

# Chief Executive Officer's Review



In what is my first period in review, I would like to start out by thanking the Board, Chairman and the team, for giving me the opportunity to become the Chief Executive Officer of Datalex during this pivotal period.

In my six months in the business, I am struck by the commitment of the team and strength of the business offering and I see enormous potential for Datalex. The progress made in 2023 is just the start of the rebuild of Datalex as a market leader in the airline technology market.

## Customers

At Datalex, customers are at the heart of everything we do.

In 2023, Datalex signed a number of long-term renewals with its existing customers that have set a solid foundation for future growth. We are particularly pleased that as part of the renewal process, Aer Lingus, Edelweiss and Air China will be migrating to Datalex's newest platform products. These renewals, along with the related investment by these airlines to migrate to Datalex's latest product suite, are not only a testament to the value of our long-standing partnerships with customers, but also a vote of confidence in where Datalex is bringing its products over the next 3 - 5 years.

Additionally, Air Transat signed a new deal which includes a continuation of their existing product solutions combined with Datalex continuing to provide further capability to them over the partnership to enable them to achieve their growth strategy and retailing ambitions. JetBlue also extended its partnership with Datalex for the maintenance of existing services.

### April 2023:

- > Announced renewal of partnership with Air China and migration to latest product suite
- > Announced renewal of partnership with Air Transat



### May 2023:

- > Announced renewal of partnership with JetBlue
- > Announced renewal of partnership with Edelweiss and migration to latest product suite



### October 2023:

- > Announced renewal of partnership with Aer Lingus and migration to latest product suite

### Setting new foundations with new customers

It is hugely positive that the Group has continued to sign new customers over the past 18 months. It is a validation of the solution that Datalex provides to the airline market and also proof of Datalex's ability to win in its market.

Following the signing of easyJet in December 2022, the execution of this activation project was a significant focus for the Group in 2023. EasyJet went live with Datalex Merchandiser in December 2023, which was a big milestone, but it represents only the start of the overall project and 2024 will see the pace of activation increase as we roll out a combination of existing and new innovative capabilities to one of the largest airlines in the world.

In 2023, we signed an agreement with LATAM Airlines. Although the project achieved its primary endpoints, we have agreed that this solution will not be part of LATAM Airlines' or Datalex's short term priorities and will not proceed. We derived significant value and insight from this project and will continue to invest in co-innovation projects with airlines, where we see strategic areas of opportunity and a joint return on investment.

In December 2023, we announced a new partnership agreement with Air Macau who will also go live with Datalex's shopping and pricing product. We look forward to being a strategic enabler for Air Macau on their digital transformation journey in the forthcoming year as Air Macau and Macau more generally establishes itself on the map as a leisure destination.

Despite this momentum with new and existing customers, in February 2023 Scandinavian Airlines cancelled their contract with Datalex, triggered by their Chapter 11 restructuring process. In September 2023, Datalex's programme with Virgin Australia was ended. These contracts represented \$3.5million of revenue that was recognised in 2023.

### Performance

In 2023, the Group achieved revenue growth of 23%, with total revenue increasing from \$23.5m in 2022 to \$28.9m in 2023.

Positively, platform (including hosting) revenue increased by 17% from \$11.1m in 2022 to \$12.9m in 2023. This increase is primarily attributable to increased transaction volumes as Datalex was able to capitalise on the airline industry continuing to pick up pace globally throughout the year.

Services and Other revenue increased by 29%, from \$12.4m in 2022 to \$16.0m in 2023. This increase is primarily attributable to the increased volume of activation & implementation projects that occurred in 2023.

Our operating costs before exceptional items increased by \$0.3m in 2023. A large driver of this increase was additional headcount costs associated with delivering the increased volume of activation work that was undertaken in 2023, in comparison to the prior year.

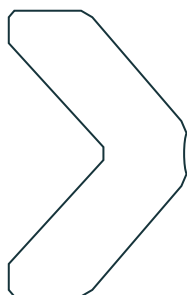
We are reporting an adjusted EBITDA loss of US\$2.9m for 2023. This represents a material improvement versus the prior year (EBITDA loss US\$5.3m in 2022), and it is our ambition to return to generating positive EBITDA in 2025.

From a cash perspective, we closed the year with a cash balance of US\$5.8m, which is US\$0.8m less than the closing balance as at the end of 2022. It is the Group's intention to complete an equity fundraising to raise sufficient capital, net of expenses, for the repayment of the Tireragh Limited loan facility, including related interest charges, along with providing the Group with sufficient working capital to invest in its product roadmap, the activation of new customers and securing new revenue opportunities. We have engaged with financial advisors, and we look forward to updating the market in due course.

### Strategy

The renewals of key customer accounts in 2023 not only increased Datalex's recurring revenue base for the medium term, but also enabled the Group to move its customers to the Group's streamlined revenue model. This revenue model comprises a balance of license fees and transaction fees for air and ancillary products. The transaction fee component enables Datalex to participate in the growth of airline volumes as the industry grows, but also ensures that Datalex is incentivised to continue to bring product capability to airlines that enables them to increase their air and ancillary revenues.

2024 will be the first year where we go-live with our new platform. This will see a focus on activation and migration projects on the back of a highly successful year of customer renewals which includes the migration of Aer Lingus, Edelweiss and Air China to our new product platform, along with easyJet and Air Macau, who will also take our latest product suite. While we are in this period of heavy activation, services revenues will remain elevated in proportion to platform revenue. However, as customers go-live with further capability and products from our product portfolio, this services revenue will shift to higher-margin platform revenue.



In addition to top-line growth driven by transaction revenue growth (in line with the industry recovery and new customers going live), bottom-line growth is also a priority as I look ahead. As we grow, we need to ensure that we are scaling our cost-base in line with our business model and strategy. In addition, we will also seek to ensure that we continue to focus on operational excellence across all areas of our business. To this end, we have started to roll out changes in 2024 to optimise our operating model to drive efficiency and streamline delivery.

In terms of our medium to longer-term strategy, our focus is, and will continue to be, on providing offer and order management e-commerce capabilities that generate significant value for airlines. Unlocking the value creation opportunity from offer and order management will continue to be a significant priority for airlines. Many airlines are currently assessing and planning how they can move their dependency away from legacy reservation systems and Datalex is strongly positioned to support airlines that are looking to embark on this transition. In addition to this, we will continue to examine adjacent areas of opportunity where Datalex could expand its offering to bring additional benefits to our customers and create additional upside for the Group.

### Looking Ahead

I have been really encouraged by the level of passion and commitment I have seen across the business since I joined in November 2023. The Datalex team is focused on delivering value to its customers. This is a significant strength, as 2024 will be another year where we remain focused on delivering activation and transformation projects for our customers. These projects will be another stepping stone for our turnaround leading to sustainable and long-term growth.

I am more excited than ever about Datalex's products and opportunities and look forward to working alongside my committed colleagues to maximise our potential into the future.

**Jonathan Rockett**  
Chief Executive Officer Datalex

19 June 2024





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Jonathan Rockett  
Chief Executive Officer, Datalex