Datalex plc
H1 2023 Interim Financial Report

Growth Returns

Sustainable revenue growth in line with increase in global airline passenger numbers across all markets

Dublin, Ireland – 22nd September 2023: Datalex plc (the "Company" or the "Group") (Euronext Growth Dublin: DLE)**,** a market leader in digital retail technology focused on the airline market, today announces its results for the six months ended 30 June 2023 ("H1 2023").

Significant developments

- In H1 2023, the Group's total revenues increased by 24% during the period (in comparison to H1 2022). This year-on-year improvement is primarily attributable to increases in services revenue as activation of new customers continue and existing customers invest in technology post covid.
- Significant new customer win, with the signing of LATAM, the largest carrier in Latin America. With upcoming customer go-lives, revenue and profit growth throughout the contract's duration will flow after the initial investment in deploying our product suite. This trend was further demonstrated in the period when the Group successfully renewed four key airline customers, Air China, Air Transat, Edelweiss and JetBlue, all of which secure transaction revenue for the next 3-5 years.
- Our 26% increase in cost of sales over the period is closely tied to an uptick in customer activations. Each activation requires an initial investment to ensure delivery, with returns realised over the contract's duration after the go-live phase.

Financial highlights

- Total revenue for the six-month period ending 30 June 2023 was $12.9 million, a 24% increase versus the same period in 2022 (H1 2022: $10.4 million).
- Services revenue of $6.1 million increased by 61% in comparison to H1 2022 (H1 2022: $3.8 million).
- Platform revenue of $6.3 million increased by 7% in comparison to H1 2022 (H1 2022: $5.9 million).
- Total operating costs before exceptional items in the first half of 2023 increased by 30% to $18 million (H1 2022: $13.8 million).
- Adjusted EBITDA loss of $3.1 million in H1 2023, an increase of $1 million versus the same period in 2022 (H1 2022: EBITDA loss $2.1 million).

Customer Developments

A new airline was added to our customer base in May 2023, with the signing of Latan America's largest airline, LATAM Airlines. A significant development for Datalex, as one of the world's leading airlines has chosen the Group's technology to enhance their indirect NDC channels. In addition to this, the successful renewal of four key airline partners during the period, including Air China, Air Transat, JetBlue, and Edelweiss took place in the period.

As previously disclosed on the back of SAS filing for US Chapter 11 in July 2022, in February SAS confirmed they are not proceeding with Datalex's NDC Product due to increased Chapter 11 cost commitments. On 1 September 2023 a US Bankruptcy Court approved a settlement between Datalex and SAS which resulted in a payment from SAS to Datalex and allowed a general unsecured claim by Datalex, which will be dealt with through the Chapter 11 process and as such is uncertain as to timing and quantum. On 13th September 2023 it was announced that following an internal review of their next generation program priorities, Virgin Australia would be ending its partnership with Datalex and other impacted vendors. While this is a disappointment to both Datalex and the Virgin Australia teams who have worked on this project for over 18 months, the parties have reached a mutual agreement on the terms of the cancellation.

Commenting on the results Sean Corkery the CEO said: 'I am satisfied that we are now seeing the benefits of airline recovery matched with our new transaction-based SaaS contracts allowing for closer industry correlation. In addition, we are executing well and investing in activation of new customers which will fuel additional transactions in 2024'.

Financing Update

On 14 September 2023, the Group agreed an additional credit facility with Tireragh Limited ("Facility C") that provides access to an additional €5m funding for the Group. All amounts drawn under the Group's facilities with Tireragh Limited are required to be repaid by 31 December 2024. At the date of this report, the Group had drawn €13m of these credit facilities. All amounts drawn under the Group's facilities with Tireragh Limited are required to be repaid by 31 December 2024. The Board, together with its financial advisers, continue to explore further fundraising options.

Trading update & outlook

Throughout the initial half of 2023, robust growth in passenger traffic was accomplished across all regions, marking substantial strides toward the restoration of pre-pandemic travel volumes. This, complemented by continued progress in key customer activations, means we remain confident in achieving revenue growth of approximately 15% for the year as communicated during our Capital Markets Day in London on 10th May 2023.

H1 2023 results presentation

Management will review the H1 2023 results on a conference call at 11:30 am Dublin time today. A copy of the presentation will be available on our website at investors.datalex.com and the call details are provided below:

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Notes

The financial information in this announcement is not audited and does not constitute statutory financial statements of Datalex plc.

IFRS 15 recognition rules specify that timing of revenue recognition may be affected by factors outside our control, for example, including the credit rating of our customers. This may impact on the timing of recognition of forecast revenues and costs, as included in this guidance statement.

Adjusted EBITDA (Note 4) is defined as earnings from operations before (i) interest income and interest expense, (ii) tax expense, (iii) depreciation and amortisation expense, (iv) share-based payments cost and (v) exceptional items (see Note 7).

This announcement contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. Those forward-looking and other statements speak only as at the date of this announcement. Datalex undertakes no obligation to update any forward-looking statements. No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share.

Statements contained in this announcement are based on the knowledge and information available to the Board at the date it was prepared and therefore facts stated, and views expressed may change after that date. Nothing in this announcement is intended to constitute an invitation or inducement to engage in investment activity. This announcement does not constitute or form part of any offer for sale or subscription of, or any solicitation of any offer to purchase or subscribe for, any securities nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract, commitment or investment decision in relation thereto. This announcement does not constitute a recommendation regarding any securities.

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About Datalex

Datalex's purpose is to transform airline retail. Datalex is a market leader in airline retail technology, offering unique products that enable airlines to drive revenue and profit as digital retailers. Datalex has a strong track record of delivering digital retail transformation for progressive airline brands worldwide.

The Group is headquartered in Dublin, Ireland, and maintains offices across Europe, the USA and China.
In 2023, Datalex was awarded the 'Great Place to Work®' and 'Best Workplaces in Tech™' certifications.
Datalex plc is a publicly listed company, on Euronext Growth, Dublin.

Learn more at www.datalex.com

Datalex PLC

Interim Financial Report

For the six months ended 30 June 2023

Chief Executive Officer's Review

H1 macro-economic impacts on Datalex's H1 2023 performance

With the exception of China, the Group's key markets surpassed expectations and experienced a record period, with global traffic now recovering to over 90% of 2019 levels. Most airlines have continued to invest in and prioritise their digital strategies during this period to take advantage of the increased traffic. During this period, travel in China opened up in a meaningful way for the first time since the beginning of COVID-19. Once travel bans were reversed in January 2023, the Group noted positive signs with each subsequent month in the first half of this year. The Group's observations of the region are further bolstered by other key market indicators, with IATA reporting positive figures for China's domestic traffic which surged 312% in May compared to a year ago.[1]

Datalex's performance in the first half of 2023 has been prominently shaped by the expansion of activation service projects, catering to both existing and new customers. Notably, services revenue surged by 61%, reflecting the airline industry's pursuit of novel technologies to enrich their digital retailing capabilities. Furthermore, Datalex has benefitted from favourable macro trends, including increased traffic across most markets and a noteworthy, consistent rise in Chinese traffic, resulting in an 7% upswing in platform revenue.

Revenue has increased by 24% in the first half of 2023, primarily due to an increase in services revenue, particularly customer activations. This has led to a decline in our gross margin and EBITDA compared to the previous year due to personnel-related costs accompanying these increased services revenues. Despite this, the situation is regarded as a positive indicator of future growth in higher margin platform revenue.

Business Development Momentum

During the period, the Group experienced an increase in business development activity as COVID-19 related operational issues were largely relegated to the past, leaving airlines with the capacity and resources to accelerate projects that would supercharge their digital retailing capabilities. The most notable development was the signing of LATAM Airlines in May 2023, the largest Latin American carrier. The airline engaged the Group's services to deliver its NDC product at scale through an advanced shopping and pricing solution. While the typical airline RFP process can range between 6 to 18 months, the Group experienced an expedited signing-on process with LATAM Airlines, enabling the Group to activate the customer more quickly than others.

The Group exits the first half of 2023 with a strong pipeline of opportunities to progress.

Customer developments & activation projects

The Group invested heavily in customer implementation projects during the period. Our increased costs correlates directly to the increased activity in customer activations, which requires upfront investment in order to prepare to deliver over the lifetime of the contract post go-live. During the period the Group embedded the newly created Activation function, built exclusively to accelerate customer activations. This function is wholly dedicated to the process of moving customers from contract signing to product go-live. Activations for recent customer wins continue to progress in line with customer timelines and expectations.

Other significant developments included the successful renewal of four key airline partners during the period, including Air China, Air Transat, JetBlue, and Edelweiss. Each of these renewals represent essential building blocks towards steady and sustainable growth, as the Group continues to successfully move each customer onto a standard commercial model of license fees and variable transaction fees.

Continued investment in our products and technology

The Group continued to invest during the period across all product areas, ensuring that the entire product suite is modular, maintainable, and upgradable. Investment continued into advanced AI technology, which presents a greater relevance in a post-COVID landscape where seasonality, customer behaviour and trends are less predictable than ever before. The Group's ongoing product investment has also focused heavily on its technology foundations which will future proof the product suite.

Summary

Latest data from IATA shows that passenger traffic is at over 90% of 2019 levels which highlights the opportunity to work with airlines to optimise revenue per passenger and capture growth over and above natural passenger growth. Our products will drive growth for our airline customers in this area. Despite the slow recovery in China, I am encouraged by the steady recovery we observed during the period as it represents a significant opportunity to target customers in the region who plan to take advantage of the recovery through their digital offering.

2023 has so far brought significant positive developments with it. In this period the Group has signed a new, market-leading airline and four customers have been successfully renewed and migrated onto a scalable business model. I expect this positive trend of platform revenue growth to continue as the Group bears fruit from the activation of current implementation projects.

As recently announced to the market, my retirement will commence at the end of 2023, and I am pleased that the process to find my successor has been successful. We are delighted to have appointed Jonathan Rockett as Datalex's new CEO. Jonathan will join the board early in Q4, and I will work closely with him until the end of the year to ensure a seamless transition.

Sean Corkery
Chief Executive Officer
22nd September 2023

Sources:

[1] IATA Pressroom (June 2023) Travel Demand Continues Strong in April; Domestic Traffic Fully Recovered https://www.iata.org/en/pressroom/2023-releases/2023-06-01-01/#:~:text=Total%20traffic%20in%20April%202023,points%20below%20pre%2Dpandemic%20level.

Financial summary

- Total revenue for the six-month period ending 30 June 2023 was $12.9 million, a 24% increase versus the same period in 2022 (H1 2022: $10.4 million). The main driver of the increase in revenue is the services revenue. This has increased 61% YOY.

- Platform revenue of $6.3 million increased by 7% in comparison to H1 2022 (H1 2022: $5.9 million). This increase was mainly attributable to a recovery in the Chinese market following the easing of Covid-19 restrictions in that region.

- Services revenue of $6.1 million increased by 61% in comparison to H1 2022 (H1 2022: $3.8 million). The main driver of the increase in service revenue was activation of new customers and existing customers continuing to invest in technology post Covid.

- Total operating costs before exceptional items in the first half of 2023 increased by 30% to $18 million (H1 2022: $13.8 million). The impact of foreign exchange is 6%. Therefore, on a constant currency basis the increase is 24% which is in line with the increase in revenue. The main driver of the increase is due to an increase in the cost of sales which is driven by the increase in services revenue.

- Adjusted EBITDA loss of $3.1 million in H1 2023, as compared to $2.1 million for the same period in H1 2022.

- Loss after tax for the period of $6.2 million in H1 2023, as compared to a loss of $3.1 million for the same period in H1 2022.

- Cash balance as at 30 June 2023 amounted to $2.9 million, decreasing from $6.5 million on 31 December 2022 ($2.7 million cash balances at 30 June 2022).

2023 half year results summary

For the six months ended	*Unaudited* 30 June 2023	*Unaudited* 30 June 2022		*Audited* 31 December 2022
	As reported US$'M	As reported US$'M	*Period on period change %*	As reported US$'M
Platform revenue [1]	***6.3***	*5.9*	*7%*	*11.1*
Services revenue	***6.1***	*3.8*	*61%*	*11.2*
Consultancy and other revenue	***0.5***	*0.7*	*-43%*	*1.2*
Total revenue	**12.9**	10.4	*24%*	23.5
Operating costs [2]	**18**	13.8	*30%*	35
Exceptional costs/(income)	**0.5**	(0.3)		0.3
Adjusted EBITDA [3]	**(3.1)**	(2.1)		(5.3)
Foreign Exchange adjusted EBITDA [4]	**(3.3)**	(2.5)		(5.2)
Loss after tax for the period	**(6.2)**	(3.1)		(4)
Cash and cash equivalents	**2.9**	2.7		6.5
Debt (leases and secured related party loan)	**(12.8)**	(1.3)		(6.4)
Net debt	**(9.9)**	1.4		0.1
Cash used in operations	**(7.1)**	(2.9)		3.4
EPS – basic and diluted (US cent)	**(4.6)**	(2.4)		(4.7)

[1] Platform revenue is earned from the use of the Group's Digital Products by our customers.

[2] Operating costs are as stated in Note 5. Amounts are stated before separately disclosed exceptional items.

[3] Adjusted EBITDA (Note 4) is defined as earnings from operations before (i) interest income and interest expense, (ii) tax expense, (iii) depreciation and amortisation expense, (iv) share-based payments cost and (v) exceptional items (see Note 7).

[4] Foreign currency adjusted EBITDA (Note 4) is defined as Adjusted EBITDA (Note 4) after the impact of foreign exchange and includes movements on Euro denominated trade receivable balances which were fully provided for at the end of 2019.

Forward Looking Statements

Certain statements made in this document are forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward-looking statements on current expectations and projections about future events. These forward-looking statements may generally, but not always, be identified by the use of words such as 'will', 'aims', 'anticipates', 'continue', 'could', 'should', 'expects', 'is expected to', 'may', 'estimates', 'believes', 'intends', 'projects', 'targets', or the negative thereof, or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this announcement. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law. This announcement contains inside information for the purposes of the Market Abuse Regulation.

Statement of Directors' Responsibilities

The Directors of Datalex plc are responsible for preparing this interim management report and the Half-Yearly Financial Report in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

Each of the Directors listed on page 50 and 51 of the 2022 annual report confirm that, to the best of their knowledge:

- The Directors of Datalex plc are responsible for preparing this interim management report and the Half-Yearly Financial Report in accordance with IAS34, Interim Financial Reporting, as adopted by the European Union.
- The Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the Half-Yearly Financial Report for the half year ended 30 June 2023 and a description of the principal risks and uncertainties for the remaining six months which has been provided in Note 24 of the Half-Yearly Financial Report.
- The Half-Yearly Financial Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Sean Corkery
Director
22nd September 2023

David Hargaden
Chairman
22nd September 2023

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2023 (unaudited)

	Notes	30 June 2023	31 December
		Unaudited	*Audited*
		US$'000	US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		139	192
Intangible assets	**16**	4,959	4,891
Right-of-use assets	**17**	1,224	598
Deferred contract fulfilment costs	**18**	–	–
Contract Acquisition costs	**19**	252	121
Trade and other receivables	**9**	123	118
Total non-current assets		**6,697**	**5,920**
Current			
Contract acquisition costs	**19**	45	12
Deferred contract fulfilment costs	**18**	–	131
Trade and other receivables	**9**	6,018	1,979
Contract assets	**9**	1,319	1,132
Cash and cash equivalents		2,866	6,536
Total current assets		**10,248**	**9,790**
TOTAL ASSETS		**16,945**	**15,710**

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2023 (unaudited) – (Continued)

	Notes	30 June 2023 *Unaudited*	31 December 2022 *Audited*
		US$'000	US$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Issued ordinary share capital	**20**	13,267	13,267
Other issued equity share capital		262	262
Other reserves		39,393	38,838
Retained loss		(67,811)	(61,653)
TOTAL EQUITY		**(14,889)**	**(9,286)**
Borrowings	**10**	774	481
Provisions	**11**	83	162
Trade and other payables	**12**	6,160	6,047
Total non-current Liabilities		**7,017**	**6,690**
Borrowings	**10**	12,053	5,940
Provisions	**11**	116	117
Trade and other payables	**12**	7,932	6,387
Contract liabilities	**13**	4,695	5,676
Current income tax liabilities		21	186
Total current liabilities		**24,817**	**18,306**
TOTAL EQUITY AND LIABILITIES		**16,945**	**15,710**

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2023 (unaudited)

	Notes	Six months ended 2023 Unaudited Total US$'000	Six months ended 2022 Unaudited Total US$'000	Year ended 2022 Audited Total US$'000
Continuing operations				
Revenue from contracts with customers	4	12,867	10,367	23,537
Cost of sales	5	(9,849)	(7,251)	(17,136)
GROSS PROFIT		**3,018**	**3,116**	**6,401**
Selling and marketing costs	5	(113)	(334)	(513)
Administrative expenses	5	(8,385)	(6,976)	(17,472)
Net impairment writeback on financial and contract assets	5	(101)	311	164
Impairment of intangible assets		–	–	(454)
Other income		119	215	725
Other (losses)/gains	8	(108)	732	112
OPERATING LOSS		**(5,570)**	**(2,936)**	**(11,037)**
Finance costs		(582)	(119)	(367)
LOSS BEFORE INCOME TAX		**(6,152)**	**(3,055)**	**(11,404)**
Income tax charge	14	(6)	(28)	(60)
LOSS FOR THE PERIOD		(6,158)	(3,083)	**(11,464)**
LOSS PER SHARE (in US$ cents per share)				
Basic and diluted	15	**(4.6)**	**(2.4)**	**(8.7)**

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2023 (unaudited)

	Six months ended		Year ended
	30 June 2023 *Unaudited* US$'000	30 June 2022 *Unaudited* US$'000	31 December 2022 *Audited* US$'000
Loss for the period	**(6,158)**	**(3,083)**	**(11,464)**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments			
- Arising in the period	11	77	(209)
Total items that may be subsequently reclassified to profit or loss	**11**	**77**	**(209)**
Comprehensive income for the period	**(6,147)**	**(3,006)**	**(11,673)**

Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 30 June 2023 (unaudited)

	Issued ordinary share capital	Other issued equity share capital	Other reserves	Retained (loss)/ earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000
Unaudited					
Balance at 1 January 2022	**13,215**	**262**	**37,604**	**(50,189)**	**892**
Loss for the period	–	–	–	(3,083)	**(3,083)**
Other comprehensive income	–	–	(238)	–	**(238)**
Total comprehensive income for the period	**-**	**-**	**(238)**	**(3,083)**	**(3,321)**
Share-based payments charge		–	228	–	228
Issue of ordinary shares on exercise of options	52	–	263	–	315
Balance at 30 June 2022	**13,267**	**262**	**37,857**	**(53,272)**	**(1,886)**
Audited					
Balance at 1 January 2022	**13,215**	**262**	**37,604**	**(50,189)**	**892**
Loss for the year	–	–	–	(11,464)	**(11,464)**
Other comprehensive income	–	–	(209)	–	**(209)**
Total comprehensive income for the year	**-**	**-**	**(209)**	**(11,464)**	**(11,673)**
Share-based payments charge	–	–	1,188	–	**1,188**
Issue of ordinary shares on capital raise	52	–	–	–	**52**
Premium on shares issued	–	–	255	–	**255**
Balance at 31 December 2022	**13,267**	**262**	**38,838**	**(61,653)**	**(9,286)**
Unaudited					
Balance at 1 January 2023	**13,267**	**262**	**38,838**	**(61,653)**	**(9,286)**
Loss for the period	–	–	–	(6,158)	**(6,158)**
Other comprehensive income	–	–	11	–	**11**
Total comprehensive income for the period	**-**	**-**	**11**	**(6,158)**	**(6,147)**
Share-based payments charge	–	–	544	–	544
Balance at 30 June 2023	**13,267**	**262**	**39,393**	**(67,811)**	**(14,889)**

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2023 (unaudited)

	Notes	Six months ended 30 June 2023 *Unaudited*	30 June 2022 *Unaudited*	Year ended 31 December 2022 *Audited*
		US$'000	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	**21**	(7,121)	(2,926)	(3,341)
Income tax paid		(172)	(64)	(48)
NET CASH USED IN OPERATING ACTIVITIES		**(7,293)**	**(2,990)**	**(3,389)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to intangible assets	**16**	(997)	(2,101)	(2,406)
Proceeds from sales of property, plant and equipment		–	–	8
Purchase of property, plant and equipment		–	(73)	(126)
Contract acquisition costs – commission		(181)	–	(133)
NET CASH USED IN INVESTING ACTIVITIES		**(1,178)**	**(2,174)**	**(2,657)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (including share premium)		–	315	307
Proceeds from borrowings		5,316	–	4,987
Payment of interest on lease liabilities		(82)	(79)	(141)
Payment of capital on lease liabilities		(301)	(433)	(765)
Interest paid		–	(40)	(53)
NET CASH GENERATED / (USED IN) FINANCING ACTIVITIES		**4,933**	**(237)**	**4,335**
Net decrease in cash and cash equivalents		**(3,538)**	**(5,401)**	**(1,711)**
Foreign exchange loss on cash and cash equivalents		(132)	(125)	(4)
Cash and cash equivalents at beginning of period		6,536	8,251	8,251
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,866**	**2,725**	**6,536**

Notes to the Interim Financial Report

1. General information

The principal activity of the Group is the development and sale of digital retail products and solutions to the airline industry.

Datalex plc ("the Company") is a public limited company incorporated and domiciled in Ireland and listed on the Euronext Growth market. The company registration number is 329175, and the registered office is Block V, EastPoint, Clontarf, Dublin 3, D03 H704, Ireland.

This Half-Yearly Financial Report was authorised for issue by the Board of Directors on 22nd September 2023.

2. Basis of preparation

The Half-Yearly Financial Report ("Interim financial statements") of Datalex plc (the 'Group'), which is presented in US Dollars (denoted as "US$") and expressed in thousands, has been prepared as at, and for the period ended 30 June 2023, in accordance with Central Bank (Investment Market Conduct) Rules 2019 and with International Accounting Standard 34, Interim Financial Reporting, ("IAS 34") as adopted by the European Union.

The Half-Yearly Financial Report does not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022 included in the Datalex plc 2022 Annual Report which is available on the Group's website www.datalex.com.

The Half-Yearly Financial Report is unaudited and has not been reviewed by auditor pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

Statutory information

The interim financial statements are considered non–statutory financial statements for the purposes of the Companies Act 2014 and in compliance with section 340(4) of that Act we state that:

- the interim financial statements as at, and for the period commencing 1 January 2023 and ended 30 June 2023 have been prepared to meet our obligations under the Central Bank (Investment Market Conduct) Rules 2019;
- the interim financial statements as at, and for the period commencing 1 January 2023 and ended 30 June 2023 do not constitute the statutory financial statements of the Group and are unaudited;
- the statutory financial statements as at, and for the financial year ended 31 December 2022 will be annexed to the 2022 annual return and filed with the Companies Registration Office;
- the statutory auditor of the Group has made a report under section 391 in the form required by section 336 Companies Act 2014 in respect of the statutory financial statements of the Group;
- whether any matters referred to in the statutory auditors' report were qualified or unqualified, or whether the statutory auditors' report included a reference to any matters to which the statutory auditors drew attention by way of emphasis without qualifying the report.

2. Basis of preparation (continued)

Going concern

The Half-Yearly Financial Report has been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future. The time period that the Board has considered in evaluating the appropriateness of the going concern basis in preparing the Half-Yearly Financial Report for 2023 is a period of twelve months from the date of approval of this report.

The Group incurred a loss of US$6.2m in the six months to 30 June 2023 (2022 financial year: loss of US$11.5m). At 30 June 2023, the Group had net liabilities of US$14.9 (31 December 2022: net liabilities of US$9.3m) and net current liabilities of US$14.6m (31 December 2022: net current liabilities of US$8.5m). The total decrease in cash in the six months to 30 June 2022 was US$3.5m (2022 financial year: US$1.7m decrease).

In adopting the going concern basis in preparing the financial statements, the Directors have considered the Group's available sources of finance including access to the equity markets, the credit facilities available as part of the second amendment and restatement agreement with Tireragh Limited ("Facility B" and "Facility C" as described below), the extension of the availability period and repayment date of the facilities provided as part of the third amendment and restatement agreement with Tireragh Limited, the credit facility available as part of the fourth amendment and restatement agreement with Tireragh Limited ("Facility C"), the Group's cash-on-hand, cash generation and preservation projections, together with factors likely to affect its future performance, as well as the Group's principal risks and uncertainties. In evaluating our cash flow needs, we have taken into account our ongoing commitments to customers in both deployment and ongoing services commitments, the working capital requirements for recent customer wins and also of potential new customers. To prepare financial forecasts for the business is challenging as the Group operates in a competitive environment which continues to be impacted by macro-economic matters, which are outside the control of the Group. Those risks and uncertainties include but are not limited to:

- Conflict in Ukraine: While the majority of Datalex's customers do not fly into the directly affected areas there may be adverse impacts on the continued recovery of travel volumes across Europe and on Transatlantic routes.
- Oil Prices: Higher oil prices may adversely impact the airline industry. Fuel surcharges and hedging may mitigate those impacts in the short term but the impact on Datalex's customers is uncertain.
- COVID-19 pandemic: Recovery from the pandemic is evident across the markets that Datalex's customers serve but the emergence of new variants and potential future localised lockdowns would have adverse impacts on travel.
- Inflationary pressures: A continuation of increasing rates of inflation globally may have an adverse impact on travel as consumers disposable incomes reduce.
- Customer contract renewals: One customer contract is scheduled for renewal by the end of 2023. The Board notes that renewal discussions are ongoing and progressing as expected.

On 14th September 2023 the Group agreed an additional credit facility with Tireragh Limited ("Facility C") that provides the Group with access to an additional €5m facility. At the date of finalisation of this interim financial report, €3m of this facility has been drawn down. The terms and repayment date of Facility C are in line with the Facility B credit facility provided by Tireragh Limited, meaning that the Group is due to repay both facilities by 31 December 2024. Refer to Note 10 for further information. In conjunction with its financial advisors, the Board continues to explore fundraising options to support the continued expansion of the business and repay the Groups debt facilities when they fall due.

The successful completion of a refinancing or alternative fundraising nevertheless remains subject to third party, internal and external risks. The Directors believe, however, that in light of the progress of the business over the previous 12 months, including new customer wins, that the risk of not successfully completing a refinancing or alternative fundraising prior to the date of repayment of the Groups debt facilities is low.

The Directors recognise that there are material uncertainties, as stated above, which may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, based on the assessment of the adequacy of the financial forecasts, the current funding facilities outlined, and the alternatives available to the Group, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any adjustments that would be required if the Group was unable to continue as a going concern.

3. Accounting policies

The accounting policies and methods of computation applied by the Group in the Half-Yearly Financial Report are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2022. There have been no changes to significant judgements in applying the Group's accounting policies and/or the key sources of estimation uncertainties for the Half-Yearly Financial Report since the 2022 Annual Report. The 2022 Annual Report was published on the 03 May 2023.

Newly adopted Standard or amendments

No IFRSs or IFRIC interpretations are effective for the first time for the financial period beginning on 1 January 2023 that have a material impact on the Group.

4. Segmental information

The Group is organised into two operating segments. This section provides information on the financial performance for the period on a segmental basis.

The Group's reportable operating segments are based on the reports reviewed by the chief operating decision makers (Executive Leadership Team, the "ELT") which are used to make strategic decisions. The ELT assesses the performance of the operating segments based on the Adjusted EBITDA measure, in conjunction with reviewing other metrics such as Revenue.

The ELT reviews business performance from a product and service perspective. In 2023 and 2022, TPF Consulting (Transaction Processing Facility) did not meet the quantitative thresholds for mandatory disclosure under IFRS 8 Operating Segments (IFRS 8 para 13). However, the executive management team have opted to continue to disclose this segment separately on the basis that TPF Consulting is managed independently, and that the executive management team review the performance of the segment separately. The TPF Consulting business has different characteristics and business challenges compared to the E-Business reporting segment. Throughout the year, management considers the performance of E-Business and TPF Consulting on a separate basis.

The reportable operating segments derive their revenue primarily from the sale of products and services associated with the Group's suite of travel related technology and TPF Consulting revenue. Segment profit is measured using Adjusted EBITDA, which is defined as earnings before interest, tax, depreciation, amortisation, exceptional costs and the costs of share options and interests granted to Executive Directors and employees. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the Consolidated Statement of Profit and Loss.

4. Segmental information (continued)

The E-Business segment consists of the development and sale of a variety of direct distribution software products and solutions to the Airline and Travel industry. The TPF consulting segment provides IT consultancy services to a number of major airlines. The segment information provided to the executive management team for the reportable segments for the period ended 30 June 2023 is as follows:

	30 June 2023 *Unaudited*			30 June 2022 *Unaudited*		
	E-Business US$000	TFP Consulting US$000	Total US$000	E- Business US$000	TFP Consulting US$000	Total US$000
Revenue from contracts with customers	12,533	334	12,867	9,710	657	10,367
Inter-segment revenue	-	-	-	-	-	-
External revenue	**12,533**	**334**	**12,867**	**9,710**	**657**	**10,367**
Adjusted EBITDA	(3,103)	(6)	(3,109)	(2,391)	247	(2,144)
Share-based payments charge	(544)	-	(544)	(228)	-	(228)
EBITDA	**(3,647)**	**(6)**	**(3,653)**	**(2,619)**	**247**	**(2,372)**
Depreciation	(305)	(4)	(309)	(394)	(6)	(400)
Amortisation	(1,076)	-	(1,076)	(489)	-	(489)
Operating (loss)/profit before exceptional items	**(5,028)**	**(10)**	**(5,038)**	**(3,502)**	**241**	**(3,261)**
Exceptional items (Note 7)	(532)	-	(532)	325	-	325
Operating (loss)/ profit after exceptional items	(5,560)	(10)	(5,570)	(3,177)	241	(2,936)
Finance costs	(581)	(1)	(582)	(121)	2	(119)
Loss before income tax			(6,152)			(3,055)
Income tax expense			(6)			(28)
Loss for the period			(6,158)			(3,083)

4. Segmental information (continued)

A reconciliation of Adjusted EBITDA to Loss before income tax is provided as follows:

	Unaudited Six months ended 30 June 2023 US$'000	*Unaudited* Six months ended 30 June 2022 US$'000	*Audited* Year ended 31 December 2022 US$'000
Adjusted EBITDA	**(3,109)**	**(2,144)**	**(5,338)**
Depreciation	(309)	(400)	(745)
Amortisation – Development costs	(866)	(366)	(998)
Amortisation – Software	(63)	(123)	(186)
Amortisation – Contract acquisition costs	(17)	-	(4)
Amortisation – Deferred fulfilment costs	(130)	-	(2,282)
Finance costs	(582)	(119)	(367)
Share-based payments cost	(544)	(228)	(1,188)
Exceptional items (Note 7)	(532)	325	(296)
Loss before income tax	**(6,152)**	**(3,055)**	**(11,404)**

	Unaudited Six months ended 30 June 2023 US$'000	*Unaudited* Six months ended 30 June 2022 US$'000	*Audited* Year ended 31 December 2022 US$'000
Adjusted EBITDA	**(3,109)**	**(2,144)**	**(5,338)**
Foreign Exchange	(169)	(394)	90
Foreign currency adjusted EBITDA	**(3,278)**	**(2,538)**	**(5,248)**

Foreign currency adjusted EBITDA was a KPI introduced during H2 2020. Refer to Note 18 of the Group's 2022 Annual Report for the definition of foreign currency adjusted EBITDA.

The amounts provided to the executive management team with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on operations of the segment and the physical location of the asset.

Total segment assets and liabilities are as follows:

	Unaudited 30 June 2023			*Audited* 31 December 2022		
	E-business	TPF Consulting	Total	E-business	TPF Consulting	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total segment assets	14,306	2,639	**16,945**	12,868	2,842	**15,710**
Total segment liabilities	(31,747)	(87)	**(31,834)**	(24,670)	(326)	**(24,996)**

4. Segmental information (continued)

Analysis of revenue by category	*Unaudited*		*Audited*
	Six months ended		Year ended
	30 June 2023	30 June 2022	31 December 2022
	US$'000	US$'000	US$'000
Platform revenue	6,342	5,900	11,075
Services revenue	6,137	3,810	11,250
Consultancy and other revenue	388	657	1,212
Revenue from contracts with customers	**12,867**	**10,367**	**23,537**

Revenue from external customers is derived from the sales of E-business products and services associated with the Group's suite of travel related technology and TPF Consulting revenue.

The Group has one customer for whom the collectability criteria under IFRS 15.9 is not met. There are no remaining performance obligations associated with contracts with this customer. Consequently, revenue is only recognised when consideration is received in accordance with IFRS15.15.

5. Expenses by nature

	Unaudited Six months ended			*Unaudited* Six months ended			*Audited* Year Ended 31 December		
	2023 Before exceptional items US$'000	2023 Exceptional items (Note 7) US$'000	2023 Total US$'000	2022 Before exceptional items US$'000	2022 Exceptional items (Note 7) US$'000	2022 Total US$'000	2022 Before exceptional items US$'000	2022 Exceptional items (Note 7) US$'000	2022 Total US$'000
Employee benefit expense (Note 6) – net of capitalisation	9,492	228	9,720	7,782	-	7,782	17,679	-	17,679
Consultant and contractor costs – net of capitalisation	3,617	-	3,617	2,404	-	2,404	5,770	-	5,770
Other staff costs	267	-	267	626		626	872	-	872
Amortisation – development cost	866	-	866	366	-	366	998	-	998
Amortisation – software	63	-	63	123	-	123	186	-	186
Amortisation – deferred fulfilment costs	131	-	130				2,282		2,282
Deferred commission amortisation	17	-	17	-	-	-	4	-	4
Office costs	162	-	162	406	-	406	338	-	338
Hosting	707	-	707	581	-	581	1,470	-	1,470
Professional fees	497	304	801	356	(325)	31	1,093	(158)	935
Travel	155	-	155	143	-	148	394	-	394
Depreciation – PP&E	59	-	59	107	-	107	143	-	143
Depreciation – Right-of-use Assets	250	-	250	293	-	293	602	-	602
Net impairment writeback on financial and contract assets	101	-	101	(311)	-	(311)	(164)	-	(164)
Third party services	308	-	308		-		700	-	700
Impairment of non-current assets	-	-	-	417	-	417	-	454	454
Communication	36	-	36	60	-	60	90	-	90
Insurance	383	-	383	122		122	642	-	642
Advertising & Marketing	113	-	113	341	-	341	513	-	513
Company secretarial	141	-	141	537		537	270	-	270
Software maintenance and other online charges	446	-	446		-		825	-	825
Other	105	-	105	222	-	222	408	-	408
Total cost of sales, selling and marketing costs, administrative expenses and net impairment losses on financial and contract assets	**17,916**	**532**	**18,448**	**14,575**	**(325)**	**14,250**	**35,115**	**296**	**35,411**
Other gains (Note 8)	108	-	108	(732)	-	(732)	(112)	-	(112)
Total operating costs	**18,024**	**532**	**18,556**	**13,843**	**(325)**	**13,518**	**35,003**	**296**	**35,299**

5. Expenses by nature (continued)

	Unaudited Six months ended			*Unaudited* Six months ended			*Audited* Year Ended 31 December		
	2023 Before exceptional items	2023 Exceptional items (Note 7)	2023 Total	2022 Before exceptional items	2022 Exceptional items (Note 7)	2022 Total	2022 Before exceptional items	2022 Exceptional items (Note 7)	2022 Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
- Cost of sales	9,849	-	9,849	7,251	-	7,251	17,136	-	17,136
- Selling and marketing costs	113	-	113	334	-	334	513	-	513
- Administrative expenses	7,853	532	8,385	7,301	(325)	6,976	17,630	(158)	17,472
- Net impairment losses / (writeback) on financial and contract assets	101	-	101	(311)	-	(311)	(164)	-	(164)
- Impairment of non-current assets	-	-	-	-	-	-	-	454	454
- Other gains (Note 8)	108	-	108	(732)	-	(732)	(112)	-	(112)
Total operating costs	18,024	532	18,556	13,843	(325)	13,518	35,003	296	35,299

6. Employee benefit expense

	Unaudited Six months ended 30 June 2023	30 June 2022	*Audited* Year ended 31 December 2022
	US$'000	US$'000	US$'000
Wages and salaries	8,691	7,562	14,898
Social security costs	845	760	1,501
Pension costs – defined contribution schemes	363	337	673
Severance pay costs	228	-	-
Employee benefit expense before capitalisation	**10,127**	**8,659**	**17,072**
Capitalised labour(i)	(951)	(649)	(581)
Employee benefit expense after capitalisation	**9,176**	**8,010**	**16,491**
Share based payments charge	544	(228)	1,188
Total	**9,720**	**7,782**	**17,679**
Total employee expense before capitalisation	**10,671**	**8,431**	18,260
Capitalisation (i)	(951)	(649)	(581)
Total employee benefit expense	**9,720**	**7,782**	**17,679**

(i) The capitalised employee costs are included in Capitalised Development costs (Note 16) together with relevant contractor costs.

7. Exceptional items

	Unaudited Six months ended 30 June 2023	30 June 2022	*Audited* Year ended 31 December 2022
	US$'000	US$'000	US$'000
Professional fees in relation to investigations, business transformation programme and litigation procedures	210	95	249
Regulatory investigations release	(34)	(443)	(412)
Provision for dilapidation costs associated with the termination of Dublin office lease	-	-	5
Deferred fulfilment costs impairment	-	-	454
Severance pay costs	228	-	-
Costs associated with related party loan extension	130	-	-
Professional fees associated with termination of Dublin office lease	-	23	-
Exceptional items	**532**	(325)	296

7. Exceptional items (continued)

The exceptional items that arose in respect of the year ended 31 December 2022 are described in Note 23 of the Group's 2022 Annual Report. The exceptional items incurred in respect of the six months ended 30 June 2023 are outlined below.

Professional fees
During H1 2023 the Group incurred additional professional fees relating to previously disclosed exceptional items. The costs incurred in H1 2023 primarily relate to professional legal fees relating to the ongoing Lufthansa and Swiss Airlines contractual dispute.

Severance pay
During H1 2023 the company implemented a cost savings project across the business which resulted in a number of positions becoming redundant. The associated redundancy & severance pay has been classified as exceptional given that it is a non-recurring material balance.

Costs associated with related party loan extension
These amounts related to the legal costs associated with the extension of the repayment date for the Group's loan facilities with Tireragh Limited and the extension of the availability period for Facility B, further details of which are included at Note 10.

Regulatory investigation provision release
The Group historically recognised a provision which relates to legal and compliance costs of ongoing regulatory investigations and the necessary requirements to obtain an end to the suspension order on the trading of the Group's shares on the Euronext Dublin exchange. The regulatory investigation and suspension of trading of the Group's shares arose following the significant breakdown in internal financial controls as disclosed in the 2018 Annual Report. The movement in the current year relates to the release of those parts of the provision no longer required upon review by management.

8. Other gains

	Unaudited		*Audited*
	Six months ended		Year ended
	30 June 2023	30 June 2022	31 December 2022
	US$'000	US$'000	US$'000
Net foreign exchange gains	108	732	112
Net total	**108**	**732**	**112**

9. Trade and other receivables and contract assets

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Current trade and other receivables and contract assets		
Trade receivables	7,856	3,917
Less: allowance for expected credit losses on trade receivables	(3,193)	(3,028)
Trade receivables – net	**4,663**	**889**
Contract assets	1,365	1,242
Less: allowance for expected credit losses on contract assets	(46)	(110)
Contract assets – net	**1,319**	**1,132**
Prepayments	1,054	466
Research and development tax credits	112	266
VAT receivable	95	304
Other receivables	94	54
Total other receivables	**1,355**	**1,090**
Total current trade and other receivables – net	**6,018**	**1,979**
Total current contract assets – net	**1,319**	**1,132**
Non-current trade and other receivables		
Research and development tax credit	123	118
Total non-current trade and other receivables	**123**	**118**
Total trade and other receivables and contract assets	**7,460**	**3,229**

The gross amounts of the Group's trade receivables and contract assets are denominated in the following currencies:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
US dollar	3,978	1,204
Euro	4,351	3,671
Pound Sterling	572	93
Swedish Krona	-	67
Australian Dollar	320	124
Total	**9,221**	**5,159**

The fair value of trade receivables and contract assets approximate to the values shown above. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold collateral as security.

10. Borrowings

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Lease liabilities (Note 17)	1,461	951
Secured loan from related party	11,366	5,470
Total borrowings	**12,827**	**6,421**
Disclosed as		
Current	12,053	5,940
Non-current	774	481
Total borrowings	**12,827**	**6,421**

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Current	687	470
Non-current	774	481
Total lease liabilities	1,461	951

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
US dollar	310	437
Euro	725	105
Pound Sterling	380	409
Chinese renminbi	46	-
Total	**1,461**	**951**

Secured loan from related party

On 28 May 2021, Tireragh Limited entered into the second amendment and restatement agreement with the Company under which the Company and Tireragh Limited agreed that, conditional upon approval by the Company's independent shareholders, the completion of a capital raise and the repayment of the amounts then outstanding under the Tireragh Limited facility, the Group would have access to the Facility B, a credit facility of up to €10 million which could be drawn down for general working capital purposes until 31 December 2022 with a repayment date of 30 June 2023. The facility became effective on 8 July 2021.

The second amendment and restatement agreement provides that unless and until a loan is outstanding, the obligations relating to (i) noncompliance with financial covenants and (ii) cross default will not apply but must be satisfied in advance of any drawdown under Facility B.

The second amendment and restatement agreement was approved by shareholders on 1 July 2021 and, following completion of the capital raise, the Company repaid all amounts then outstanding under the Tireragh Limited facility, including capitalised interest costs and financing fees associated with the facility. The Company continues to have access to the Facility B credit facility of up to €10 million as described above. At 30 June 2023, all €10m under Facility B had been drawn down.

On 11 April 2023, Tireragh Limited entered into the third amendment and restatement agreement with the Company. This amended and restated the facilities agreement to extend the repayment date for all amounts owing to Tireragh Limited from 30 June 2023 out to 31 December 2024, providing the Group with further financial flexibility. It also extended the availability period of Facility B to 30 June 2023. The rate of interest payable on loans made under the facilities agreement increased from 10 per cent per annum to 15.5 per cent per annum with effect from11 April 2023, increased to 16.5 per cent per annum from 1 July 2023 and will increase to 18 per cent per annum from 1 October 2023. On 14 September 2023, Tireragh Limited entered into the fourth amendment and restatement agreement with the Company which provides the Group with an additional credit facility of €5 million ("Facility C") All amounts drawn under the Groups facilities with Tireragh Limited are required to be repaid by 31 December 2024.

These facilities require cross guarantees to be provided by the Company and Datalex (Ireland) Limited. Additionally, Datalex USA, Inc. and Datalex Solutions (UK) Limited were required to act as additional guarantors of the Facility. The obligations of the Company and each of the guarantors to Tireragh Limited, include:

(i) A debenture entered into by the Company creating fixed and floating charges over all of its assets, undertaking and goodwill as security for its and the other guarantors' obligations to Tireragh Limited with respect to the facility;

(ii) A debenture creating fixed and floating charges over all of Datalex Ireland Limited's assets, undertaking and goodwill as security for its and the other guarantors' obligations to Tireragh Limited with respect to the facility;

10. Borrowings (continued)

(iii) Security provided over the shares of Datalex USA Inc. and Datalex Solutions (UK) Limited granted by Datalex (Ireland) Limited;

(iv) US law security over such assets, undertaking and goodwill of Datalex USA Inc. as may be permissible as a matter of US law as security for its and the other guarantors' obligations to Tireragh Limited with respect to the Tireragh Limited facilities;

(v) A debenture entered into by Datalex Solutions (UK) Limited granting fixed and floating charges over all of its assets, undertaking and goodwill as security for its and the other guarantors' obligations to Tireragh Limited with respect to the Tireragh Limited facilities; and

(vi) Requirements to adhere to certain financial covenants, as outlined below:

The key financial covenants pertaining to the loan facilities with Tireragh Limited are:

› Achievement of Revenue and EBITDA targets, subject to agreed performance criteria, on a six month rolling basis.

› Achievement of Cash & Bank balances and Working Capital targets on a monthly basis, subject to agreed performance criteria and testing over two consecutive months.

The existing security granted by members of the Datalex Group will continue to secure all obligations under the Tireragh Limited facilities agreement as will the obligations listed at (i) to (vi) above.

The loan balance payable under the Tireragh Limited facilities (which is denominated in euro) was comprised of:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Drawdown	10,302	4,987
Interest charges	578	129
Foreign exchange	486	354
	11,366	5,470

11. Provisions

	Unaudited 30 June 2023	*Audited* 31 December 2022
	US$'000	US$'000
Current		
Regulatory Costs Compliance	92	93
Onerous Contract	24	24
Total Current	116	117
Non-current		
Regulatory Costs Compliance	83	162
Total Non-current	83	162
Total Provisions	**199**	**279**

A. REGULATORY COSTS COMPLIANCE

As a result of the events that occurred in 2018, the Group is subject to a number of regulatory investigations that are likely to continue into the future.

The Group has estimated the costs associated with responding to and addressing the requirements of the Regulators, including the Corporate Enforcement Authority, the Central Bank of Ireland, and the Gardai.

	Unaudited 30 June 2023	*Audited* 31 December 2022
	US$'000	US$'000
At start of period	255	731
Released to the income statement	–	(412)
FX movement on provision	(46)	(64)
Release	(34)	–
At the end of period	**175**	**255**

11. Provisions (Continued)

B. ONEROUS CONTRACT

An onerous contract provision was created in H1 2022 for a loss-making contract with a customer.

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
At start of period	24	–
Charged to the income statement	–	24
At the end of period	**24**	**24**

12. Trade and other payables

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Trade payables	4,845	3,650
Accruals	2,108	1,685
Pension contributions	124	117
Social security and other taxes	851	877
VAT payable	–	34
Other payables	4	24
Total current trade and other payables	**7,932**	**6,387**
Social security and other taxes	6,160	6,047
Total non-current trade and other payables	**6,160**	**6,047**
Total trade and other payables	**14,092**	**12,434**

The fair values of trade and other payables approximate to the values shown above.

Trade Payables

The period-on-period variance in trade payables is as a result of the timing of payments for various vendors. Amounts payable for contractors, hosting partners & professional services have all increased since 31 December 2022.

Social security and other taxes

During the prior period the Group availed of certain Government facilities in response to the COVID-19 pandemic. This allowed the Group to warehouse employment taxes for payment at a future date. The classification of warehoused employment taxes within current and non-current liabilities reflects the repayment schedule.

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
US dollar	915	614
Euro	3,696	2,932
Pound sterling	234	100
Other	–	4
Total	**4,845**	**3,650**

13. Contract Liabilities

Contract liabilities represent amounts received from customers in advance of the contractual performance obligations being 'satisfied'.

	Unaudited 30 June 2023	*Audited* 31 December 2022
	US$'000	US$'000
Advances for bundled performance obligations	-	-
Advances for service performance obligations	1,765	1,263
Advances for platform performance obligations	2,930	4,413
Total	**4,695**	**5,676**
Current	**4,695**	**5,676**
Non-current		**-**

14. Income tax

	Unaudited Six months ended 30 June 2023	*Unaudited* Six months ended 30 June 2022	*Audited* Year ended 31 December 2022
	US$'000	US$'000	US$'000
Current tax			
Income tax charge	6	28	60
Current tax expense for the period	**6**	**28**	**60**

No deferred tax assets have been recognised in respect of the loss incurred in the six months ended 30 June 2023 due to uncertainties surrounding the utilisation of the assets against future taxable profits.

Further information on the income tax expense recorded in the year ended 31 December 2022 is set out in Note 9 to the Group's 2022 Annual Report.

15. Loss per share

Basic	*Unaudited* Six months ended 30 June 2023	30 June 2022	*Audited* Year ended 31 December 2022
Loss attributable to ordinary shareholders (US$'000)	(6,158)	(3,083)	(11,464)
Weighted average number of ordinary shares outstanding	132,677,010	131,143,222	132,502,847
Basic loss per share (in US$ cents)	**(4.6)**	**(2.4)**	**(8.7)**

Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/ issued by the Company and held as treasury shares.

Diluted	*Unaudited* Six months ended 30 June 2023	30 June 2022	*Audited* Year ended 31 December 2022
Loss attributable to ordinary shareholders (US$'000)	(6,158)	(3,083)	(11,464)
Weighted average number of ordinary shares outstanding – basic	132,677,010	131,143,222	132,502,847
Adjustment for share options and share awards	–	–	–
Weighted average number of ordinary shares outstanding – diluted	132,677,010	131,143,222	132,502,847
Diluted loss per share (in US$ cents)	**(4.6)**	**(2.4)**	**(8.7)**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The categories of dilutive potential ordinary shares of the Group are employee share options, the Joint Share Ownership Plan ('JSOP') awards and Deferred Share Scheme awards. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of subscription rights attached to outstanding share options.

No share options have been included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 30 June 2023 and 30 June 2022, and for the year ended 31 December 2022 due to the loss recorded by the Group in these periods. The share options could potentially dilute basic earnings per share in the future. The weighted average potential dilutive impact of share options at 30 June 2023 is $nil based on losses incurred.

As noted in the prior year, the weighted average potential dilutive impact of share options at 30 June 2023 could vary based on the average share price for the reporting period, the potentially dilutive shares could have fallen within the following range based on a share price upon relisting:

- Average share price below US$50c: nil potentially dilutive shares
- Average share price above US$50c and below US$70c: 2,741,693 potentially dilutive shares
- Average share price above US$70c and below US$90c: 4,340,083 potentially dilutive shares
- Average share price over US$90c: 266,450 potentially dilutive shares

16. Intangible assets

This note details the intangible assets utilised by the Group to generate revenues and contribute to recorded results. The cost of software primarily represents the amounts originally paid to bring the software into use. The cost of product development primarily represents the direct labour costs incurred. All intangible assets are amortised over their estimated useful economic lives. Amortisation commences once the asset is available for use.

	Software	Product development	Product development WIP	Total
	US$'000	US$'000	US$'000	US$'000
Unaudited				
Six months ended 30 June 2022				
Opening carrying amount	**523**	**989**	**2,157**	**3,669**
Additions	–	–	2,101	**2,101**
WIP transfer	–	1,693	(1,693)	**-**
Amortisation charge	(123)	(366)	–	**(489)**
Closing carrying amount	**400**	**2,316**	**2,565**	**5,281**
Audited				
Year ended 31 December 2022				
Opening carrying amount	523	990	2,156	**3,669**
Additions	–	–	2,406	**2,406**
Transfers	–	3,950	(3,950)	**-**
Amortisation charge	(186)	(998)	–	**(1,184)**
Impairment charge	–	–	–	**-**
Closing carrying amount	**337**	**3,942**	**612**	**4,891**
At 31 December 2022				
Cost	887	5,191	612	**6,690**
Accumulated amortisation	(550)	(1,249)	**-**	**(1,799)**
Closing carrying amount	**337**	**3,942**	**612**	**4,891**
Unaudited				
Six months ended 30 June 2023				
Opening carrying amount	**337**	**3,942**	**612**	**4,891**
Additions	47	–	950	**997**
WIP transfer	–	231	(231)	**-**
Amortisation charge	(63)	(866)	–	**(929)**
Closing carrying amount	**321**	**3,307**	**1,331**	**4,959**
At 30 June 2023				
Cost	934	5,422	1,331	**7,688**
Accumulated amortisation and impairment	(613)	(2,115)	–	**(2,728)**
Closing carrying amount	321	**3,307**	**1,332**	**4,959**

16. Intangible assets (continued)

Intangible assets consist of capitalised development costs and software. These intangibles have finite useful lives and are valued based on actual costs incurred. Capitalised development costs are amortised over a period of three to five years (the majority being amortised over five years) commencing from when the related product is generally available for use.

Work in Progress

Work in Progress relates to technology enhancements and capabilities which are on the product roadmap and are still in the development phase therefore not yet available for the business to utilise. Once the platform enhancements are made available to the business and are available for use it will be moved out of work in progress into additions. Amortisation commences once the asset is available for use. Work in progress is reviewed for impairment annually.

17. Right-of-use assets & lease liabilities

The movements in right-of-use assets in the period were as follows:

	Office Buildings US$'000	Computer Equipment US$'000	Motor Vehicles US$'000	Total US$'000
Leased right-of-use assets				
Unaudited				
At 30 June 2022				
Cost	2,386	193	32	2,611
Accumulated depreciation	(1,544)	(145)	(31)	(1,720)
Net carrying amount	**842**	**48**	1	**891**
At 1 January 2022, net carrying amount	1,090	90	7	1,187
Depreciation charge for period	(248)	(42)	(6)	(296)
At 30 June 2022, net carrying amount	842	48	1	891
Audited				
At 31 December 2022				
Cost	2,194	887	52	3,133
Accumulated depreciation	(1,606)	(882)	(47)	(2,535)
Net carrying amount	**588**	**5**	**5**	**598**
At 1 January 2022, net carrying amount	1,090	90	7	1,187
Additions	–	–	11	11
Disposals	–	–	–	–
Foreign currency translation adjustment	3		(1)	2
Depreciation charge for year	(505)	(85)	(12)	(602)
At 31 December 2022, net carrying amount	**588**	**5**	**5**	**598**
Unaudited				
At 30 June 2023				
Cost	3,059	887	52	4,000
Accumulated depreciation	(1,836)	(887)	(51)	(2,775)
Net carrying amount	**1,223**	**–**	1	**1,224**
At 1 January 2023, net carrying amount	588	5	5	598
Additions*	876	–	–	877
Depreciation charge for period	(241)	(5)	(4)	(250)
At 30 June 2023, net carrying amount	1,223	–	1	1,224

- In 2023, the Group entered into two new lease agreements for Dublin Block V and the China office.

17. Right-of-use assets & lease liabilities (continued)

No indicators of impairment have been identified in relation to the Group's right-of-use assets. The Group continues to utilise its Office Buildings, Computer Equipment and Motor Vehicles as of 30 June 2023.

The movements in lease liabilities in the period were as follows:

	Office Buildings	Computer Equipment	Motor Vehicles	Total
	US$'000	US$'000	US$'000	US$'000
Lease liabilities				
Unaudited				
At 1 January 2022	(1,455)	(321)	(10)	(1,786)
Translation adjustment	72	6	1	79
Payments	460	46	6	512
Discount unwinding	(78)	(2)	(1)	(81)
At 30 June 2022	**(1,001)**	**(271)**	**(4)**	**(1,276)**
Audited				
At 1 January 2022	(1,672)	(104)	(10)	(1,786)
Translation adjustment	76	7	1	84
Additions	–	–	(14)	(14)
Payments	801	88	17	906
Discount unwinding	(136)	(4)	(1)	(141)
At 31 December 2022	**(931)**	**(13)**	**(7)**	**(951)**
Unaudited				
At 1 January 2023	(931)	(13)	(7)	(951)
Translation adjustment	(32)	–	–	(32)
Additions	(863)	–	–	(863)
Write off	84	–	–	84
Payments	364	13	6	383
Discount unwinding	(82)	–	–	(82)
At 30 June 2023 net carrying amount	**(1,460)**	**–**	(1)	**(1,461)**

18. Deferred contract fulfilment costs

This note details the deferred contract fulfilment costs that arise from customer service contracts and comprise of staff and contractor / outsourced partner costs incurred. These costs are being deferred under IFRS 15 and will be recognised as the related performance obligations are fulfilled.

The movements in the deferred contract fulfilment costs asset in the period were as follows:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
At start of period	131	2,867
Costs incurred to fulfil the ongoing customer contracts in the period		-
Costs impaired on amendment of customer contract		(454)
Costs released upon fulfilment of customer performance obligations	(131)	(2,282)
At end of period	-	**131**

The deferred contract fulfilment cost assets at 30 June 2023 and 31 December 2022 are analysed as follows:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Current		
Costs incurred to fulfil customer contracts	–	131
Non-current		
Costs incurred to fulfil customer contracts	–	–
Total	**–**	**131**

19. Contract Acquisition Costs

This note details the contract acquisition costs incurred by the Group. The balance primarily relates to commission payable to customer relationship managers on obtaining new commercial arrangements with customers. The balance is amortised over the life of the contractual relationship.

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Cost		
Opening	137	977
Additions	181	137
Expiry of contractual relationship - previously capitalised costs	-	(977)
Closing	318	137
Accumulated Depreciation		
Opening	4	977
Amortisation charge	17	4
Expiry of contractual relationship - previously capitalised costs	-	(977)
Closing	21	4
Opening carrying amount	133	-
Closing carrying amount	**297**	**133**

The closing carrying amount is estimated to be amortised over the following period:

	Unaudited 30 June 2023 US$'000	*Audited* 31 December 2022 US$'000
Less than one year	45	12
Between two and five years	186	50
Greater than five years	66	71
Total	**297**	**133**

20. Share capital

There were 132,677,010 ordinary shares in issue at 30 June 2023 (31 December 2022: 132,677,010).

21. Cash used in operations

	Unaudited Six months ended 30 June 2023 US$'000	30 June 2022 US$'000	*Audited* Year ended 31 December 2022 US$'000
Loss before income tax	(6,152)	(3,055)	(11,404)
Adjustments for:			
Finance costs – net	582	119	367
Depreciation	59	104	143
Depreciation of right-of-use assets	250	296	602
Amortisation	946	489	1,184
Deferred commission amortisation	131	–	2,282
Impairment	–	–	454
Share-based payments cost	544	228	1,188
Exchange translation adjustment	346	(187)	55
Loss on disposal of fixed assets	–	–	31
Contract fulfilment cost payments	–	(285)	
	(3,294)	**(2,291)**	(3,341)
Changes in working capital:			
Trade and other receivables	(3,992)	(318)	2,173
Contract assets	(187)	(465)	(410)
Trade and other payables	1,413	986	2,886
Contract liabilities	(981)	(113)	(2,157)
Provisions	(80)	(725)	(735)
Cash used in operations	**(7,121)**	**(2,926)**	(3,341)

22. Related party transactions

The Group's principal related parties are the Group's subsidiaries and key management personnel of the Group.

The following transactions were entered with related parties during the period:

A. KEY MANAGEMENT PERSONNEL

Key management personnel include the two Executive Directors who held office during the period (six months ended 30 June 2022: two Executive Directors), the five Non-Executive Directors (six months ended 30 June 2022: five Non-Executive Directors) and seven members of the senior management team (six months ended 30 June 2022: eight members).

	Unaudited Six months ended 30 June 2023 US$'000	*Unaudited* Six months ended 30 June 2022 US$'000
Short term employee benefits (1)	1,318	1,219
Share-based payment charge (2)	183	230
Termination benefits	-	-
Retirement benefits expense (3)	52	57
Total	**1,553**	**1,506**

(1) Balance is made up of salaries, Directors' fees, and other short-term employee benefits.
(2) The benefits included in this category relate to Long Term Incentive Plans.
(3) Retirement benefits accrued in the period to two Executive Directors (six months ended 30 June 2022: two Directors) and five members of the senior management team (six months ended 30 June 2021: eight members) under defined contribution schemes.

The remuneration of, and transactions with, all Non-Executive Directors was as follows:

	Unaudited Six months ended 30 June 2023 US$'000	*Unaudited* Six months ended 30 June 2022 US$'000
Directors' fees	**161**	**162**

B. TRANSACTIONS WITH TIRERAGH LIMITED

As more fully explained in Note 10 above, the Group has a secured loan facilities agreement with Tireragh Limited. Tireragh Limited is a related party ultimately beneficially owned by Mr. Dermot Desmond. At 30 June 2023, the total balance payable to Tireragh Limited under this arrangement was $11.4m.

C. OTHER

Details of related party transactions in respect of the year ended 31 December 2022 are contained in Note 29 of the Datalex plc Annual Report 2022. The Group continued to enter into transactions in the normal course of business with its related parties during the period. Other than as disclosed above there were no transactions with related parties in the first half of 2023 or changes to transactions with related parties disclosed in the 2022 Annual Report that had a material effect on the financial position or performance of the Group.

23. Dividends

The Directors do not propose an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: US$nil).

Datalex plc paid a dividend to shareholders of US$3.8m on 5 September 2018. To enable the dividend to be paid, Datalex plc received a dividend of US$4.0m from its subsidiary, Datalex (Ireland) Limited (“Datalex Ireland”) on 30 May 2018. This dividend was US$0.24 per share on the issued ordinary share capital of 16,607,262 shares. The dividend payment by Datalex plc had been approved by shareholders at the AGM on 18 June 2018 and interim financial statements to 31 May 2018 were filed at the Companies Registration Office to support this payment.

Subsequent to the dividend payments, management identified that Datalex Ireland would not have had sufficient retained earnings to support the dividend payment to Datalex plc had there been appropriate recording of revenue, which had been subsequently amended. As such, the 2018 dividend payment by Datalex Ireland to Datalex plc of US$4.0m was an unlawful distribution in contravention of the provisions of Section 117 of the Companies Act 2014.

In accordance with applicable legislation, the dividend of US$4.0m paid by Datalex Ireland to Datalex plc is repayable by Datalex plc.

Accordingly, an intercompany payable to Datalex Ireland has been recognised for US$4.0m in the financial statements of Datalex plc and the dividend received had been derecognised in the income statement for 2018. The amount remains outstanding at 30 June 2023.

24. Events occurring after the statement of financial position date

The subsequent events that have occurred after the 30th of June 2023 are as follows;

- As previously disclosed on the back of SAS filing for US Chapter 11 in July 2022, in February SAS confirmed they are not proceeding with Datalex's NDC Product due to increased Chapter 11 cost commitments. On 1 September 2023 a US Bankruptcy Court approved a settlement between Datalex and SAS which resulted in a payment from SAS to Datalex and allowed a general unsecured claim by Datalex, which will be dealt with through the Chapter 11 process and as such is uncertain as to timing and quantum.
- On the 4th of September Jonathan Rockett was announced as Datalex’s new Chief Executive Officer. Jonathan will join the board in Q4 2023.
- On 13th September 2023 it was announced that following an internal review of their next generation program priorities, Virgin Australia would be ending its partnership with Datalex and other impacted vendors. While this is a disappointment to both Datalex and the Virgin Australia teams who have worked on this project for over 18 months, the parties have reached a mutual agreement on the terms of the cancellation.
- On the 14th September 2023, Tireragh Limited entered into the fourth amendment and restatement agreement with the Company which provides the Group with an additional credit facility of €5 million (“Facility C”).

25. Principal risks and uncertainties

The principal risks and uncertainties faced by the Group were last outlined on pages 42 to 45 of the Group's 2022 Annual Report. The Annual Report is available on our website www.datalex.com/investors

The risks highlighted in the annual report remain relevant for the remaining six month. Among other factors that are subject to change and could impact expected results for the remainder of the year are:

- **Financing Risk:** If the Group is unable to attract appropriate finance, this would impact its ability to continue to invest and grow.

- **Inflationary pressures:** A continuation of increasing inflation rates globally may have an adverse impact on travel as consumers disposable incomes reduce.

26. Litigation and Disputes

There has been no material change in the Group's legal dispute with Lufthansa and its subsidiary airline, Swiss International Airlines since the publication of the Datalex plc Annual Report for the year ended 31 December 2022.

27. Distribution of interim report

This interim report is available on the Group's website www.datalex.com. Copies are also available to the public from the Company's registered office at Block V, EastPoint, Dublin, D03 AX24, Ireland.