featuring revenues at PLN 6.4 million (up 100% yoy) which were 10% below our expectations. Adj EBITDA reached PLN -6.0 million vs PLN -6.2 million expected by us. Adj operating costs also turned to be 7% lower than we expected.

The preliminary results release was followed by a meeting with investors. Below we present the key takeaways:

- In 1Q24 a smaller part of the Barclays contract was recognized and another significant payment regarding this contract is expected soon. There is potential for the sales to this client to materially increase in the future as well as there is a chance for a conversion of the contract into a corporate license which at the moment is priced at c. US\$ 6 million annually.
- There are talks underway with an even bigger financial institution than Barclays and
- other big contracts are expected this quarter.
- 51% of the Company's sales funnel comes from commercial institutions.
- In the coming years a CAGR of the graph analytics market is estimated at 33.5% vs <10% for the IT market.
- DataWalk's pricing has risen 40%/ 70-75% in 2024/for last 2 years; more price upgrades are expected from next year.
- The Company's current portfolio encompasses 9 big contracts (so called 'elephants' worth over c. US\$ 1 million), including 2 worth over US\$ 3 million.
- The Company confirms plans to increase this year's top line by over 70%.

Our comment: we assume this year's revenue growth at 25% yoy.

- Even though there are recurring takeover proposals, no specific talks are underway, except those regarding potential funding, however the Company doesn't look for funding on the US market.
- DataWalk is able to operate without a share issue in the short term.

Our comment: The liquidity risk is the most serious issue for the Company, thus this statement constitutes an important declaration. If the Company's top line improves in the extent the management declares (so it exceeds our assumptions), then we believe there is a chance of delaying the share issue until more favorable market conditions surface (the Company's market prices rises).

The Company's full financial report for 1Q24 will be published on May 15.

DataWalk; 1Q24 preliminary results vs DM BOS forecasts

(PLN m)	1Q24	1Q24E	Results vs forecasts	1Q23	4Q23	yoy chg	qoq chg
	(preliminary)	(DM BOS)					
Revenues	6.4	7.1	→	3.2	7.6	100%	-16%
Adj operating costs	-12.4	-13.3	→	-16.4	-13.6	-24%	-9%
EBITDA	-21.7	-6.2	↓	9.6	-2.2	n.m.	n.m.
Adj EBITDA	-6.0	-6.2	→	-13.2	-6.0	-54%	1%

Source: Company, DM BOS SA estimates

Expected impact: Slightly positive, as investors may like the management's declaration about no need of a share issue in the nearest future and new contracts inflow.



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