

Datalex plc

H1 2021 Financial Report

Improved EBITDA performance, marginal revenue decline

Dublin, Ireland – 2 September 2021: 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 2021 (“H1 2021”).

Financial highlights:

- Total revenue for the six month period ending 30 June 2021 was \$12.6 million, a 5% decline versus the same period in 2020 (H1 2020: \$13.2 million).
- Platform revenue of \$7.5 million declined by 3% in comparison to H1 2020 (H1 2020: \$7.7 million).
- Total operating costs before exceptional items in the first half of 2021 decreased by 22% to \$12.2 million (H1 2020: \$15.6 million). This included a supplier discount in the sum of \$1.5 million.
- Adjusted EBITDA of \$1.8 million in H1 2021, an increase of \$3.1 million versus the same period in 2020 (H1 2020: Loss of \$ 1.3 million). Foreign Currency adjusted EBITDA of \$1.1 million in H1 2021 - an increase of \$2.4 million versus the same period in 2020 (H1 2020: Loss of \$1.3 million).
- Post the period, on 8 July 2021 the Group completed a capital raise of \$29.7 million (€25 million). A proforma Balance Sheet has been presented in the Interim Report, which demonstrates that the cash balance would have been US\$11.4million, had the Capital Raise been completed before 30 June 2021.

Commenting on today’s announcement, Sean Corkery, CEO of Datalex, said:

“In the first half of 2021, we delivered an improved Adjusted EBITDA performance versus the same period in 2020. This was primarily driven by controlled management of our operating costs which decreased 22% versus the first six months of 2020. Revenues declined marginally by 5% versus the same period in 2020. This was in line with our expectation due to the continuing impact of COVID-19 on the airline industry and the further impact of the Delta variant in 2021. Platform revenues remained relatively stable during the period, and our customers continued to prioritise and honour our commercial terms.

The recovery from the impact of COVID-19 on the airline industry will take time and airlines continue to operate in a COVID-centric backdrop which has caused them to delay and extend IT and digital investment decisions. However, we have experienced a considerable increase in sales pipeline activity in the second quarter of 2021, as airlines began to reconsider investment in their retailing technology as part of their recovery strategies.

Throughout the period we have invested in our SaaS portfolio of products and we have continued to support our customers. I am pleased that we have recently contracted with a current customer for the latest version of our NDC product and for them to participate in a Dynamic Pricing production trial. We also contracted with a Tier 1 airline to complete a Dynamic Pricing production trial which commenced during the first half of 2021.

We also used this time to strengthen our balance sheet by completing a capital raise of €25 million (\$29.7 million) in July 2021. This allowed the Group to repay its existing debt facility and enables acceleration of investment in its product roadmap and provides sufficient working capital to implement new revenue opportunities.

I would like to thank all of the team at Datalex for their continued resilience and adaptability and look forward to the next stage of the recovery.”

Notes

The financial information in this announcement is not audited and does not constitute statutory financial statements of Datalex plc. The statutory financial statements for FY 2021 will be prepared in accordance with International Financial Reporting Standard 15 "Revenue from contracts with customers" (IFRS 15) which came into effect on 1 January 2018.

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).

Foreign currency adjusted EBITDA (Note 4) is a KPI introduced during 2020. Our functional currency is US\$. The Group loan funding is denominated in Euro as a result the adjusted EBITDA (Note 4) results of the group are subject to movements beyond managements control arising from movements in foreign exchange rates. The foreign exchange input into the foreign currency adjusted EBITDA (Note 4) KPI is arrived at by combining the foreign exchange movements per Note 8 and the additional foreign exchange movements (Gain of: US\$189k) on those Euro denominated Trade Debtor balances fully provided at the end of 30 June 2021 (31 December 2020: Loss of US\$398k, 30 June 2020: Gain of US\$22k) and reported as an exceptional item per 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.

About Datalex

Datalex is a market leader in digital commerce for travel retail. Datalex provides airlines with unique products to drive revenue and profit as digital retailers. Today the Datalex Digital Commerce Platform enables a travel marketplace of over one billion shoppers covering every corner of the globe, driven by some of the world's most innovative airline retail brands. Datalex's customers include JetBlue Airways, Air China, Tianjin Airlines, West Air, Guangxi Beibu Gulf Airlines, Urumqi Air, Air Changan, SAS, KLM, Turkish Airlines, Copa Airlines, Aer Lingus, Edelweiss, Air Transat and Trailfinders. The Group is headquartered in Dublin, Ireland, and maintains offices across Europe, the USA and China. Datalex plc is a publicly listed company on Euronext Growth.

Learn more at www.datalex.com or follow on twitter @Datalex.

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Datalex
Transforming Airline Retail

Datalex PLC

Half-Yearly Financial Report

For the six months ended 30 June 2021

Datalex plc

Chief Executive Officer's Review

For the six months ended 30 June 2021

During the first half of 2021, Datalex and its airline customers continued to be impacted by the ongoing effects of the COVID-19 pandemic. Whilst the pace of recovery at the macro level remains uncertain, Datalex remains resolutely committed to executing its growth strategy.

On 8 July 2021, the Group completed a Capital Raise of €25million (USD\$29.7m) which will allow the Group to accelerate investment in its product roadmap and implement new revenue opportunities under a SaaS commercial model, which are both key components to this growth strategy. The Capital Raise also enabled the Group to strengthen its balance sheet by replacing the existing debt with equity. A proforma Balance Sheet has been presented in Note 24 that demonstrates how the Balance Sheet would have been presented had the Capital Raise and Tíreragh Limited Loan repayment had occurred on the 30 June 2021. In conjunction with the completion of the Capital Raise, Datalex also migrated to the Euronext Growth market on 8 July 2021, which is better suited to the Group's profile.

Financial review

- Total revenue for the six month period ending 30 June 2021 was \$12.6 million, a 5% decline versus the same period in 2020 (H1 2020: \$13.2 million).
- Platform revenue of \$7.5 million declined by 3% in comparison to H1 2020 (H1 2020: \$7.7 million).
- Services revenue of \$4.3 million declined by 12% in comparison to H1 2020 (H1 2020: \$4.9 million). The reduction in services revenue was attributable to certain airlines reducing IT spend in order to preserve cash reserves whilst their operations remained heavily impacted by COVID-19. Services revenue was also impacted by customer attrition (see strategy & operational review for further detail).
- Total operating costs before exceptional items in the first half of 2021 decreased by 22% to \$12.2 million (H1 2020: \$15.6 million). This included a supplier discount in the sum of \$1.5 million.
- Adjusted EBITDAⁱ of \$1.8 million in H1 2021, an increase of \$3.1 million versus the same period in 2020 (H1 2020: Loss of \$ 1.3 million)
- Foreign Currency adjusted EBITDAⁱⁱ of \$1.1 million in H1 2021 - an increase of \$2.4 million versus the same period in 2020 (H1 2020: Loss of \$1.3 million)
- Loss after tax for the period of \$3.8 million (H1 2020: Loss of \$4.8million). Net exceptional costs of \$1.5million, primarily related to professional expenses associated with the Capital Raise initiated during the period and completed post period end (H1 2020: \$1.2 million).
- Cash balance as at 30 June 2021 amounted to US \$2.4 million, decreasing from \$3.0 million on 31 December 2020 and \$3.4 million at 30 June 2020. This does not reflect proceeds raised from the Capital Raise.

Strategy & operational review

- We are executing against the objectives we have set out in our strategy to return to accelerated and sustainable growth.
- The Group has provided ongoing mission-critical support to customers during this challenging period and is closely involved in their future recovery strategies. There has been some customer attrition as previously disclosed, attributable to one customer who ceased trading and entered into administration in 2020 and to two customers who notified us in 2020 that they would be ceasing or reducing services with the Group. There has been interest in all of Datalex's products during the period and our modular approach has been well received by airlines.

ⁱ 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).

ⁱⁱ Foreign currency adjusted EBITDA (Note 4) is a KPI introduced during 2020. Our functional currency is US\$. The Group loan funding is denominated in Euro as a result the adjusted EBITDA (Note 4) results of the group are subject to movements beyond managements control arising from movements in foreign exchange rates. The foreign exchange input into the foreign currency adjusted EBITDA (Note 4) KPI is arrived at by combining the foreign exchange movements per Note 8 and the additional foreign exchange movements (Gain of: US\$189k) on those Euro denominated Trade Debtor balances fully provided at the end of 30 June 2021 (31 December 2020: Loss of US\$398k, 30 June 2020: Gain of US\$22k) and reported as an exceptional item per Note 7.

Datalex plc

Chief Executive Officer's Review

For the six months ended 30 June 2021

- No new customers were added during the first half of 2021. In the second quarter of the period we experienced a considerable increase in activity with prospective customers and we exit the period with a healthy pipeline of opportunities to develop in the second half of 2021.
- The Group continued to invest during the period across all products. A key area of investment for the Group in 2021 was in Dynamic Pricing and Dynamic Offer. In the first half of 2021, we contracted with a Tier 1 airline to complete a dynamic pricing production trial. Similar trials are under review with a select number of airlines in H2 2021.
- The Group migrated all hosted customers to the cloud and decommissioned its on-premise data centre during the period. As a fully cloud based Company, this marks an important SaaS milestone for the Group. We continued to develop our strategic partnership with AWS and to capitalise on our Travel & Hospitality competency group status.
- Our people continued to work productively while working remotely and we provided ongoing support during this period of disruption. Following consultation with our team, we launched our plan to return to work under a hybrid working model and also assessed our future office space requirements.
- Without being able to frequently meet our customers in person, we held a virtual event during the period which was very well attended. We also held our first ever virtual event in China, in association with IATA, and we participated in a number of industry events.

Outlook

In light of continued market uncertainty, the Group believes it is prudent not to provide specific guidance at this time.

In the aviation industry, we anticipate that there will be a meaningful recovery in H2 2021 compared to the first half of the year, with pent-up demand for leisure travel in particular. The recovery will be dependent on easing of restrictions and widespread vaccination with positive momentum and progress evident in recent months. Notwithstanding this positive development, IATA estimate that it will be 2023 before the industry sees a full recovery and returns to 2019 passenger volumes.ⁱⁱⁱ

The recovery is not expected to be linear and equal across all markets. In light of this and recognising the nature of contracts with existing customers, it will take time for the Group to see the benefits of the recovery in air passenger volumes.

We do expect that as airlines have clearer sight of their own recovery trajectories, they will make investment decisions that have been since the start of COVID-19. Datalex's technology enables airlines to increase revenue, reduce costs and improve the retailing experience that airlines offer to their customers, all of which will be key areas of focus for airlines in the recovery.

As mentioned above, we have started to see momentum in this regard in the second quarter of 2021, we do not expect any material revenue growth from new opportunities to materialise until 2022 at the earliest.

ⁱⁱⁱ <https://www.iata.org/en/iata-repository/publications/economic-reports/an-almost-full-recovery-of-air-travel-in-prospect/>

Datalex plc
Chief Executive Officer's Review
For the six months ended 30 June 2021

2021 half year results summary

<i>For the six months ended</i>	Unaudited 30 June 2021	Unaudited 30 June 2020	<i>Period on period change (1)</i>
	As reported US\$'M	As reported US\$'M	%
<i>Platform revenue</i> (1)	7.5	7.7	-3%
<i>Services revenue</i>	4.3	4.9	-12%
<i>Consultancy revenue</i>	0.8	0.6	33%
Total revenue	12.6	13.2	-5%
Operating costs (2)	12.2	15.6	-22%
Exceptional costs (before tax)	1.5	1.2	
Adjusted EBITDA (3)	1.8	(1.3)	
Foreign Exchange adjusted EBITDA (4)	1.1	(1.3)	
Loss after tax for the period	(3.8)	(4.8)	
Cash and cash equivalents	2.4	3.4	
Debt (leases and secured related party loan)	(20.2)	(19.2)	
Net debt	(17.8)	(16.2)	
Cash generated/(used) in operations	1.3	2.7	
EPS – basic (US cent)	(4.6)	(6.0)	
EPS – diluted (US cent)	(4.6)	(6.0)	

(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 with the exception of deferred commission costs per Note 4, (iv) share-based payments cost and (v) exceptional items (see Note 7).

(4) Foreign currency adjusted EBITDA (Note 4) is a KPI introduced during 2020. Our functional currency is US\$. The Group loan funding is denominated in Euro as a result the adjusted EBITDA (Note 4) results of the group are subject to movements beyond managements control arising from movements in foreign exchange rates. The foreign exchange input into the foreign currency adjusted EBITDA (Note 4) KPI is arrived at by combining the foreign exchange movements per Note 8 and the additional foreign exchange movements (Gain of: US\$189k) on those Euro denominated Trade Debtor balances fully provided at the end of 30 June 2021 (31 December 2020: Loss of US\$398k, 30 June 2020: Gain of US\$22k) and reported as an exceptional item per Note 7.

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Chief Executive Officer's Review
For the six months ended 30 June 2021

Forward Looking Statement

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.

Sean Corkery
Chief Executive Officer
2nd September 2021

The Directors of Datalex plc are responsible for preparing this interim management report and the Half-Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, Central Bank (Investment Market Conduct) Rules 2019 and with IAS 34, Interim Financial Reporting, as adopted by the European Union.

Each of the Directors listed on page 44 and 45 of the 2020 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 the Transparency (Directive 2004/109/EC) Regulations 2007, Central Bank (Investment Market Conduct) Rules 2019, 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 2021 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
2nd September 2021

Niall O'Sullivan
Director
2nd September 2021

Datalex plc
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2021 – unaudited

	Notes	30 June 2021 <i>Unaudited</i> US\$'000	31 December 2020 <i>Audited</i> US\$'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		326	509
Intangible assets	16	2,653	1,798
Right-of-use assets	17	1,521	4,614
Deferred contract fulfilment costs	18	2,863	2,863
Trade and other receivables	9	79	665
Total non-current assets		7,442	10,449
<i>Current assets</i>			
Trade and other receivables	9	5,715	6,427
Contract assets	9	863	853
Contract acquisition costs		21	62
Cash and cash equivalents		2,445	3,025
Total current assets		9,044	10,367
TOTAL ASSETS		16,486	20,816
EQUITY			
<i>Capital and reserves attributable to the equity holders of the Company</i>			
Issued ordinary share capital	19	8,215	8,215
Other issued equity share capital		262	262
Other reserves		12,372	11,777
Retained loss		(47,730)	(43,952)
TOTAL EQUITY		(26,881)	(23,698)
LIABILITIES			
<i>Non-current liabilities</i>			
Borrowings	10	2,404	4,818
Provisions	11	361	526
Contract liabilities	13	4,419	5,766
Total non-current liabilities		7,184	11,110
<i>Current liabilities</i>			
Borrowings	10	17,770	17,009
Provisions	11	896	914
Trade and other payables	12	11,870	10,862
Contract liabilities	13	5,486	4,419
Current income tax liabilities		161	200
Total current liabilities		36,183	33,404
TOTAL EQUITY AND LIABILITIES		16,486	20,816

For and on behalf of the Board

Sean Corkery

Niall O'Sullivan

2nd September 2021

Datalex plc
Condensed Consolidated Interim Income Statement
For the six months ended 30 June 2021 – unaudited

	Notes	Six months ended 30 June						Year ended 31 December		
		2021 <i>Unaudited</i> Before exceptional items US\$'000	2021 <i>Unaudited</i> Exceptional items (Note 7) US\$'000	2021 <i>Unaudited</i> Total US\$'000	2020 <i>Unaudited</i> Before exceptional items US\$'000	2020 <i>Unaudited</i> Exceptional items (Note 7) US\$'000	2020 <i>Unaudited</i> Total US\$'000	2020 <i>Audited</i> Before exceptional items US\$'000	2020 <i>Audited</i> Exceptional items (Note 7) US\$'000	2020 <i>Audited</i> Total US\$'000
Continuing operations										
Revenue from contracts with customers	4	12,593	-	12,593	13,220	-	13,220	28,070	-	28,070
Cost of sales	5	(5,894)	-	(5,894)	(10,631)	-	(10,631)	(19,234)	-	(19,234)
GROSS PROFIT		6,699	-	6,699	2,589	-	2,589	8,836		8,836
Selling and marketing costs	5	(149)	-	(149)	(652)	-	(652)	(1,116)	-	(1,116)
Administrative expenses	5	(7,121)	(1,541)	(8,662)	(4,247)	(1,217)	(5,464)	(9,102)	(2,567)	(11,669)
Net impairment writeback/(losses) on financial and contract assets	5	515	-	515	(111)	-	(111)	1,729	(205)	1,524
Other income		106	-	106	154	-	154	401	-	401
Other gains/(losses)	8	445	-	445	(6)	-	(6)	(1,615)	-	(1,615)
OPERATING (LOSS)/PROFIT		495	(1,541)	(1,046)	(2,273)	(1,217)	(3,490)	(867)	(2,772)	(3,639)
Finance income		-	-	-	1	-	1	-	-	-
Finance costs		(2,696)	-	(2,696)	(1,286)	-	(1,286)	(2,897)	-	(2,897)
LOSS BEFORE INCOME TAX		(2,201)	(1,541)	(3,742)	(3,558)	(1,217)	(4,775)	(3,764)	(2,772)	(6,536)
Income tax (charge)/credit	14	(36)	-	(36)	(12)	-	(12)	59	-	59
LOSS FOR THE PERIOD		(2,237)	(1,541)	(3,778)	(3,570)	(1,217)	(4,787)	(3,705)	(2,772)	(6,477)
LOSS PER SHARE (in US\$ cents per share)										
Basic	15			(4.6)			(6.0)			(8.1)
Diluted	15			(4.6)			(6.0)			(8.1)

Datalex plc
Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30 June 2021 – unaudited

	Six months ended		Year ended
	30 June 2021 <i>Unaudited</i> US\$'000	30 June 2020 <i>Unaudited</i> US\$'000	31 December 2020 <i>Audited</i> US\$'000
Loss for the period	(3,778)	(4,787)	(6,477)
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
<i>Foreign currency translation adjustments</i>			
- Arising in the period	145	-	(276)
Total items that may be subsequently reclassified to profit or loss	145	-	(276)
Comprehensive income for the period	(3,633)	(4,787)	(6,753)

Datalex plc
Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 30 June 2021 – unaudited

	Issued ordinary share capital US\$'000	Other issued equity share capital US\$'000	Other reserves US\$'000	Retained (loss)/ earnings US\$'000	Total equity US\$'000
Unaudited					
Balance at 1 January 2020	8,198	262	11,892	(37,475)	(17,123)
Loss for the period	-	-	-	(4,787)	(4,787)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,787)	(4,787)
Share-based payments credit	-	-	(11)	-	(11)
Issue of ordinary shares – exercise of options	15	-	7	-	22
Balance at 30 June 2020	8,213	262	11,888	(42,262)	(21,899)
Audited					
Balance at 1 January 2020	8,198	262	11,892	(37,475)	(17,123)
Loss for the year	-	-	-	(6,477)	(6,477)
Other comprehensive loss	-	-	(195)	-	(195)
Total comprehensive loss for the year	-	-	(195)	(6,477)	(6,672)
Share-based payments credit	-	-	67	-	67
Premium on shares issued	-	-	13	-	13
Issue of ordinary shares from share placement	17	-	-	-	17
Balance at 31 December 2020	8,215	262	11,777	(43,952)	(23,698)
Unaudited					
Balance at 1 January 2021	8,215	262	11,777	(43,952)	(23,698)
Loss for the period	-	-	-	(3,778)	(3,778)
Other comprehensive income	-	-	145	-	145
Total comprehensive income for the period	-	-	145	(3,778)	(3,633)
Share-based payments credit	-	-	450	-	450
Balance at 30 June 2021	8,215	262	12,372	(47,730)	(26,881)

Datalex plc
Condensed Consolidated Interim Cash Flow Statement
For the six months ended 30 June 2021 – unaudited

	Notes	Six months ended		Year ended
		30 June 2021 <i>Unaudited</i> US\$'000	30 June 2020 <i>Unaudited</i> US\$'000	31 December 2020 <i>Audited</i> US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	20	1,263	2,726	3,514
Income tax paid		(75)	(9)	-
NET CASH IN OPERATING ACTIVITIES		1,188	2,717	3,514
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to intangible assets	16	(855)	(596)	(1,669)
Contract fulfilment cost payments	18	-	(718)	(702)
Purchase of property, plant and equipment		-	(129)	38
Interest Received		-	1	-
NET CASH USED IN INVESTING ACTIVITIES		(855)	(1,442)	(2,333)
CASH FLOWS FROM FINANCING ACTIVITIES				
Costs paid on entering new leases and agreements for leases		-	-	180
Payment of interest on lease liabilities		(228)	(319)	(630)
Payment of capital on lease liabilities		(664)	(575)	(820)
Proceeds from issue of shares (including share premium)		-	22	17
NET CASH USED IN FINANCING ACTIVITIES		(892)	(872)	(1,253)
Net (decrease)/increase in cash and cash equivalents		(559)	403	(72)
Foreign exchange (loss)/gain on cash and cash equivalents		(21)	(41)	45
Cash and cash equivalents at beginning of period		3,025	3,051	3,051
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,445	3,413	3,025

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited

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. As further explained in Note 23 Events occurring after the Statement of Financial Position, the primary listing of the Company’s shares was moved from the regulated market of Euronext Dublin to the Euronext Growth market on 8 July 2021. The company registration number is 329175, and the registered office is Block U, EastPoint, Clontarf, Dublin 3, D03 H704, Ireland.

This Half-Yearly Financial Report was authorised for issue by the Board of Directors on 2 September 2021.

2. Basis of preparation

The Half-Yearly Financial Report of Datalex plc (the ‘Group’), which is presented in US Dollars and expressed in thousands, has been prepared as at, and for the period ended 30 June 2021, in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and 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 2020 included in the Datalex plc 2020 Annual Report which is available on the Group’s website www.datalex.com. The Group’s 2020 Annual Report and financial statements have been audited but the auditor, Deloitte Ireland LLP, have issued a qualified opinion thereon in relation to the opening balances as at 1 January 2020 arising from the disclaimed audit opinion issued on the 2019 financial statements.

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 2021 and ended 30 June 2021 have been prepared to meet our obligation under the Transparency (Directive 2004/109/EC) Regulations 2007 as amended (Statutory Instrument No. 277 of 2007);
- the interim financial statements as at, and for the period commencing 1 January 2021 and ended 30 June 2021 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 2020 will be annexed to the 2021 annual return and filed with the Companies Registration Office;
- the statutory auditors of the Group have 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; and
- the matters referred to in the statutory auditors’ report were qualified in respect to the impact of the Disclaimer of Opinion issued on the 31 December 2019 financial statements and included a reference to material uncertainties relating to going concern to which the statutory auditors drew attention by way of emphasis without further qualifying the report.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited

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 Group incurred a loss of US\$3.8m in the six months to 30 June 2021 (2020 financial year: loss of US\$6.5m). At 30 June 2021, the Group had net liabilities of US\$26.9m (31 December 2020: net liabilities of US\$23.7m) and net current liabilities of US\$27.1m (31 December 2020: net current liabilities of US\$23.0m). The total decrease in cash in the six months to 30 June 2021 was US\$0.6m (2020 financial year: US\$0.03m increase).

The Group continues to operate in a very competitive environment. COVID-19 has had a significant adverse impact on the aviation industry to date and there remains uncertainty as to when the industry will recover from it. This leads to the risk that airlines could fail in the near future due to the travel restrictions imposed by governments throughout the world. This gives rise to material uncertainties for the business that may cast significant doubt on the Group's ability to continue as a going concern.

The actions taken by the Group in 2020 and 2021 have assisted the Group in navigating the challenges associated with COVID-19. Over the course of H1 2021, the Group has:

- Continued the focus on active cost control and cash management;
- Completed a working capital review to assess the future cash needs for the Group. This working capital review was prepared as part of the Capital Raise exercise and was subject to an independent review and sensitivity analysis by a third party. Please see Note 23, Events occurring after the statement of financial position date, for more information on the Capital Raise;
- Announced on 8 July 2021, as further explained in Note 23, the successful placing of 50,000,000 shares and the movement of the share listing from the regulated market of Euronext Dublin to the Euronext Growth market. The equity raise resulted in additional cash inflows net of fees of €23.7m (\$28.1m) being total funds raised of €25m (USD\$29.7m) less fees of €1.3m (USD\$1.6m). This cash was utilised to clear the existing Tireragh Limited loan facilities on 14 July 2021 and support the working capital requirements of the Group. In addition to clearing the existing Tireragh Loan facility the Company has agreed an additional loan facility with Tireragh of €10m (USD\$11.88m) on the same terms as the previous facility. This new facility is available to be drawn upon until 1 December 2022 and remains undrawn upon at the date of approval of this interim report.

As the Group recovers from the impacts of the COVID pandemic and the previously reported financial issues, the Board acknowledges that there is a risk that some customers may look to alternative providers or seek to renegotiate their existing contract terms. Additionally, the new wins that have been forecast in the working capital review may not materialise.

The Board of Directors has assessed the prospects of the Group and whether the business is a going concern. In evaluating the going concern of the Group, the directors have given consideration to the cash flow needs for the next twelve months, the directors have taken into account the Group's forecast cash flows, liquidity, borrowing facilities and related covenant requirements and the expected operational activities of the Group. Preparation of financial forecasts for the business is challenging in this environment, as there are a number of different outcomes, both positive and negative which could arise as a result of COVID-19. However, following the successful completion of the Capital Raise post period end but in advance of issuance of this interim report the Directors have concluded that preparation of the H1 2021 Interim Financial Statements on a Going Concern basis is appropriate.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

3. Accounting policies

The accounting policies 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 2020. 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 2020 Annual Report. The 2020 Annual Report was published on the 28 April 2021.

Other IFRSs and IFRIC interpretations

No IFRSs or IFRIC interpretations are effective for the first time for the financial period beginning on 1 January 2021 that have a material impact on the Group. The IFRIC interpretation on SaaS has not impacted Datalex notwithstanding the move of all clients to the cloud.

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.

Management has determined the reportable operating segments based on the reports reviewed by the executive management team that are used to make strategic decisions. The executive management team assesses the performance of the operating segments based on the measure of Adjusted EBITDA. Adjusted EBITDA is our primary Alternative Performance Measure and we believe its disclosure, as a measure used by management, is also useful to shareholders in assessing the financial performance of the Group. Unlike other businesses, it is not a proxy for operating cash flow as our cash flows vary by customer contract.

The executive management team reviews business performance from a product and service perspective. In 2021 and 2020, Transaction Processing Facility ("TPF") Consulting did not meet the quantitative thresholds for mandatory disclosure under IFRS 8 Operating Segments (IFRS 8 para 3). 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 6 month half year period, 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 (with the exception of deferred commission costs), 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 income statement.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

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 TFP 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 2021 is as follows:

	30 June 2021 Unaudited			30 June 2020 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	11,760	1,222	12,982	12,618	967	13,585
Inter-segment revenue	-	(389)	(389)	-	(365)	(365)
External revenue	11,760	833	12,593	12,618	602	13,220
Adjusted EBITDA	1,566	199	1,765	(1,335)	76	(1,259)
Share-based payments (cost)/credit	(450)	-	(450)	11	-	11
EBITDA	1,116	199	1,315	(1,324)	76	(1,248)
Depreciation	(583)	(13)	(596)	(908)	(24)	(932)
Amortisation	(224)	-	(224)	(93)	-	(93)
Operating profit/(loss) before exceptional items	309	186	495	(2,325)	52	(2,273)
Exceptional items (Note 7)	(1,541)	-	(1,541)	(1,217)	-	(1,217)
Operating (loss)/ profit after exceptional items	(860)	186	(1,046)	(3,542)	52	(3,490)
Finance costs			(2,696)			(1,286)
Finance income			-			1
Loss before income tax			(3,742)			(4,775)
Income tax expense			(36)			(12)
Loss for the period			(3,778)			(4,787)

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

4. Segmental information (continued)

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

	Unaudited Six months ended		Audited
	30 June 2021	30 June 2020	Year ended 31 December 2020
	US\$'000	US\$'000	US\$'000
Adjusted EBITDA	1,765	(1,259)	1,342
Depreciation	(596)	(932)	(1,915)
Amortisation – Development costs	(118)	-	(27)
Amortisation – Software	(65)	(29)	(72)
Amortisation – Contract acquisition costs	(41)	(64)	(128)
Finance income	-	1	-
Finance costs	(2,696)	(1,286)	(2,897)
Share-based payments (cost)/credit	(450)	11	(67)
Exceptional items (Note 7)	(1,541)	(1,217)	(2,772)
Loss before income tax	(3,742)	(4,775)	(6,536)

	Unaudited Six months ended		Audited
	30 June 2021	30 June 2020	Year ended 31 December 2020
	US\$'000	US\$'000	US\$'000
Adjusted EBITDA	1,765	(1,259)	1,342
Foreign Exchange	(634)	(16)	2,013
Foreign currency adjusted EBITDA	1,131	(1,275)	3,355

Foreign currency adjusted EBITDA was a KPI introduced during H2 2020. Refer to Note 18 of the Group's 2020 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 2021			Audited 31 December 2020		
	E-business US\$'000	TPF Consulting US\$'000	Total US\$'000	E-business US\$'000	TPF Consulting US\$'000	Total US\$'000
Total segment assets	15,956	530	16,486	18,109	2,626	20,735
Total segment liabilities	(42,852)	(515)	(43,367)	(44,154)	(360)	(44,514)

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.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

4. Segmental information (continued)

Analysis of revenue by category	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31 December
	2021	2020	2020
	US\$'000	US\$'000	US\$'000
Platform revenue	7,496	7,739	16,571
Services revenue	4,264	4,880	10,135
Consultancy revenue	833	601	1,210
Other revenue	-	-	154
Revenue from contracts with customers	12,593	13,220	28,070

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

5. Expenses by nature

	Unaudited Six months ended			Unaudited Six months ended			Audited Year Ended 31 December		
	2021 Before exceptional items US\$'000	2021 Exceptional items (Note 7) US\$'000	2021 Total US\$'000	2020 Before exceptional items US\$'000	2020 Exceptional items (Note 7) US\$'000	2020 Total US\$'000	2020 Before exceptional items US\$'000	2020 Exceptional items (Note 7) US\$'000	2020 Total US\$'000
Employee benefit expense (Note 6) – net of capitalisation	7,233	-	7,233	7,521	244	7,765	14,169	467	14,636
Consultant and contractor costs – net of capitalisation	1,074	-	1,074	3,742	-	3,742	6,058	-	6,058
Amortisation – development cost	118	-	118	-	-	-	27	-	27
Amortisation – software	65	-	65	29	-	29	72	-	72
Deferred commission amortisation	41	-	41	64	-	64	128	-	128
Establishment costs	410	-	410	395	-	395	672	-	672
Hosting	723	-	723	722	-	722	1,568	-	1,568
Professional fees	463	1,628	2,091	890	943	1,863	1,831	1,840	3,671
Travel	35	-	35	143	-	143	183	-	183
Depreciation – PP&E	183	-	183	518	-	518	507	-	507
Depreciation – Right-of-use Assets	413	-	413	414	-	414	1,408	-	1,408
Net impairment (writeback)/losses on financial and contract assets	(515)	-	(515)	111	-	111	(1,729)	205	(1,524)
Third party services	231	-	231	232	-	232	429	-	429
Impairment	-	-	-	-	-	-	-	260	260
Share option expense/(credit)	450	-	450	(11)	-	(11)	66	-	66
Communication	73	-	73	92	-	92	178	-	178
Software maintenance and other online charges	389	-	389	39	-	39	630	-	630
Other	1,263	(87)	1,176	740	-	740	1,591	-	1,591
Total cost of sales, selling and marketing costs, administrative expenses and net impairment losses on financial and contract assets	12,649	1,541	14,190	15,641	1,217	16,858	27,723	2,772	30,495
Other losses/(gains) (Note 8)	(445)	-	(445)	6	-	6	1,615	-	1,615
Total operating costs	12,204	1,541	13,745	15,647	1,217	16,864	29,338	2,772	32,110
Disclosed as:									
- Cost of sales	5,894	-	5,894	10,631	-	10,631	19,234	-	19,234
- Selling and marketing costs	149	-	149	652	-	652	1,116	-	1,116
- Administrative expenses	7,121	1,541	8,662	4,247	1,217	5,464	9,102	2,567	11,669
- Net impairment (writeback)/losses on financial and contract assets	(515)	-	(515)	111	-	111	(1,729)	205	(1,524)
- Other (losses)/gains (Note 8)	(445)	-	(445)	6	-	6	1,615	-	1,615
Total operating costs	12,204	1,541	13,745	15,647	1,217	16,864	29,338	2,772	32,110

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

5. Expenses by nature (continued)

Employee benefit expense (Note 6) - net of capitalisation

The increase in employment costs in the period has been driven by the impact of the 4-day working week induced during H1 2020 which was not replicated during H1 2021 offset by a reduction in the Group's headcount. Headcount has reduced compared to the prior periods as a result of the previous targeted severance programs and natural attrition.

Consultant and contractor costs - net of capitalisation

The reduction in consultant and contractor costs in the period has been driven by 2 factors:

1. During 2019, the Group entered into an agreement with a contracting vendor, whereby the Group would earn a \$1.5m discount which could be allocated to amounts owed to the contracting vendor. This agreement required the Group to meet agreed criteria which were completed in full in H1 and the contractor issued a credit note to the Group.
2. In response to the impacts of COVID-19, the Group has reduced the number of contractors deployed across on going internal and customer related projects. This has also been reflected in the Services revenue reduction in the period.

6. Employee benefit expense

	Unaudited Six months ended		Audited Year ended
	30 June 2021 US\$'000	30 June 2020 US\$'000	31 December 2020 US\$'000
Wages and salaries	7,178	6,870	13,505
Social security costs	792	624	1,340
Pension costs – defined contribution schemes	339	282	557
Employee benefit expense before capitalisation	8,309	7,776	15,402
Capitalised labour	(626)	(178)	(699)
Employee benefit expense after capitalisation	7,683	7,598	14,703
Share based payments (credit) / Cost	(450)	(11)	(67)
Total	7,223	7,587	14,636
Total employee expense before capitalisation	7,859	7,765	15,335
Capitalisation ⁽ⁱ⁾	(626)	(178)	(699)
Total employee benefit expense	7,223	7,587	14,636

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

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Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

7. Exceptional items

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31 December
	2021	2020	2020
	US\$'000	US\$'000	US\$'000
Exceptional Gains			
Termination notice issued on Dublin office - Right-of-use asset	87	-	-
	87	-	-
Exceptional Costs			
Professional fees in relation to investigations, business transformation programme and litigation procedures	260	973	1,783
Severance pay costs	-	244	467
Provision for costs associated with complying with regulatory investigations	-	-	57
Provision for non-recovery of customer receivable balances, which are subject to litigation	-	-	205
Impairment Atlanta office	-	-	260
Costs associated with Capital Raise	1,368	-	-
	1,628	1,217	2,772
Net exceptional items	1,541	1,217	2,772

The exceptional items that arose in respect of the year ended 31 December 2020 are described in Note 23 of the Group's 2020 Annual Report. The exceptional items incurred in respect of the six months ended 30 June 2021 are outlined below:

Termination notice of office in Dublin

During H1 2021, the Group's 100% owned subsidiary, Datalex Ireland Limited reached an agreement to terminate an office lease early. This resulted in a termination notice fee being paid and a recalculation of the Lease Liability in line with the reduced term of the lease. As the Lease Liability reduction was greater than the Net Book Value of the corresponding Right-of-use asset (as a result of the differential in the lease unwind rates on the lease liability and the yearly depreciation charge on the Right-of-use asset), a net credit has been recorded as an exceptional one-off item.

Professional fees

During H1 2021 the Group incurred additional professional fees relating to previously disclosed exceptional items. The costs incurred in H1 2021 primarily relate to professional legal fees relating to the ongoing Lufthansa and Swiss Airlines contractual dispute.

Costs associated with Capital Raise

During H1 2021, the Group incurred costs associated with the Capital Raise completed on the 8 July 2021. The accounting standards require these costs to be reviewed upon completion of the arrangement and will result in certain costs being netted against the Equity and other costs being accounted for as capitalised debt issuance costs. As the transaction was not fully completed at the reporting date it has been deemed appropriate to record these as exceptional at the H1 Interim reporting date. In order to assist the readers of these H1 Interim financial statements, a proforma Balance Sheet has been presented in Note 24. This proforma Balance Sheet indicates how the Balance Sheet for 30 June 2021 would have been presented had the Equity Raise and Tíreragh Loan Facility repayment occurred in advance of the 30 June 2021 reporting date.

Datalex plc**Notes to the Half-Yearly Financial Report**

For the six months ended 30 June 2021 – unaudited (continued)

8. Other gains/ (losses)

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31 December
	2021	2020	2020
	US\$'000	US\$'000	US\$'000
Net foreign exchange gains/(losses)	445	(6)	(1,615)
Net total	445	(6)	(1,615)

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

9. Trade and other receivables and contract assets

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Current trade and other receivables and contract assets		
Trade receivables	6,748	8,662
Less: allowance for expected credit losses on trade receivables*	(3,563)	(4,100)
Trade receivables – net	3,185	4,562
Contract assets	940	931
Less: allowance for expected credit losses on contract assets*	(77)	(78)
Contract assets – net	863	853
Prepayments	657	269
Research and development tax credits	366	249
VAT receivable	869	933
Receivable from related parties	49	36
Other receivables	589	378
Total other receivables	2,530	1,865
Total current trade and other receivables – net	5,715	6,427
Total current contract assets – net	863	853
Non-current trade and other receivables		
Research and development tax credit	79	665
Total non-current trade and other receivables	79	665
Total trade and other receivables and contract assets	6,657	7,945

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

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
US dollar	1,994	4,670
Euro	5,141	4,923
Pound Sterling	13	-
Swedish Krona	540	-
Total	7,688	9,593

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.

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Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

10. Borrowings

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Lease liabilities (Note 17)	2,586	6,094
Secured loan	17,588	15,733
Total borrowings	20,174	21,827

Disclosed as		
Current	17,770	17,009
Non-current	2,404	4,818
Total borrowings	20,174	21,827

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Lease liabilities		
Current	182	1,276
Non-current	2,404	4,818
Total lease liabilities	2,586	6,094

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

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
US dollar	773	870
Euro	873	4,166
Pound Sterling	785	853
Chinese renminbi	155	205
Total	2,586	6,094

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Secured loan from related party		
Current	17,588	15,733
Non – current	-	-
Total loan liability	17,588	15,733

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Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

10. Borrowings (continued)

Related party secured loan

The Company entered into a €6.141m secured loan facility agreement on 14 March 2019 with Tíreragh Limited, a company ultimately beneficially owned by Mr. Desmond ('Tíreragh'), conditional on shareholder approval (the "First Facility"). Shareholder approval for the First Facility was subsequently given at an EGM held on 26 April 2019. Under the terms of the First Facility, Tíreragh made available a term loan facility of up to a maximum aggregate amount of €6.141m to be drawn down by the Company by way of one or more advances (but no more than six). The First Facility was secured by a debenture entered into by the Company, creating fixed and floating charges over all of the Company's assets, undertaking and goodwill as security for the Company's obligations to Tíreragh with respect to the First Facility. The First Facility was guaranteed by Datalex (Ireland) Limited, the Company's subsidiary, which, by debenture, also created a fixed and floating charge over all of its assets, undertaking and goodwill as security for its and the Company's obligations to Tíreragh with respect to the First Facility. The First Facility was non-amortising, had a term of 18 months from 1 May 2019 and incurred interest on drawn down balances at the rate of 10% per annum, compounding monthly and rolled up until maturity.

The First Facility was re-financed in advance of maturing with the remaining interest payable on the First Facility being capitalised at the refinancing date. Under the terms of the secured loan facility with Tíreragh which was approved by shareholders on 15 November 2019 (the "Second Facility"), a further €5m in secured debt funding was made available to the Company. The Second Facility was repayable in November 2020. Under the Second Facility there were additional obligations to which the Company needed to comply with in addition to those set out in the First Facility.

The Second Facility required 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 Second Facility. The obligations of the Company and each of the guarantors to Tíreragh, 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 Tíreragh with respect to the Second 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 Tíreragh with respect to the Second Facility;
- (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 Tíreragh with respect to the Second Facility;
- (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 Tíreragh with respect to the Second Facility; and
- (vi) Requirements to adhere to certain covenants, as outlined below:
 - 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 Company had achieved the relevant financial covenant targets to date. During 2020, Tíreragh Limited waived obligations to provide certain financial information within specified time limits, including delivery of the Group's 2019 annual report within 120 days of year end (as permitted by the European Securities and Markets Authority and the Central Bank of Ireland) and the time limits within which budget projections and other periodic reporting obligations were provided during the year. Further, Tíreragh Limited provided a waiver extending the time to deliver specified security documents in connection with a subsidiary of the Group and provided a waiver permitting the Group flexibility to negotiate extended payment terms with key suppliers in connection with COVID-19 measures taken by the Group.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

10. Borrowings (continued)

On 31st October 2020, the maturity of the Second Facility was extended to 1 November 2021 following Shareholder approval at an EGM on 24 September 2020. As part of this facility, the Group currently has access to an undrawn facility in the amount of €10m. There have been no additional draw downs on the Tireragh loan facility since December 2019. On 1 April 2021, the Group received written confirmation from Tireragh Limited that it is willing to extend the repayment date of the loan facility to 30 September 2022. The extension of the Tireragh Limited loan facility was on the same terms as the existing facility arrangement.

Subsequent to the period end, as further explained in Note 23, the Group repaid 100% of the Tireragh Limited loan facility and related financing fees on the 14 July 2021.

The loan balance payable under the Second Facility (which is denominated in euro) was comprised of:

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Drawdown*	12,405	12,405
Debt issuance costs	(3,465)	(3,465)
Debt issuance costs – amortisation	1,909	887
Interest charges	2,173	1,388
Loan Facility Fees	3,362	3,362
Foreign exchange	1,204	1,156
	<u>17,588</u>	<u>15,733</u>

* Included in the Drawdown amount is capitalised interest on the First Facility of US\$185k which was rolled up into the drawdown on the Second Facility agreement.

11. Provisions

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Current		
Regulatory Costs Compliance	555	555
Uncertain Tax Positions	341	359
Total Current	<u>896</u>	<u>914</u>
Non-current		
Regulatory Costs Compliance	361	468
Uncertain Tax Positions	-	58
Total Non-current	<u>361</u>	<u>526</u>
Total Provisions	<u>1,257</u>	<u>1,440</u>

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

11. Provisions (continued)

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 Director of Corporate Enforcement, the Central Bank of Ireland and the Gardai.

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
<i>At start of period</i>	1,023	1,049
Charged to the income statement	-	-
Utilised in the period	(190)	(83)
Unwind of discount on Provision	83	57
<i>At the end of period</i>	916	1,023

B. UNCERTAIN TAX POSITIONS

As a result of a review of tax compliance across the Group, which was performed in consultation with external professional advisors, the Group has provided for its best estimate of taxes, interest and penalties due to various tax authorities. The amount to be settled is subject to on-going discussion and agreement with the related tax authorities.

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
<i>At start of period</i>	417	1,120
Charged to the income statement	8	333
Paid during the period	-	(130)
Reclassified to accruals during the period	(45)	(387)
Unused amounts reversed	(39)	(519)
<i>At the end of period</i>	341	417

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

12. Trade and other payables

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Trade payables	2,740	4,220
Accruals	3,944	3,109
Pension contributions	119	118
Social security and other taxes	4,977	3,374
VAT payable	51	35
Other payables	39	6
Total current trade and other payables	11,870	10,862
Total non-current trade and other payables	-	-
Total trade and other payables	11,870	10,862

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

Trade payables

The reduction in Trade Payables in the period is primarily driven by the receipt of the US\$1.5m credit note from a contracting vendor. Please see Note 5 for further information.

Accruals

The increase in the Accruals balance in the period is primarily driven accrued costs incurred associated with the Capital Raise completed on the 8 July 2021. Please see Note 23 for further information.

Social security and other taxes

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

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
US dollar	1,980	3,009
Euro	717	1,106
Pound sterling	18	90
Other	25	15
Total	2,740	4,220

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

13. Contract Liabilities

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

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Advances for bundled performance obligations	4,419	4,419
Advances for service performance obligations	908	101
Advances for platform performance obligations	4,578	5,665
Total	9,905	10,185
Current	5,486	4,419
Non-current	4,419	5,766

The amount disclosed in "Advances for bundled performance obligations" in the current period relates to an ongoing delivery contract where the customer is estimated to go live in 2022. The balance will be unwound over the remaining life of the commercial contract.

14. Income tax

	Unaudited		Audited
	Six months ended		Year ended
	30 June 2021 US\$'000	30 June 2020 US\$'000	31 December 2020 US\$'000
Current tax			
Income tax charge/(credit)	36	12	(59)
Current tax expense for the period	36	12	(59)

No deferred tax assets have been recognised in respect of the loss incurred in the six months ended 30 June 2021 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 2020 is set out in Note 9 to the Group's 2020 Annual Report.

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

15. Loss per share

Basic	Unaudited Six months ended		Audited Year ended
	30 June 2021	30 June 2020	31 December 2020
Loss attributable to ordinary shareholders (US\$'000)	(3,778)	(4,787)	(6,477)
Weighted average number of ordinary shares outstanding	81,563,842	79,935,767	80,014,342
Basic loss per share (in US\$ cents)	(4.6)	(6.0)	(8.1)

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		Audited Year ended
	30 June 2021	30 June 2020	31 December 2020
Loss attributable to ordinary shareholders (US\$'000)	(3,778)	(4,787)	(6,477)
Weighted average number of ordinary shares outstanding – basic	81,563,842	79,935,767	80,014,342
Adjustment for share options and share awards	-	-	-
Weighted average number of ordinary shares outstanding – diluted	81,563,842	79,935,767	80,014,342
Diluted loss per share (in US\$ cents)	(4.6)	(6.0)	(8.1)

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 2021 and 30 June 2020, and for the year ended 31 December 2020 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 2021 amounted to 4,466,449 shares.

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

15. Loss per share (continued)

As noted in the prior year, the weighted average potential dilutive impact of share options at 30 June 2020 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: 88,000 potentially dilutive shares

Average share price below US\$70c: 128,000 potentially dilutive shares

Average share price below US\$90c: 198,000 potentially dilutive shares

Average share price over US\$90c: 1,542,783 potentially dilutive shares

No JSOP or Deferred Share Scheme share awards have been included in the calculation of diluted earnings per share for the six month ended 30 June 2021 as these are anti-dilutive due to the loss recorded by the Group. The share awards could potentially dilute basic earnings per share in the future. The weighted average potential dilutive impact of share awards at 30 June 2021 amounted to 609,905 shares (31 December 2020: 609,905).

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

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 US\$'000	Product development US\$'000	Total US\$'000
Unaudited			
Six months ended 30 June 2020			
Opening carrying amount	121	107	228
Additions	252	343	595
Amortisation charge	(29)	-	(29)
Closing carrying amount	344	450	794
Audited			
Year ended 31 December 2020			
Opening carrying amount	121	107	228
Additions*	578	1,126	1,704
Disposals	(35)	-	(35)
Amortisation charge	(72)	(27)	(99)
Closing carrying amount	592	1,206	1,798
At 31 December 2020			
Cost	731	1,233	1,964
Accumulated amortisation and impairment	(139)	(27)	(166)
Closing carrying amount	592	1,206	1,798
Unaudited			
Six months ended 30 June 2021			
Opening carrying amount	592	1,206	1,798
Additions*	-	1,038	1,038
Amortisation charge	(65)	(118)	(183)
Closing carrying amount	527	2,126	2,653
At 30 June 2021			
Cost	908	2,271	3,179
Accumulated amortisation and impairment	(381)	(145)	(526)
Closing carrying amount	527	2,126	2,653

* Included within the Additions balance is US\$777k (Year end 2020: US\$732k) of ongoing Product Development.

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Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

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. The impact of the ongoing COVID-19 pandemic and continued losses after tax recorded by the Group have been identified as indicators of impairment. Given that the Group has experienced a considerable increase in sales activity in the second quarter of 2021, as airlines began to reconsider investment in their retailing technology as part of their own recovery strategies no impairment has been recorded in respect of the Group's Intangible Assets. The capitalised Software includes amounts incurred on the Group's ERP system.

Product Development work in progress consists of direct employee time and third-party contractor time incurred on a number of projects including the Digital Configurator and Datalex Merchandiser. The Group continues to enhance its product offering capabilities which will provide additional revenue generating opportunities for our Airline customers.

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.

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

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 2020				
Cost	5,946	1,160	53	7,159
Accumulated depreciation	(1,202)	(690)	(18)	(1,910)
Net carrying amount	4,744	470	35	5,249
At 1 January 2020, net carrying amount				
Translation adjustment	(69)	(43)	-	(112)
Additions	173	62	3	238
Disposals	(47)	-	(4)	(51)
Depreciation charge for the period	(398)	(201)	(16)	(615)
At 30 June 2020, net carrying amount	4,744	470	35	5,249
Audited				
At 31 December 2020				
Cost	5,895	1,006	55	6,956
Accumulated depreciation	(1,619)	(694)	(29)	(2,342)
Net carrying amount	4,276	312	26	4,614
At 1 January 2020, net carrying amount				
Additions	266	103	4	373
Disposals	-	-	(3)	(3)
Transfer of Assets	-	123	-	123
Impairments	(260)	-	-	(260)
Depreciation charge for year	(815)	(566)	(27)	(1,408)
At 31 December 2020, net carrying amount	4,276	312	26	4,614
Unaudited				
At 30 June 2021				
Cost	2,680	1,940	83	4,703
Accumulated depreciation	(1,306)	(1,808)	(68)	(3,182)
Net carrying amount	1,374	132	15	1,521
At 1 January 2021, net carrying amount				
Disposals*	(2,680)	-	-	(2,680)
Depreciation charge for period	(222)	(180)	(11)	(413)
At 30 June 2021, net carrying amount	1,374	132	15	1,521

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

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

*During 2021, the group issued notice of termination on its head office in Dublin. The result of the termination notice was a substantial reduction in the lease term. The Group will exit the lease during H1 2022. The reduction in the lease liability was in excess of the net carrying amount of the associated right-of-us asset. As a result, a credit has been recorded in the income statement as an exceptional gain. Please see Note 7. As noted in Note 23, subsequent to the reporting date but in advance of the release of the H1 Interim financial statements the Group gave notice on the UK office lease as part of a cost reduction measures. As the carrying value of the lease liability is greater than the right-of-use asset value, the termination will give rise to an exception gain of approximately \$200k 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 2021.

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

	Office Buildings US\$'000	Computer Equipment US\$'000	Motor Vehicles US\$'000	Total US\$'000
Lease liabilities				
Unaudited				
At 1 January 2020	(5,828)	(556)	(58)	(6,442)
Additions	(173)	(62)	(3)	(238)
Disposals	53	-	4	57
Translation adjustment	78	(5)	5	78
Payments	582	295	17	894
Discount unwinding	(297)	(7)	(4)	(308)
At 30 June 2020	(5,585)	(335)	(39)	(5,959)
Audited				
At 1 January 2020	(5,828)	(556)	(58)	(6,442)
Translation adjustment	(228)	(62)	(2)	(292)
Additions	(171)	(64)	(3)	(238)
Settlement	54	-	4	58
Payments	1,177	238	35	1,450
Discount unwinding	(605)	(17)	(8)	(630)
At 31 December 2020	(5,601)	(461)	(32)	(6,094)
Unaudited				
At 1 January 2021	(5,601)	(461)	(32)	(6,094)
Settlement*	2,841	-	-	2,841
Translation adjustment	5	(1)	-	4
Payments	787	90	15	892
Discount unwinding	(218)	(6)	(5)	(229)
At 30 June 2021 net carrying amount	(2,186)	(378)	(22)	(2,586)

* During 2021, the group issued notice of termination on its head office in Dublin. The result of the termination notice was a substantial reduction in the lease term. The Group will exit the lease during H1 2022. The lease liability has been amended to reflect the change in the lease term.

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

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 / outsource 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 2021 US\$'000	Audited 31 December 2020 US\$'000
At start of period	2,863	2,161
Costs incurred to fulfil the ongoing customer contracts in the period	-	702
At end of period	2,863	2,863

The deferred contract fulfilment cost assets at 30 June 2021 and 31 December 2020 are analysed as follows:

	Unaudited 30 June 2021 US\$'000	Audited 31 December 2020 US\$'000
Current		
Costs incurred to fulfil customer contracts	-	-
Non-current		
Costs incurred to fulfil customer contracts	2,863	2,863
Total	2,863	2,863

At 30 June 2021, the Directors are of the opinion that the contract fulfilment costs of US\$2.8m (2020: US\$2.8m) will be recovered through related future revenues and that deferral of such costs continues to be appropriate. The deferred costs relate to an on-going implementation that was due to go-live in H1 2020 for which there is a related "Advances for bundled performance obligations" Contract Liability recorded in Note 13. As a result of COVID-19, the airline customer paused the implementation prior to the scheduled go-live date. At the time the project was on track to meet the go-live requirements. It is expected the implementation will recommence in 2022. The directors have assumed that the go-live will not occur before the H2 2022 and therefore deem it appropriate for the balances to be classified as non-current. The deferred costs will be amortised on a systematic basis consistent with the pattern of the transfer of the services to which the asset relates, generally the licence term.

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

19. Share capital

There were 82,153,842 ordinary shares in issue at 30 June 2021 (31 December 2020: 82,153,842). Included in the total issued ordinary shares at both 30 June 2021 and 31 December 2020 were 590,000 ordinary shares held by The Datalex Employee Benefit Trust which have been treated as treasury shares.

20. Cash generated from operations

	Unaudited Six months ended		Audited Year ended
	30 June 2021 US\$'000	30 June 2020 US\$'000	31 December 2020 US\$'000
Loss before income tax	(3,742)	(4,775)	(6,536)
Adjustments for:			
Finance costs – net	446	978	2,897
Interest on lease liabilities	-	308	-
Depreciation	183	518	507
Depreciation of right-of-use assets	413	414	1,408
Amortisation	65	29	99
Deferred commission amortisation	41	64	128
Impairment	-	-	260
Share-based payments cost/(credit)	450	(11)	67
Loss on disposal of fixed assets	-	(6)	-
	(2,144)	(2,481)	(1,170)
Changes in working capital:			
Trade and other receivables	1,459	(3,462)	410
Contract assets	(10)	2,239	1,708
Contract fulfilment costs	-	-	(1)
Trade and other payables	2,421	297	538
Contract liabilities	(280)	6,312	2,766
Provisions	(183)	(179)	(737)
Cash generated from operations	1,263	2,726	3,514

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Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

21. 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 2020: two Executive Directors), the five Non-Executive Directors (six months ended 30 June 2020: five Non-Executive Directors) and ten members of the senior management team (six months ended 30 June 2020: thirteen members).

The remuneration of and transactions with all Directors under the Companies Act 2014 have been disclosed in the Remuneration Report.

	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
Short term employee benefits ⁽¹⁾	1,907	1,748
Share-based payment charge ⁽²⁾	434	6
Termination benefits	-	16
Retirement benefits expense ⁽³⁾	79	72
Total	2,420	1,842

(1) Balance is made up of salaries, Directors' fees, and other short-term employee benefits.

(2) The benefits included in this category relate to share option awards, JSOP awards, Long Term Incentive Plans and deferred share awards

(3) Retirement benefits accrued in the period to two Executive Directors (six months ended 30 June 2020: two Directors) and ten members of the senior management team (six months ended 30 June 2020: twelve members) under defined contribution schemes.

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

	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000
Directors' fees	182	166

B. TRANSACTIONS WITH TIRERAGH LIMITED

As more fully explained in Note 10 above, the Group entered into a secured loan facility agreement with Tireragh Limited. Tireragh Limited is a related party ultimately beneficially owned by Mr. Dermot Desmond. At 30 June 2021, the total balance payable to Tireragh Limited under this arrangement was \$17,588,000. As further explained in Note 23, on the 14 July 2021 the Group repaid 100% of the Tireragh Limited loan balance and associated financing fees.

C. OTHER

Details of related party transactions in respect of the year ended 31 December 2020 are contained in Note 29 of the Datalex plc Annual Report 2020. The Group continued to enter into transactions in the normal course of business with its related parties during the period. Except as disclosed in (B) above, there were no transactions with related parties in the first half of 2021 or changes to transactions with related parties disclosed in the 2020 Annual Report that had a material effect on the financial position or performance of the Group.

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Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

22. Dividends

The Directors do not propose an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021.

23. Events occurring after the statement of financial position date

On the 8 July 2021 in relation to the Cornerstone Placing, Firm Placing and Placing and Open Offer (the “Capital Raise”), and the Extraordinary General Meeting of the Company held on 1 July 2021, 82,153,842 Existing Ordinary Shares and 50,000,000 New Ordinary Shares to were admitted to trading on Euronext Growth. The Existing Ordinary Shares have been removed from trading on the regulated market of Euronext Dublin and their listing on the Official List has been cancelled. The equity raise resulted in additional cash inflows net of fees of €23.7m (\$28.1m) being total funds raised of €25m (USD\$29.7m) less fees of €1.3m (USD\$1.6m).

On 14 July 2021, the company repaid 100% of the remaining Tireragh Limited loan facility balance, capitalised interest costs and financing fees associated with the Tireragh Loan Facility.

Set out in Note 24, is a proforma Balance Sheet that illustrates how the reported Balance Sheet would have looked had the Capital Raise and Loan Facility repayment been completed on 30 June 2021 using the prevailing Foreign Exchange rates on the 30 June 2021.

Datalex UK Limited, a wholly owned subsidiary of the group issued a termination notice on its Manchester lease as part of the Group's cost saving measures. The result of the termination notice will see the UK office relocate to a smaller space within the same building in which it is currently located. As the carrying value of the lease liability is greater than the right-of-use asset value, the termination will give rise to an exception gain of approximately \$200k.

There were no other events that would have impacted on the Half-Yearly Financial Report for the six months ended 30 June 2021, up to the date of issue.

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

24. Proforma Balance Sheet

This note is been provided to demonstrate that if the Capital Raise and Tíreragh Limited loan facility repayment occurred on 30 June 2021 using 30 June 2021 foreign exchange rates the group would reported a small USD\$1.3m net asset position.

	30 June 2021	Adjustments	30 June 2021 Proforma
	<i>Unaudited</i> US\$'000	<i>Unaudited</i> US\$'000	<i>Unaudited</i> US\$'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	326	-	326
Intangible assets	2,653	-	2,653
Right-of-use assets	1,521	-	1,521
Deferred contract fulfilment costs	2,863	-	2,863
Trade and other receivables	79	-	79
Total non-current assets	7,442	-	7,442
<i>Current assets</i>			
Trade and other receivables	5,715	-	5,715
Contract assets	863	-	863
Contract acquisition costs	21	-	21
Cash and cash equivalents ⁽ⁱ⁾	2,445	8,996	11,441
Total current assets	9,044	8,996	18,040
Total assets	16,486	8,996	25,482
EQUITY			
<i>Capital and reserves attributable to the equity holders of the Company</i>			
Issued ordinary share capital ⁽ⁱⁱ⁾	8,215	3,758	11,973
Other issued equity share capital	262	-	262
Other reserves ⁽ⁱⁱⁱ⁾	12,372	24,710	37,082
Retained loss ^(iv)	(47,730)	(315)	(48,045)
Total equity	(26,881)	28,153	1,272
LIABILITIES			
<i>Non-current liabilities</i>			
Borrowings	2,404	-	2,404
Provisions	361	-	361
Contract liabilities	4,419	-	4,419
Total non-current liabilities	7,184	-	7,184
<i>Current liabilities</i>			
Borrowings ^(v)	17,770	(17,588)	182
Provisions	896	-	896
Trade and other payables ^(vi)	11,870	(1,569)	10,301
Contract liabilities	5,486	-	5,486
Current income tax liabilities	161	-	161
Total current liabilities	36,183	(19,157)	17,026
Total equity and liabilities	16,486	8,996	25,482

Datalex plc
Notes to the Half-Yearly Financial Report
For the six months ended 30 June 2021 – unaudited (continued)

24. Proforma Balance Sheet (continued)

The adjustments to the actual 30 June 2021 results reflected in the 30 June 2021 proforma are summarised below.

(i) Cash and cash equivalents

Cash receipts from Capital Raise of USD\$29.7m offset by Tireragh Loan repayment of USD\$19.1m and Capital Raise fees of approx. USD\$1.6m.

(ii) Issued ordinary share capital

50 million new Ordinary Shares issued at USD\$10c each (USD\$5m) offset by equity share costs of USD\$1.2m.

(iii) Other reserves

Being the share premium on the Capital Raise, Cash of USD\$29.7m less Ordinary Share Capital of USD\$5m.

(iv) Retained loss

Being the write off of the USD\$1.6m remaining unamortised debt issuance costs, offset by the equity share costs of USD\$1.2m.

(v) Borrowings

Being the repayment of USD\$19.1m to Tireragh Limited offset by the write off of the USD\$1.6m remaining unamortised debt issuance costs.

(vi) Trade and other payables

Being the payment of the Capital Raise fees of approx. USD\$1.6m.

25. Principal risks and uncertainties

The principal risks and uncertainties faced by the Group were last outlined on pages 34 to 37 of the Group's 2020 Annual Report. The Annual Report is available on our website www.datalex.com/investors.

COVID-19 will have an unpredictable impact on all businesses. The directors in conjunction with the management team have performed an assessment of the risks faced specifically in relation to COVID-19. The Group outlined the business impact of COVID-19 and actions being taken to respond to the impact of COVID-19 on pages 24 and 25 of the 2020 Annual Report.

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2021 – unaudited (continued)

25. Principal risks and uncertainties (continued)

Other than those noted below, the risks for the remaining six months are the same as those that been disclosed in the 2020 annual report. These risks were assessed during H1 2021 as the Company reviewed the impact of the COVID-19 crisis on the business.

Foreign Exchange

As a result of the post period end repayment of the Tíreragh Limited Euro denominated loan balance, it is expected that the risk associated with foreign exchange movements will decrease for the remaining six months of 2021.

Financing Risk

As a result of the post period end completion of the Capital Raise and the associated strengthening of the Group Balance Sheet the risk associated with financing is expected to decrease for the remaining six month of 2021. We have included the Proforma Balance Sheet in Note 24 to demonstrate the impact of the Capital Raise.

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 statutory financial statements for the year ended 31 December 2020.

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 U, EastPoint, Dublin, D03 H704, Ireland.