

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

440/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
DataWalk	Buy	201.0	Overweight	Tomasz Rodak, CFA +48 797 487 381

Event: Issue of maximum 274,082 shares at PLN 155 per share.

After yesterday's market close, the Company disclosed the delayed confidential information about conducting negotiations regarding the participation of selected institutional investors in the private subscription of shares issued within the limits of the authorized capital addressed to fewer than 150 natural or legal persons, excluding pre-emptive rights of the existing shareholders.

DataWalk completed negotiations and the management adopted a resolution regarding the issuance of maximum 274,082 series P bearer shares (5.6% of the current share capital) with a price at PLN 155 per share (11% discount vs yesterday's market close). The process of signing share subscription agreements will end on August 14, 2022.

DataWalk: financing rounds

Date	Value (PLN million)	Series	Issue price (PLN)	Post-money valuation (PLN million)	Main investors
October 11	undisclosed	A, B	undisclosed	undisclosed	Krystian Piećko, Paweł Wieczyński i Sergiusz Boryslawski
May 12	0.3	C	2.0	2.8	undisclosed investors
September 12	0.4	D	5.5	8.1	undisclosed investors
April 13	1.5	E	10.0	16.2	undisclosed investors
February 14	2.0	F	12.0	21.4	undisclosed investors
November 14	3.1	G	14.0	28.1	undisclosed investors
April 15	6.0	I	29.0	73.5	undisclosed investors
August 15	21.2	J	45.0	135.2	TFI Investors
November 17	12.1	L	34.0	125.1	TFI Investors and TFI Aviva
February 19	10.1	M	22.0	91.0	undisclosed investors
October 19	15.0	N	46.0	205.4	undisclosed investors
September 20	65.2	O	154.8	756.4	NN PTE
August 22	max 42.5	P	155.0	799.8	n.a.

Source: Company, DM BOS

Expected impact: The issue price is 11% lower than yesterday's market close, therefore, one may expect the negative reaction of investors at first, albeit in our view the transaction is positive as we believe it offsets the risk related to a lack of funding opportunities in the current unfavorable market conditions. According to our estimates, to continue optimal development, the Company would have to acquire additional financing in the middle of next year at the latest. Nevertheless, given extremely unfavorable macroeconomic conditions and negative market sentiment, especially towards growth companies, it looked like a truly difficult task to obtain funding at the fair valuation. With the lack of additional funding, DataWalk may face the risk of controlled deceleration of the Company's development by way of slowing down the pace of employment of new implementation and sales teams. It looks like this risk weighed heavily on the Company's market price recently.

In our view, the financing round announced yesterday (max PLN 42.5 million) will allow the Company to continue optimal development over the next 2 years (till mid-2024); besides, the Company managed to offset the risk stemming from the potential failure of raising further funding in this hostile market environment, and we also like the fact that despite this environment (plunging the peers' valuation multiples, strong increase of the RFR), the issue share price was set on the symbolically higher level than in the previous round of financing (Sept. 2020).

All in all, the first reaction of investors may be negative, but in the medium and long term the new share issue materially lowers the Company's operating risk.

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.