



**DATAWALK CAPITAL GROUP
SUMMARY OF THE FINANCIAL
STATEMENTS**

for the year ended 31st December 2019

Wroclaw, April 2020

THE EXECUTIVE BOARD'S LETTER

Dear Investors,

2019 was important for building the value of the DataWalk Capital Group, starting with the IPO on the WSE market and commencing the implementation of Stage 3 of our strategy by launching the first two Sales Teams in North America and acquiring significant contracts in the EMEA region and in North America.

Our goal is to build a business valued in the billions of dollars, therefore the strategy focuses on achieving specific long term milestones rather than optimizing short term profit.

A short summary: in 2014-2015, the technology testing stage ended with a financing round of PLN 27 million (equivalent of an A round in high-tech nomenclature), obtained in two steps at an average price of around PLN 40 per share. This financial milestone coincided with achieving a first version of the “core product” based on the inputs of our Beta customers.

In 2015-2018, we developed the parts of the product surrounding the “core” and secured a number of patents which confirm the significance of our innovations. In 2017 we hired our second Poland based sales team. Our focus was on testing our early product with local customers with whom we could communicate easily. We created a USA based daughter company, DataWalk Inc. for the purpose of conducting market research in North America. We confirmed the strengths of our core product and technology and its competitive advantages via the first customer implementations in the financial sector. Our early customers, TUIR Warta and its Turkish sister company HDI as well as the Ministry of Finance of the Republic of Poland are examples of innovative trendsetters willing to value the advantages of the breakthrough technology at the risk of working with a brand new company and an incomplete “whole product”.

Meetings with more than seventy customers in the US confirmed that there is a multi-billion dollar market opportunity and that is being addressed by only two major players (IBM and Palantir). The lack of a major #3 and #4 player is very unusual and represents an opportunity in itself. We continued to develop the product by adding some of the capabilities that were considered mandatory by our target market and that both IBM and Palantir already had. IBM's solution was a result of the acquisition of i2 plus further development while Palantir is based on the technology created at PayPal and further developed over a decade and financed with over \$2.5 billion obtained from investors. Despite big challenges, we were able to create our product in a much shorter time than the above named competitors and with budget that was smaller by multiple orders of magnitude.

DataWalk is a ready-to-use COTS (Commercial of the shelf) product based on innovative and patented technology. Our customer deployments can be implemented remotely thereby increasing the commercial and implementation attractiveness of DataWalk. Affordability of the solution is the result of the flexibility of the architecture, the short implementation time and ease of integration of many big data sources.

Stage 3 of our company plan started in Q2 of 2019 with the hiring of our first two sales teams in North America. The goal for this stage is to win 20 world class reference customers, with the majority needing to be in North America so that we demonstrate our effectiveness in winning against the competition in the most demanding market.

The current two sales executives in North America are very experienced having been part of i2 (before and after acquisition by IBM). They achieved the first significant wins within 9 months despite the typical sales cycle in our market being 18 - 30 months. One of our first successes with the US government includes a BPA (framework contract) as part of a Consortium that targets \$500M in work orders (distributed over multiple years) for the US Department of Justice.

We anticipate initiation of Stage 4 of our Plan in 2022 by scaling our Go-to Market activity via the recruitment of additional Sales Partners. We represent a significant opportunity for these Partners because we enable them to successfully compete against Palantir and IBM. Our Solution represents great leverage for Partners because our revenue is only a small part of the total deal size which is made up of Services, Hardware and additional Software.

2020 is the most intense year in our history in terms of sales and customer implementations despite the current global crisis.

Our Executive Team recognizes that one of our greatest challenges is that local investors are not familiar with the Enterprise Software business and therefore we invite you to one of our numerous investor events.

We thank our shareholders for their support and trust.

Yours faithfully,

Paweł Wiczyński, CEO

The table of contents

SELECTED CONSOLIDATED FINANCIAL DATA OF THE DATAWALK CAPITAL GROUP	5
SELECTED SEPARATE FINANCIAL DATA DATAWALK S.A.	6
CONSOLIDATED FINANCIAL STATEMENTS OF DATAWALK CAPITAL GROUP FOR 2019	9
Consolidated Statement of Financial Position (in thousands of PLN)	9
Consolidated Profit and Loss Account with The Statement of Comprehensive Income (in thousands of PLN) .	11
Consolidated Statement of Changes in Equity (in thousands of PLN).....	13
Consolidated Cash Flow Statement (in thousands of PLN)	14
CHANGES IN ACCOUNTING POLICIES USED	16
SUMMARY AND ANALYSIS OF RESULTS OF THE DATAWALK CAPITAL GROUP FOR THE YEAR ENDED 31ST DECEMBER 2019	19
DESCRIPTION OF MAJOR ACHIEVEMENTS OR FAILURES OF THE CAPITAL GROUP IN THE REPORTING PERIOD	23
NON-TYPICAL EVENTS INFLUENCING THE GROUP'S FINANCIAL RESULTS	27
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE AFFECTING THE GROUP'S OPERATIONS	28
DESCRIPTION OF THE USE BY THE ISSUER OF THE PROCEEDS FROM THE ISSUE OF SECURITIES IN THE PERIOD COVERED BY THE REPORT	28
PROSPECTS FOR THE DEVELOPMENT OF THE GROUP'S OPERATIONS AND FACTORS IMPORTANT FOR FURTHER DEVELOPMENT	29
EXPECTED FINANCIAL SITUATION OF THE DATAWALK GROUP AND DATAWALK S.A.	29
OPINION ON FEASIBILITY OF INVESTMENT PLANS	29
COMPANY'S AUTHORITIES	30
The Executive Board.....	30
The Supervisory Board	31
DESCRIPTION OF THE ORGANISATION OF THE DATAWALK CAPITAL GROUP AND CONSOLIDATED ENTITIES	32
DataWalk S.A.	32
DataWalk Inc.	33
Overview of the DataWalk Capital Group	34
Description of changes in the Group's organization structure	34
THE SHAREHOLDING STRUCTURE OF THE DATAWALK S.A.	35
STRUCTURE OF SHAREHOLDINGS IN DATAWALK S.A. OR RIGHTS ATTACHED TO SHARES, HELD BY MEMBERS OF THE ISSUER'S EXECUTIVE AND SUPERVISORY BOARDS	37
FINANCIAL STATEMENTS OF DATAWALK S.A. FOR 2019	39
Statement of Financial Position (in thousands of PLN)	39
Profit and Loss Account with The Statement of Comprehensive Income (in thousands of PLN)	41
Statement of Changes in Equity (in thousands of PLN).....	42
Cash Flow Statement (in thousands of PLN)	43
CHANGES IN ACCOUNTING POLICIES USED	44

SELECTED CONSOLIDATED FINANCIAL DATA OF THE DATAWALK CAPITAL GROUP

The following table presents selected data regarding the consolidated financial statements of the DataWalk Capital Group.

SELECTED FINANCIAL DATA	from 01/01/2019	from 01/01/2018	from 01/01/2019	from 01/01/2018
	to 12/31/2019	to 12/31/2018	to 12/31/2019	to 12/31/2018
	in thousands of PLN	in thousands of PLN	in thousands of EUR	in thousands of EUR
Revenues from sales	3 512	1 731	816	406
Profit/Loss on sales	-11 121	-11 065	-2 585	-2 593
Operating profit (loss)	-11 052	-13 863	-2 569	-3 249
Pre-tax profit (loss)	-11 027	-13 706	-2 563	-3 212
Net profit (loss)	-11 044	-13 750	-2 567	-3 222
Total comprehensive income	-11 055	-13 692	-2 570	-3 209
Weighted average number of shares	4 113 366	3 680 500	4 113 366	3 680 500
Profit (loss) per share (in PLN)	-2,68	-3,74	-0,62	-0,88
Net cash generated (used) in operating activities	-10 874	-11 720	-2 528	-2 747
Net cash generated (used) in investing activities	-7 272	8 867	-1 690	2 078
Net cash (used) in financing activities	25 037	-28	5 820	-6
Total net cash flows	6 891	-2 880	1 602	-675

SELECTED FINANCIAL DATA	12/31/2019	12/31/2018	12/31/2019	12/31/2018
	in thousands of PLN	in thousands of PLN	in thousands of EUR	in thousands of EUR
	Total assets / equity and liabilities	23 858	9 324	5 603
Non-current assets	6 598	4 113	1 549	957
Current assets	17 260	5 211	4 053	1 212
Equity	20 966	8 011	4 923	1 863
Total liabilities	2 892	1 313	679	305
Long-term liabilities	153	11	36	3
Short-term liabilities	2 740	1 302	643	303

SELECTED SEPARATE FINANCIAL DATA DATAWALK S.A.

The following table presents selected data on the separate financial statements DataWalk SA

SELECTED FINANCIAL DATA	from 01/01/2019	from 01/01/2018	from 01/01/2019	from 01/01/2018
	to 12/31/2019	to 12/31/2018	to 12/31/2019	to 12/31/2018
	in thousands of PLN	in thousands of PLN	in thousands of EUR	in thousands of EUR
Revenues from sales	2 362	1 731	549	406
Profit/Loss on sales	-11 373	-11 180	-2 644	-2 620
Operating profit (loss)	-11 265	-13 978	-2 619	-3 276
Pre-tax profit (loss)	-11 193	-13 773	-2 602	-3 228
Net profit (loss)	-11 193	-13 773	-2 602	-3 228
Total comprehensive income	-11 193	-13 773	-2 602	-3 228
Weighted average number of shares	4 113 366	3 680 500	4 113 366	3 680 500
Profit (loss) per share (in PLN)	-2,72	-3,74	-0,63	-0,88
Net cash generated (used) in operating activities	-10 737	-11 699	-2 496	-2 742
Net cash generated (used) in investing activities	-7 817	8 652	-1 817	2 028
Net cash (used) in financing activities	25 037	-28	5 820	-6
Total net cash flows	6 483	-3 075	1 507	-721

SELECTED FINANCIAL DATA	12/31/2019	12/31/2018	12/31/2019	12/31/2018
	in thousands of PLN	in thousands of PLN	in thousands of EUR	in thousands of EUR
Total assets / equity and liabilities	22 988	9 354	5 398	2 175
Non-current assets	7 776	4 695	1 826	1 092
Current assets	15 212	4 659	3 572	1 084
Equity	20 638	7 822	4 846	1 819
Total liabilities	2 350	1 533	552	356
Long-term liabilities	153	11	36	3
Short-term liabilities	2 197	1 522	516	354

Applied EUR / PLN rates:

- Items of the statement of financial position were translated at the average rate of the euro published by the Polish National Bank, valid on the last day of the reporting period.

Rate on the last day of the period	12/31/2019	12/31/2018
1 EUR	4,2585	4,3000

- Items in the statement of profit or loss and other comprehensive income and statement of cash flows were translated at the average rate of the euro which is the arithmetic average of euro exchange rates published by Polish National Bank and valid on the last day of each month of the reporting period.

The average exchange rate in a given period	from 01/01/2019 to 12/31/2019	from 01/01/2018 to 12/31/2018
1 EUR	4,3018	4,2669



**DATAWALK CAPITAL GROUP
CONSOLIDATED FINANCIAL
STATEMENTS**

for the year ended 31st December 2019

Consolidated Statement of Financial Position (in thousands of PLN)

ASSETS		12/30/2019	12/31/2018
A.	Non-current assets	6 598	4 113
	I. Fixed assets	106	122
	II. Intangible assets	5 863	3 815
	III. Right-of-use assets	577	0
	IV. Long-term financial assets	0	0
	V. Long-term receivables	41	173
	VI. Deferred tax assets	11	3
	VII. Long-term prepayments	0	0
B.	Current assets	17 260	5 211
	I. Inventory	0	0
	II. Trade receivables	3 074	1 919
	III. Receivables from income tax	0	0
	IV. Other receivables	826	555
	V. Financial assets	4 011	0
	VI. Prepayments	225	495
	VII. Cash and cash equivalents	9 125	2 241
TOTAL ASSETS		23 858	9 324

EQUITY AND LIABILITIES		12/30/2019	12/31/2018 (data transformed*)
A.	Equity	20 966	8 011
	I. Share capital	447	368
	II. Other capitals	78 746	54 783
	III. Profit (loss) from previous years	-49 953	-36 203
	IV. Net profit (loss) for the current period	-11 044	-13 750
	V. Reserve capital	2 771	2 803
	VI. Foreign exchange translation differences	0	10
B.	Long-term liabilities	153	11
	I. Other provisions	0	0
	II. Deferred tax liabilities	11	3
	III. Lease liabilities	142	8
C.	Short-term liabilities	2 740	1 302
	I. Trade liabilities	809	576
	II. Income tax liabilities	0	24
	III. Lease liabilities	438	34
	IV. Other liabilities	374	322
	V. Other provisions	685	124
	VI. Prepayments	435	222
TOTAL EQUITY AND LIABILITIES		23 858	9 324

* As described in "Changes in accounting policies used" below.

NET ASSETS VALUE PER SHARE	12/31/2019	12/31/2018
Net assets value	20 966	8 011
Number of shares (pcs.)	4 113 366	3 680 500
Net assets value per share (in PLN)	5,10	2,18
Diluted number of shares (pcs.)	4 202 365	3 860 500
Diluted net asset value per share (in PLN)	4,99	2,08

The net asset value per share was calculated in relation to the weighted average number of the Company's shares for a given period. The number of shares calculated in this way in 2019 was 4 113 366, while in 2018 the weighted average number of shares in the Company was 3 680 500.

The weighted average diluted number of shares in the Company in 2019 amounted to 4 202 365, including 88 999 shares under the incentive program, while in 2018 the average amounted to 3 860 500, including 180 000 shares under the incentive program.

Consolidated Profit and Loss Account with The Statement of Comprehensive Income (in thousands of PLN)

PROFIT AND LOSS ACCOUNT		01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
A.	Revenues	3 512	1 731
B.	Operating costs	14 633	12 796
	Materials and energy	90	115
	Employee benefits	6 647	4 924
	Amortisation and depreciation	730	177
	External services	6 382	6 300
	Other costs	784	1 280
C.	Profit/Loss on sales	-11 121	-11 065
	Other operating incomes	2 540	321
	Other operating costs	2 471	3 119
D.	Operating profit (loss)	-11 052	-13 863
	Financial incomes	89	177
	Financial costs	64	20
E.	Pre-tax profit (loss)	-11 027	-13 706
	Income tax	17	44
	<i>current</i>	<i>17</i>	<i>44</i>
	<i>deferred</i>	<i>0</i>	<i>0</i>
F.	Net profit (loss)	-11 044	-13 750

NET PROFIT (LOSS) ATTRIBUTABLE TO:	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
- <i>shareholders of the parent company</i>	-11 044	-13 750
- <i>non-controlling interests</i>	0	0

STATEMENT OF COMPREHENSIVE INCOME	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Net profit (loss)	-11 044	-13 750
Other comprehensive income	-10	58
1. <i>Other comprehensive income, which in the future will be able to be reclassified to the result</i>	0	0
2. <i>Other comprehensive income, which will not be able in the future be reclassified to the result</i>	-10	58
Total comprehensive income	-11 055	-13 692

TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
- <i>shareholders of the parent company</i>	- 11 055	-13 692
- <i>non-controlling interests</i>	0	0

PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO:	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Number of shares (pcs.)	4 113 366	3 680 500
Profit (loss) per share (in PLN)	-2,68	-3,74
Diluted number of shares (pcs.)	4 202 365	3 860 500
Diluted profit (loss) per share (in PLN)	-2,63	-3,56

The net profit (loss) per share was calculated in relation to the weighted average number of the Company's shares for a given period. The number of shares calculated in this way in 2019 was 4 113 366, while in 2018 the weighted average number of shares in the Company was 3 680 500.

The weighted average diluted number of shares in the Company in 2019 amounted to 4 202 365, including 88 999 shares under the incentive program, while in 2018 the average amounted to 3 860 500, including 180,000 shares under the incentive program.

Consolidated Statement of Changes in Equity (in thousands of PLN)

STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals	Foreign exchange translation differences	Reserve capital	Profit (loss) from previous years	Net profit (loss) for the current period	Total equity
Balance as at 01/01/2019	368	54 783	10	2 803	-36 203	-13 750	8 011
Change in accounting policy	0	0	0	0	0	0	0
Balance as at 01/01/2019 adjusted	368	54 783	10	2 803	-36 203	-13 750	8 011
Net profit (loss)	0	0	0	0	0	-11 044	-11 044
Foreign exchange translation differences	0	0	-10	0	0	0	-10
Share capital increase	78	23 962	0	0	0	0	24 041
Distribution of profit (loss) for 2018	0	0	0	0	-13 750	13 750	0
Changes in equity resulting from IFRS 2	0	0	0	-31	0	0	-31
Balance as at 12/31/2019	447	78 746	0	2 771	-49 953	-11 044	20 966

STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals	Foreign exchange translation differences	Reserve capital	Profit (loss) from previous years	Net profit (loss) for the current period	Total equity
Balance as at 01/01/2018	368	54 783	-48	0	-17 077	-19 126	18 900
Change in accounting policy	0	0	0	0	0	0	0
Balance as at 01/01/2018 adjusted	368	54 783	-48	0	-17 077	-19 126	18 900
Net profit (loss)	0	0	0	0	0	-13 750	-13 750
Foreign exchange translation differences	0	0	58	0	0	0	58
Share capital increase	0	0	0	0	0	0	0
Distribution of profit (loss) for 2017	0	0	0	0	-19 126	19 126	0
Changes in equity resulting from IFRS 2	0	0	0	2 803	0	0	2 803
Balance as at 12/31/2018	368	54 783	10	2 803	-36 203	-13 750	8 011

Consolidated Cash Flow Statement (in thousands of PLN)

CASH FLOW STATEMENT	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Net cash flows from operating activities		
Net profit (loss)	-11 044	-13 750
Total adjustments, including:	635	2 746
- amortisation and depreciation	730	177
- foreign exchange gains (losses)	8	-55
- interest and dividends	-62	-30
- profit (loss) on investing activities	-10	-148
- other (<i>non-cash cost of incentive program</i>)	-31	2 803
- income tax of current period	17	44
- income tax paid	-17	-44
Net cash flow from operating activities before the change in working capital	- 10 409	-11 004
Change in working capital, including:	-465	-716
- <i>change in receivables</i>	-1 293	-559
- <i>change in inventories</i>	0	592
- <i>change in liabilities due to employee benefits</i>	82	0
- <i>change in provisions</i>	560	20
- <i>change in short-term liabilities</i>	781	-589
- <i>change in other assets</i>	260	-297
- <i>change in deferred income</i>	212	118
- <i>other adjustments (capital increase)</i>	-1 067	0
Net cash generated (used) in operating activities	-10 874	-11 720
Cash flows from investing activities		
Proceeds from sale of property, plant, equipment and intangible assets	19	20
Proceeds from sale of short-term securities	0	10 144
Purchases of property, plant and equipment and intangible assets	-3 348	-1 337
Interest	69	40
Short-term bank deposits (over 3 months)	-4 011	0
Net cash generated (used) in investing activities	-7 272	8 867
Cash flows from financing activities		
Proceeds from issuance of shares	25 108	0
Proceeds from bank loans and borrowings	0	16
Payments of liabilities under finance lease agreements	-64	-33
Interest paid	-7	-10
Net cash (used) in financing activities	25 037	-28
Total net cash flows	6 891	-2 880
<i>Change in cash due to foreign currency translation</i>	-8	55
Opening balance of cash	2 241	5 121
Closing balance of cash	9 125	2 241



**COMMENTARY AND ADDITIONAL
INFORMATION FOR THE ANNUAL
REPORT OF THE DATAWALK
CAPITAL GROUP**

CHANGES IN ACCOUNTING POLICIES USED

The accounting principles (policies) used to prepare these consolidated financial statements are consistent with those used in the preparation of the Group's financial statements for the year ended December 31st, 2018, except for the adopted new accounting standard, i.e. IFRS 16 Leasing, whose impact on the separate financial statements is described below.

IFRS 16 Leasing - first-time adoption

The Group implemented IFRS 16 Leasing on January 1st, 2019. This standard introduced one model for accounting for leasing in the lessee's accounting books. IFRS 16 assumes the recognition of all lease contracts in a model similar to the model for financial lease in accordance with IAS 17. The new IFRS 16 replaces the current leasing guidelines, including IAS 17 Leases and related interpretations.

The DataWalk Capital Group has chosen a modified approach to apply the standard in accordance with IFRS 16: C5 (b). Therefore, the Group discloses the impact of the standard retrospectively, with the cumulative effect of the first application of this standard recognized on the date of first application.

The change in the definition of leasing mainly concerns the concept of control itself. IFRS 16 distinguishes between lease and service contracts based on whether the recipient of the asset controls the asset that is the subject of the contract.

Control is believed to exist if the Group:

- has the right to obtain essentially all economic benefits from the use of the identified asset,
- has the right to direct the use of the identified asset.

The Group has taken inventories of its contracts in terms of identifying those that include leasing or a leasing component in accordance with IFRS 16.

The following areas have been identified where IFRS 16 has a potential impact:

- lease/rental agreements,
- car leasing contracts.

As a result of the analysis of lease agreements, which will be completed in less than 12 months from the date of the first application of the standard, the Group applied a practical solution provided for in point C10 lit. c) IFRS 16, according to which it may not apply the valuation requirements as at the date of the first implementation of the new standard in relation to leases previously classified as operational, and whose lease period ends before the expiry of 12 months from the date of the first application. Therefore, the Group presents these leases as short-term, recognizing lease payments as costs systematically over the duration of the lease.

For car lease contracts, which were classified as financial leases in accordance with the previous IAS 17, as at the date of first application of IFRS 16, the carrying value of the assets under the right to use and liabilities under these leases was adopted in the amount corresponding to the carrying value of the assets covered by leasing and leasing liabilities as of the day immediately preceding the implementation of the new standard, measured in accordance with IAS 17. In 2019, the provisions of the new IFRS 16 are already applied to these contracts.

The Group does not apply IFRS 16 leasing regulations for short-term leases and leases for which the underlying asset is of low value, as provided for in the standard. Lease payments in these cases are recognized as costs using the straight-line method or in another systematic way that reflects the distribution of costs over the duration of the contract.

With regard to other contracts that were not classified as financial or operating leasing during the period of IAS 17, the Group used the practical solution provided for in point C3 of the transitional provisions of IFRS 16, according to which the Group is not obliged to reassess whether the contract is a lease, whether it leases on the day of its first use. Instead, the Group may not apply IFRS 16 to contracts that it did not identify as leasing in accordance with IAS 17. Therefore, the Group will apply the requirements of the new standard only to contracts that will be concluded or amended on the date of the first application of IFRS 16 or after that date.

With respect to contracts in which the Group is a lessee, as at the time of implementing IFRS 16, the Group did not make any adjustments, and the implementation of the new standard did not affect the value of assets, liabilities and equity. As of January 1st, 2019, the Group recognizes these contracts in accordance with IFRS 16.

Presentation changes related to the separation of lease liabilities

Position	12/31/2018	Presentation changes	12/31/2018 (data transformed)
Long-term liabilities:	11	0	11
- Other provisions	0	0	0
- Deferred tax liabilities	3	0	3
- Lease liabilities	0	8	8
- Other liabilities	8	-8	0
Short-term liabilities:	1 302	0	1 302
- Trade liabilities	576	0	576
- Income tax liabilities	24	0	24
- Lease liabilities	0	34	34
- Other liabilities	356	-34	322
- Other provisions	124	0	124
- Prepayments	222	0	222
Total liabilities	1 313	0	1 533

Presentation changes related to the implementation of IFRS 16

Position	12/31/2018	Implementation of IFRS 16	01/01/2019
Non-current assets:	4 113	0	4 113
- Fixed assets	122	-45	77
- Intangible assets	3 815	0	3 815
- Right-of-use assets	0	45	45
- Long-term financial assets	0	0	0
- Long-term receivables	173	0	173
- Deferred tax assets	3	0	3
- Long-term prepayments	0	0	0

Changes in the Group's accounting policy as a result of the implementation of IFRS 16

Right-of-use assets

Initial recognition and measurement

From January 1st, 2019, for contracts identified as leasing, the Group includes in its balance sheet the right-of-use assets as at the date of leasing commencement (i.e. as at the date when the asset covered by the leasing contract is available to the Group for use). Right-of-use assets are initially recognized at cost. The cost of a right-of-use assets shall comprise: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any leasing incentives received, initial direct costs incurred by the lessee, and an estimate of the costs to be expected incurred by the lessee dismantling and removing the underlying asset.

Subsequent measurement of right-of-use assets

The Group shall measure the right-of-use asset applying a cost model, i.e. less any accumulated depreciation and possible impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease). Right-of-use assets are depreciated by the Group basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. To estimate the possible impairment of right-of-use asset, the Group applies the provisions of IAS 36 'Impairment of assets'.

Lease liabilities

Initial recognition of lease liabilities

At the lease commencement date, the Group measures the lease liability at the present value of lease payments outstanding at that date. The Group discounts leasing fees using the marginal interest rate. Lease payments include fixed payments (including essentially fixed lease payments) less any leasing incentives due; variable leasing fees, which depend on the index or rate, the amount of guaranteed final value and the price of the call option (if it can be stated with sufficient certainty that the Group will use this option) and fines for termination of the contract (if there is sufficient certainty that the Group will use from this option). Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

Subsequent measurement of lease liabilities

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Group using the lessee's marginal rate, which is the sum of the risk-free rate and the Group's credit risk premium. If a lease contract is subject to modification involving a change in the lease term, a revised amount of substantially fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets

The Group applies a practical expedient to rental contracts that are concluded for a period shorter than 12 months from the lease commencement date. According to guidance provided by the International Accounting Standards Board, items whose value does not exceed USD 5 thousand may be considered as low-value assets. In both the above-mentioned exceptions, the lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. In such case, the Group does not recognize any right of-use assets or corresponding financial liabilities.

SUMMARY AND ANALYSIS OF RESULTS OF THE DATAWALK CAPITAL GROUP FOR THE YEAR ENDED 31st DECEMBER 2019

DataWalk Group's sales revenues in 2019 amounted to PLN 3 512 thousand and were by 103% higher than the revenues achieved in 2018, which were at the level of PLN 1 731 thousand.

The table below presents selected consolidated financial data for the year ended 31st December 2019 and the comparable period of 2018 (in thousands of PLN).

Position	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018	Change
Revenues	3 512	1 731	103%
Operating costs	14 633	12 796	14%
Profit/Loss on sales	-11 121	-11 065	1%
Other operating incomes	2 540	321	692%
Other operating costs	2 471	3 119	-21%
Operating profit (loss)	-11 052	-13 863	-20%
Net profit (loss) attributable to shareholders of the parent company	-11 044	-13 750	-20%

Source: Issuer.

In the item other operating costs, the Group recognizes non-cash costs related to the settlement of the incentive program in accordance with IFRS 2. In 2019, the costs of the incentive program accounted for 85% of the value of this item, i.e. PLN 2 102 thousand, while in the corresponding period of 2018 it was PLN 2 803 thousand. PLN (90% of the sum of other operating costs).

On December 31st, 2019, the duration of the Program came to an end. The Executive Board of DataWalk S.A. conducted a summary, as a result of which the Program cost was re-calculated (adjusted) as at the balance sheet date as a result of a change in the number of entitlements. The difference resulting from the valuation between the cost of the Program recognized in the Group's equity and the adjusted cost of the Program was recognized in the separate and consolidated financial statements by recognizing other operating income in the amount of PLN 2 133 thousand.

Net loss attributable to shareholders of the parent company in 2019 it amounted to PLN 11 044 thousand and was by 20% lower than in the comparable period of 2018.

The table below presents additional selected consolidated financial information for the year ended 31st December 2019 and the comparable period of 2018 (in thousands of PLN).

Position	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018	Change
Revenues*	3 512	1 731	103%
EBIT	-11 052	-13 863	-20%
<i>Amortisation and depreciation</i>	<i>730</i>	<i>177</i>	<i>312%</i>
EBITDA	-10 322	-13 685	-25%
<i>Non-cash costs of the incentive program</i>	<i>-31</i>	<i>2 803</i>	<i>-101%</i>
Adjusted EBITDA	-10 353	-10 883	-5%
CFO _{bt}	-10 874	-11 720	-7%
CAPEX	-3 348	-1 337	150%
FCF	-14 222	-13 057	9%
Closing balance of cash	9 125	2 241	307%
Interest debt	579	58	903%

Source: Issuer.

* Sales between segments did not occur.

EBIT = Operating profit (loss),

EBITDA = EBIT + Amortisation and depreciation,

Adjusted EBITDA = EBITDA + non-cash transaction costs with people covered by the incentive program settled in the form of capital instruments,

CFO_{bt} = Net cash generated (used) in operating activities (i.e. before income tax paid),

CAPEX = expenditure on acquisition of tangible fixed assets + expenses for intangible assets + expenses related to development work,

FCF = CFO_{bt} - |CAPEX|.

The revenue structure of the DataWalk Group

In 2019, revenues from the sale of licenses amounted to PLN 2 726 thousand, which constituted 78% of the Group's total revenues and was by 212% higher than in the corresponding period of 2018. Revenues from the sale of implementation services and technical assistance (so-called maintenance) amounted to PLN 700 thousand, which constituted 20% of the total revenues of the Group and gives an decrease of 13% compared to 2018.

The table below presents consolidated revenues in the year ended 31st December 2019 and in the comparable period divided into operating segments (in thousands of PLN).

Position	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018	Change
Sales of licenses	2 726	875	212%
Services (implementation and technical assistance)	700	809	-13%
Other	85	48	79%
Total revenues	3 512	1 731	103%

Source: Issuer.

The table below presents the currency structure of sales for the year ended 31st December 2019 and the comparable period of 2018.

Position	01/01/2019 -12/31/2019	01/01/2018 -12/31/2018
PLN (Polish zloty)	20%	77%
USD (U.S. Dollar)	80%	23%
Total	100%	100%

Source: Issuer.

Cash flows of the DataWalk Group

The Group's cash flow from operating activities (CFO) in 2019 amounted to PLN -10 874 thousand compared to PLN -11 720 thousand in the corresponding period of 2018. The CFO value in 2019 was mainly due to (i) recognition of expenses related to the capital increase through the issue of shares of series M and series N in the total amount PLN 1 067 thousand, and (ii) balance sheet increase in receivables resulting from invoicing in the 4th quarter of 2019. In 2018, the CFO had a significant impact on the adjustment of net profit (loss) by non-cash costs resulting from the settlement of the incentive program in the amount of PLN 2 802 thousand.

Cash flows from the Group's investment activities (CFI) in 2019 were at the level of PLN -7 272 thousand, which was mainly due to i) opening deposits with maturity over 3 months for the total value of PLN 4 010 thousand, ii) expenditure on the development of DataWalk software incurred in the amount of PLN 2 660 thousand, iii) acceptance of right-of-use asset resulting from the office lease and car leasing agreement in the amount of PLN 602 thousand, and iv) purchase of computer hardware in the amount of PLN 86 thousand.

In 2018, cash flows from investing activities amounted to PLN 8 867 thousand. The most important influence on CFI was in particular i) the sale of participation units in the Investment Fund for a total value of PLN 10 144 thousand, which were previously acquired as part of a short-term investment, and ii) expenditure for development of DataWalk software in the discussed period amounted to PLN 1 318 thousand.

Cash flows from financing activities (CFF) of the Group in 2019 amounted to PLN 25 037 thousand, which is mainly due to the inflow of funds acquired under the initial public offering of series M shares and series N shares carried out by the Issuer. In 2018 CFF were formed on the level of -28 thousand PLN, which is mainly the effect of repayment of liabilities due to financial leasing.

Position (in thousands of PLN)	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018	Change
CFO	-10 874	-11 720	-7%
CFI, including:	-7 272	8 867	-182%
- CAPEX	-3 348	-1 337	150%
CFF	25 037	-28	-90 856%
Total net cash flows	6 891	-2 880	-339%

Source: Issuer.

CFO = Net cash generated (used) in operating activities,

CFI = Net cash generated (used) in investing activities,

CAPEX = expenditure on acquisition of tangible fixed assets + expenses for intangible assets + expenses related to development work,

CFF = Net cash (used) in financing activities.

Balance of the DataWalk Group

The table below presents selected balance sheet items as at 31st December 2019 and the end of December 2018 (in thousands of PLN).

Assets	12/31/2019	12/31/2018	Change
Intangible assets	5 863	3 815	54%
Trade receivables	3 074	1 919	60%
Other receivables	826	555	49%
Financial assets (short-term)	4 011	0	100%
Cash and cash equivalents	9 125	2 241	307%
Other assets	960	793	21%
Total assets	23 858	9 324	156%

Source: Issuer.

Equity and liabilities	12/31/2019	12/31/2018	Change
Equity	20 966	8 011	162%
Trade liabilities	809	576	40%
Other liabilities	2 084	737	183%
Total equity and liabilities	23 858	9 324	156%

Source: Issuer.

The table below presents selected financial ratios of the DataWalk Group as at the end of December 2019, as well as December 31st, 2018.

Position	12/31/2019	12/31/2018
Current ratio	6,3	4,0
Quick Ratio	6,2	3,6
Cash Ratio	3,3	1,7
Debt ratio	12%	14%
Debt / Equity	0	0
Debt-to-Equity Ratio	14%	16%
Working Capital (in thousands PLN)	14 521	3 909

Source: Issuer.

Current ratio = Current assets (short-term) / Current liabilities (short-term),

Quick Ratio = (Cash and cash equivalents + Short-term investments + Account receivables) / Current liabilities (short-term),

Cash Ratio = Cash and cash equivalents / Current liabilities (short-term),

Debt ratio = Total liabilities / Total assets × 100%,

Debt / Equity = (Interest-bearing bank loans + Debt securities + Liabilities due to finance leases) / Total Shareholders' Equity,

Debt-to-Equity Ratio = (Total Liabilities / Total Shareholders' Equity) × 100%,

Working Capital = Current assets (short-term) - Current liabilities (short-term).

DESCRIPTION OF MAJOR ACHIEVEMENTS OR FAILURES OF THE CAPITAL GROUP IN THE REPORTING PERIOD

- On January 15th, 2019, the Company obtained information about the conclusion of an Agreement (“Agreement”) with a Customer registered in Warsaw (“Customer”), to execute the sale and implementation of the DataWalk analytical platform (“System”) for anti-fraud applications. Objectives of the Agreement include: (i) granting of a license and (ii) defining the terms of the maintenance services, all with open-ended contractual arrangements.

The Customer is one of the several largest insurance Groups in the world and another insurance customer of DataWalk, as well as this is a first agreement based on a long-term subscription fee. Cooperation with the Customer in Poland is an important milestone for the relationship of the Issuer with the Customer Group, as a part of the Issuer’s land&expand strategy.

Decision about purchasing the DataWalk system were preceded by pilot implementations in Customer Group companies, where the system was tested in fraud detection, targeting organized crime groups and analysis of the claim liquidation process. Due to the international sales context and developing character of the relationship the name of the Customer will remain unpublished for now.

- On January 25th, 2019, the Company obtained information that the Company’s subsidiary, DataWalk Inc. began execution of a pilot project (“Pilot”) with Praesidium Partners LLC. (“Praesidium”), a private law enforcement agency.

The Pilot will be executed in order to demonstrate the analytical platform DataWalk (“System”) in applications targeted at countering human trafficking and coordination of information and investigations between different private and government agencies fighting against human trafficking. Executing the Pilot is an important milestone for the Capital Group and is part of our strategy to build a market position in the United States of America.

- On February 5th, 2019, based on authorization granted in Resolution no 9 of General Meeting from 6th of August 2018, the Executive Board has allocated shares series M that were offered publicly.

Executive Board allocated a total of 457.548 ordinary bearer shares series M, including:

- a) 57.548 shares within Retail Tranche;
- b) 400.000 shares within Institutional Investors Tranche.

Issue price of Offered Shares was set up at PLN 22,00 for one share of series M offered.

Total value of deposits amounted to PLN 10.066.056,00.

- On February 28th, 2019, ordinary bearer shares of series form B to L of the DataWalk S.A., as well as rights to ordinary bearer shares of series M, were introduced to public trading on WSE Main Market.
- On March 6th, 2019, the District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register, has registered amendments to the Company’s Articles of Association adopted by Resolutions 9 and 10 of the Company’s Extraordinary General Meeting of 6th August 2018. The content of the resolutions was disclosed by the Company to the public in the current report EBI number 17/2018 dated 6th August 2018.

The Executive Board of the Company informs that in connection with the registration of the said changes in the Articles of Association, the Company’s share capital amounts to PLN 413.804,80 and is divided into 4.138.048 shares. with a nominal value of PLN 0,10 each.

- On March 11th, 2019 Mr. Mark Massop has joined DataWalk Inc. (Issuer’s subsidiary) as Vice President of Sales. Given his US role and experience, Mr. Massop will be instrumental to the development and growth of the Company’s Capital Group and execution of issue objectives. Mr. Massop will be responsible for expanding sales in the North America market.

Mr. Massop is an expert in the field of link analytics with a successful track record of selling analytical systems. The Executive Board of Issuer perceives this hire as major step in executing the Company’s strategy and objective of becoming a leading global vendor of link analytics software products.

Short dossier:

Mark Massop began his career in law enforcement in 1988 with the Independence Missouri Police Department, where he served with honor for 16 years. During his tenure with the Police Department, he received two awards for Valor from the Kansas City Metropolitan Police Chiefs and Sheriffs Association. He was also recognized by the Drug Enforcement Administration for Outstanding Contributions in the Field of Drug Investigations, and by the National HIDTA (High Intensity Drug Trafficking Area) Program where he was named the Intelligence Analyst of the Year.

After his career in Law Enforcement, Mark joined i2, a supplier of data visualization and analysis software for law enforcement and other markets. After acquisition of i2 by IBM, Mark was the North America Technical Sales Leader. During his tenure, his team consistently attained over 100% of target revenue.

After 11 years with IBM, Mark joined Sintelix in 2017 as Vice President of the Americas to bring natural language processing and text extraction to the investigation and law enforcement communities. Mark quickly scaled the US business, creating over \$10M in pipeline within the first six months of joining the company.

- On March 25th, 2019, M series ordinary bearer shares of the Company were introduced to public trading on WSE Main Market.
- On March 28th, 2019, the Issuer decided to terminate the contract for co-financing the project under the Smart Growth Operational Program 2014-2020 – 1.1.1 concluded with The National Center for Research and Development based in Warsaw (“NCBR”).

Co-financing was granted for the implementation of the project titled “Development of analytical system utilizing advanced methods of big data integration and analytics aimed at identification of chosen categories of organized crime networks threatening the public safety”. The need to withdraw from the project was caused by the occurrence of circumstances unforeseeable at the stage of preparing project assumptions, having a significant impact on the scope and execution of the tasks envisaged within the individual stages. Taking into account these factors, the Executive Board of the Company decided not to implement the above investment in the form indicated in the application and to terminate the mentioned contract.

Due to the withdrawal from the project according to the original assumptions, the Company may concentrate activities related to developing the system in the direction indicated in the application in a more effective manner, using the current knowledge obtained during the execution of projects by the Group in this area. Bearing in mind the above, as well as the fact that during the term of the agreement the Issuer did not receive any payments resulting from co-financing from the NCBR, the termination of the contract will not have a significant impact on the financial position of the Company.

The Executive Board of the Company explains at the same time that the factors being the basis for terminating the agreement do not affect the projects implemented within the Issuer’s Group or projects that may start in the future.

- On April 3rd, 2019, the Company obtained information about earning a patent in the United States Patent and Trademark Office on 2nd of April 2019. The title of the Patent is “Database Hierarchy-Independent Data Drilling”.

Obtaining fourth patent in the US confirms recognition of the uniqueness of the Issuer’s technology. Patenting IT solutions, apart from securing Intellectual Property rights for the Company, has very practical value. Obtaining the patent confirms that the technology owned by the Issuer does not interfere with the patent rights of other technologies. This constitutes a tangible measure of progress for the Company’s Capital Group in United States.

- On May 21st, 2019, the Company obtained information that the Company’s subsidiary, DataWalk Inc. signed agreement for execution of a pilot project (“Pilot”) with private investigation agency (“Customer”).

The Pilot will be executed in order to demonstrate the analytical platform DataWalk (“System”) in support of the agency’s mission which is to provide corporate investigations and analysis for their clients who include Fortune 500 companies.

- On May 23rd, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a pilot project ("Pilot") with a private investigation agency ("Customer").

The Pilot will be executed in order to demonstrate the analytical platform DataWalk ("System") in support of the agency's mission which offers global investigations, compliance and monitoring, as well as security and technology consulting solutions for clients in a wide range of industries.

- On June 4th, 2019, the Issuer informed that it had received information that the Issuer's subsidiary DataWalk Inc. signed a Memorandum of Understanding ("Memorandum") with Research Innovation Inc. ("RII"), a technology integrator leading a consortium ("Consortium") eligible to deliver solutions to the US Department of Justice ("DOJ").

The DOJ selected the Consortium to bid on data analysis projects over the next 5 years ("Projects"). The Memorandum confirms RII's readiness to implement such Projects using the DataWalk platform.

It is assumed that the Projects will be implemented under a Blanket Purchase Agreement (BPA), which means that the Consortium will bid for Projects posted by DOJ. In addition to the Company and RII, other members of this Consortium are: Accenture Federal, IMTAS, Axiologic Solutions LLC, ManTech, BreakForth Solutions, Raptics Inc., SAP National Security Services Inc., Digital Reasoning, Text IQ, Ernst & Young, The Ryan Group.

The RII consortium is one of 6 selected by DOJ, and the total 5-year value of projects that will be made available under this BPA is roughly \$500M.

BPA requirements include an IT solution consisting of a platform, software tools, and support to DOJ components in order to support complex analytic tasks on large-scale data. This system must scale to hundreds of terabytes to petabytes of data, and include search, knowledge management, analytics, and link analysis capabilities. It must be also compatible with a variety of data formats and should support data modeling to enable new formats in support of specific investigations. Finally, it must be compatible with open APIs, JDBC/ODBC database connections, web crawling, and DOJ e-discovery tools.

- On June 26th, 2019, the Issuer informed that the Company obtained information that the Company's subsidiary, DataWalk Inc. signed agreement for execution of a pilot project ("Pilot") with a commercial data and analytics company in the USA ("Customer").

The Pilot will be executed in order to demonstrate the analytical platform DataWalk ("System") in support of the company's mission which offers compliance and monitoring, and data solutions for clients in a wide range of industries.

- On August 2nd, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed agreement for execution of a pilot project ("Pilot") with Customer ("Customer"), a commercial insurance company. The Pilot will be executed in order to demonstrate the analytical platform DataWalk ("System") in support of the client's mission to investigate complaints against licensed brokers (distribution channel) of their products.
- On August 14th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a pilot project ("Pilot") with a private investigation agency ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk ("System") in support of the client's mission to investigate fraud on behalf of their insurance company customers.
- On August 27th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. initiated execution of a pilot project ("Pilot") with US State Regulatory Agency ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk ("System") in support of the agency's mission which regulates and investigates the gambling industry doing business within their jurisdiction.
- On September 20th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a pilot project ("Pilot") with US State Police Agency ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk in support of the client's mission to investigate criminal behavior, terrorist threats and preserve the peace for the citizens within their jurisdiction.
- On September 23rd, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed memorandum of understanding with the Anderson Police Department, USA ("Customer") for license sale

and production usage of the DataWalk analytical platform for integration of data and setting up an analytical and investigational environment to support the Customer's operations.

- On September 23rd, 2019, that the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a pilot project ("Pilot") with a US Federal Agency ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk in support of the client's mission to investigate criminal behavior and illegal import of goods and black market sales of prohibited items to the USA.
- On September 25th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed memorandum of understanding with Washington State Gambling Commission, USA ("Customer") for license sale and production usage of DataWalk analytical platform in support of the agency's mission which regulates and investigates the gambling industry doing business within their jurisdiction. The memorandum defines the cooperation plan between parties continuing cooperation reported in ESPI 33/2019 dated on 27th August 2019.
- On September 30th, 2019 a meeting of the Company's Executive Board was held, which – acting pursuant to art. 446 § 1, 2 and 3 and art. 447 § 1 of the Code of Commercial Companies and § 6a of the Company's Articles of Association and having regard to the provisions of the resolutions of the Supervisory Board of September 28th, 2019 regarding:

(i) consenting to the deprivation of pre-emptive rights of existing shareholders in connection with the issue of N series shares

(ii) agreeing to determine the issue price of N series shares

– adopted in the form of a notarial deed resolution on increasing the Company's share capital within the authorized capital and amending the Company's Statute ("Resolution").

The Executive Board of the Company, pursuant to a Resolution, increased the Company's share capital from PLN 413.804,80 to an amount not less than PLN 413.804,90 and not higher than PLN 446.504,80, i.e. not less than PLN 0,10 and not higher than PLN 32.700,00 by way of issue of not less than 1 and not more than 327.000 N series ordinary bearer shares with a nominal value of PLN 0,10 ("Shares") each. The issue price of the Shares determined with the consent of the Supervisory Board is PLN 46,00 for one Share. Pursuant to the aforementioned Resolution of the Company's Executive Board, with the consent of the Supervisory Board, the Issuer's existing shareholders have been deprived of all pre-emptive rights to the Shares.

- On September 30th, 2019, the Executive Board of DataWalk S.A. has informed that it had received an agreement with an insurance company registered in Warsaw ("Customer") to regulate scope and commercial terms of the execution of a first phase of cooperation ("Project") in the insurance fraud detection process.
- On September 30th, 2019, the Executive Board of DataWalk S.A. has informed that it has concluded an agreement with Corpus Solutions a.s. registered in Prague, Czech Republic ("Partner"), formalizing intent to execute the sale and implementation of a perpetual license ("Project") and production usage for anti-fraud applications of the DataWalk analytical platform in Kooperativa s.a. Vienna Insurance Group insurance company registered in Prague, Czech Republic ("Customer").
- On October 2nd, 2019, agreements were concluded with institutional investors to subscribe for a total of 327.000 N series ordinary bearer shares with a nominal value of PLN 0,10 each ("Shares") issued by the Company's Executive Board within the limits of authorized capital, excluding the pre-emptive right of existing shareholders.

The issue price of one N series share is PLN 46,00 for one Share, therefore, as a result of the issue of N series shares, the Company will raise PLN 15.042.000,00. Pursuant to the concluded subscription agreements, the cash contribution will be made no later than by October 4th, 2019.

Considering the above, the process of private subscription of the Shares has been completed, therefore the Company's Executive Board will undertake actions consisting in submitting a statement on the amount of the Company's increased share capital in the amount of PLN 32.700,00 and specifying the amount of the Company's share capital as the amount of PLN 446.504,80.

- On October 24th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. initiated execution of a pilot project ("Pilot") with US System Integrator ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform in support of the Customer's mission which is to deliver best of breed technologies to institutions in the US Government.

- On October 29th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a Pilot ("Pilot") with North American Security/Intelligence Services Firm ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk in support of the client's mission which is to deliver security/intelligence services to their clients primarily in the North American Insurance industry.
- On October 31st 2019, the Company obtained information about registration on 31st October 2019, by the District Court for Wrocław -Fabryczna in Wrocław, VI Commercial Division of the National Court Register, amendments to the Company's Articles of Association, adopted by a resolution of the Company's Executive Board regarding the increase in the Company's share capital within the authorized capital and the amendment to the Company's Articles of Association of 30th September 2019, as the Issuer informed in the current ESPI report 39/2019 dated on 30th September 2019.

In connection with the registration of the said changes in the Articles of Association, the Company's share capital amounts to PLN 446.504,80 and is divided into 4.465.048 shares, with a nominal value of PLN 0,10 each.

- On November 5th, 2019, the Company obtained information that the Company's subsidiary, DataWalk Inc. signed an agreement for execution of a Pilot ("Pilot") with North American System Integrator ("Customer"). The Pilot will be executed in order to demonstrate the analytical platform DataWalk in support of their client's mission who is an US State Police Agency.
- On December 11th, 2019, the Executive Board of DataWalk S.A. has obtained information that the Company's subsidiary, DataWalk Inc. received a purchase order for execution of a partner contract to sell ("Project") with a North American System Integrator ("Customer"). The Project will be executed in order for Customer to deploy the analytical platform DataWalk in support of their client's mission. The end client is a Federal Government level Intelligence organization.

NON-TYPICAL EVENTS INFLUENCING THE GROUP'S FINANCIAL RESULTS

In items other operating income and expenses, the Company and the Group recognized non-cash costs associated with the incentive program in accordance with IFRS 2 ("Program"). In 2019, the cost of the incentive program, which amounted to PLN 2 102 thousand. On December 31st 2019, the duration of the Program came to an end. The Executive Board of DataWalk S.A. conducted a summary, as a result of which the Program cost was re-calculated (adjusted) as at the balance sheet date as a result of a change in the number of entitlements. The difference resulting from the valuation between the cost of the Program recognized in the Group's equity and the adjusted cost of the Program was recognized in the separate and consolidated financial statements by recognizing other operating income in the amount of PLN 2 133 thousand.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE AFFECTING THE GROUP'S OPERATIONS

- On January 27th, 2020, the Company obtained information that the Company's subsidiary, DataWalk Inc. received a purchase order for execution of a pilot project ("Pilot") with US System Integrator ("Customer"). The Pilot will be executed in order to demonstrate the DataWalk analytical platform in support of their end to end solution as part of a contract they hold with a member agency in the US Government.
- On February 14th, 2020, the Executive Board of DataWalk S.A. has informed that it concluded an agreement with Polski Koncern Naftowy Orlen S.A. registered in Płock, Poland ("Customer"), formalizing intent to execute the sale and implementation of a perpetual license ("Project") and production usage for anti-fraud applications of the DataWalk analytical platform.
- On March 23rd, 2020, the Executive Board of DataWalk S.A. has informed that it received a purchase order for execution of a partner contract with system integrator operating on South African and British markets TechFINIUM (Pty) Ltd registered in Boksburg, Republic of South Africa ("Partner"), formalizing the sale of a perpetual license ("Project") and production usage of the DataWalk analytical platform in SSG Security Solutions Proprietary Limited registered in Centurion, Republic of South Africa ("Customer"). The Project will be executed in applications connected with public safety, especially criminal investigations and crime prevention.
- In connection with the SARS-CoV-2 virus pandemic that causes COVID-19 disease, it introduces the administrative measures restricting the freedom of economic activity and affecting the daily operations of enterprises. The current situation also affects the availability of staff, the possibility of conducting promotional activities, as well as the situation of potential customers of the Group. The ongoing pandemic, depending on its further development and actions taken at the regional, national and international level, may have a significant negative impact on the economic situation in Poland and in the world, which may translate into the possibility of implementing the Group's plans and its future financial results.

The Group undertakes actions to minimize the impact of a pandemic, ensuring continuity of development and sales work as part of remote work. In addition, sales of the Group's products and services are largely using remote access channels, which significantly reduces the risk of negative impact of mobility restrictions on its financial results. It should also be mentioned that the Group does not have a supply chain, as it produces virtual goods. The continuity of work depends on the availability of employees and their health. Nevertheless, it should be emphasized that despite the effective mitigation of risks associated with restrictions in the world and in Poland, the Group is not able to predict the further development of the pandemic situation.

DESCRIPTION OF THE USE BY THE ISSUER OF THE PROCEEDS FROM THE ISSUE OF SECURITIES IN THE PERIOD COVERED BY THE REPORT

In the reporting period, the Issuer conducted a public offering of M series shares (publication of the prospectus on December 27th, 2018). The subscription was opened on January 24th, 2019, and the subscription was closed on February 1st, 2019. On February 5th, 2019, the shares were allotted. The total value of the series M shares taken up was PLN 10,07 million.

The funds obtained as part of the issue of series M shares were used in accordance with the objectives presented by the Company's Executive Board in current report 6/2019 of February 15th, 2019:

- Operations in the United States - approx. PLN 3,90 million;
- Development of DataWalk analytical platform - approx. PLN 2,32 million;
- Intellectual property protection - approx. PLN 0,15 million;
- Operational activity of DataWalk S.A. - about PLN 3,70 million.

In addition, on October 2nd, 2019, the Company concluded with institutional investors subscription agreements for a total of 327 000 ordinary series N bearer shares with a nominal value of PLN 0,10 each (hereinafter "Shares") issued by the Issuer's Executive Board within the target capital from exclusion of pre-emptive rights of existing shareholders. The issue price of one N series share was PLN 46, therefore the Company raised PLN 15,04 million.

The funds obtained as part of the issue of N series shares are used by the Issuer in accordance with the DataWalk Group strategy.

PROSPECTS FOR THE DEVELOPMENT OF THE GROUP'S OPERATIONS AND FACTORS IMPORTANT FOR FURTHER DEVELOPMENT

In the opinion of the Executive Board, the most important external and internal factors that may affect the operations of the DataWalk Capital Group and its results include:

Elements and external trends that may affect the Group's perspectives

- The growing importance of data processing and analysis and their use (Big Data),
- The situation on the insurance market in Poland and abroad,
- Increase in the scale and quality of anti-money laundering and anti-tax avoidance measures,
- A growing number of new business registrations,
- Automation of data collection analysis processes,
- Increasing the user-friendliness of tools for analyzing data sets.

Elements and internal trends that may affect the Group's perspectives

- The perspective of total revenues and expenses generated,
- The level of planned expenditures on marketing and sales activities,
- Costs related to staff recruitment and purchase of IT services,
- The level of planned investments.

EXPECTED FINANCIAL SITUATION OF THE DATAWALK GROUP AND DATAWALK S.A.

In accordance with the adopted development strategy, in 2020 the Group will focus its activities on:

- sales - the American and Polish markets in the commercial and public sectors, including for law enforcement (Law Enforcement and Intelligence).
- continuation of ongoing patent processes,
- developing DataWalk software in its key areas, enlarging the development team,
- expansion of sales, marketing and implementation teams in the United States and Poland.

OPINION ON FEASIBILITY OF INVESTMENT PLANS

The DataWalk Group consistently implements its strategy, including increasing the value of sales in Poland and on foreign markets, developing the DataWalk platform, as well as conducting activities aimed at protecting intellectual values.

The Group finances its operations with operating revenues and equity. In order to implement the Group's strategy in the long term and to meet capital needs, the Issuer will seek to raise additional funds through the issue of shares.

COMPANY'S AUTHORITIES

The Executive Board

Paweł Wieczyński, Chairman of the Board

Responsible for the operational activity and the commercialization department.

Krystian Piećko, Member of the Board

Responsible for the activities of the R&D department and the vision of technological development.

Sergiusz Boryślawski, Member of the Board

Responsible for administrative activity and the commercialization department.

During the 12-month period ended December 31st, 2019, the composition of the DataWalk S.A. Executive Board was as follows:

The Executive Board	Period of performing the function
Paweł Wieczyński	01/01/2019 – 12/31/2019
Krystian Piećko	01/01/2019 – 12/31/2019
Sergiusz Boryślawski	01/01/2019 – 12/31/2019

Source: Issuer.

Until the date of this report, the composition of Issuer's Executive Board has not changed.

The Supervisory Board

As at December 31st, 2019 and as at the date of this report, the composition of the Issuer's Supervisory Board is as follows:

- Paweł Sobkiewicz - Chairman of the Supervisory Board,
- Wojciech Dyszy - Vice Chairman of the Supervisory Board,
- Grzegorz Dymek - Member of the Supervisory Board,
- Roman Pudełko - Member of the Supervisory Board,
- Wojciech Szymon Kowalski - Member of the Supervisory Board,
- Rafał Wasilewski - Member of the Supervisory Board,
- Piotr Wojciech Bindas - Member of the Supervisory Board.

During the 12-month period ended December 31st, 2019, the composition of the Issuer's Supervisory Board was as follows:

The Supervisory Board	Period of performing the function
Paweł Sobkiewicz	01/01/2019 – 12/31/2019
Wojciech Dyszy	01/01/2019 – 12/31/2019
Grzegorz Dymek	01/01/2019 – 12/31/2019
Roman Pudełko	01/01/2019 – 12/31/2019
Wojciech Szymon Kowalski	01/01/2019 – 12/31/2019
Rafał Wasilewski	01/01/2019 – 12/31/2019
Piotr Wojciech Bindas	06/28/2019 – 12/31/2019

Source: Issuer.

Until the date of this report, the composition of the Issuer's Supervisory Board has not changed.

DESCRIPTION OF THE ORGANISATION OF THE DATAWALK CAPITAL GROUP AND CONSOLIDATED ENTITIES

DataWalk S.A.

Basic information about the Issuer.

Name of the parent entity:	DataWalk S.A.
Country of residence:	Poland
Legal form:	Joint stock company
Register address:	ul. Rzeźnicza 32-33, 50-130 Wrocław
Phone:	+48 71 707 21 74
Fax:	+48 71 707 22 73
E-mail:	biuro@datawalk.com
www:	www.datawalk.com
Tax identification number (NIP):	894-303-43-18
Statistical identification number (REGON):	21737247
Company registration number (KRS):	0000405409

Source: Issuer.

The role of the Issuer in the Group is to conduct research and development activities, including the development of DataWalk analytical platform, at the same time the Issuer conducts marketing and sales activities in the EMEA and Asia region and manages the Group.

The company operates in the "global vendor of products" model, focusing on the development and sale of enterprise IT class products, i.e. globally competitive, specialized software for specific application. The business model adopted by the Company is characterized by high scalability, translating into potential high margin. This is possible due to the low participation of services provided individually for every client, both at the pre-implementation stage and after implementation (service).

DataWalk S.A. has been established for an indefinite period of time. DataWalk S.A. financial year is the calendar year. The company has no branches.

DataWalk Inc.

Basic information about an entity related by capital with the Issuer as at 12/31/2019.

Name of the entity:	DataWalk Inc.
Country of residence:	United States of America
Legal form:	Incorporated
Register adress:	1209 Orange Street, Wilmington, Delaware 19801
Address for correspondence:	303 Twin Dolphin Drive, Suite 600, #62044, Redwood City, CA 94065
TIN	81-3403469
Core business:	Activities related to consultancy in the field of computer science
Relation:	Subsidiary
Consolidation method:	Full
Share in the share capital:	100,00%
Share in the total number of votes at the AGM:	100,00%
E-mail:	info@datawalk.com
www:	www.datawalk.com
Date of taking control:	27th July 2016
Value of shares:	1.218 thous. PLN
Revaluation adjustments:	-
Unit balance sheet value of shares	1.218 thous. PLN

Source: Issuer.

DataWalk Inc. is a company incorporated under US law with a registered office in Wilmington, Delaware, where the Issuer holds 100,00% share in the share capital and votes at the shareholders' meeting.

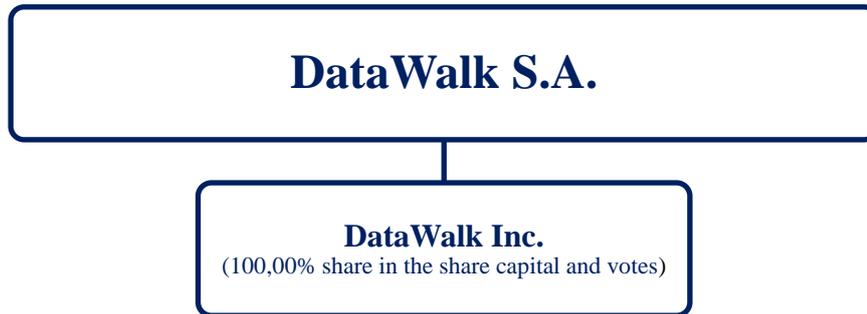
The role of DataWalk Inc. the Group relies on:

- obtaining information necessary for the commercialization of DataWalk software on the markets of countries with the highest level of computerization, with a focus on the US market (marketing activities),
- conducting sales and implementation activities related to the DataWalk platform in the United States and other countries of the North and South America.

DataWalk Inc. has been established for an indefinite period of time. The financial year of DataWalk Inc. is the calendar year.

Overview of the DataWalk Capital Group

DataWalk organizational structure of the Group as of 31st December 2019 year and in the comparative period:



Source: Issuer.

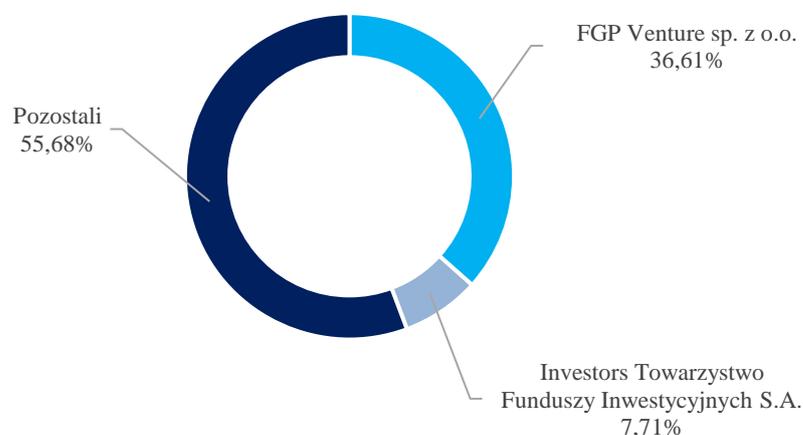
DataWalk Inc. is consolidated by DataWalk S.A. as part of the consolidated financial statements.

Description of changes in the Group's organization structure

In the year ended 31st December 2019 and as at the date of this report, there were no changes regarding the structure of the Capital Group.

THE SHAREHOLDING STRUCTURE OF THE DATAWALK S.A.

Shareholding structure as at April 14th, 2020 (share in the total number of votes)



Source: Issuer.

The table below presents the shareholding structure of DataWalk S.A. as at the date of approval of this report for publication, i.e. as of April 14th, 2020:

Shareholder	Number of shares held	Number of votes at the AGM	Share in the share capital	Share in the total number of votes at the AGM
FGP Venture sp. z o.o.* ¹	1 175 000	1 900 000	26,32%	36,61%
Investors Towarzystwo Funduszy Inwestycyjnych S.A. ²	400 000	400 000	8,96%	7,71%
Other shareholders	2 890 048	2 890 048	64,72%	55,68%
Total	4 465 048	5 190 048	100,00%	100,00%

Source: Issuer.

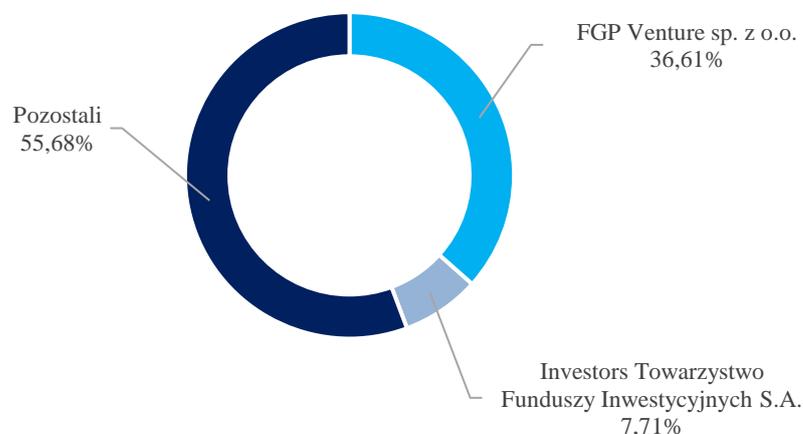
* Mr. Paweł Wieczyński holds 198 000 shares of FGP Venture Sp. z o.o., which constitutes 33.33% of share in the share capital and votes at the shareholders' meeting of FGP Venture Sp. z o.o.

Mr. Krystian Piećko holds 198 000 shares of FGP Venture Sp. z o.o., which constitutes 33.33% of share in the share capital and votes at the shareholders' meeting of FGP Venture Sp. z o.o.

Mr. Sergiusz Boryślawski holds 198 000 shares of FGP Venture Sp. z o.o., which constitutes 33.33% of share in the share capital and votes at the shareholders' meeting of FGP Venture Sp. z o.o.

¹ According to the current report no. 47/2019 of October 31st, 2019.

² With investment funds managed by the Society, i.e. Investor Parasol FIO and Investor Parasol SFIO. In accordance with current report no. 16/2015 of 16th September 2015.

Shareholding structure as at November 29th, 2019 (share in the total number of votes)


Source: Issuer.

As at November 29th, 2019, i.e. as at the date of publication of the previous report, the shareholding structure is as follows:

Shareholder	Number of shares held	Number of votes at the AGM	Share in the share capital	Share in the total number of votes at the AGM
FGP Venture sp. z o.o.* ³	1 175 000	1 900 000	26,32%	36,61%
Investors Towarzystwo Funduszy Inwestycyjnych S.A. ⁴	400 000	400 000	8,96%	7,71%
Other shareholders	2 890 048	2 890 048	64,72%	55,68%
Total	4 465 048	5 190 048	100,00%	100,00%

Source: Issuer.

* Shareholder structure of FGP Venture Sp. z o.o. is presented in the description to the table "Shareholding structure as at April 14, 2020" above.

³ According to the current report no. 11/2019 of March 7th, 2019.

⁴ With investment funds managed by the Society, i.e. Investor Parasol FIO and Investor Parasol SFIO. In accordance with current report no. 16/2015 of 16th September 2015.

STRUCTURE OF SHAREHOLDINGS IN DATAWALK S.A. OR RIGHTS ATTACHED TO SHARES, HELD BY MEMBERS OF THE ISSUER'S EXECUTIVE AND SUPERVISORY BOARDS

The shareholdings in DataWalk S.A., owned by key management and supervisory officers as at the date of approval of this report for publication, i.e. as of April 14th, 2020.

Shareholder	Position	Number of shares held
Paweł Wiecznyński*	President of the Executive Board	56 115
Krystian Piećko*	Member of the Executive Board	55 650
Sergiusz Borysławski*	Member of the Executive Board	55 680
Roman Pudełko	Member of the Supervisory Board	15 918
Paweł Sobkiewicz	Chairman of the Supervisory Board	900
Wojciech Dyszy	Vice-chairman of the Supervisory Board	1 000
Rafał Wasilewski	Member of the Supervisory Board	21 000
Piotr Bindas	Member of the Supervisory Board	2 760
Grzegorz Dymek	Member of the Supervisory Board	0
Wojciech Szymon Kowalski	Member of the Supervisory Board	0

Source: Issuer.

* Members of the Executive Board of the Company are also shareholders and members of the executive board of FGP Venture Sp. z o.o., whose share in the Issuer's shareholding structure has been presented in the section "Shareholding structure as at April 14, 2020".

As at November 29th, 2019, i.e. as at the date of publication of the previous report, the state of ownership of DataWalk S.A. shares by key management and supervisory officers are as follows:

Shareholder	Position	Number of shares held
Paweł Wiecznyński*	President of the Executive Board	55 585
Krystian Piećko*	Member of the Executive Board	55 650
Sergiusz Borysławski*	Member of the Executive Board	55 680
Roman Pudełko	Member of the Supervisory Board	15 918
Paweł Sobkiewicz	Chairman of the Supervisory Board	860
Wojciech Dyszy	Vice-chairman of the Supervisory Board	1 000
Rafał Wasilewski	Member of the Supervisory Board	21 000
Piotr Bindas	Member of the Supervisory Board	2 760
Grzegorz Dymek	Member of the Supervisory Board	0
Wojciech Szymon Kowalski	Member of the Supervisory Board	0

Source: Issuer.

* Members of the Executive Board of the Company are also shareholders and members of the executive board of FGP Venture Sp. z o.o., whose share in the Issuer's shareholding structure has been presented in the section "Shareholding structure as at April 14, 2020".



DATAWALK S.A.

FINANCIAL STATEMENTS

for the year ended 31st December 2019

Statement of Financial Position (in thousands of PLN)

ASSETS		12/31/2019	12/31/2018
A.	Non-current assets	7 776	4 695
	I. Fixed assets	66	119
	II. Intangible assets	5 863	3 815
	III. Right-of-use assets	577	0
	IV. Long-term financial assets	1 218	585
	V. Long-term receivables	41	173
	VI. Deferred tax assets	11	3
	VII. Long-term prepayments	0	0
B.	Current assets	15 212	4 659
	I. Inventory	0	0
	II. Trade receivables	2 014	1 882
	III. Receivables from income tax	0	0
	IV. Other receivables	820	555
	V. Financial assets	4 011	0
	VI. Prepayments	138	467
	VII. Cash and cash equivalents	8 230	1 755
TOTAL ASSETS		22 988	9 354

EQUITY AND LIABILITIES		12/31/2019	12/31/2018 (data transformed*)
A.	Equity	20 638	7 822
	I. Share capital	447	368
	II. Other capitals	78 746	54 783
	III. Profit (loss) from previous years	-50 132	-36 359
	IV. Net profit (loss) for the current period	-11 193	-13 773
	V. Reserve capital	2 771	2 803
B.	Long-term liabilities	153	11
	I. Other provisions	0	0
	II. Deferred tax liabilities	11	3
	III. Lease liabilities	142	8
C.	Short-term liabilities	2 197	1 522
	I. Trade liabilities	641	841
	II. Income tax liabilities	0	0
	III. Lease liabilities	438	34
	IV. Other liabilities	345	300
	V. Other provisions	474	124
	VI. Prepayments	300	222
TOTAL EQUITY AND LIABILITIES		22 988	9 354

* As described in "Changes in accounting policies used" below.

NET ASSET VALUE PER SHARE	12/31/2019	12/31/2018
Net asset value	20 638	7 822
Number of shares (pcs.)	4 113 366	3 680 500
Net asset value per share (in PLN)	5,02	2,13
Diluted number of shares (pcs.)	4 202 365	3 860 500
Diluted net asset value per share (in PLN)	4,91	2,03

The net asset value per share was calculated in relation to the weighted average number of the Company's shares for a given period. The number of shares calculated in this way in 2019 was 4 113 366, while in 2018 the weighted average number of shares in the Company was 3 680 500.

The weighted average diluted number of shares in the Company in 2019 amounted to 4 202 365, including 88 999 shares under the incentive program, while in 2018 the average amounted to 3 860 500, including 180 000 shares under the incentive program.

Profit and Loss Account with The Statement of Comprehensive Income (in thousands of PLN)

PROFIT AND LOSS ACCOUNT		01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
A.	Revenues	2 362	1 731
B.	Operating costs	13 735	12 911
	Materials and energy	89	97
	Employee benefits	2 555	2 554
	Amortisation and depreciation	727	177
	External services	10 104	9 177
	Other costs	261	906
C.	Profit/Loss on sales	-11 373	-11 180
	Other operating incomes	2 540	321
	Other operating costs	2 433	3 119
D.	Operating profit (loss)	-11 265	-13 978
	Financial incomes	137	225
	Financial costs	64	20
E.	Pre-tax profit (loss)	-11 193	-13 773
	Income tax	0	0
	<i>current</i>	0	0
	<i>deferred</i>	0	0
F.	Net profit (loss)	-11 193	-13 773

STATEMENT OF COMPREHENSIVE INCOME	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Net profit (loss)	-11 193	-13 773
Other comprehensive income	0	0
1. <i>Other comprehensive income, which in the future will be able to be reclassified to the result</i>	0	0
2. <i>Other comprehensive income, which will not be able in the future be reclassified to the result</i>	0	0
Total comprehensive income	-11 193	-13 773

PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO:	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Number of shares (pcs.)	4 113 366	3 680 500
Profit (loss) per share (in PLN)	-2,72	-3,74
Diluted number of shares (pcs.)	4 202 365	3 860 500
Diluted profit (loss) per share (in PLN)	-2,66	-3,57

The net profit (loss) per share was calculated in relation to the weighted average number of the Company's shares for a given period. The number of shares calculated in this way in 2019 was 4 113 366, while in 2018 the weighted average number of shares in the Company was 3 680 500.

The weighted average diluted number of shares in the Company in 2019 amounted to 4 202 365, including 88 999 shares under the incentive program, while in 2018 the average amounted to 3 860 500, including 180,000 shares under the incentive program.

Statement of Changes in Equity (in thousands of PLN)

STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals	Reserve capital	Profit (loss) from previous years	Net profit (loss) for the current period	Total equity
Balance as at 01/01/2019	368	54 783	2 803	-36 359	-13 773	7 822
<i>Change in accounting policy</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Balance as at 01/01/2019 adjusted	368	54 783	2 803	-36 359	-13 773	7 822
Net profit (loss)	0	0	0	0	-11 193	-11 193
Share capital increase	78	23 962	0	0	0	24 041
Distribution of profit (loss) for 2018	0	0	0	-13 773	13 773	0
Changes in equity resulting from IFRS 2	0	0	-31	0	0	-31
Balance as at 12/31/2019	447	78 746	2 771	-50 132	-11 193	20 638

STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals	Reserve capital	Profit (loss) from previous years	Net profit (loss) for the current period	Total equity
Balance as at 01/01/2018	368	54 783	0	-17 107	-19 252	18 792
<i>Change in accounting policy</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Balance as at 01/01/2018 adjusted	368	54 783	0	-17 107	-19 252	18 792
Net profit (loss)	0	0	0	0	-13 773	-13 773
Share capital increase	0	0	0	0	0	0
Distribution of profit (loss) for 2017	0	0	0	-19 252	19 252	0
Changes in equity resulting from IFRS 2	0	0	2 803	0	0	2 803
Balance as at 12/31/2018	368	54 783	2 803	-36 359	- 13 773	7 822

Cash Flow Statement (in thousands of PLN)

CASH FLOW STATEMENT	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018
Net cash flows from operating activities		
Net profit (loss)	-11 193	-13 773
Total adjustments, including:	584	2 746
- amortisation and depreciation	727	177
- foreign exchange gains (losses)	8	-55
- interest and dividends	-62	-30
- profit (loss) on investing activities	-57	-148
- other (<i>non-cash cost of incentive program</i>)	-31	2 803
- income tax of current period	0	0
- income tax paid	0	0
Net cash flow from operating activities before the change in working capital	-10 609	-11 027
Change in working capital, including:	-128	-672
- <i>change in receivables</i>	-264	-557
- <i>change in inventories</i>	0	592
- <i>change in liabilities due to employee benefits</i>	82	0
- <i>change in provisions</i>	349	43
- <i>change in short-term liabilities</i>	365	-517
- <i>change in other assets</i>	329	-350
- <i>change in deferred income</i>	77	118
- <i>other adjustments (capital increase)</i>	-1 067	0
Net cash generated (used) in operating activities	-10 737	-11 699
Cash flows from investing activities		
Proceeds from sale of property, plant, equipment and intangible assets	19	20
Proceeds from sale of short-term securities	0	10 144
Purchases of property, plant and equipment and intangible assets	-3 308	-1 333
Expenses for purchase of shares in related entities	-586	-219
Interest	69	40
Short-term bank deposits (over 3 months)	-4 011	0
Net cash generated (used) in investing activities	-7 817	8 652
Cash flows from financing activities		
Proceeds from issuance of shares	25 108	0
Proceeds from bank loans and borrowings	0	16
Payments of liabilities under finance lease agreements	-64	-33
Interest paid	-7	-10
Net cash (used) in financing activities	25 037	-28
Total net cash flows	6 483	-3 075
<i>Change in cash due to foreign currency translation</i>	-8	55
Opening balance of cash	1 755	4 829
Closing balance of cash	8 230	1 755

CHANGES IN ACCOUNTING POLICIES USED

The accounting principles (policies) used to prepare these consolidated financial statements are consistent with those used in the preparation of the Company's financial statements for the year ended December 31st, 2018, except for the adopted new accounting standard, i.e. IFRS 16 Leasing, whose impact on the separate financial statements is described below.

IFRS 16 Leasing - first-time adoption

The DataWalk S.A. implemented IFRS 16 Leasing on January 1st, 2019. This standard introduced one model for accounting for leasing in the lessee's accounting books. IFRS 16 assumes the recognition of all lease contracts in a model similar to the model for financial lease in accordance with IAS 17. The new IFRS 16 replaces the current leasing guidelines, including IAS 17 Leases and related interpretations.

The Company has chosen a modified approach to apply the standard in accordance with IFRS 16: C5 (b). Therefore, the Company discloses the impact of the standard retrospectively, with the cumulative effect of the first application of this standard recognized on the date of first application.

The change in the definition of leasing mainly concerns the concept of control itself. IFRS 16 distinguishes between lease and service contracts based on whether the recipient of the asset controls the asset that is the subject of the contract.

Control is believed to exist if the DataWalk S.A.:

- has the right to obtain essentially all economic benefits from the use of the identified asset,
- has the right to direct the use of the identified asset.

The Company has taken inventories of its contracts in terms of identifying those that include leasing or a leasing component in accordance with IFRS 16.

The following areas have been identified where IFRS 16 has a potential impact:

- lease/rental agreements,
- car leasing contracts.

As a result of the analysis of lease agreements, which will be completed in less than 12 months from the date of the first application of the standard, the Company applied a practical solution provided for in point C10 lit. c) IFRS 16, according to which it may not apply the valuation requirements as at the date of the first implementation of the new standard in relation to leases previously classified as operational, and whose lease period ends before the expiry of 12 months from the date of the first application. Therefore, the Company presents these leases as short-term, recognizing lease payments as costs systematically over the duration of the lease.

For car lease contracts, which were classified as financial leases in accordance with the previous IAS 17, as at the date of first application of IFRS 16, the carrying value of the assets under the right to use and liabilities under these leases was adopted in the amount corresponding to the carrying value of the assets covered by leasing and leasing liabilities as of the day immediately preceding the implementation of the new standard, measured in accordance with IAS 17. In 2019, the provisions of the new IFRS 16 are already applied to these contracts.

The Company does not apply IFRS 16 leasing regulations for short-term leases and leases for which the underlying asset is of low value, as provided for in the standard. Lease payments in these cases are recognized as costs using the straight-line method or in another systematic way that reflects the distribution of costs over the duration of the contract.

With regard to other contracts that were not classified as financial or operating leasing during the period of IAS 17, the Company used the practical solution provided for in point C3 of the transitional provisions of IFRS 16, according to which the Company is not obliged to reassess whether the contract is a lease, whether it leases on the day of its first use. Instead, the Company may not apply IFRS 16 to contracts that it did not identify as leasing in accordance with IAS 17. Therefore, the Company will apply the requirements of the new standard only to contracts that will be concluded or amended on the date of the first application of IFRS 16 or after that date.

With respect to contracts in which the Company is a lessee, as at the time of implementing IFRS 16, the Company did not make any adjustments, and the implementation of the new standard did not affect the value of assets, liabilities and equity. As of January 1st, 2019, the Company recognizes these contracts in accordance with IFRS 16.

Presentation changes related to the separation of lease liabilities

Position	12/31/2018	Presentation changes	12/31/2018 (data transformed)
Long-term liabilities:	11	0	11
- Other provisions	0	0	0
- Deferred tax liabilities	3	0	3
- Lease liabilities	0	8	8
- Other liabilities	8	-8	0
Short-term liabilities:	1 522	0	1 522
- Trade liabilities	841	0	841
- Income tax liabilities	0	0	0
- Lease liabilities	0	34	34
- Other liabilities	334	-34	300
- Other provisions	124	0	124
- Prepayments	222	0	222
Total liabilities	1 533	0	1 533

Presentation changes related to the implementation of IFRS 16

Position	12/31/2018	Implementation of IFRS 16	01/01/2019
Non-current assets:	4 695	0	4 695
- Fixed assets	119	-45	74
- Intangible assets	3 815	0	3 815
- Right-of-use assets	0	45	45
- Long-term financial assets	585	0	585
- Long-term receivables	173	0	173
- Deferred tax assets	3	0	3
- Long-term prepayments	0	0	0

Changes in the Company's accounting policy as a result of the implementation of IFRS 16

Right-of-use assets

Initial recognition and measurement

From January 1st, 2019, for contracts identified as leasing, the Company includes in its balance sheet the right-of-use assets as at the date of leasing commencement (i.e. as at the date when the asset covered by the leasing contract is available to the Company for use). Right-of-use assets are initially recognized at cost. The cost of a right-of-use assets shall comprise: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any leasing incentives received, initial direct costs incurred by the lessee, and an estimate of the costs to be expected incurred by the lessee dismantling and removing the underlying asset.

Subsequent measurement of right-of-use assets

The Company shall measure the right-of-use asset applying a cost model, i.e. less any accumulated depreciation and possible impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease). Right-of-use assets are depreciated by the Company basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. To estimate the possible impairment of right-of-use asset, the Company applies the provisions of IAS 36 'Impairment of assets'.

Lease liabilities

Initial recognition of lease liabilities

At the lease commencement date, the Company measures the lease liability at the present value of lease payments outstanding at that date. The Company discounts leasing fees using the marginal interest rate. Lease payments include fixed payments (including essentially fixed lease payments) less any leasing incentives due; variable leasing fees, which depend on the index or rate, the amount of guaranteed final value and the price of the call option (if it can be stated with sufficient certainty that the Company will use this option) and fines for termination of the contract (if there is sufficient certainty that the Company will use from this option). Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

Subsequent measurement of lease liabilities

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Company using the lessee's marginal rate, which is the sum of the risk-free rate and the Company's credit risk premium. If a lease contract is subject to modification involving a change in the lease term, a revised amount of substantially fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets

The Company applies a practical expedient to rental contracts that are concluded for a period shorter than 12 months from the lease commencement date. According to guidance provided by the International Accounting Standards Board, items whose value does not exceed USD 5 thousand may be considered as low-value assets. In both the above-mentioned exceptions, the lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. In such case, the Company does not recognize any right of-use assets or corresponding financial liabilities.

Paweł Wiczyński
Chairman of the Board

Krystian Piećko
Member of the Board

Sergiusz Borysławski
Member of the Board

Wrocław, April 14th, 2020



DataWalk S.A.

ul. Rzeznicza 32-33

50-130 Wrocław

tel.: +48 71 707 21 74

fax: +48 71 707 22 73

e-mail: biuro@datawalk.com

Contact for investors:

Sergiusz Borysławski

Member of the Board

inwestorzy@datawalk.com

