

106/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
DataWalk	Buy	259.0	Overweight	Tomasz Rodak, CFA

Event: War in Ukraine – potential impact.

We believe that the ongoing war in Ukraine (and its potential future repercussions, incl. sanctions) will not have a direct negative impact on the business of DataWalk, as:

- No revenues have been generated on the Eastern European markets;
- As a software company DataWalk has no direct exposure to potential inflationary pressures related to raw material prices;
- Positive impact of weak PLN due to high share of US\$ denominated revenues (c. 50% of sales in 1-3Q21);
- And finally it is worth to stress that DataWalk software is widely used for the investigation purposes. Moreover, in the recent press [release](#) DataWalk revealed that its software may be used in the counter-intelligence purposes, which may help in the diversionary activities on the eastern boarder of NATO. At the same time the Company released a short [demo](#) to showcase these features. We believe that in view of the ongoing Russian aggression the demand for investigation analytic software will grow and DataWalk may take a visible part of the market.

We like the fact that DataWalk is constantly looking for new applications for its platform, responding to market needs. It is worth to remember that two years ago, at the beginning of COVID-19 pandemics, the Company presented its platform's anti-COVID-19 applications. Since than a few contracts have been signed in this field, which increased the Company's sales growth. **There is a possibility that the situation in Ukraine may have a similar positive impact on DataWalk's revenues.**

On the other hand DataWalk is a high growth Company and, as such, its valuation may be under pressure during so called "risk-off" times on the market. That said during yesterday's US session, high-growth big data companies were stronger than the wide market with the share price of Palantir (a direct peer) growing by 13%.

Expected impact: *Positive. In our view DataWalk may be one of the beneficiaries of the eastern war, which may increase the demand for the Company's investigation software – just like it was with anti-COVID-19 applications. The Company's current 2022 EV/Sales ratio sits at c. 11x, which implies c. 50% discount vs foreign peers (even in spite of DataWalk's higher sales growth dynamic at c. 100% yoy in 2022E vs 46% yoy for peers). We would use current market weakness to accumulate the shares of DataWalk.*

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.