Datalex
Transforming Airline Retail

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. With the publication of this announcement, this information is now considered to be in the public domain.

DATALEX PLC
2019 Annual Report and Financial Statements

Dublin, Ireland – 30 June 2020: Datalex plc (the "Company" or the "Group") (Euronext Dublin: DLE), a market leader in transformative airline retail products and solutions, announces that it has today published an electronic version of its 2019 Annual Report and Financial Statements for the year ended 31 December 2019 (the "2019 Annual Report") on its website.

The 2019 Annual Report is available to download at www.datalex.com/investors

A copy of the 2019 Annual Report has been submitted to Euronext Dublin where it is available for inspection and copies are being posted to shareholders who have elected to receive them.

Commenting on the publication of the Datalex Group Annual Report for 2019, Chief Executive Officer, Sean Corkery said:

"This is an important milestone for Datalex.

In 2019, the new management team reset and stabilised the business whilst maintaining a relentless focus on execution and delivery. Costs have been significantly reduced and the mix of platform versus services revenues improved as we went through 2019. Our financial results were in line with our targets and we delivered a positive adjusted EBITDA for the year in addition to meeting our external commitments.

Our customers, our shareholders and our employees have demonstrated great solidarity and we are now ready to build on that trust and for our customers, to build on the critical role we play in their success. Support and confidence from all stakeholders, as described in the Annual Report, is a testament to the recognised potential of Datalex.

Notwithstanding the effects of COVID-19, we are well placed to benefit from a recovery in travel and with our new strategic plan – 'Driving Accelerated & Sustainable Growth' – already in motion, we are ready for a return to consistent growth and profitability."

Datalex
Transforming Airline Retail

Financial results

KEY FINANCIAL RESULTS

	2019 As Reported US$'M	2018 As Restated [5] US$'M
Platform revenue [1]	26.8	23.5
Services revenue	16.4	19.4
Consultancy revenue	1.7	1.9
Other revenue	0.2	0.3
Total revenue	**45.1**	**45.1**
Operating costs [2]	47.8	54.9
Exceptional costs (including income tax)	8.3	37.1
Adjusted EBITDA [3]	**0.5**	**(1.9)**
Loss after tax	**(12.1)**	**(47.2)**
Cash and cash equivalents	**3.1**	**8.4**
Cash used in operations	**(15.0)**	**(1.6)**
Net working capital [4]	**(16.5)**	**(11.7)**
EPS – basic (cent)	**(15.1)**	**(61.5)**
EPS – diluted (cent)	**(15.1)**	**(61.5)**

(1) Platform revenue is earned from the use of the Group's Digital Commerce Platform by our customers. See also Note 18 of the 2019 Annual Report.

(2) Operating costs include cost of sales, selling and marketing costs, administrative expenses, net impairment losses on financial and contract assets and other gains/(losses) (see Note 19 and Note 22). The Group adopted IFRS 16 using the Modified Retrospective approach in 2019, as a result the 2018 comparatives have not been restated for the impact of IFRS 16. Amounts are stated before separately disclosed exceptional items.

(3) Adjusted EBITDA 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 23 of the 2019 Annual Report).

(4) Net working capital is calculated as current assets less current liabilities. The current assets and current liabilities subtotals can be found in the consolidated statement of financial position in the 2019 Annual Report. Narrative reconciling the movement in the net working capital is detailed in the "Cash and Financial Position at 31 December 2019" commentary on page 17 of the Annual Report.

(5) As per Note 34 of the Annual Report, during 2019 management reassessed the Income Statement cost classifications. Changes were made to better reflect the cost classifications in the Income Statement and to provide better information to the users of the accounts. To ensure comparability and usability of the financial statements the amounts reported in the 2018 Annual Report have been restated.

Several actions were taken by the Board in 2019, most notably the appointment of a new management team. The Group has significantly restructured its finance function and strengthened the internal controls of the business. Also, during 2019, the Group executed a cost restructuring programme with meaningful results.

Customer retention was a major focus and comments included in the report from some of these customers is testament to the success of this strategy. Customers confirm that the Datalex core product and technology is key to their business.

There is renewed rigour and discipline in product investment with an initiative underway to reduce our product implementation time, in line with our product led business strategy, and we have executed an important NDC (New Distribution Capability) project for a customer. We have reviewed our commercial model with a focus on an acceleration of our Software as a Service (SaaS) revenues.

A new strategic plan entitled 'Driving Accelerated & Sustainable Growth' has been finalised.

As previously announced, the Company intends to arrange an equity fundraising to raise, net of expenses, sufficient proceeds for the repayment of its loan facilities and the funding of the working capital needs of the business.

Given the current challenging market conditions and the significance of the potential funding requirement, the Group sought and received confirmations of intended financial support from Tireragh Limited's ultimate beneficial shareholder, Mr. Dermot Desmond, to procure both the extension of the repayment date for the loan facility from 1 November 2020 to 1 November 2021 and additional debt funding of up to €10 million, if required, subject to payment of a financing fee and on terms to be agreed. The Company anticipates that the provision of such finance to the Group will require independent shareholder approval as it constitutes a related party transaction under the Euronext Dublin Listing Rules.

This additional debt funding facility that Mr. Desmond intends to procure will allow Datalex the flexibility to complete an equity fundraising at an appropriate time when market conditions are more favourable.

The Group is in advanced discussions with the Central Bank of Ireland and Euronext Dublin regarding the lifting of the suspension of trading in the Company's shares.

In summary, and notwithstanding the effects of COVID-19 on the airline industry, the Group is well placed to benefit from a recovery in travel, particularly in China and in the United States, where several of our key customers are forging a path to recovery.

Extracts from the 2019 Annual Report is set out below, together with detailed financial results.

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CHAIRMAN'S STATEMENT

Special Note: At the time of publication of the 2019 Annual Report, COVID-19 is an evolving event affecting all industries globally, in particular the airline industry where we operate. In order to avoid unnecessary repetition, commentary on COVID-19 is included on page 12 and referenced where appropriate elsewhere within the report.

I joined the Board of Directors ("Board") of Datalex plc as Chairman on 7 November 2019. As I said at that time, I was delighted to do so and I am confident that there is a significant market opportunity for Datalex, and that belief has strengthened during my time with the Group.

2019 was an exceptionally difficult year for the Group. In early 2019, a serious breakdown in internal financial controls which had failed to detect accounting irregularities was uncovered. The Group required financial support to continue trading, which it received on two occasions from its major beneficial shareholder in the form of a loan facility and an equity investment. Difficulties were also encountered on a major customer contract resulting in a notice of termination being received and that process is now the subject of a legal dispute. As a result, meaningful and necessary restructuring, including the departure of employees, took place. As a consequence of the breakdown in internal controls, combined with an elongated audit process, the Company missed its deadline for the publication of its 2018 Annual Report and this resulted in a suspension of trading in the Company's shares on Euronext Dublin.

In response to these events, several actions were taken by the Board, most notably the appointment of a new management team. Having been appointed acting CEO in May 2019, Sean Corkery was confirmed as permanent CEO in October 2019 and Niall O'Sullivan was appointed CFO in June 2019. Following the control issues identified and detailed in the 2018 Annual Report, the Group has significantly restructured its finance function, and strengthened the internal controls of the business. These actions are further dealt with in some detail on pages 14 to 19 in this Annual Report. A decision was also taken to enhance internal legal expertise and, in August 2019, Neil McLoughlin joined Datalex as Group General Counsel and Company Secretary. A barrister and chartered governance professional, Neil brings a wealth of legal and governance experience to the Group.

It was deeply disappointing that, in 2019, the predecessor auditor, EY, was unable to express an opinion on the 2018 consolidated financial statements, primarily because of the breakdown in the internal controls. Deloitte Ireland LLP ("Deloitte") was appointed as the new auditor to the Group in late 2019, and we expect that, for the 2019 consolidated financial statements, the disclaimer of opinion will be confined to the opening balances as at 1 January 2019 and the associated allocation of income and expenses between the financial years ended 31 December 2018 and 31 December 2019. We expect the that the audit opinion will also draw attention to material uncertainty regarding going concern, which we accept in the context of the current economic environment, impacted by COVID-19.

Having gone through the challenges of 2019 and the overall negative effect which they had on the business, the rapid onset of COVID-19 across the globe in the early months of 2020 was unexpected and has created further significant challenges for the business. We were fortunately well structured due to the fact that the management changes had been implemented, our customer relationships had been rebuilt and the business could take decisive actions around our cost base in early April 2020. We continue to monitor developments closely as we work through this period of uncertainty. This pandemic is very serious for our industry and is covered in more detail on page 12 of this report.

In the short time since my appointment, I have engaged with as many stakeholders as possible and I have spent a lot of time with our management team in the preparation and recent approval of our strategic plan.

Datalex has a significant market opportunity and an attractive commercial model. It has in the past generated strong free cash flow. The industry is in a time of digital transition and, notwithstanding the challenges which COVID-19 has created for the industry, and which have been considered in the plan, we believe that this digital transformation will gather significant pace over the coming years, and in this context, there is a need for companies such as Datalex. I am therefore confident, as is the Board, that whilst effective implementation of this plan will be challenging and success cannot be guaranteed, we have a viable business model and that Datalex is in a good position to capitalise on it. The plan is covered in more detail in the CEO report and on page 8.

MANAGEMENT CHANGES AND BOARD DEVELOPMENTS

I was appointed Chairman and joined the Board on 7 November 2019. Sean Corkery joined the Board of Datalex plc as Deputy Chairman on 12 April 2019 and following the departure of Aidan Brogan on 1 May 2019, he also took up executive responsibility as Interim CEO of the Company on 2 May 2019. The Board was delighted that Sean agreed to take over as our permanent CEO on 3 October 2019.

Paschal Taggart resigned as Chairman on 24 June 2019, and Sean Corkery became Acting Chairman. Under the provisions of the 2018 UK Corporate Governance Code, the positions of Chairman and CEO should not be exercised by the same individual. The Board believed at the time, and continues to believe, that this arrangement was appropriate as a short-term measure given that it was not realistic to consider the position of Chairman until a permanent CEO was appointed, especially in light of the challenges and uncertainties facing the Group at that time.

On 14 May 2019, we announced the appointment of Niall O'Sullivan as our new CFO with effect from 4 June 2019. Prior to Datalex, Niall was the Finance Director for the EMEA region at Google Inc. Other senior management changes have also taken place with several colleagues departing.

Christine Ourmières-Widener was appointed a Non-Executive Director on 3 October 2019 and, on 9 December 2019, Mike McGearty was appointed a Non-Executive Director. Both Christine and Mike bring considerable executive experience and knowledge of the airline industry and I welcome their appointments to the Board. On 31 December 2019, Roger Conan and Garry Lyons resigned as Directors, and I thank them for their contribution to Datalex.

In summary, as of 1 January 2020, five of the seven serving Board members were appointed in 2019. My role is to leverage this fresh perspective and expertise, alongside the experience and knowledge of our two longer standing Board members, John Bateson and Peter Lennon, for the benefit of all stakeholders. We will continue to evaluate the composition of the Board and management team to ensure that it has the skills and expertise necessary to drive the Group's future success.

FINANCIAL PERFORMANCE AND FUNDING

The financial performance in the year, considering the difficulties identified at the start of the year, was satisfactory, although I appreciate that it is still a disappointing return. The new management team achieved the targets set for them. The results and finance are dealt with in more detail in the Financial and Operational Review. The fundamental matter of going concern, see pages 29 and 30, has been considered extensively by the Board.

In 2019, the Group required funding, and our largest ultimate beneficial shareholder procured necessary and essential funding by way of a loan facility from a company which he ultimately beneficially owns, Tireragh Limited. We also completed a share placing in March 2019 which raised proceeds of €3.86m. Subsequent to the year-end, our largest ultimate beneficial shareholder, Mr. Dermot Desmond, has signalled his intent to provide an extension of the term of the Tireragh Limited loan facility to 1 November 2021 and to provide additional debt funding of up to €10m in the intervening period, subject to shareholder approval. It is our intention to arrange an equity fundraising at an appropriate time to enable us to repay the debt funding received. We are extremely grateful for the continuing support of Mr. Desmond during this challenging period.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The events of last year are a disappointment. The delay in publishing the 2018 Annual Report resulted in the suspension of trading in the Company's shares on Euronext Dublin. As we are now in full compliance with our reporting obligations and have confidence in the systems and procedures in place, we will seek to have this suspension lifted. The Board is now comprised of experienced individuals including a majority of newly appointed Directors. We have made significant changes in the finance function, are advanced in the implementation of new financial systems and have appropriate resources in place to support a significant transformation.

CONCLUSION

Your new Board continues to focus on restoring trust, and we appreciate that there is some way to go to do so.

Thank you to all of our shareholders and our customers for their continued patience and loyalty to Datalex and in particular thank you to our employees for their continued commitment and resilience during this difficult time for the business.

This is the beginning of a new chapter for Datalex, one which will include digital transformation by our airline customers with Datalex at the forefront of that transition and I look forward to being part of that journey. I assure you that your Board will continue to act in the best interests of all stakeholders to successfully seize the opportunity and ensure the future growth of the Company.

David Hargaden
Chairman

30 June 2020

CHIEF EXECUTIVE OFFICER REVIEW

I joined the Board of Directors ("Board") of Datalex as a Non-Executive Director and Deputy Chairman on 12 April 2019 and, following the departure of former CEO Aidan Brogan on 1 May 2019, I took up executive responsibility as acting CEO on 2 May 2019. This was a very difficult time, the Group was dealing with well-publicised financial issues, it had commenced a deep restructuring and customers and stakeholders expressed justifiable concerns. Nevertheless, it became evident to me that Datalex has a loyal customer base and a significant market opportunity, facts which influenced my decision to accept the role of CEO on a permanent basis on 3 October 2019.

In my opening statement to the 2018 Annual Report, I committed that I would act as a key change agent, leading the process of instituting identified changes required to stabilise and reset the business for the benefit of Datalex's shareholders, customers, employees and other stakeholders. The results of that commitment are reflected in this year's review.

BUSINESS PERFORMANCE

2019 was a year of retrenchment and restructuring with a relentless focus on execution and delivery and a year in which we reset the business.

From a financial perspective, whilst results have been lower than some historical highs, 2019 delivered positive EBITDA, as defined in Note 18. The result was in line with the targets and commitments we set for 2019 and represents a stabilisation of the business. This is a satisfactory outcome, particularly when judged against notable losses in 2018 on comparable revenues. The Group has met its commitments relating to our debt arrangement with Tireragh Limited and we are grateful to our largest beneficial shareholder, Mr. Dermot Desmond, for his ongoing support. The matter of going concern for the Company is, and will continue to be, of the utmost importance, see pages 29 and 30.

Demand for travel continued to grow in 2019, rising by 4.2% year on year, according to the International Air Transport Association (IATA). Notwithstanding the effect of COVID-19, which is referenced elsewhere in this report, and which we know brings a high level of uncertainty regarding growth potential, we are of the view that there is a significant market opportunity. Datalex is considered a leader in its field. Our customer base is spread globally, our platform revenues are quite stable, and we are not overly reliant on any one jurisdiction. The Group is well placed to benefit from a recovery in travel, particularly in China and in the US. Future growth will be dependent on factors outside of our control and we are closely monitoring possible scenarios.

The demand from airlines for products which fuel digital transformation and ancillary revenues continues to rise and we are confident that, with our product led business strategy, we will capture an increasing share of that opportunity. During COVID-19, we have worked with our customers to seamlessly implement important updates and, in particular, changes in the areas of cancellations, refunds and tax policies. Post COVID-19, we will continue to leverage this flexibility as our customers adapt to a rapidly changing environment.

CUSTOMERS

During 2019, our focus was on the retention of our existing customers. I engaged deeply with all of our customers in order to understand and meet their requirements, whilst minimising any impact as a result of the major restructuring changes within the Group. They confirmed that the Datalex core product and technology is of considerable value to their businesses and that improved delivery and execution is key, valuable feedback which has been addressed. An important initiative included a major fares project for JetBlue, Fare Options 2.0. This, and other initiatives during 2019, were delivered successfully and on time. We also delivered a strategic New Distribution Capability (NDC) project for Scandinavian Airlines (SAS). Recognising that our customers had legitimate concerns about our ability to support their businesses and may have considered alternative providers, I am pleased to say that our focus on customer retention has been successful. In fact, a number of customers demonstrated great solidarity and met the wider team in person to reaffirm the critical role Datalex plays in their success. Our customers remain our priority and their loyalty to and partnership with Datalex is very much appreciated and not taken lightly. We intend to build on our success in customer retention with the acquisition of new customers, whilst maintaining excellence in product, project and customer success.

As disclosed in our 2018 Annual Report and described further in Note 32, the Group received a termination notice in 2019 in respect of a significant customer.

As also disclosed in our 2018 Annual Report, the Group received a termination notice from Multiplus S.A., following its acquisition by LATAM Airline Group. We remain in discussions with LATAM Group on broader business relationships.

PRODUCT DEVELOPMENT

The investment required to support product development and customisation in 2018 (c.US$27m) contributed to the financial difficulties faced by the Group. During 2019, we put in place renewed rigour and discipline in the total cash spent on deployment and product investment. Agile project management processes and robust reporting have been introduced. We have capitalised on the balance sheet a small level of development expenditure at 31 December 2019, expenditure that is fully supported by the new systems and procedures that we have put in place. We have refined our platform and created a new roadmap built around four flagship products to meet the market demand. An initiative to reduce our product implementation time is underway. We continue to invest and innovate in products for which we believe there is a significant market opportunity. We have also reviewed our commercial model with a focus on an acceleration of our Software as a Service (SaaS) revenues.

RESTRUCTURING

Throughout 2019, the Group executed a cost restructuring programme necessary for our survival and which impacted our employees and outsourced contractors. A detailed evaluation of our outsource model was completed and steps are now underway to implement a new insource model, where we intend to bring all core capabilities in-house and to outsource implementation to scale. Whilst the new Datalex may be leaner, I am confident that we are right-sized, that we have achieved the cultural shift required in terms of accountability and that we have the right talent in place as well as an increased level of operational control.

BUSINESS STRATEGY

I am pleased to announce that we have finalised a new strategic plan entitled 'Driving Accelerated and Sustainable Growth'. Please see page 8 for further details.

Our purpose is to shape the future of digital retail for airlines. We will build a growing and sustainable business whilst executing consistently to drive better financial returns and to create value for all our stakeholders. Growth will be driven organically by the retention and development of our existing customers and by winning new customers. The plan is underpinned by a focus on five key areas: Customer at the core; Product first & Future-proofed platform; People; Operational excellence and Commercial strength.

We have also refreshed our brand and will roll this out in the near term in support of our business strategy.

2020 OUTLOOK

Notwithstanding the impact of COVID-19 which is covered in more detail on page 12 of this report, 2020 is an important year for Datalex as we pivot away from our past and towards our future. Much of the hard work is done to stabilise and reset the business and we are ready to capitalise on growth opportunities. We will continue to serve our existing customers and ensure their success. We will also refocus our efforts to win new opportunities. Talks are ongoing with a number of potential new customers, though it is likely that decisions planned for 2020 will be postponed until 2021.

AUDITOR'S REPORT

As discussed in the 2018 Annual Report and given the diligent efforts that the Group undertook to support the audit, the Board at that time was extremely disappointed with the disclaimer of opinion by EY. This opinion has a direct consequence for 2019 as it means that the opening balances for the 2019 consolidated financial statements will be similarly disclaimed, resulting in an overall disclaimer of opinion. However, we expect that Deloitte will disclaim their report solely in relation to the opening balances and will note in their audit report that it "has nothing to report" under a number of headings. This represents a very significant improvement on the prior year.

CONCLUSION

We have stabilised the business as a necessary first step. We are now ready for the next phase of growing the business through our strategy of product first, whilst maintaining our high standards of execution and delivery and against a background of enhanced corporate governance. We believe that Datalex has a significant market opportunity and it is time for us to show not only that we can survive, but that we can thrive.

I extend a sincere thanks to our customers for their trust and continuing support. I also want to thank the entire Datalex team for their commitment and contribution in what has been a very difficult period. 2018 and 2019 have been years of profound and unsettling change at Datalex and I commend their resilience, stamina and true grit. I would also like to thank the Board, including the newest members, for their support as we continue to navigate our way through these demanding but exciting times.

Sean Corkery
Chief Executive Officer

30 June 2020

COVID-19

BACKGROUND

Subsequent to the 2019 year-end, the impact of COVID-19 has been felt industry-wide. The decisions by governments to limit travel and in cases to impose severe travel restrictions have resulted in some airlines operating at as low as 1% of normal capacity. Consequently, bookings have collapsed, with airlines retrenching and focusing on surviving this crisis. It is likely that some airlines will fail, and there will be inevitable changes in ownership. Many airlines require government or other third party investment to support them at this time; most have furloughed large numbers of staff and are engaged in significant restructuring. COVID-19 has been catastrophic for the airline industry and we are actively working with our customers to help and support them through this difficult period.

BUSINESS IMPACT

The Group announced to the market on 12 March 2020 that COVID-19 will have an adverse effect on our business in 2020. As stated in that announcement and continuing to be the case at the date of publication, it is difficult to accurately quantify at this point in time the likely impact of COVID-19 on our financial and trading performance. Specifically, it is difficult to forecast when our customers will return to operating originally planned 2020 schedules and when they will commission services which have been either postponed or cancelled during this period of uncertainty.

ACTIONS TAKEN

Upon the onset of COVID-19, immediate actions taken by the Group included a targeted restructuring programme, re-negotiating business partner arrangements, eliminating discretionary spending, freezing recruitment, implementing voluntary leave options and temporarily reduced working hours for our employees.

OUR PEOPLE

As mentioned in our 'People' section on page 10 and 11, prior to COVID-19, and as a key measure to retain and attract talent, a Remote Working Policy had been drafted. We established a COVID-19 Business Continuity Task force in February 2020 and were in a position to effectively implement remote working for all. Our people adapted quickly to remote working and activity including completion of our financial audit and preparation of the Annual Report, as well as dealing with the operational aspects of COVID-19. Our COVID-19 Business Continuity Task force is now actively engaged in preparing for a return to normal business operations during 2020. Employees have indicated a strong appetite for a balanced remote/office approach post COVID-19 and every effort will be made to respond to this as we plan a gradual return to the office. Our Information Services (IS) structure has supported remote working with minimal business disruption.

RISKS AND GOVERNANCE

The breadth and scale of this unprecedented pandemic was not foreseen and as such was not a stated risk in our 2018 Annual Report. Nonetheless, the Board and management moved quickly to evaluate the impact and have taken initial immediate actions described above. The Board is monitoring all developments closely and receiving regular updates. The Group's strategic plan has considered a number of potential scenarios linked to the recovery of the airline industry post-COVID-19, though it is fair to say that there is widespread acknowledgment that it is impossible to accurately predict the outcome at this point in time. The Board will continue to monitor developments closely and to take the necessary actions.

OUTLOOK IN THE CONTEXT OF COVID-19

COVID-19 has brought an unprecedented level of uncertainty to the aviation industry and airlines will face huge challenges going forward. However, tentative recovery signs have been emerging from the industry recently. Most airlines have indicated a desire to return to the air taking into account the safety of all passengers. The majority will be ready to ramp up their capacity in line with market demand. Some voice optimism of a return to 50% capacity and more by the end of 2020 and the President of IATA has stated on 3 June 2020 that by the end of 2020, traffic levels will be in the range of 50-60% of 2019 numbers. However, some projections are more cautious and predict a slower return to previous levels.

It is likely to be some time before the full impact becomes known. To prepare 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.

At 31 December 2019, the Group had a cash balance of US$3.1m available in bank accounts, none of which was restricted. Included in that cash balance is US$1.1m denominated in euro, US$0.1m denominated in pound sterling and US$0.2m denominated in Chinese Renminbi. Subsequent to the year-end, Mr. Dermot Desmond has also signalled his intent to provide an extension for the repayment of the Tireragh Limited loan facility from November 2020 to 1 November 2021 and to provide additional debt funding to Datalex that will enable the Group to draw down up to €10m if required, subject to shareholder approval. The repayment of this additional debt funding will also become due on 1 November 2021. The Group also plans to raise additional finance through an equity fundraising as detailed on page 29 to 31. This source of funding will support the Group during COVID-19.

The Group continues to monitor the impact on our business on a monthly basis and will take the necessary actions for the good of the business. In addition to the actions already taken, there are a number of further cost saving measures which could be implemented if required. However, the Group has assessed the impact of COVID-19 on its future cash flow forecasts and is satisfied that the Group will have sufficient cash to meet its debts as detailed in the Going Concern Statement on page 29 and 30.

As described in our Chairman's Statement, we believe that Datalex is in a privileged position to help airlines navigate the challenges arising from COVID-19 as the industry begins its recovery. In particular, our products can help our customers to reduce booking costs and maximise ancillary revenue streams by providing flexible products which enables them to adapt to a rapidly changing industry. We will serve our customers, our pipeline will develop in line with our products, and we will focus on opportunities where we can deliver benefits to customers quickly.

The Board believes that the actions taken, and the resilience of our revenue model, together with the support of our customers and ongoing flexibility from our business partners, mean that the Group is positioned as best as it can be to withstand the impact of COVID-19.

FINANCIAL AND OPERATIONAL REVIEW

For the Group, and in the words of our CEO, '2019 was a year of retrenchment and restructuring with a relentless focus on execution and delivery and a year in which we reset the business'. This was a year when a parallel, meticulous approach was necessary within the finance function, which is in the process of being completely rebuilt. The extent to which this approach was required has been well documented in our 2018 Annual Report. I am pleased to say we have made progress and will continue our plan to build an appropriate and modern finance function at Datalex using the most up-to-date reporting systems that enable accurate reporting on a timely basis.

Last year in my report I said: "Many studies have confirmed the strong correlation between highly successful businesses and world class finance functions, and we need to rebuild from the ground up". The process of rebuilding, which commenced in the second half ("H2") of 2019 and continues into 2020, required a number of key actions, including obtaining the short-term finance needed to fund operations, appointing the new Group auditor and making dramatic improvements to the control environment. Rebuilding of the Group will take time and the completion and filing of the 2019 Annual Report is an important step in restoring the trust of our stakeholders, including our employees, customers, suppliers and shareholders.

The Group has achieved the adjusted EBITDA target set for the 2019 financial year, as set out in the market announcement on the 4th December 2019, with adjusted EBITDA coming in at just over the breakeven point. This represents a strong recovery from the 2018 results, though it is not reflective of our ambition for the Company. A strategic plan has been developed by management and approved by the Board of Directors ("Board") which aims to return the Group to growth and which will see less reliance on contract resource providers in the future.

The restructuring of the Group's cost base during 2019 regrettably resulted in a number of the Datalex team departing the Group. Whilst it is never an easy decision to make, it was important to ensure the long-term strength and stability of the Group. This cost-focused approach also enabled the Group to react quickly to the global crisis caused by COVID-19, which involved taking swift action to preserve cash and minimise operational expenses as a result of the huge disruption caused to our industry. Further details of these actions are conveyed on page 32. This approach to COVID-19 aligns with the overall Group growth strategy which will see less reliance on contract resource providers in the future.

The management team, supported strongly by the Board, has been addressing the key control failures identified in the 2018 Annual Report. Good progress has been made, with the augmentation of the Group finance function with Commercial Finance and IFRS accounting expertise. The Group will introduce a modern fully integrated accounting system (the Group ERP) which we expect to roll out during H2 2020. We have embedded a new ground up budgeting process that facilitates critical challenge and monitoring of the Group performance. This budgeting process has allowed the Group to respond and adapt in a timely manner to COVID-19. With the impending implementation of the new Group ERP system, we anticipate further enhancements to the Group control environment and quality and depth of budgetary analysis performed.

The Group failed to publish its consolidated accounts for both the 2018 year-end and 2019 half-year results on time. The Group was also required by the Irish Auditing and Accounting Supervisory Authority (IAASA) to restate its previously published 2018 half-year financial statements, resulting from issues identified in the 2018 Annual Report. We published the restated 2018 half-year financial statements and 2019 half year financial statements during December 2019.

As discussed further in this report, the Company's largest ultimate beneficial shareholder, Mr. Dermot Desmond, procured additional debt funding for the Group to support the operational cash needs of the Group. Funding was drawn on the committed loan facility throughout 2019, with the loan facility accruing interest at a rate of 10% per annum. The loan facility is due to be repaid on 1 November 2020 but subsequent to the year-end, Mr. Desmond has signalled his intent to provide an extension of the repayment date to 1 November 2021 and to provide additional debt funding of up to €10.0m, subject to Datalex plc shareholder approval. Further discussion on the repayment of the Tireragh Limited loan facility has been included in the Going Concern section on pages 29 and 30.

At this point, I would like to recognise and thank the efforts of the finance team, many of whom joined the Group in 2019, for their commitment and professionalism. In less than a year, we have made meaningful transformative progress, while also supporting the vital day-to-day needs of the business which has had critical needs, and we have more work to do. Later this year we will go live with our new integrated accounting system and we will continue the transformation programme.

The Group is actively working to have the suspension of trading lifted on the Company's shares on the regulated market of Euronext Dublin. This is a strategic priority, as the suspension of trading has impacted all our existing and prospective shareholders, both large and small, in the ability to acquire and/or sell the shares of the Company in a fair and transparent manner. The Group is in advanced discussions with the Central Bank of Ireland and Euronext Dublin regarding the lifting of the suspension of trading in the Company's shares and expects to be in a position to provide an update shortly.

The Group's consolidated financial statements and the Company's financial statements have been prepared on a going concern basis, which assumes that the Group and Company will be able to continue in operational existence for the foreseeable future. The Group has prepared a strategic plan and performed a detailed going concern assessment for a period of one year from the date of the approval of the consolidated financial statements.

COVID-19 is having a profound impact on the airline industry as described on page 12. Our transactional business model combined with the contractual minimum amounts on Platform/Licence revenues as well as the ability to rescale our resources flexibly to meet the changing needs of our customers means that Datalex is well placed to weather this crisis. The Board has identified a risk to the going concern assumption for the Group relating to the repayment of the Tireragh Limited loan facility. To address this point, the Board has received a letter of intent from Mr. Desmond subsequent to the year-end to provide an extension of the Tireragh Limited loan repayment date to 1 November 2021 and to provide additional debt funding of up to €10.0m for the Group for the intervening period. Please see page 29 to 31 for further details.

Furthermore, as per our current strategic plan, the Group intends to seek additional equity funding, which will facilitate the repayment of the loan facilities when they become due on 1 November 2021. Various scenarios have been considered, dependent on the progress of COVID-19, ranging from further cost retrenchment where the crisis prolongs, to increasing resourcing needs when airline activity picks up. There is currently no certainty on which outcome will prevail, but the Group's survival is at the heart of the strategic plan that has been developed.

The Board is of the opinion that Datalex is a viable business and has the potential to grow as a key market challenger in the future.

AUDITOR'S REPORT

EY resigned as our auditor after the publication of the 2018 Annual Report in September 2019. Deloitte was subsequently appointed as our new auditor.

The 2018 audit opinion issued by our predecessor auditor, EY, was disclaimed with EY referencing four specific matters of concern to them, being "Going concern", "Information and explanations", "Implementation of IFRS 15 - Revenue from Contracts with Customers, and revenue recognition" and "Impairments of product development costs, intercompany receivables and investment in subsidiaries". We have addressed these matters and continue to focus on sharing information promptly and in a transparent manner. For IFRS 15, we have added resources with expertise in accounting for software revenue and as also mentioned separately, we have significantly enhanced the controls over product development expenditures.

As discussed in the 2018 Annual Report, and given the diligence and focussed work that the Group undertook to support the audit, the Board at the time was extremely disappointed with the disclaimer of opinion issued by EY. This opinion has a direct consequence as it means that the opening balances for the 2019 consolidated financial statements will be similarly disclaimed, resulting in an overall disclaimer of opinion. We provided all the information and explanations available to us to Deloitte, but we were limited in respect of information in relation to the opening balances, as the management team and staff changed significantly during the year as a result of our restructuring programme. However, since the publication of the 2018 Annual Report and through the extensive preparation process for the 2019 audit, we did not identify any matters that would have required a restatement of the opening balance sheet as previously presented. The Directors are therefore confident that the opening balance sheet is fairly presented.

We expect that, notwithstanding the disclaimer of opinion on the opening balances, that the Deloitte audit report will not contain any additional modifications. We also expect that Deloitte will not include a modification regarding the books and records of the Company. We expect that Deloitte will note in their disclaimer of opinion that it "has nothing to report" under a number of headings. This will represent, in the Group's view, a very significant improvement on the prior year. This is also in line with our commitment made at last year's AGM to ensure that the accuracy and transparency of the consolidated financial statements would be the Board's highest priority in 2019.

As part of its audit procedures, Deloitte has made a number of recommendations to management in connection with control and process improvements and the Group has begun to take action on these.

KEY FINANCIAL RESULTS

	2019 As Reported US$'M	2018 As Restated US$'M
Platform revenue (1)	***26.8***	***23.5***
Services revenue	***16.4***	***19.4***
Consultancy revenue	***1.7***	***1.9***
Other revenue	***0.2***	***0.3***
Total revenue	**45.1**	**45.1**
Operating costs (2)	**47.8**	**54.9**
Exceptional costs (including income tax)	**8.3**	**37.1**
Adjusted EBITDA (3)	**0.5**	**(1.9)**
Loss after tax	**(12.1)**	**(47.2)**
Cash and cash equivalents	**3.1**	**8.4**
Cash used in operations	**(15.0)**	**(1.6)**
Net working capital (4)	**(16.5)**	**(11.7)**
EPS – basic (cent)	**(15.1)**	**(61.5)**
EPS – diluted (cent)	**(15.1)**	**(61.5)**

(1) Platform revenue is earned from the use of the Group's Digital Commerce Platform by our customers. See also Note 18.

(2) Operating costs include cost of sales, selling and marketing costs, administrative expenses, net impairment losses on financial and contract assets and other gains/(losses) (see Note 19 and Note 22). The Group adopted IFRS 16 using the Modified Retrospective approach in 2019, as a result the 2018 comparatives have not been restated for the impact of IFRS 16. Amounts are stated before separately disclosed exceptional items.

(3) Adjusted EBITDA 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 23).

(4) Net working capital is calculated as current assets less current liabilities. The current assets and current liabilities subtotals can be found in the consolidated statement of financial position on page 58. Narrative reconciling the movement in the net working capital is detailed in the "Cash and Financial Position at 31 December 2019" commentary on page 17.

REVENUE

PLATFORM REVENUE

Platform revenue of US$26.8m was up year-on-year by US$3.3m or 14%. There are two primary drivers of the increased revenue during 2019. Firstly, there were increased transaction revenues from increased traffic and airline bookings through the Datalex Platform during 2019. Secondly, a further US$1.7m in revenue was recognised in 2019 relating to the sale of a legacy historic and no longer supported code base to a customer.

SERVICES REVENUE

The overall services revenue of US$16.4m decreased from US$19.4m or 15.5% since 2018. The decrease is as a result of the reduction in Post-Go-Live services provided by the Group to our customers. The decrease in services provided was significantly offset by the recognition of US$4m of non-refundable termination fee on a customer contract, which the customer terminated during 2019, as a result of a reorganisation within the customer's operations.

OPERATING COSTS

Our operating costs (before exceptional items) decreased by US$7.1m to US$47.8m (2018: US$54.9m) as per Note 19. The main cost driver of the decrease was the fact that no amortisation of development costs was required in 2019 (2018: US$6.3m) following the full impairment of the Intangible Asset in 2018. The employee benefit expense (before exceptional items) also decreased by US$3.7m to US$18.6m (2018: US$22.3m) as a result of the reduced employee numbers in 2019. In addition, establishment costs decreased by US$1.2m to US$0.8m (2018: US$2.0m) and travel costs decreased by US$0.8m to US$0.7m (2018: US$1.5m). These operating cost decreases were partially offset by a US$1.8m increase in net impairment losses on financial and contract assets (before exceptional items) to US$1.9m (2018: US$0.1m). There were also small increases in consultant and contractor costs of US$0.6m, deferred commission amortisation of US$0.4m, software maintenance and other online charges of US$0.4m and US$0.8m relating to the depreciation charge for the newly capitalised IFRS 16 right-of-use assets.

Whilst headcount (staff and contractor) costs (after exceptional items) continue to account for the majority of the Group's cost base, the Group has reduced these costs by US$12.9m in 2019 to US$36.0m (2018: US$48.9m). This large decrease was the active result of the cost restructuring programme that was undertaken in 2019. The Group has successfully reduced its costs to a more sustainable level in 2019. From 2021, in conjunction with the further headcount reduction resulting from COVID-19, the Group expects to generate annualised cost savings of c.US$17m.

We recorded an Adjusted EBITDA of US$0.5m in 2019 which compares to a loss of US$1.9m in 2018. This was due to cost base restructuring that occurred during 2019. The depreciation and amortisation expense decreased by US$5.2m in 2019 as a result of the amortisation of product development cost falling from US$6.3m in 2018 to US$0.8m in 2019, resulting from the US$20.0m impairment of product development intangible assets in 2018.

We invested US$1.6m (US$1.8m gross less US$0.2m R&D tax credit) in our platform during 2019. This was a US$11.4m decrease in gross product development cost compared to the US$13.2m spent in 2018. However, uncertainties existed about whether this US$1.8m investment would be realised through future revenues and whether the intangible asset would generate future economic benefits. Accordingly, we have concluded that US$0.1m of the investment met the recognition criteria for capitalisation. The remaining costs which were incurred prior to the identification of strategic capabilities did not meet the capitalisation criteria and thus have been expensed in 2019. Future expenditure incurred in respect of these product development activities will be recognised as an expense until such time that it is probable that future economic benefits that are attributable to the asset will flow to the Group.

Our 2019 development spend largely represented a continuation from 2018 activity and reflected core product development work as well as customer specific enhancements. The spend incurred was across areas such as offer management, order management, omni-channel management, dynamic pricing, digital payments, cloud capabilities and componentisation. We have now concluded on our approach to market and have aligned this with the strategic plan activities. The strategic plan will facilitate our commercial interactions with existing and prospective pipeline customers.

Exceptional costs have decreased from US$37.1m in 2018 to US$8.3m in 2019. The high exceptional costs in 2018 were mainly due to a US$32.3m impairment and write off of development expenditure which did not meet the recognition criteria for capitalisation in paragraph 21 of IAS 38. A detailed explanation of the US$8.3m of exceptional items in 2019 is set out below (see also Note 23):

- *Professional fees in relation to investigations, business transformation programme and litigation procedures* - During 2019, the Group undertook a cost restructuring programme as part of a wider Transformational Change Programme, termed "RESET". These programmes were designed to reduce costs and address the operational and financial control issues identified from the reviews carried out. Professional fees included legal, accounting and other consultancy services related to: improving internal control procedures to support a relisting of the Company's shares on Euronext, customer litigation, review of tax compliance, severance programmes, business reorganisation and further costs associated with the financial irregularities identified in respect of 2018. As a result of the disclaimed audit opinion in respect of the 2018 financial statements, additional audit costs are being incurred also in relation to the 2019 financial statements, of which US$281k is considered as exceptional.
- *Severance pay costs* - Charges in relation to a voluntary severance programme, carried out in 2019 as part of the cost reduction program. The Group identified 57 roles across the Group which were included in the severance programme. As of the year end date, 55 employees had departed with US$2.6m being paid out, with a remaining immaterial balance payable in 2020.
- *Provision for costs associated with complying with regulatory investigations* - The Group has recognised a provision which relates to legal and compliance costs of ongoing regulatory investigations and the necessary requirements to obtain an end to the suspension order on the trading of the Company's shares on the Euronext Dublin exchange. The regulatory investigation and suspension of trading of the Company's shares arose following the significant breakdown in internal financial controls as disclosed in the 2018 Annual Report.
- *Provision for non recovery of customer receivable balances, which are subject to litigation* - On 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter and to recover amounts due and general business damages. On 5 March 2020, the Group issued a notice of dispute and invocation of a contractual arbitration clause to recover amounts owed to the Group by Deutsche Lufthansa AG in connection with services provided to its subsidiary, Swiss International Airlines Limited. At 31 December 2019, the invoiced balances due by Lufthansa and its subsidiary company, Swiss International Airlines Limited, amounted to US$2.9 million. The directors strongly believe that the Group is entitled to recover amounts outstanding, but have recorded a 100% expected credit loss amount in these financial statements against the full value of invoiced amounts, in accordance with IFRS 9.
- *Impairment of contract assets* - Following the termination of certain customer contracts due to events outside the group's control, the group assessed the recoverability of the associated contract assets. As a result of the review undertaken, it was deemed appropriate to impair the contract assets.

CASH AND FINANCIAL POSITION AT 31 DECEMBER 2019

Our cash and short-term investments at 31 December 2019 totalled US$3.1m (2018: US$8.4m), a decrease of US$5.3m or 63% year-on-year. Cash used in operations was US$15.0m (2018: US$1.6m), which is further explained in Note 26 to the consolidated financial statements. The reduction in cash was primarily due to changes in working capital reflecting a US$6.3m cash decrease in contract liabilities and a US$4.8m cash decrease in trade and other payables in 2019. The movement in contract liabilities arises from historical significant upfront cash payments received from customers.

Net current liabilities at 31 December 2019 were US$16.5m (2018: US$11.7m net current liabilities) which represents a year-on-year decrease of US$4.8m in working capital. This decrease is primarily due to an increase of US$13.0m in borrowings and a reduction in the year-end cash balance of US$5.3m, partially offset by a US$10.0m decrease in current contract liabilities and a US$5.1m decrease in trade and other payables.

ADJUSTED EBITDA, EXCEPTIONAL ITEMS, LOSS AFTER TAX

RECONCILIATION OF LOSS AFTER TAX TO ADJUSTED EBITDA

	2019 US$'000	2018 US$'000
Loss after tax	**(12,061)**	**(47,233)**
Adjustments:		
Tax charge	**66**	**2,537**
Interest expense	**1,503**	**408**
Interest income	**(4)**	**(10)**
Depreciation and amortisation expense	**2,615**	**7,789**
Share-based payments cost/(credit)	**83**	**(147)**
Total adjustments before exceptional items	**4,263**	**10,577**
Exceptional costs (before income tax) (see Note 23)	**8,293**	**34,746**
Total adjustments after exceptional items	**12,556**	**45,323**
Adjusted EBITDA	**495**	**(1,910)**

PRIOR YEAR COMPARATIVES

As detailed further in Note 34, management reassessed the classification of expenses in the Income Statement during 2019 to provide better information to the users of the accounts. Whilst this had no impact on the net loss of US$47.2m in 2018, the reclassification resulted in a change in total cost of sales (decreased by US$4.7m), selling and marketing costs (decreased by US$2.4m) and administrative expenses (increased by US$7.0m). As a result, the Gross Profit margin for 2018 decreased from 28% (originally) to 18% (restated). The reclassification had no impact on the Adjusted EBITDA loss of US$1.9m in 2018 and no impact on the 2018 Statement of Financial Position balances.

SUBSEQUENT EVENTS

As referenced in Note 32, during April 2020 the Group received a termination notification from a customer stating that the customer will cease using our software products from October 2020. We understand that this termination is due to the customer's own internal restructuring. Datalex is continuing to have positive discussions with the customer's direct subsidiary airlines whereby we intend to enter into new commercial arrangements upon cessation of the existing agreement with their parent company which will replace and/or potentially enhance our revenue generation capabilities with these airlines.

As a result of COVID-19, difficult decisions and actions were taken by the Group post year-end to protect the Group. This included implementing a redundancy programme, a temporary hiring freeze and four-day working week across most of the Group. We also reduced the use of our contractors and cancelled all non-contractual and discretionary bonus payments. In addition, there has been significant fluctuation of yield spreads after the year-end as a result of the impact of COVID-19 on the airline industry, which are used by the Group to determine the appropriate expected credit loss (ECL) provision to record against Trade Receivables and Contract Assets.

On 22 June 2020, the Board of Directors agreed to accept, subject to shareholder approval as a related party transaction under Listing Rules, a further offer of support from the Group's largest beneficial shareholder, Mr. Dermot Desmond.

Further detail on this is conveyed in the "subsequent events" section of the Directors' Report on page 32. The Directors deem the above subsequent events to be non-adjusting events. There have been no other subsequent events that impact on the 2019 consolidated financial statements up to the date of this report.

FINANCING COMPLETED IN 2019 AND FURTHER FINANCING REQUIREMENTS

Last year the Board noted that the Group remained focused on returning to profitability. This remains a key driver of the plan for the Group's operations. Whilst the Board had anticipated the completion, by early 2020, of a number of customer deployments which, the Board believed, would generate platform revenue growth in 2020, COVID-19 has resulted in further unforeseen delays. A number of customer deployments have been paused as customers focus on stabilising their own commercial activities. The Group is in constant dialogue with its customers and plans are being made to recommence the deployments once our customers are ready. Negotiations with a previous customer regarding the recovery of significant deployment costs incurred by the Group have not been successful and the Group has moved to litigate for the recovery of these amounts.

During 2019 the Board, with its financial and legal advisers, considered a number of alternative funding options to meet the Group's funding requirements including an equity placing with new and existing shareholders and bank financing, and concluded that successful execution of any such option on acceptable terms was too challenging principally given the uncertainty surrounding the Group's financial position. The Board also entered into discussions with and provided information to IIU Nominees Limited, our largest shareholder, and Tireragh Limited, companies ultimately beneficially owned and controlled by Mr. Dermot Desmond, a related party, which culminated in the Company agreeing the terms of a share placing and secured loan facility (the "Facility"). The Board concluded that the most appropriate short-term financing arrangements were those with Tireragh Limited as, given Tireragh Limited's knowledge of the Group and the business, it was able to offer the best available financing option to the Group.

The share placing, which completed on 14 March 2019, raised proceeds of €3.86m at €1.00 per ordinary share (representing a premium of 42.9% to €0.70, the closing market price per Datalex plc ordinary share on Euronext Dublin on 11 March 2019, the day before the Company announced that it was in discussions with IIU Nominees Limited in relation to the placing).

The Facility (the "First Facility") was approved by the shareholders at an EGM held on 26 April 2019. The First Facility provided for a maximum drawdown aggregate amount of €6.14m to be utilised by the Company by way of one or more advances, giving the Group valuable funding flexibility. Interest was charged on each amount drawn down by the Company at a rate of 10% per annum, accruing from the date of drawdown, and compounding monthly with interest payment deferred until maturity or repayment by the Company. The First Facility had a term of 18 months and was secured by a fixed and floating charge over the Company's and other Group assets.

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 Tireragh Limited which was approved by the shareholders on 15 November 2019 (the "Second Facility"), the Facility was refinanced and a further €5m in secured debt funding was made available to the Company. Under the Second Facility there are additional obligations which the Company needs to comply with in addition to those set out in the First Facility. In particular, the Company agreed a range of informational and performance-related covenants.

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 Tireragh Limited were secured by an expanded security package.

A number of specified events, such as insolvency events, non-compliance with obligations under the Second Facility and the Company ceasing to carry on all or a material part of its business may constitute an event of default under the Second Facility, as will the occurrence of an event having or reasonably likely to have a material adverse effect, in the reasonable opinion of Tireragh Limited, on the business and prospects of the Group and failure to meet certain financial projections by a specified margin.

As detailed further in the Going Concern Statement on page 29 and 30, subsequent to the year-end, Mr. Desmond has signalled his intent to the Board to provide an extension of the Second Facility scheduled repayment date from 1 November 2020 to 1 November 2021. In addition, Mr. Desmond has also signalled his intent to provide additional debt funding to Datalex that will enable the Group to draw down up to €10m if required, subject to shareholder approval. This additional debt funding will be repayable on 1 November 2021 in conjunction with the Second Facility. Please see page 29 and 30 for further details. This new facility will fund the Group's forecasted working capital requirements during this period. The Board is keeping the issue of funding under ongoing review and, as signalled in the 2018 Annual Report, intends to raise additional equity finance to facilitate the repayment of the loan facilities. The new debt funding to be provided by Mr. Desmond will provide Datalex with the flexibility to complete this equity fundraising at a more appropriate time.

DIVIDENDS

The Board is not recommending that a dividend be paid in respect of 2019 (2018: US$nil). A dividend of five US cents per share was paid to shareholders during 2018 amounting to US$3,837,000.

As noted in the 2018 Annual Report, the 2018 dividend paid to the shareholders of US$3.84m was funded by an unlawful US$4.0m dividend payment by Datalex Ireland to Datalex plc. This US$4.0m distribution by Datalex Ireland was in contravention of the provisions of Section 117 of the Companies Act 2014. In accordance with applicable legislation, Datalex plc has recognised an intercompany payable to Datalex Ireland of US$4.0m in the financial statements of Datalex plc and the amount remains outstanding at 31 December 2019.

TAXATION

The effective rate of tax in the Group remains at zero due to the losses incurred in 2019 and 2018. The Group also has historic tax losses. Due to the uncertainties of whether there will be sufficient taxable profits in the future, the Directors have decided that the recognition of a deferred income tax asset for the losses carried forward is not yet appropriate, and no deferred tax asset has been recognised at 31 December 2019.

CONCLUSION

2019 has been a challenging year for the Group. The corrective actions that the management team has undertaken with the support of the Board is starting to show benefits. The restructuring of the cost base has resulted in a leaner and more agile Datalex, as can be seen in our response to COVID-19. The work that has been undertaken to improve the control environment, along with the implementation of the new Group ERP system will result in richer, more in-depth information being available to management and the Board. This will allow for faster and better decision making as Datalex partners with customers to chart a route to success and return to growth of the airline industry. Datalex is on a journey of continual improvement as we strive to develop a world class organisation for all our stakeholders.

Niall O'Sullivan
Chief Financial Officer

30 June 2020

DIRECTORS' REPORT

The Directors present their Annual Report together with the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Group (which consists of Datalex plc and its subsidiary companies as listed in Note 28 to the consolidated financial statements) is the development and sale of a variety of direct and indirect distribution and retailing software products and solutions to the airline industry.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

The Directors acknowledge that the developments in the Group's business first identified in early 2019 and its financial position at the year-end were extremely disappointing. The challenges first encountered in 2018 on a significant customer deployment together with the discovery of accounting irregularities were of significant concern to the Directors. As described elsewhere in this Annual Report, the Directors have acted to rectify the underlying issues; further progress has been made and the Directors are now confident in the Group's financial systems and procedures. In advance of seeking a lifting of the suspension of trading of the Company's shares on regulated market of Euronext Dublin, the Group has engaged advisors to review its financial position and prospects procedures ("FPPP") in order to obtain third party assurance that the Group has established the necessary FPPP to ground a decision to lift the suspension.

During 2019, the Group focused on rebuilding and developing relationships with existing customers, streamlining its operational cost base to match the size of the organisation, resulting in a reduction in both employee numbers and contractor resources deployed across the organisation.

The Group incurred significant losses in 2018 of US$47.2m, which have reduced to US$12.1m in 2019. Whilst our revenues remained stable at c.US$45m in 2018 and 2019, we substantially reduced our costs in 2019. This improvement was mainly due to no impairment of intangible assets being required in the period (US$20m in 2018) and a US$12.9m decrease in employee and contractor costs, which was a direct result of our cost restructuring program in 2019. The Group has improved its Adjusted EBITDA from a loss of US$1.9m in 2018 to a profit of US$0.5m in 2019. As a result of the prior actions taken by the Directors, including a reduction in costs, the Group is now in a better financial position to react quickly in response to COVID-19. COVID-19 has had a severe impact on the aviation industry and has been a huge consideration for the Board in 2020. Please see page 12 where this is discussed in detail.

The Financial and Operational Review on pages 14 to 19 includes a discussion and a review of the key financial results.

The CEO's statement includes a 2020 Outlook section which summarises the future developments of the Group with a focus on the next financial year. 2019 was a year of transition, one where we had to react to significant challenges; however, the fundamentals are strong, and the Directors remain confident in the Group's future.

ACCOUNTING REVIEW AND INTERNAL FINANCIAL CONTROL FINDINGS

In our prior year Annual Report, we explained the actions undertaken by the Board of Directors ("Board") following the discovery of a serious breakdown in the Group's internal financial controls. The breakdown in the Group's internal financial controls had a serious impact on a number of areas of the business and work continues to rectify that impact and safeguard against an event like this reoccurring. A priority of the Board of Directors is to ensure there is an appropriate level of control operating across the business to ensure that the consolidated financial statements can be prepared and recorded both accurately and on time. New manual procedures have been put in place, with a plan to automate some of this activity on the implementation of our new Group ERP. Additionally, the Board is working to rebuild the trust of the Group's stakeholders through increased oversight of the activities of the Group and its management. Regular high quality quantitative and qualitative reporting to the Board along with appropriate levels of challenge and questioning are designed to ensure robust internal and external reporting. The operation of a delegated control framework across the Group ensures that significant transactions and contracts are reviewed, challenged and assessed prior to the Group entering into new commercial arrangements.

Whilst the Board is satisfied that it had taken the appropriate immediate action, it has also significantly increased its oversight in 2019 and to date, and is continuing to assess the Group's material risks and effectiveness of internal controls on a routine basis. The ongoing development of risk management and internal controls to ensure that they remain effective is a priority for the Board.

CORPORATE GOVERNANCE

The Directors' Statement on Corporate Governance on pages 34 to 41 sets out the Group's application of the principles and compliance with the provisions of the 2018 UK Corporate Governance Code, published by the Financial Reporting Council in July 2018 and forms part of this Directors' Report. The Irish Corporate Governance Annex ("the Annex"), published by Euronext Dublin, is applicable for companies with a listing on Euronext Dublin for financial periods commencing on or after 18 December 2010. The Annex includes additional recommendations to the Code. The Group has applied these recommendations, details of which are also set out in the Corporate Governance Statement on pages 34 to 41.

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish law (Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/Ec) Regulations 2007), the Group is required to give a description of the principal risks and uncertainties which it faces. The principal risks and uncertainties reflect our competitive environment and the operating characteristics of our industry and a summary of these risks and uncertainties, together with details of how they are managed, is set out on pages 21 and 22.

In our 2018 Annual Report, we stated that "Unfortunately, events discovered earlier this year have indicated a serious breakdown in our internal controls, and to a lesser extent in our risk management." The mechanisms through which the principal risks and uncertainties are managed are addressed in the Corporate Governance Statement on pages 39 and 40. Progress has been made throughout 2019 and subsequent to the year-end in addressing and improving the internal financial control environment.

Details of the financial risks to which the Group's operations are exposed and an understanding of how these risks are managed are set out in Note 31 to the consolidated financial statements, including the Group's hedging policy to manage foreign exchange risk.

EMPLOYEES

The Group's employees continue to be its most valuable asset and the health and safety of its employees is of particular importance to the Board. The provision of a safe working environment amid COVID-19 is of paramount importance to the Group. As a result, the Board has formed a special committee of the senior management team to ensure that the Group responds and acts appropriately during this dynamic and evolving situation. Flexible working arrangements have been instigated to facilitate employee safety whilst maintaining high levels of customer delivery and support. Please see Note 20 to these consolidated financial statements for details of our average number of employees.

As announced on 14 February 2019, we have undertaken a cost restructuring programme which has impacted outsourced contractors and employees. In response to COVID-19 the Group undertook a further cost reduction programme in April 2020, resulting in a reduction to contractor and employee numbers which cost the Group US$244k. These combined restructuring programmes are expected to result in cost savings to be realised in the region of US$15.3m in 2020 and US$17.0m in 2021.

RESULTS AND TOTAL ASSETS

The consolidated statement of financial position at 31 December 2019 and the consolidated statement of profit or loss for the year are set out on pages 58 and 59 respectively.

DIVIDENDS

The Board of Directors is not recommending that a dividend be paid in respect of the year ended 31 December 2019 (2018: US$nil cents per share).

As more fully described in Note 27 to the consolidated financial statements, the 2018 dividend payment of US$3.8m from the Company was funded primarily via a US$4.0m dividend from its principal subsidiary undertaking, Datalex (Ireland) Limited ("Datalex Ireland"). During 2019, management subsequently identified that Datalex Ireland did not in fact have sufficient distributable profits to legally make the dividend payment to the Company under the relevant provisions of the Companies Act 2014 (an "unlawful distribution"). As described in Note 16, the amount of US$4.0m received by the Company by way of this unlawful distribution has been presented in its financial statements at 31 December 2018 as an intercompany balance repayable to Datalex Ireland and has not been recognised as income therein and this remains outstanding at 31 December 2019.

SUBSIDIARY COMPANIES

The information required by the Companies Act, 2014 in relation to subsidiary undertakings is provided in Note 28 to these consolidated financial statements.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The 2018 audit report indicated that the accounting records of the Company were not sufficient to permit the consolidated financial statements to be readily and properly audited. The then auditor, EY, filed notification of this to the Companies Registration Office. Significant efforts have been made by the Group during 2019 to ensure compliance with the Company's obligation to keep adequate accounting records.

The accounting records are kept at the Company's registered office in Block U, EastPoint, Clontarf, Dublin 3, D03 H704, Ireland.

INFORMATION TO THE AUDITOR

The Directors in office at the date of this report have each confirmed that:

- As far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as Director's in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SUBSTANTIAL SHAREHOLDINGS

The Company had been notified of the following shareholdings of 3% or more in its issued share capital:

	At 31 December 2019		At 30 June 2020	
Name of holder	**Number of US$0.10 ordinary shares**	**% of issued share capital**	**Number of US$0.10 ordinary shares**	**% of issued share capital**
IIU Nominees Limited	24,503,981	29.89%	24,503,981	29.83%
Pageant Investments Limited	5,145,000	6.28%	5,145,000	6.26%
Cinema Holdings Limited (1)	4,175,010	5.09%	-	-
Nick Furlong	2,670,936	3.26%	2,670,936	3.25%

(1) At 30 June 2020, Cinema Holdings Limited's holding of Datalex plc ordinary shares was below the 3% notification limit.

Apart from these holdings, the Company has not been notified of any other interest of 3% or more in its issued ordinary share capital.

SHARE CAPITAL AND CONTROL

As at 31 December 2019 and 2018, the Company's authorised share capital comprised US$10,494,000, divided into 100,000,000 ordinary shares of US$0.10 each, representing 95.3% of the total share capital value, 3,000,000 'A', and 1,500,000 'B' convertible redeemable shares of US$0.10 each, representing 4.3% of the total share capital value and 30,000 deferred shares of €1.269738 each, representing 0.4% of the total share capital value. At 30 June 2020, the Company had 82,133,842 ordinary shares in issue (31 December 2019: 81,983,842, 31 December 2018: 78,099,842), including 430,000 ordinary shares that were held by The Datalex Employee Benefit Trust at that date (31 December 2019: 430,000, 31 December 2018: 590,000) (see further under Own Shares Held below). The ordinary shares are listed on the regulated market of Euronext Dublin.

As a result of the non-publication of the Group's consolidated financial statements for the year ended 31 December 2018 by 30 April 2019 (as required by the Transparency (Directive 2004/109/Ec) Regulations 2007 (as amended) (the "Transparency Regulations")), trading in Datalex plc shares was temporarily suspended on 1 May 2019. Whilst the Group has now published its consolidated financial statements for 2018 and is in compliance with the Transparency Regulations, the Company's shares remain suspended, as the Company continues to address Euronext Dublin's and the Central Bank of Ireland's requirements.

The Company announced a placing of 3,859,000 new ordinary shares of US$0.10 each with IIU Nominees Limited on 14 March 2019 at a price of €1.00 per share, which shares were admitted to trading on 20 March 2019.

The rights attaching to these shares are set out in the notes to these consolidated financial statements, in particular Note 12.

There are no restrictions on transfer or limitations on the holding of the ordinary shares and no requirements for prior approval of any transfers, except that that the Directors have a discretion to refuse to register a transfer of a certificated share which is not fully paid, and the Directors may also decline to register a transfer of shares in certificated form if certain prescribed formalities are not met. The Directors may, pursuant to the provisions of the Company's Constitution relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a restriction notice.

None of the shares carry any special rights with regard to control of the Company. The only restrictions on voting rights are those that apply to the convertible redeemable shares and deferred shares as described in the notes to these consolidated financial statements. There are no known arrangements on restrictions on share transfers or on voting rights. Ordinary shares acquired through share option schemes rank *pari passu* with the shares in issue and have no special rights.

The rules about the appointment and replacement of Directors are contained in the Company's Constitution. Changes to the Constitution must be approved by the shareholders in accordance with the legislation in force.

The powers of the Directors are determined by Irish legislation and the Constitution of the Company.

With the exception of change of control provisions in the loan facility agreement with Tireragh Limited, the Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid other than if an airline was to take a controlling stake in the Group, which then could result in the termination of certain revenue contracts. If certain change of control events occur, Tireragh Limited have the right to cancel the loan facility and require Datalex to repay all outstanding loans together with accrued interest, and all other amounts, if any. The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's Employee Share Option Schemes and Long-Term Incentive Plan may cause options and cash awards, respectively, granted to employees under such schemes to vest in the event of a takeover.

OWN SHARES HELD

The Datalex Employee Benefit Trust holds 430,000 shares at 31 December 2019 (31 December 2018: 590,000 shares) in relation to certain share-based payment schemes as described in Note 12 to the consolidated financial statements. These shares have no entitlement to dividends. The relevant movements in respect of these interests, which are treated as treasury shares for accounting purposes, are disclosed in Note 12 to the consolidated financial statements. During 2019, 160,000 shares which were previously the subject of an award granted to a member of senior management were forfeited. These shares are now held solely by the Trust.

DIRECTORS AND SECRETARY

The names of the persons who were Directors at any time during the year ended 31 December 2019, and up to the date of this report, are set out below. Unless indicated otherwise, they served as Directors for the entire year.

John Bateson*
Roger Conan** (resigned 31 December 2019)
Peter Lennon*
Dónal Rooney (resigned 18 February 2019)
Paschal Taggart* (resigned 24 June 2019)
Aidan Brogan (resigned 1 May 2019)
Sean Corkery (appointed 12 April 2019)
Niall O'Sullivan (appointed 4 June 2019)
Garry Lyons** (resigned 31 December 2019)
David Hargaden* (appointed 7 November 2019)
Christine Ourmières-Widener** (appointed 3 October 2019)
Mike McGearty** (appointed 9 December 2019)

(denotes a Non-Executive Director)*
*(** denotes an Independent Non-Executive Director)*

On 18 February 2019, Dónal Rooney resigned as Company Secretary and Peter Lennon was appointed Company Secretary on that date. Peter Lennon resigned as Company Secretary on 23 August 2019 and Neil McLoughlin was appointed Company Secretary on that date.

REAPPOINTMENT OF DIRECTORS

The constitution of the Company contains provisions regarding the appointment and retirement of Directors. At the Annual General Meeting (AGM) each year at least one-third of the board shall retire by rotation and each Director who has not been appointed or re-appointed at or before the AGM held in the third calendar year before the current year shall retire by rotation. However, in accordance with the requirements of the 2018 UK Corporate Governance Code, all Directors will retire and will offer themselves for re-election at the AGM in 2020.

Biographical detail of all Directors can be found on page 24 and on the Company's website at https://www.datalex.com/investor/#Board_of_Directors.

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and Secretary (including the interests of spouses and minor children), who were in office at 31 December 2019, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2019 (closing) and 1 January 2019 (opening):

DIRECTOR AND SECRETARY	CLOSING ORDINARY SHARES OF US$0.10 EACH	CLOSING OPTIONS OVER ORDINARY SHARES OF US$0.10 EACH	OPENING ORDINARY SHARES OF US$0.10 EACH	OPENING OPTIONS OVER ORDINARY SHARES OF US$0.10 EACH
John Bateson	-	-	-	-
David Hargaden (appointed 7 November 2019)	-	-	-	-
Christine Ourmières-Widener (appointed 3 October 2019)	-	-	-	-
Mike McGearty (appointed 9 December 2019)	-	-	-	-
Sean Corkery (appointed 12 April 2019)	-	-	-	-
Peter Lennon	325,935	-	325,935	-
Niall O'Sullivan (appointed 4 June 2019)	-	-	-	-
Neil McLoughlin (appointed 23 August 2019)	-	-	-	-

There have been no changes to the Directors' or Secretary's interests outlined above between the year-end date and the date of approval of the consolidated financial statements.

DIRECTORS' COMPLIANCE STATEMENT

It is the policy of the Company to comply with its relevant obligations (as defined by Section 225(2)(a) of the Companies Act 2014). The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year.

As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of persons retained by the Company under contract, who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future. The time period that the Board has considered in evaluating the appropriateness of the going concern basis in preparing the consolidated financial statements for 2019 is a period of twelve months from the date of approval of these consolidated financial statements.

The Group incurred a loss of US$12.1m in 2019 (2018: loss of US$47.2m). At 31 December 2019, the Group had net liabilities of US$17.1m (2018: net liabilities of US$9.4m) and net current liabilities of US$16.5m (2018: net current liabilities of US$11.7m). Operating cash outflows in the year were US$15.2m (2018: US$1.9m outflow). The total decrease in cash was US$5.3m (2018: US$7.8m).

The Group continues to operate in a very competitive environment and COVID-19 has brought unprecedented challenges to the aviation industry. 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. A number of significant events occurred during 2019 and in 2020 to date that have given rise to material uncertainties for the business that may cast significant doubt on the Group's ability to continue as a going concern.

As the Group recovers from the financial challenges it encountered in 2019, the Board acknowledges that there is a risk that some customers may look to alternative providers. As described in the Financial & Operational Review section on pages 14 to 19, Lufthansa AG and Swiss International Airlines Limited terminated their contracts with Datalex during 2019. In April 2020 the Group received a termination from another customer which is related to the customers own internal restructuring and we are in discussions with the customer regarding a new contractual arrangement. In evaluating our cash flow needs for the next twelve months, we have taken into account our commitments to customers in both deployment and ongoing service commitments.

The UK Corporate Governance Code requires the Board to assess and report on the prospects of the Group and whether the business is a going concern. In considering this requirement, 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. To prepare 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. We have adjusted our 2020 forecast to take into account the potential impacts that COVID-19 could have on the Group, such as:

- A material reduction in transaction volumes to approximately 15% of 2019 levels in Q2 2020, improving to 60% in Q4 2020 and remaining at this level in H1 2021;
- A 33% reduction in post go-live services revenue for FY 2020, with an additional 10% reduction in 2021;
- No additional losses of customers. The Group relies on a small number of significant customers;
- Delays in a large project implementation to H1 2021
- Successfully winning new business in H1 2021;
- Significant reduction across all operating costs of the business;
- Continued ability to negotiate extended payment terms with our key suppliers; and
- Delays in cash receipts over the course of H2 2020 in relation to platform revenue to the Group by an additional 30 days to normal payment terms. This delay is assumed to return to normal over the course of H1 2021;

In our sensitivity analysis, management made further assumptions to reflect COVID-19 having a more adverse impact on the global economy, the aviation industry & Datalex, together with certain actions the Group would take in these circumstances:

- A further reduction in transaction volumes of 10% from 2020 forecast levels;
- A further reduction in post go-live services revenue versus 2020 forecast of 30% for FY 2020 and 17% for FY 2021;
- Removal of new win opportunities and further delays in a large project go-live;
- Additional cost saving measures across the business, impacting headcount, contractors and operating costs;
- Continued ability to negotiate extended payment terms with our key suppliers; and
- The delays in cash receipts from platform revenues in 2020 are not assumed to catch up over the course of H1 2021.

Based on the forecasts prepared by management and approved by the Board post COVID-19, and the additional sensitivity analysis performed, maximum potential cash shortfalls of $4m and $8.4m respectively, have been identified in the 12 month period to 30 June 2021. In addition, the Group is required to repay the Tireragh Limited (a company ultimately beneficially owned by Mr. Dermot Desmond) loan facility (US$12.4m) and accrued interest (US$1.5m) on 1 November 2020. The Group's current forecasts indicate that there will not be sufficient Group resources to repay the loan facility as it falls due, and additional funding will be required by the Group in order to repay the loan facility. The Group has secured certain covenant waivers from Tireragh Limited in relation to both 2019 and 2020, in order to preserve flexibility to operate the business through the economic challenges resulting from COVID-19.

The Board intends to arrange an equity fundraising to raise, net of expenses, sufficient proceeds for the repayment of the loan facilities and the funding of the working capital needs of the business in 2021 and beyond. Due to the significance of the potential funding requirement the Group sought and received confirmations of intended financial support from Tireragh Limited's ultimate beneficial shareholder, Mr. Desmond, to extend the repayment date for the loan facility from 1 November 2020 to 1 November 2021 and to provide additional funding of up to €10 million, if required, subject to payment of a financing fee and a number of conditions and on terms to be agreed to meet the short-term cash flow needs of the Group. The Company anticipates that the provision of such finance to the Group will require independent shareholder approval as a related party transaction under the Euronext Dublin Listing Rules.

The Board is currently seeking to have the suspension in trading in the Company's shares lifted and intends to arrange an equity fundraising as described above. The additional debt funding facility that Mr. Desmond intends to provide will provide Datalex with the flexibility to complete this equity fundraising at a more appropriate time when market conditions are more favourable. We are very grateful for the support provided by Mr. Desmond.

We have incorporated sensitivity analysis into our forecasted plan which reflects plausible but severe combinations of the principal risks of the business, primarily through reducing revenues and contract losses. The Directors believe that these forecasts form a reasonable basis for their estimation of the future cash needs of the business. We will continue to monitor the current situation very closely and will take the additional measures necessary to protect the business. In addition to the actions already taken, there are a number of further cost saving measures which could be implemented if required. We will continue to update our shareholders as circumstances change.

The Board recognises that the combination of the circumstances described above represents material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Mr. Desmond's intention to support, the Board has a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the consolidated financial statements on a going concern basis. Therefore, the consolidated financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

FINANCIAL VIABILITY STATEMENT

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group and its ability to continue to operate, and meet its liabilities as they fall due for the remainder of 2020 and through to December 2022.

A three-year period has been deemed an appropriate time frame for our assessment as it is in line with the strategic plan presented to and approved by the Board of Directors. This plan takes into account the strategy of the Group, the Board's risk appetite, the market and competitive landscape and assesses the impact of COVID-19 on our Group and the wider aviation industry.

As the impact of COVID-19 on the airline industry begins to stabilise, we expect to win new customers which will drive increased licence and services revenues going forward and will help to grow Adjusted EBITDA each year. The three-year strategic plan makes certain assumptions, including:

- Airline booking transactions will return to 2019 levels in 2022;
- Leveraging recent technology enhancements to generate an additional four platform and three product customers;
- Service revenues will continue to decline for each of the three years in the strategic plan;
- Except for the anticipated loss of two customers post July 2021, the Group will retain all customers;
- Continued active management of the cost control levers; and
- Product investment and capital expenditure to support the product strategy and growth.

In performing the assessment of the Group's financial viability, the Board assessed the resilience of the Group, its current position and the principal risks that it faces. Each of these principal risks, along with their potential impact and mitigating factors are conveyed in the "Principal Risk and Uncertainties" section on pages 21 and 22. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

As set out in some detail in the Going Concern Statement above and within Note 2.5 to the consolidated financial statements, preparing a financial plan is challenging as there are a number of possible outcomes. The Group relies on a small number of significant customers. The loss of any customer could result in a significant impact on the Group's financial position, and the loss of a number of customers would threaten the Group's viability.

In the Going Concern Statement on pages 29 and 30, it is also noted that our largest ultimate beneficial shareholder, Mr. Dermot Desmond, has offered support which will enable the Group to continue as a going concern. In particular, Mr. Desmond has signalled his intent to provide an extension of the loan facility repayment date on the Tireragh Limited loan facility to 1 November 2021 and has also signalled his intent to provide additional debt funding of up to €10m (both are subject to shareholder approval). This will result in a significant debt balance, including the existing debt balance as at 31 December 2019 of $12.9m (which includes capitalised interest up to that date), becoming repayable on 1 November 2021.

Equity fundraising remains the preferred source of funding for the Group and the additional loan facility provides the Group with the capability to choose the most optimal time to go to the market for equity funding. The aim of the equity fundraising is to repay the loan facilities due on 1 November 2021 and support the Group's future working capital requirements. Our forecasts indicate that once Datalex raises sufficient funds to repay the loan facility due on 1 November 2021, no additional funding will be required beyond that point as the Group will be cashflow positive.

The successful completion of an equity fundraising nevertheless remains subject to significant third party, internal and external risks, including the lifting of the suspension in trading in the Company's shares. In particular, the market uncertainty resulting from COVID-19 is a large risk to the fundraising. In addition, an equity fundraising, depending on its structure, may require publication of a prospectus and/or the convening of an Extraordinary General Meeting at which shareholder approval of the arrangements would be sought. There is a risk that one or more of these steps may not be completed, or may not be completed in time, and the equity fundraising may not successfully complete. However, as detailed on pages 29 and 30, the Company has begun the process of seeking additional equity funding and is currently seeking to get the suspension on trading of Datalex plc shares lifted. In addition, the signal of intent received from Mr. Desmond to provide additional debt funding to the Group of up to €10m until 1 November 2021 will provide Datalex with the flexibility to complete this equity fundraising at a more appropriate time when market conditions are more favourable.

The financial viability is dependent on the satisfactory outcome of the assumptions underlying the going concern assertion as described on pages 29 and 30. The Directors are satisfied that appropriate disclosures have been included on the basis on which the Viability Statement is supported.

Whilst the Board acknowledges that the potential severity of the risks assessed may change, based on their assessment of viability, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2022.

AUDIT COMMITTEE

Details in relation to the Audit Committee of Datalex plc have been included on pages 42 to 45.

INFORMATION REQUIRED TO BE DISCLOSED BY EURONEXT DUBLIN LISTING RULE LR 6.1.77

For the purposes of LR.6.1.77, the information required to be disclosed by LR 6.1.77 can be found at the following locations:

SECTION	TOPIC	LOCATION
1	Interest capitalised	Note 14
2	Publication of unaudited financial information	Not applicable
3	Small related party transactions	Remuneration Report and Note 29
4	Details of long-term incentive schemes	Remuneration Report and Note 15
5	Waiver of emoluments by Directors	Remuneration Report
6 - 14	Sections 6 – 14 of listing rule 6.1.77	Not applicable

All information cross-referenced above is hereby incorporated by reference into this Directors' Report.

SUBSEQUENT EVENTS

The Group received notification from a customer during April 2020 that it intends to terminate its MSA and Licence agreement with Datalex, resulting in the customer ceasing to use the Datalex software products from October 2020. Datalex management understands that the notification received is as a result of the customer's own internal restructuring, with direct discussions ongoing with the customer's subsidiary airlines to enter into new commercial arrangements upon cessation of the existing agreement with their parent company.

COVID-19 has had a major impact on the industry which Datalex serves. It is difficult to accurately quantify at this point in time the likely impact of COVID-19 on our financial and trading performance. However, in response to COVID-19, difficult decisions and actions were taken by the Group post year-end to protect the Group, including:

1. Implementation of a redundancy program which saw fourteen roles depart the Group. This cost of this redundancy program is US$244k but will result in an anticipated saving of US$1.2m per annum.
2. Reduction in the use of third-party outsourcing resources, resulting in an anticipated saving of US$5.6m per annum.
3. Implementation of a temporary four-day working week across all regions the Group operates, with the exception of China where the staff remained on a five-day working week, resulting in an anticipated saving of US$1.2m in 2020.
4. Cancellation of all non-contractual and committed bonus payments.
5. Implementation of a temporary hiring freeze.

The Group utilises yield spreads to assist in the determination of an appropriate expected credit loss (ECL) provision to record against Trade Receivables and Contract Assets. There has been significant fluctuation of these yield spreads after the year-end as a result of the impact of COVID-19 on the airline industry.

On 22 June 2020, the Board of Directors agreed to accept, subject to shareholder approval as a related party transaction under Listing Rules, a further offer of support from the Group's largest beneficial shareholder, Mr. Dermot Desmond. The offer of support includes the following proposal to:

1. Provide an extension of the maturity of the existing loan facility to 1 November 2021; and
2. Provide additional debt funding of up to €10m to the Group to be drawn upon as required.

It is proposed that the extension and additional debt funding would operate as a continuation of the existing Tireragh Limited loan facility and will be subject to and an additional facility fee which will be negotiated and agreed with Tireragh Limited. The terms and conditions of offer and associated fees will be conditional upon shareholder approval, as a related party transaction under Listing Rules, and, in accordance with the Listing Rules, require an opinion of the Company's sponsor, Goodbody Stockbrokers, that the arrangements are fair and reasonable as far as shareholders are concerned.

The Directors deem the above subsequent events to be non-adjusting events. There have been no other subsequent events that impact on the 2019 consolidated financial statements up to the date of this report.

POLITICAL DONATIONS

The Group and the Company did not make any political donations during the year ended 31 December 2019 (2018: US$nil).

DEVELOPMENT ACTIVITIES

The Group actively engages in research and development activities relevant to its business. Expenditure on research and development amounted to US$1.8m in 2019 (2018: US$13.2m), of which US$107k (2018: US$nil) was capitalised as development expenditure as disclosed in Note 5 to the Financial Statements.

Details of development expenditure also discussed in the CEO Statement and the Financial and Operational Review.

AUDITOR

The statutory auditor for our 2018 year-end, EY, resigned as the statutory auditor on 12 September 2019. The Board, pursuant to a process to appoint an auditor for the year ending 31 December 2019, appointed Deloitte Ireland LLP on 31 December 2019. The auditor, Deloitte, will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381 (1)(b) of the Companies Act 2014, a resolution authorising the Board to determine the remuneration of the auditor will be proposed at the 2020 AGM.

On Behalf of the Board

Sean Corkery
Chief Executive Officer

Niall O'Sullivan
Chief Financial Officer

30 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the Group and Company financial statements in accordance with Irish law.

Irish law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Under Irish law the Directors shall not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the Group and Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the Group and Company financial statements have been prepared in accordance with IFRS as adopted by the European Union and ensure that they contain the additional information required by the Companies Act 2014; and
- Prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also required by applicable law and the Listing Rules issued by Euronext Dublin, to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance.

In accordance with the Transparency (Directive 2004/109/Ec) Regulations 2007 (the "Transparency Regulations"), the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Group;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Company and the Group to be determined with reasonable accuracy; and
- Enable the Directors to ensure that the Group and Company financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 23 of the Annual Report confirms that, to the best of each person's knowledge and belief:

- The Group and Company financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities and financial position of the Company and the Group and of the loss of the Group;
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face; and
- The Directors consider that the Annual Report and Group and Company financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

On Behalf of the Board

Sean Corkery
Chief Executive Officer

Niall O'Sullivan
Chief Financial Officer

30 June 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,077	2,536
Intangible assets	5	228	140
Right of Use Assets	6	5,789	-
Deferred contract fulfilment costs	7	2,161	10,864
Contract acquisition costs	8	190	792
Trade and other receivables	10	255	685
Total non-current assets		**9,700**	**15,017**
Current assets			
Deferred contract fulfilment costs	7	-	660
Trade and other receivables	10	7,247	7,133
Contract assets	10	2,561	2,019
Restricted cash	11	-	500
Cash and cash equivalents	11	3,051	8,380
Total current assets		**12,859**	**18,692**
Total assets		**22,559**	**33,709**
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Issued ordinary share capital	12	8,198	7,810
Other issued equity share capital	12	262	262
Other reserves	13	11,892	7,783
Retained loss		(37,475)	(25,230)
Total equity		**(17,123)**	**(9,375)**
LIABILITIES			
Non-current liabilities			
Borrowings	14	5,487	895
Provisions	15	941	651
Trade and other payables	16	-	170
Contract liabilities	17	3,858	10,942
Total non-current liabilities		**10,286**	**12,658**
Current liabilities			
Borrowings	14	13,376	366
Provisions	15	1,236	-
Trade and other payables	16	10,963	16,094
Contract liabilities	17	3,561	13,626
Current income tax liabilities		260	340
Total current liabilities		**29,396**	**30,426**
Total equity and liabilities		**22,559**	**33,709**

For and on behalf of the Board

Sean Corkery Niall O'Sullivan

30 June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Before exceptional items US$'000	2019 Exceptional items (Note 23) US$'000	2019 Total US$'000	*As Restated: Refer to Note 34* 2018 Before exceptional items US$'000	*As Restated: Refer to Note 34* 2018 Exceptional items (Note 23) US$'000	*As Restated: Refer to Note 34* 2018 Total US$'000
Revenue from contracts with customers	18	45,148	-	45,148	45,096	-	45,096
Cost of sales	19	(30,583)	(2,596)	(33,179)	(40,749)	(12,369)	(53,118)
Gross profit / (loss)		**14,565**	**(2,596)**	**11,969**	**4,347**	**(12,369)**	**(8,022)**
Selling and marketing costs	19	(1,654)	-	(1,654)	(3,406)	-	(3,406)
Administrative expenses	19	(13,392)	(2,821)	(16,213)	(10,681)	(2,254)	(12,935)
Net impairment losses on financial and contract assets	10	(1,933)	(2,876)	(4,809)	(140)	-	(140)
Impairment of intangible assets	23	-	-	-	-	(19,959)	(19,959)
Other income	21	410	-	410	206	-	206
Other (losses)/gains	22	(199)	-	(199)	122	(164)	(42)
Operating (loss)/ profit		**(2,203)**	**(8,293)**	**(10,496)**	**(9,552)**	**(34,746)**	**(44,298)**
Finance income	24	4	-	4	10	-	10
Finance costs	24	(1,503)	-	(1,503)	(408)	-	(408)
Loss before income tax		**(3,702)**	**(8,293)**	**(11,995)**	**(9,950)**	**(34,746)**	**(44,696)**
Income tax charge	9	(66)	-	(66)	(140)	(2,397)	(2,537)
Loss for the year		**(3,768)**	**(8,293)**	**(12,061)**	**(10,090)**	**(37,143)**	**(47,233)**
Loss per share (in US$ cents per share):							
Basic	25			(15.1)			(61.5)
Diluted	25			(15.1)			(61.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
Loss for the financial year		**(12,061)**	**(47,233)**
Other comprehensive income:			
Items that may subsequently be reclassified to profit and loss			
Foreign currency translation adjustments:			
- Arising in the year	13	7	(21)
Total movement in items that may subsequently be reclassified to profit and loss		7	(21)
Comprehensive loss for the year		**(12,054)**	**(47,254)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	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
Balance at 1 January 2018	**7,693**	**262**	**7,000**	**25,840**	**40,795**
Loss for the year	-	-	-	(47,233)	**(47,233)**
Other comprehensive loss	-	-	(21)	-	**(21)**
Total comprehensive loss for the year	**-**	**-**	**(21)**	**(47,233)**	**(47,254)**
Share-based payments credit (Note 13)	-	-	(147)	-	**(147)**
Issue of ordinary shares on exercise of options (Notes 12 & 13)	117	-	822	-	**939**
Decrease in treasury shares due to exercise of JSOP awards (Note 13)	-	-	129	-	**129**
Dividends paid (Note 27)	-	-	-	(3,837)	**(3,837)**
Balance at 31 December 2018	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Balance at 1 January 2019	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Loss for the year	-	-	-	(12,061)	**(12,061)**
Other comprehensive income	-	-	7	-	**7**
Total comprehensive loss for the year	**-**	**-**	**7**	**(12,061)**	**(12,054)**
Share-based payments cost (Note 13)	-	-	83	-	**83**
Issue of ordinary shares on exercise of options (Notes 12 & 13)	2	-	-	-	**2**
Issue of ordinary shares from share placement (Notes 12 & 13)	386	-	4,019	-	**4,405**
Share issue costs	-	-	-	(184)	**(184)**
Balance at 31 December 2019	**8,198**	**262**	**11,892**	**(37,475)**	**(17,123)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in from operations	26	(15,003)	(1,644)
Additions to contract acquisition costs		-	(334)
Income tax (paid) / credit		(192)	43
Net cash (used in)/ generated from operating activities		**(15,195)**	**(1,935)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(280)	(163)
Additions to intangible assets		(155)	-
Contract fulfilment cost payments		(4,201)	(2,057)
Interest received		5	10
Restricted cash		500	-
Net cash used in investing activities		**(4,131)**	**(2,210)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (including share premium)	12 & 13	4,223	939
Proceeds from exercise of JSOP awards	13	-	129
Proceeds from borrowings		12,220	-
Dividends paid to shareholders	27	-	(3,837)
Payment of interest on lease liabilities	24	(706)	(55)
Payment of capital on lease liabilities		(1,247)	(637)
Interest paid		(481)	(222)
Net cash used in financing activities		**14,009**	**(3,683)**
Net decrease in cash and cash equivalents		(5,317)	(7,828)
Foreign exchange (loss)/gain on cash and cash equivalents		(12)	55
Cash and cash equivalents at beginning of year		8,380	16,153
Cash and cash equivalents at end of year	11	**3,051**	**8,380**

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
ASSETS			
Non current assets			
Investments in subsidiaries	28	-	-
Total non-current assets		**-**	**-**
Current Assets			
Trade and other receivables	10	25	223
Cash and cash equivalents	11	86	118
TOTAL ASSETS		**111**	**341**
EQUITY			
Capital and reserves attribute to equity holders of the company			
Issued ordinary share capital	12	8,198	7,810
Other issued equity share capital	12	262	262
Other reserves	13	50,737	46,635
Retained loss		(72,742)	(54,477)
TOTAL EQUITY		**(13,545)**	**230**
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,234	111
Borrowings	14	12,422	-
TOTAL EQUITY AND LIABILITIES		**111**	**341**

As permitted by Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate statement of profit and loss in the Financial Statements and from filing it with the Registrar of Companies. The Company's loss for the financial year is US$18.1m (2018: Loss of US$51.6m). The loss includes dividends received from Datalex (Ireland) Limited of US$nil (2018: US$nil). See Note 27 in relation to the dividends paid.

On behalf of the board

Sean Corkery **Niall O'Sullivan**

30 June 2020

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	26	**287**	**2,997**
Loans to subsidiary undertakings		**(16,808)**	-
Dividends received from subsidiary undertakings (Note 27)		-	-
Net cash generated from operating activities		**(16,521)**	**2,997**
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	12 & 13	4,518	939
Proceeds from shareholder loan		12,262	-
Dividends paid to shareholders	27	-	(3,837)
Net cash used in financing activities		**16,780**	**(2,898)**
Net increase/ (decrease) in cash and cash equivalents		259	99
Foreign exchange (loss)/ gain on cash and cash equivalents		(291)	(183)
Cash and cash equivalents at beginning of year		118	202
Cash and cash equivalents at end of year	11	**86**	**118**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	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
Balance at 1 January 2018	**7,693**	**262**	**45,960**	**1,007**	**54,922**
Loss for the year	-	-	-	(51,647)	**(51,647)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(51,647)**	**(51,647)**
Share-based payments credit (Note 13)	-	-	(147)	-	**(147)**
Issue of ordinary shares on exercise of options (Note 12 & 13)	117	-	822	-	**939**
Dividends paid (Note 27)	-	-	-	(3,837)	**(3,837)**
Balance at 31 December 2018	**7,810**	**262**	**46,635**	**(54,477)**	**230**
Balance at 1 January 2019	**7,810**	**262**	**46,635**	**(54,477)**	**230**
Loss for the year	-	-	-	(18,081)	**(18,081)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**7,810**	**262**	**46,635**	**(72,558)**	**(17,851)**
Share-based payments cost (Note 13)	-	-	83	-	**83**
Shares issued during the year	388	-	4,019	-	**4,407**
Share issue costs	-	-	-	(184)	**(184)**
Balance at 31 December 2019	**8,198**	**262**	**50,737**	**(72,742)**	**(13,545)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

The principal activity of the Group (which consists of Datalex plc and its subsidiary companies as listed in Note 28) is the development and sale of a variety of direct distribution software products and solutions to the travel industry.

Datalex plc ("the Company") is a public limited company incorporated and domiciled in Ireland and is listed on Euronext Dublin. The company registration number is 329175, and the registered office is Block U, EastPoint, Clontarf, Dublin 3, D03 H704, Ireland. As a result of the non-publication of the annual financial statements of the Company for the year ended 31 December 2018 by the date required by Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) (i.e. 30 April 2019), trading in the Company's shares was temporarily suspended by Euronext Dublin from 1 May 2019. As at the date of the publication of the 2019 Group financial statements the Company's shares remain suspended. The Directors anticipate making an application to Euronext Dublin to recommence trading of the Company's shares during 2020.

These Group and Company financial statements were authorised for issue by the Board of Directors on 30 June 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied.

2.1 STATEMENT OF COMPLIANCE

International Financial Reporting Standards ('IFRS') require a Company whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

The consolidated and company financial statements of Datalex plc have been prepared in accordance with IFRS and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ("EU") and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. The Company and the Consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be read as references to IFRS as adopted by the EU. The IFRS applied in these financial statements were those effective for accounting periods ending on 31 December 2019. The Consolidated financial statements are also prepared in compliance with the Companies Act, 2014 and Article 4 of the IAS Regulation. In presenting the Company financial statements together with the Consolidated financial statements, the Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present or file its individual Income Statement and related notes that form part of the approved Company financial statements.

2.2 BASIS OF PREPARATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The Consolidated financial statements are presented in US dollars ('US$') being the presentation currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The financial statements have been prepared on the going concern basis of accounting and under the historical cost convention, as modified by the measurement at the fair value of share options and derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and Group's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the entity and Group financial statements are disclosed in Note 3.

The notes to the financial statements include the information in the Remuneration Report that is described as being an integral part of the financial statements.

2.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

Adoption of New Accounting Standards & Interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have been applied in preparing these financial statements. None of these have had a significant effect on the financial statements of the Group or Company, except for the following:

IFRS 16 *Leases*

This standard, which is effective for the financial year beginning 1 January 2019, addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 for lessees is that most operating leases will be accounted for on the statement of financial position. The standard replaces IAS 17, Leases, and related interpretations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

The distinction between operating leases (off statement of financial position) and finance leases (on statement of financial position) is removed for lease accounting for lessees under IFRS 16. The principal difference compared to lease accounting under IAS 17, is the requirement to bring almost all leases for lessees onto the statement of financial position, except for leases with a term of less than 12 months and leases where the underlying asset has a low value when new. The Group and Company, as a lessee, adopted IFRS 16 by applying the modified retrospective approach and recognised a lease liability and corresponding right of use asset. The lease liability is initially measured at the present value of the lease payments that are not paid as of 1 January 2019.

Subsequently, the lease liability has been adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The right of use asset is an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments. The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The standard has had a material impact on the statement of financial position of the Group with the recognition of lease liabilities and right of use assets. Group management have reviewed contracts to identify lease arrangements that would need to be recognised under IFRS 16. The lease arrangements that have been recorded on the statement of financial position at 1 January 2019, following implementation of IFRS 16, relate principally to office buildings.

The overall impact on the consolidated statement of profit and loss of adopting IFRS 16 will be neutral over the life of a lease but will result in a higher charge in the earlier years following implementation and a lower charge in the later years as a result of how finance costs are recognised on the leases. The effect of adopting the new IFRS 16 leasing standard resulted in the Group recording a depreciation charge of US$0.8m and finance costs of US$0.7m in the 2019 financial statements. This compares to the expected 2019 operating lease charge of circa US$1.2m under IAS 17. Assuming no change in these leases, this finance cost will gradually decrease over the remaining lives of the leases. The implementation of IFRS 16 will not change overall lease cashflows or the economic effect of the leases to which the Group is a party. It does, however, change the presentation of cash flows from leases with rent payments now being shown in financing rather than operating activities, split into their principal repayment and finance cost components.

In calculating the estimated impact of the adoption of IFRS 16 on the consolidated financial statements, the Group has availed of the following practical expedients when applying the standard:

- A single discount (10.45%) rate has been applied to leases with reasonably similar characteristics;
- Lease contracts for which the underlying asset is of low value have been excluded from the calculations;
- Leases with remaining terms of less than 12 months at the date of initial application have been excluded from the calculations;
- Initial direct costs associated with the leases have been excluded from the valuation of the right of use asset; and
- Hindsight has been used to determine lease terms where the lease agreements include options to terminate or extend the lease.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

The Group and Company has adopted the amendments to IFRS 9 for the first time in the current year. This amendment did not have a material impact on the Group in the current period. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group and Company has adopted IFRIC 23 for the first time in the current year. As stated in Note 33, this IFRIC did not have a material impact on the Group in the current or prior period. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards, Amendments and Interpretations not yet adopted

At the date of authorisation of these financial statements, the Group and Company have not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases have not yet been adopted by the EU:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of material*
Conceptual Framework	*Amendments to References to the* Conceptual Framework *in IFRS Standards*
Amendments to IFRS 9, IAS 39 and IFRS 17	*Interest Rate Benchmark Reform (issued on 26 September 2019)*
Amendments to IAS 1 Presentation of Financial Statements	*Classification of Liabilities as Current or Non-current (issued on 23 January 2020)*
Amendments to IFRS 3 Business Combinations	*Update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations*
Amendments to IAS 16 Property, Plant and Equipment	*Prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit and loss*
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	*Specify which costs a company includes when assessing whether a contract will be loss-making*
Annual Improvements	*Make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IFRS 3 *Definition of a business*

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. This amendment will not have a material impact on the Group or Company in 2020.

Amendments to IAS 1 and IAS 8 *Definition of material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted. This amendment will not have a material impact on the Group or Company in 2020.

Amendments to References to the* Conceptual Framework *in IFRS Standards

Together with the revised *Conceptual Framework*, which became effective upon publication on 29 March 2018, the IASB has also issued *Amendments to References to the* Conceptual Framework in *IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted. This amendment will not have a material impact on the Group or Company in 2020.

2.4 BASIS OF CONSOLIDATION

This section details how the Group accounts for the different types of interests it has in subsidiaries.

The Group financial statements consolidate the financial statement of the Company and all of its subsidiary undertakings made up to the relevant year-end. The subsidiary undertakings' financial years are all coterminous with those of the Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition or up to the date of their disposal. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future. The time period that the Board has considered in evaluating the appropriateness of the going concern basis in preparing the consolidated financial statements for 2019 is a period of twelve months from the date of approval of these consolidated financial statements.

The Group incurred a loss of US$12.1m in 2019 (2018: loss of US$47.2m). At 31 December 2019, the Group had net liabilities of US$17.1m (2018: net liabilities of US$9.4m) and net current liabilities of US$16.5m (2018: net current liabilities of US$11.7m). Operating cash outflows in the year were US$15.2m (2018: US$1.9m outflow). The total decrease in cash was US$5.3m (2018: US$7.8m).

The Group continues to operate in a very competitive environment and COVID-19 has brought unprecedented challenges to the aviation industry. 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. A number of significant events occurred during 2019 and in 2020 to date that have given rise to material uncertainties for the business that may cast significant doubt on the Group's ability to continue as a going concern.

As the Group recovers from the financial challenges it encountered in 2019, the Board acknowledges that there is a risk that some customers may look to alternative providers. As described in the Financial & Operational Review section on pages 14 to 19, Lufthansa AG and Swiss International Airlines Limited terminated their contracts with Datalex during 2019. In April 2020 the Group received a termination from another customer which is related to the customers own internal restructuring and we are in discussions with the customer regarding a new contractual arrangement. In evaluating our cash flow needs for the next twelve months, we have taken into account our commitments to customers in both deployment and ongoing service commitments.

The UK Corporate Governance Code requires the Board to assess and report on the prospects of the Group and whether the business is a going concern. In considering this requirement, 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. To prepare 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. We have adjusted our 2020 forecast to take into account the potential impacts that COVID-19 could have on the Group, such as:

- A material reduction in transaction volumes to approximately 15% of 2019 levels in Q2 2020, improving to 60% in Q4 2020 and remaining at this level in H1 2021;
- A 33% reduction in post go-live services revenue for FY 2020, with an additional 10% reduction in 2021;
- No additional losses of customers. The Group relies on a small number of significant customers;
- Delays in a large project implementation to H1 2021
- Successfully winning new business in H1 2021;
- Significant reduction across all operating costs of the business;
- Continued ability to negotiate extended payment terms with our key suppliers; and
- Delays in cash receipts over the course of H2 2020 in relation to platform revenue to the Group by an additional 30 days to normal payment terms. This delay is assumed to return to normal over the course of H1 2021;

In our sensitivity analysis, management made further assumptions to reflect COVID-19 having a more adverse impact on the global economy, the aviation industry & Datalex, together with certain actions the Group would take in these circumstances:

- A further reduction in transaction volumes of 10% from 2020 forecast levels;
- A further reduction in post go-live services revenue versus 2020 forecast of 30% for FY 2020 and 17% for FY 2021;
- Removal of new win opportunities and further delays in a large project go-live;
- Additional cost saving measures across the business, impacting headcount, contractors and operating costs;
- Continued ability to negotiate extended payment terms with our key suppliers; and
- The delays in cash receipts from platform revenues in 2020 are not assumed to catch up over the course of H1 2021.

Based on the forecasts prepared by management and approved by the Board post COVID-19, and the additional sensitivity analysis performed, maximum potential cash shortfalls of $4m and $8.4m respectively, have been identified in the 12 month period to 30 June 2021. In addition, the Group is required to repay the Tireragh Limited (a company ultimately beneficially owned by Mr. Dermot Desmond) loan facility (US$12.4m) and accrued interest (US$1.5m) on 1 November 2020. The Group's current forecasts indicate that there will not be sufficient Group resources to repay the loan facility as it falls due, and additional funding will be required by the Group in order to repay the loan facility. The Group has secured certain covenant waivers from Tireragh Limited in relation to both 2019 and 2020, in order to preserve flexibility to operate the business through the economic challenges resulting from COVID-19.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 GOING CONCERN (continued)

The Board intends to arrange an equity fundraising to raise, net of expenses, sufficient proceeds for the repayment of the loan facilities and the funding of the working capital needs of the business in 2021 and beyond. Due to the significance of the potential funding requirement the Group sought and received confirmations of intended financial support from Tireragh Limited's ultimate beneficial shareholder, Mr. Desmond, to extend the repayment date for the loan facility from 1 November 2020 to 1 November 2021 and to provide additional funding of up to €10 million, if required, subject to payment of a financing fee and a number of conditions and on terms to be agreed to meet the short-term cash flow needs of the Group. The Company anticipates that the provision of such finance to the Group will require independent shareholder approval as a related party transaction under the Euronext Dublin Listing Rules.

The Board is currently seeking to have the suspension in trading in the Company's shares lifted and intends to arrange an equity fundraising as described above. The additional debt funding facility that Mr. Desmond intends to provide will provide Datalex with the flexibility to complete this equity fundraising at a more appropriate time when market conditions are more favourable. We are very grateful for the support provided by Mr. Desmond.

We have incorporated sensitivity analysis into our forecasted plan which reflects plausible but severe combinations of the principal risks of the business, primarily through reducing revenues and contract losses. The Directors believe that these forecasts form a reasonable basis for their estimation of the future cash needs of the business. We will continue to monitor the current situation very closely and will take the additional measures necessary to protect the business. In addition to the actions already taken, there are a number of further cost saving measures which could be implemented if required. We will continue to update our shareholders as circumstances change.

The Board recognises that the combination of the circumstances described above represents material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Mr. Desmond's intention to support, the Board has a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the consolidated financial statements on a going concern basis. Therefore, the consolidated financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

2.6 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The Consolidated financial statements are presented in US Dollar, which is the presentational currency of the Group and the functional currency of the Parent Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss.

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented, are translated at the closing exchange rate at the date of that statement of financial position;
ii. income and expenses for each statement of profit and loss are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction; and
iii. all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net qualifying investment in foreign operations are taken to shareholders' equity.

2.7 REVENUE RECOGNITION

(A) GENERAL

The Group applies IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15").

Revenue is recognised by applying the following five step model to the contracts with customers.

i. Identify the contract with the customer;
ii. Identify the performance obligations in the contract;
iii. Determine the transaction price;
iv. Allocate the transaction price; and
v. Recognise revenue when (or as) a performance obligation is satisfied.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 REVENUE RECOGNITION (continued)

(B) CATEGORIES OF REVENUE

The Group considers whether there are various products and services within a contract with a customer that are deemed distinct performance obligations to which the transaction price needs to be allocated. In determining the transaction price for the contractual arrangements, the Group considers the effects of variable consideration, transaction-based license revenue, the existence of significant financing components, upfront payments, and consideration payable to the customer (if any). Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the performance obligations identified within a contract and each portion is recognised separately as each performance obligation is satisfied.

The Group's revenue is divided into three principal categories, with the following significant elements:

1. Platform revenue

(a) License
Customer use of the Datalex software can include (i) air fare bookings, (ii) non-air ancillary bookings such as car, hotel and insurance, (iii) air ancillary items such as seat fees or bag fees, and (iv) hosting fees when the customer's software solution is hosted by Datalex.

Licenses provide customers with a right to access the Datalex platform over time. Software revenue is recognised over time for the contract term determined in accordance with IFRS 15, commencing when the license is usable by the customer following completion of configuration and installation.

(b) Bundled performance obligations
License and services are treated as a bundled product offering where services significantly integrate, customise, or modify the on-premise software or cloud service to which they relate. Where this arises, the license and services are combined into one distinct bundle of products and services and treated as a single performance obligation.

A bundled performance obligation is recognised commencing on completion of implementation services or the go-live date, over the contract term as the license is considered to be the primary or dominant component of such bundled performance obligations. Where bundled performance obligations exist, either upon go-live or on completion of implementation services, we commence revenue recognition on the bundled revenues pertaining to the completed implementation period.

As the measure of progress for revenue recognition we use an output measure, namely project tracking tools that allow both us and our customer to monitor and measure delivery of the various components underpinning the customised software. We consider that the use of such a system provides the most faithful depiction of our progress in satisfying the delivery of the bundled license and implementation services.

(c) Managed services/hosting
Managed services/hosting facilitates customer use of the Datalex product suite. It is offered to those customers that do not manage the solution themselves.

As the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, revenue from managed services performance obligations is recognised over time, on a rateable basis.

(d) Sale of Code
The Group may sell historic, no longer supported software code to customers where the customers require the software code to maintain their operations but it is no longer economic or feasible for Datalex to continue to support or develop the software code. The sale of the code could occur via granting of a perpetual unsupported licence for the software code or the transfer of the ownership of the Intellectual Property in its entirety to the customer. Revenue is recognised when control of the software is passed to the customer.

(e) Termination fees
Customer contract termination fees are recognised when either of the following conditions are met:

1) there are no further performance obligations to transfer goods or services to the customer and all, or substantially all, of the contractual consideration due from the customer has been received and is non-refundable;
2) the contract has been terminated and the contractual consideration received from the costumer is non-refundable.

Amounts recognised as revenue on terminated contracts include the non-refundable advanced cash payments received less revenue recognised to date and deferred fulfilment costs not yet expensed to the Statement of Profit and Loss. Additionally, certain contracts allow for Datalex to invoice pre-agreed termination fees in the event of early termination of contractual relationships by the customer. Revenue associated with pre-agreed termination fees is only recognised upon formal contract termination and when IFRS 15 is no longer applicable.

2. Professional services revenue
Professional services include implementation services, post go-live services, training and other services. Services such as configuration and installation of software are typically considered a distinct performance obligation except where the services significantly customise, integrate or modify the software to which they relate or the licence and services are highly interdependent or interrelated, in which case it is treated as a bundled performance obligation and reported under Platform Revenue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 REVENUE RECOGNITION (continued)

Revenues from services are recognised over time as the relevant service days are utilised/drawn down by the customer or upon expiry of their usage period for any unused days. Certain customer contracts may contain provisions preventing the carry forward of unused man days into a subsequent year. Where such provisions exist and are applied, unused man days at a period-end date will be recognised upon expiration. Where carry forward provisions exist, the recognition of revenue will follow the contractual arrangement or as agreed with the customer based on customary practice.

We typically measure progress of our service arrangements using an input method, being labour days akin to percentage completion. Such a method of measuring progress faithfully depicts the transfer of services to the customer.

3. Consultancy revenue

Consultancy revenues derive from the Group's TPF (Transaction Processing Facility) specialist consultancy services concentrated on transaction processing facilities.

As the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, revenue from consultancy services performance obligations is recognised over time, on a rateable basis.

(C) SIGNIFICANT REVENUE JUDGEMENTS AND ESTIMATES

All of the judgements and estimates mentioned below can significantly impact the timing and amount of revenue to be recognised.

Identification of contract

We frequently enter into new arrangements with existing customers. Such arrangements can be either a new contract or the modification of prior contracts with the customer. In making this determination, we consider: whether there is a connection between the new arrangement and the pre-existing contracts, whether the products and services under the new arrangement are highly interrelated with the products and services sold under prior contracts, and how the products and services under the new arrangement are priced. In particular, we consider the guidance in IFRS 15 which requires the exercise of judgement and consideration as to whether: the arrangement changes transaction price only, new distinct products or services are added as a result of the arrangement and whether the contract price increases by an amount that represents the standalone selling price for the additional distinct products or services provided.

Where we enter into multiple contracts with the same customer, we treat for accounting purposes those contracts as one contract if the contracts are entered into at or near the same time and are economically interrelated. Judgement is required in evaluating whether various contracts are interrelated, which includes consideration as to whether:

I. The contracts are negotiated as a package with a single commercial objective;
II. The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
III. The products or services promised in the contracts (or some products or services promised in each of the contracts) are a single performance obligation.

The existence of one or more of the above factors would support the determination that multiple contracts entered into at or near the same time with the same customer are economically interrelated and require treatment for accounting purposes as one contract.

Contract term

For IFRS 15 purposes, the contract term is the period during which the parties to the contract have present and enforceable rights and obligations. The contractual term varies across customers, with many contracts providing for early termination fees and certain contracts containing auto renewal provisions. Renewal options will not generally be considered in determining the contract term, as the renewal is generally not within the control of Datalex and so only the initial contract term will be considered. However, we assess renewal options to determine if any provide a material right as defined in IFRS 15. See below for our policy in respect of material rights. We consider the impact of termination penalties in determining the term of the contract for IFRS 15 purposes and assessing whether that term is equal to the contractual term. Termination provisions and penalties in the case of non-performance ("for cause") or insolvency are disregarded in assessing contractual term. Termination penalties for early termination other than for cause are considered in determining the contract term for revenue recognition purposes.

Where a contract can be terminated early for other than cause, we will determine whether there is a termination penalty and whether that termination penalty is substantive. If a contract can be terminated early for no compensation then, for IFRS 15 purposes, the contracting parties are unlikely to have enforceable rights and obligations, regardless of the stated contractual term. Where a contract is terminable early for payment of a penalty and that penalty is substantive, it is likely that the stated/ contractual term is the term for IFRS 15 purposes. Judgement is required in determining whether a termination penalty or provision is substantive, and this requires consideration of the level of any penalty in absolute terms and relative to the contractual value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 REVENUE RECOGNITION (continued)

Identification of performance obligations

Our customer contracts often include various products and services. Typically, the products and services outlined in the Categories of Revenue section above qualify as separate performance obligations and the relevant transaction price is recognised separately as each performance obligation is satisfied. Judgement is required, however, in determining whether a good or service is considered a separate performance obligation. In order for a good or service to be considered distinct, both of the following criteria must be met:

I. the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
II. the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

(a) Bundled performance obligations
Judgement is required to evaluate whether such services significantly integrate, customise, or modify the on-premises software or cloud service to which they relate. Non distinct products or services are combined into one distinct bundle of products and services and treated as a single performance obligation. This arises in instances where the extent of installation or configuration services significantly modify or customise the underlying software.

Judgment is required in determining if the license is considered to be the primary or dominant component of such bundled performance obligations. Where the licence is considered to be the dominant component, the revenue for the bundle is recognised over the contract term.

(b) Material rights
Where contracts provide customers with an option to acquire additional products or services, typically through a renewal option, we exercise judgement in considering whether such an option provides a material right (as defined by IFRS 15) to the customer that they would not receive without entering into that contract. In evaluating whether such an option is a material right we consider whether the option provides the customer with a discount that is incremental to the range typically given to that or similar customers for those products or services.

Where a material right exists and the products or services are similar to the original products or services in the contract and are provided in accordance with the terms of the original contract rather than separately valuing the option, we avail of a practical alternative in IFRS 15. This practical alternative enables us include within the initial estimate of transaction price the estimate of the expected consideration for the optional products or services we expect to receive. The expected consideration for any renewal period would then be added to the performance obligation to which it relates (typically the license) and recognised over the expected term of the contract (initial plus expected renewal period).

Determination of transaction price

(a) Variable consideration
We apply judgement in determining the amount to which we expect to be entitled in exchange for transferring promised products or services to a customer. This includes estimates as to whether and to what extent subsequent concessions or payments may be granted to customers and whether the customer is expected to pay the contractual fees. In this judgement, we consider our history both with the respective and comparable customers. Typically for Datalex contracts, variable consideration takes the form of:

I. Scorecards (bonus or penalties linked to agreed delivery metrics);
II. Hosting downtime credits;
III. Hosting increments;
IV. Contract penalties/ bonuses; and/ or
V. Transaction or usage-based revenue.

In considering the likelihood of incremental or variable consideration arising, management has considered the range of potential outcomes and associated probabilities, including whether incremental billings will or could arise and whether it is highly probable that any such estimate of variable consideration could be subject to significant reversal when the uncertainties giving rise to the estimate crystallise.

Such features, where present, typically arise in long standing customer relationships where there is significant accumulated past experience in respect of the expected level of downtime or service. Based on this historical experience and current trading patterns with that customer, Datalex is capable of reliably estimating the expected amount of variable consideration and consequently the expected amount(s) to include in the transaction price.

The amount of variable consideration included in the estimated transaction price is subject to a constraint such that the amount included is limited to amounts for which a significant reversal of cumulative revenue recognised when the uncertainty associated with the variable consideration crystallises is not highly probable. In estimating the amount of variable consideration to be included in the transaction price we take account of whether:

I. There are factors outside of our control that may impact the amount of variable consideration, such as robotic traffic or data mining tools, that may impact the volume of online traffic;
II. We have a history of providing the customer or similar customers with price concessions; and
III. Technological developments impacting our platform which may mean that as the platform evolves there is limited available history which may be used to predict or estimate customer behaviours.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 REVENUE RECOGNITION (continued)

(b) Transaction-based license revenue
In certain of our license transactions, customers pay variable fees based on products and services transacted through our platform. An exemption from the requirement to estimate variable consideration and include it within the transaction price exists for the recognition of sales or usage-based royalties promised in exchange for a license of intellectual property. This exemption only applies in the case of sales or usage-based revenues arising from a license of intellectual property. Revenues arising from such sales or usage-based royalties are recognised as the sale or usage occurs and are not included within the initial estimate of the transaction price.

In certain of our contracts where variable transaction fees apply, there are also guaranteed annual minimum license fees. Where such guaranteed fees exist, then, for purposes of estimating the transaction price, the contracted minimums only are factored into the transaction price. Revenues for the variable license element are recognised in accordance with the sales-based/ royalty-based exemption as the sale or usage occurs.

(c) Upfront payments
In certain instances, contracts with customers may contain upfront payments. Upfront fees are evaluated to determine whether the activities related to such fees satisfy a performance obligation. Where those activities do not satisfy a performance obligation, the upfront fees are included in the total transaction price that is allocated to the identified distinct performance obligations in the contract.

(d) Significant financing
Only very rarely do our contracts include significant financing components. We do not account for financing components if the period between when we transfer the promised products or services to the customer and when the customer pays for those products or services is one year or less.

Allocation of transaction price
The bases for the standalone selling prices ("SSP"s) that we use to allocate the transaction price of a customer contract to the performance obligations in the contract are outlined below. We review the estimates used for/ of standalone selling prices periodically or whenever facts and circumstances change to ensure the most objective input parameters available are used.

(a) License
The variability of our customers in terms of scale of operation, breadth of their ancillary revenue offering and further complexities such as whether the airline is a member of a global alliance or has code-share arrangements, means that the selling prices for our licenses are highly variable. As such, a representative standalone selling price is not discernible from past transactions. We have therefore used the residual method to establish the SSP for licenses sold, estimated by means of the total transaction price less the sum of the observable standalone selling prices of other products or services promised in the contract.

In instances where there is an inherent discount in a contractual arrangement, prior to allocating the discount to the performance obligations in the contract, we consider whether it relates only to one or more, but not all performance obligations. If so, the discount shall be allocated prior to estimating the residual value of the license.

(b) Managed services/ hosting
Our managed services offering is intended as an enabler of the Datalex product suite. It is offered to those customers that are unable or unwilling to manage the solution themselves. The cost of the service includes any hardware, software, maintenance and uptime management (continuous monitoring). The selling price of/ for our managed services offering is based on the budgeted cost of the estimated activities necessary to provide the offering plus a pre-determined margin. The SSP for our managed services offering is estimated using a "cost plus" basis.

(c) Professional services
For professional services, comprising installation, post-go-live services and ad-hoc consulting, we price such offerings based on standard, daily labour rates. The nature of the professional services in these three work streams is the same. The rates at which such services are charged are based on daily rates, with those rates varying according to a number of factors including seniority of personnel involved, complexity of work and geography. As a result, we believe that use of a price range/ matrix reflecting SSP ranges according to differences in customer geography, skill set of personnel and cost base is an appropriate basis for establishing the SSP for services.

Where contractual prices fall outside of the applicable range for those services this will give rise to a discount/ premium against SSP which will be allocated across the identified performance obligations in that contract.

Recognition of revenue
Judgement is required to determine whether revenue is to be recognised at a point in time or over time. For performance obligations satisfied over time, we measure progress using the method that best reflects our performance in satisfying the specific performance obligation and transferring control of the promised products or services to the customer. Our license is treated as a right to access, and license revenues are recognised rateably over time from the point at which the license is usable by the customer. For professional services we measure percentage of completion based on labour hours incurred to date as a proportion of total hours allocated to the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. For performance obligations recognised at a point in time, revenues are recognised at the point at which the customer controls the deliverable and the performance obligation has been satisfied.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disaggregated revenue disclosures
Revenue information is analysed by operating segment, revenue category, geography and by major customer in Note 18.

2.8 SEGMENT REPORTING

The Group has identified two reportable segments, E-Business and TPF Consulting under IFRS 8, *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team.

2.9 INTANGIBLE ASSETS

Intangible assets acquired separately are capitalised at cost. Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value over their useful lives on a straight-line basis on the assumption of zero residual value. Please see below for more detail of the amortisation periods applied.

The Group does not have any indefinite-lived intangible assets.

(A) RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense as incurred.

Directly attributable costs incurred on development projects (relating to the design, development and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

I. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
II. management intends to complete the intangible asset and use or sell it;
III. there is an ability to use or sell the intangible asset;
IV. it can be demonstrated how the intangible asset will generate probable future economic benefits;
V. adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
VI. the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised include the software development employee costs.

Development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

(B) COMPUTER SOFTWARE

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives of three to five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(C) IMPAIRMENT

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not yet available for use are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.10 CONTRACT FULFILMENT COSTS

Costs relating directly to the fulfilment of a contract or an anticipated contract, which are expected to be recovered are capitalised and are then amortised on a systematic basis consistent with the pattern of the transfer of the services to which the asset relates, generally the licence term.

2.11 CONTRACT ACQUISITION COSTS

The Group recognises an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and has determined that certain sales incentive programmes meet the requirements to be capitalised. Capitalised contract acquisition costs are amortised consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The Group applies the practical expedient available under IFRS 15 and does not capitalise incremental costs of obtaining contracts if the amortisation period is one year or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight-line basis over its expected useful life as follows:

Fixtures and fittings	5 years
Computer equipment	3 - 5 years

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of Property, Plant and Equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If an indicator of impairment is identified, an impairment review is carried out as of the reporting date to determine the recoverable amount, which is the higher of the fair value less cost to sell and/or value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If an indicator of impairment is found but there is no impairment charge following review, the depreciation method, the life and residual value are reviewed to ensure they remain appropriate.

If an indicator of impairment is found but there is an impairment charge identified following the review the impairment loss is recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset of cash-generating unit is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

2.13 TAXATION

The Company is managed and controlled in the Republic of Ireland and, consequently, is tax resident in Ireland.

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments stemming from prior years. The Group's income tax charge reflects various allowances and reliefs and planning opportunities available in the tax jurisdictions in which the Group operates. The determination of the Group's charge for income tax in the income statement requires estimates to be made, on the basis of professional advice, in relation to certain matters where the ultimate outcome may not be certain and where an extended period may be required before such matters are determined. The amount shown for current taxation reflects tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. The estimates for income tax included in the financial statements are considered appropriate but no assurance can be given that the final determination of these matters will not be materially different to the estimates included in the financial statements. Whilst it is possible, the Group does not currently anticipate that any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made nor does it expect any significant impact on its financial position in the near term. This is based on the Group's knowledge and experience, as well as the profile of the individual components which have been reflected in the current tax liability, the status of the tax audits, enquiries and negotiations in progress at each year-end, previous claims and any factors specific to the relevant tax environments.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 TAXATION (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and credits can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profits would be available to allow all or part of the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 TRADE AND OTHER RECEIVABLES

The Group applies IFRS 9 *Financial Instruments*. IFRS 9 sets out the classification, subsequent measurement and impairment requirements for all financial assets, including trade receivables.

Recognition and initial measurement

Financial assets, including trade receivables, are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Trade receivables that do not have a significant financing component (as defined in IFRS 15) are initially recognised at their transaction price. Trade receivables that do have a significant financing component (as defined in IFRS 15) are initially discounted using the discount rate that would be reflected in a separate financing transaction between the Datalex and the customer at contract inception. When all other financial assets are recognised initially, they are measured at fair value in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred, and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit and loss.

Classification and subsequent measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, which approximates to fair value given the short-dated nature of these amounts Impairment.

For trade receivables which contain and do not contain a significant financing component, the Group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses judgement in making assumptions around the risk of default and expected loss rates, based on the Group's past history, existing market conditions and comparable information, as well as forward-looking estimates at the end of each reporting period.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.15 CONTRACT ASSETS

Trade receivables are recognised for amounts due in respect of performance obligations satisfied in advance of receiving consideration where the receipt of consideration is unconditional other than for the passage of time. Where the receipt of consideration is conditional other than for the passage of time, a contract asset shall be recognised. Judgement is required in determining whether the right to consideration is conditional other than for the passage of time.

Contract assets are classified as current or non-current depending on when it is expected that they will be realised.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For contract assets, the Group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses judgement in making assumptions around the risk of default and expected loss rates, based on the Group's past history, existing market conditions and comparable information, as well as forward-looking estimates at the end of each reporting period.

Impairment losses on contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.16 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, which approximates to fair value given the short-dated nature of these liabilities. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless Datalex has an unconditional right to defer payment for at least one year as at the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 CONTRACT LIABILITIES

Contract liabilities primarily reflect amounts due or payments received from customers in advance of the performance obligations being satisfied and revenue recognised. Contract liabilities are recognised as revenue when the Group satisfies the contract performance obligations. Contract assets and liabilities are netted if, and only if, they arise under the same customer contractual arrangement.

Contract liabilities are classified as current or non-current on the basis of when the related revenue is anticipated to be recognised.

2.18 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 EMPLOYEE BENEFITS

(A) PENSION OBLIGATIONS

The Group operates defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independently administrated pension fund.

The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(B) SHARE-BASED PAYMENT TRANSACTIONS – SHARE OPTION SCHEMES

The Group and Company operate equity-settled share-based compensation plans. Employee (including Directors) of the Group and Company receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the Income Statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions, including Adjusted EBITDA and cash, are included in assumptions about the number of options that are expected to become exercisable.

At each statement of financial position date, the estimate of the number of options that are expected to vest (become exercisable) is revised. The impact of the revision of original estimates, if any, is recognised in the Income Statement, with a corresponding adjustment to equity. The total expense is recognised over the vesting period which is the period over which all the specified vesting conditions are to be satisfied. Modifications of the performance conditions are accounted for as a modification under IFRS 2, *Share-based Payment*. In particular, where a modification increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. Where the share-based payments give rise to the issue of new equity share capital, the proceeds received are credited to share capital (nominal value) and share premium when the options are exercised. Transaction costs for the share options are recorded against retained earnings. Where the share-based payments give rise to the reissue of shares from treasury shares, the proceeds of the issue are credited to shareholder's equity.

The Group does not operate any cash-settled share-based payments schemes or share-based payment transactions with cash alternatives in IFRS 2. Share options exercised are accounted for at date of exercise with values attributed to share capital and share premium, based on the share option exercise price.

Taxes due by the exercisers are accounted for in accordance with employer tax regulations in the relevant jurisdictions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 EMPLOYEE BENEFITS (continued)

(C) SHARE-BASED PAYMENT TRANSACTIONS – JSOP

In 2012, the Company established a Joint Share Ownership Plan ("JSOP") Scheme under which certain employees were granted the opportunity to participate in a JSOP Scheme that contains both performance and service conditions. The JSOP Scheme is an equity-settled scheme. The fair value of the employee services received in exchange for the grant of the ownership interest is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted. Non-market vesting conditions, including Adjusted EBITDA and cash are included in assumptions about the number of awards that are expected to become full ownership interests. At each statement of financial position date, the estimate of the number of awards that are expected to become full ownership interests is revised. The impact of the revision of original estimates, if any, is recognised in the statement of profit and loss, with a corresponding adjustment to equity. The total expense is recognised over the vesting period which is the period over which all the specified vesting conditions are satisfied. Modifications of the performance conditions are accounted for as a modification under IFRS 2. In particular, where a modification increases the fair value of the equity instruments granted, the Group has included the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period.

Share options exercised are accounted for at date of exercise with values attributed to share capital and share premium, based on the share option exercise price.

Taxes due by the exercisers are accounted for in accordance with employer tax regulations in the relevant jurisdictions.

(D) SHARE-BASED PAYMENT TRANSACTIONS – DEFERRED SHARE AWARDS

As disclosed in the Remuneration Report, a member of key management was granted a deferred share award. This is an equity-settled scheme. The fair value of the employee services received in exchange for the grant of this award is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the award granted, excluding the impact of any non-market vesting conditions (for example profitability). Non-market vesting conditions, including Adjusted EBITDA and cash, are included in assumptions about the number of awards that are expected to become exercisable. At each statement of financial position date, the estimate of the number of awards that are expected to become exercisable is revised. The impact of the revision of original estimates, if any, is recognised in the statement of profit or loss, with a corresponding adjustment to equity. The total expense is recognised over the vesting period which is the period over which all the specified vesting conditions are satisfied. Modifications of the performance conditions are accounted for as a modification under IFRS 2. In particular, where a modification increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. Given that the Group has used treasury shares to set up this award, any related proceeds, net of any transaction cost, will be credited to the treasury shares reserve.

Share options exercised are accounted for at date of exercise with values attributed to share capital and share premium, based on the share option exercise price.

Taxes due by the exercisers are accounted for in accordance with employer tax regulations in the relevant jurisdictions.

(E) COMPANY FINANCIAL STATEMENTS

In relation to the Company financial statements, the annual cost corresponding to share-based awards, JSOP awards and deferred share awards is recorded as part of the cost of investment in subsidiaries in the Company statement of financial position.

(F) LONG TERM INCENTIVE PLAN ("LTIP")

As explained in Note 15, the Group has implemented a long-term incentive plan which operates in a similar way to a long-term cash bonus (the "Long Term Incentive Plan" or "LTIP"). At each statement of financial position date, the related provision is calculated based on the estimated fair value of the obligation resulting from applying a straight-line charge approach to the estimated final cash obligation over the term of the award (three years). Remeasurements are recognised immediately through profit and loss.

2.20 LEASES

Leases: IFRS 16

The Group recognises a right of use asset and a lease liability at the date that the lease commences. The right of use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Right of use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group typically uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 LEASES (continued)

The Group has applied judgement to determine the lease term for some lease contracts that include termination or renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right of use assets recognised.

The main impacts on the consolidated financial statements from the adoption of IFRS 16 are detailed in Note 33.

There was no impact on deferred tax assets or deferred tax liabilities at 1 January 2019. Lease incentive previously recognised under IAS 17 have been adjusted against the Right of Use Assets at the date of initial application of IFRS 16.

In measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied was 10.45%.

Leases: IAS 17

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the statement of profit and loss on a straight-line basis over the period of the lease.

The fair value of property, plant and equipment and software acquired under finance leases is included in property, plant and equipment and intangible assets respectively and depreciated over the shorter of the lease term and the estimated useful life of the asset when there is an intention to purchase the asset upon termination of the lease. The outstanding capital element of the lease obligations is included in current and non-current liabilities, as applicable, while the interest is charged to the statement of profit and loss over the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

The Group can have guarantees in place from time to time, which may result in certain cash balances being restricted for the period of the guarantee. Restricted cash is separately disclosed from cash and cash equivalents.

2.22 EQUITY

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

TREASURY SHARES

Where the Company issues or purchases equity share capital under its Joint Share Ownership Plan or Deferred Share Scheme, which is held in trust by an Employee Benefit Trust, these shares are classified as treasury shares on consolidation until such time as the interests vest and the participants acquire the shares from the Trust or the interests lapse and the shares are forfeited, disposed of by the Trust or otherwise cancelled by the Company. Where such shares are subsequently sold or re-issued, any consideration is included in Total Equity. Treasury shares have been excluded in the calculation of basic and diluted earnings per share (see Note 25).

DIVIDENDS

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends that are approved after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the dividends note (Note 27).

2.23 INVESTMENT IN SUBSIDIARIES

Investments in equity shares in subsidiaries included in the Company statement of financial position are stated at cost less allowance for impairment. Such investments are tested for impairment at each statement of financial position date or earlier if events or circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised in the statement of profit and loss as the amount by which the asset's carrying amount exceeds its recoverable amount.

2.24 CASH ADVANCES FROM CUSTOMERS

Cash advances from customers consist of payments received from customers in advance of revenue recognition and are initially measured at fair value and released to the statement of profit and loss at the time the related revenue is earned under the applicable revenue recognition policy as stated in Note 2.7 above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 FINANCE INCOME AND COSTS

Interest income is recognised in the Income Statement as it accrues using the effective interest method.

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, facility fees and the unwinding of discounts on provisions. The interest expense component of lease arrangements is recognised in the Income Statement using the effective interest rate method.

2.26 EXCEPTIONAL ITEMS

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Exceptional items are material non-recurring items that derive from events or transactions that fall within the ordinary activities of the Group and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence. Such items may include litigation costs and payments or receipts arising from court case judgements, or once off costs or income where separate identification is important to gain an understanding of the financial statements. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature should be disclosed in the Statement of Profit and Loss and related notes as exceptional items. Exceptional items recorded in the year ended 31 December 2019 are presented in Note 23. Exceptional items are included within the statement of profit and loss captions to which they relate and are disclosed either on the face of the consolidated statement of profit and loss or in the notes thereto.

2.27 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (“EPS”) information for its ordinary shares. Basic EPS is determined by dividing the consolidated profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, including share options granted to employees and awards under employee share award schemes.

2.28 ONEROUS CONTRACTS

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.29 PROVISIONS

A Provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the Director’s best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and after it announced its main provisions which has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company and Consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these judgements and estimates.

Estimates and judgements are evaluated, reviewed and revised on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at 31 December 2019 within the next financial year are discussed below.

Information about critical judgements and significant estimates in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements are set out below:

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

JUDGEMENTS

(A) REVENUE RECOGNITION

Our accounting policy for revenue, including significant judgements is set out in Note 2.7. Significant judgement is exercised in determining individual performance obligations, determining appropriate Standalone Selling Prices, whether certain performance obligations should be bundled and the identification of material rights. Judgement is also required to determine whether revenue is to be recognised over time or at a point in time and in determining disaggregated revenue disclosures. As set out in Note 2.7, estimates of standalone selling price are used to determine the allocation of contracted revenue balances to performance obligations.

During the year it was determined that the performance obligations were not distinct for a single large customer implementation project. The judgment has been made as a result of the significant investment required by the group in the development and enhancement of the Platform capabilities in order for the customer to extract value from the licence to utilise the Platform. The impact of this judgement resulted in the company “Bundling” the associated revenues for the Implementation and Services into a new revenue classification, which when recognised will be referred to as “bundled” in the Income Statement. No revenue was recognised in the 2019 Income Statement for the Bundled performance obligation as the software had not gone live during the financial year. It is now expected that commencement of revenue recognition on the Bundled performance obligation will occur during 2021. A materially different outcome would be recorded in the 2019 Income Statement had the conclusion been reached that the Bundled performance obligations were in fact separate and distinct.

The application of this judgement has a significant impact on the presentation of the financial results of the group. The accounting standards require all revenues and direct costs associated with this contract to be deferred until such time as the contract deliverables “Go-Live”. This accounting treatment is required even though Group has continued to receive the monthly contractual payments from the Airline customer. It is expected the Airline customer will Go-Live in 2021 and Bundled revenue recognition will commence at that point.

(B) CAPITALISATION OF DEVELOPMENT COSTS

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and where those costs can be measured reliably. Judgement is necessary to determine commercial and technical feasibility. These calculations also require the use of estimates, primarily around the level of directly attributable management and supervisory time, bug fixing (i.e. rebasing and republishing). Capitalisation ceases and amortisation commences once a product is available for deployment.

During the latter part of 2019 the Group completed the review of its approach to market and its product development activities. As a result of the review, the management team has developed a “Strategic Product Roadmap”. This roadmap outlines the group’s focus on technology enhancements and developments which represent distinct new capabilities. The items included within the roadmap are determined as a result of customer feedback and developments in the marketplace. These new capabilities enable the group to increase the offerings to existing customers and improve the go-to-market options with potential customers. Additionally, management has put in place appropriate governance structures on the resource time and effort spent on the roadmap items. This is to ensure that management can measure reliably the cost of the capabilities during the period.

During 2019, the group commenced work on a number of distinct technology capabilities. The Group has capitalised $0.1m in respect of these capabilities. Work on all of these capabilities remains on going at the yearend.

In the prior year it was uncertain as to whether specific enhancements to the platform investment would be realised through future revenues and whether the associated intangible asset would generate future economic benefits. Accordingly, it was decided that an impairment charge of US$20m should be recognised, which represented the net book value of the product development intangible asset at 31 December 2018. Additionally, in the prior year it was concluded that the net product development cost incurred in the year of US$12.4m did not meet the recognition criteria for capitalisation in paragraph 21 of IAS 38 and was expensed. Given the significance of this write-off and non-capitalisation of Product Development amounts they were disclosed as exceptional items in the 2018 financial statements.

(C) ESTABLISHING LIVES FOR INTANGIBLE ASSET AMORTISATION PURPOSES

The intangibles amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in asset lives can have a significant impact on amortisation charges for the period.

Detail of the related intangible assets are set out in Note 5. Useful lives are based on management’s estimate of the period over which the asset will generate revenue.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(D) RECOGNITION OF DEFERRED INCOME TAX ASSETS

The recognition of deferred income tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences, tax losses carried forward and research and development tax credits can be utilised. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Having considered the uncertainties as to the future profitability of the Group and its trading subsidiaries, the Directors in the prior year determined that it was not appropriate to recognise deferred tax assets in respect of past tax losses. Accordingly, an amount of US$2.4m was charged to income tax expense in 2018 in respect of tax losses previously recognised as deferred tax assets. Having due regard to the events and results recorded in 2019 there has been no change to this judgement for the 2019 financial statements. The Group has recognised a deferred income tax asset of US$nil as at 31 December 2019 (2018: nil) (see Note 9). The unrecorded available tax losses at the end of 2019 were US$23.4m (2018: US$22.3m)

Recognition involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset is held. There is no absolute assurance the assets recognised will be realised.

(E) RECOGNITION OF DEFERRED CONTRACT FULFILMENT COSTS

Deferred contract fulfilment costs of US$2.2m, representing the cost incurred on the ongoing implementation of the "bundled" airline deployment up to 31 December 2019 has been recorded as an asset in these financial statements. The Directors believe that no impairment is required against the value of this asset at 31 December 2019 as there are sufficient future revenues anticipated from the contract to justify the carrying value of the contract fulfilment cost asset, taking account also of related advance payments included under Contract Liabilities (see Note 7).

In the prior year the Group carried US$11.5m of deferred contract fulfilment costs as at 31 December 2018. These costs were incurred on contract that was subsequently terminated. Whilst the Group continues to dispute the legality of the termination and has attempted to resolve the matter with the customer, the Group has initiated legal proceeding to recover the costs incurred. IFRS 15 does not apply to terminated contracts, therefore, amounts previously recorded as contract assets have been netted against non-refundable advances received from the customer that were recorded as contract liabilities. The excess deferred contract liabilities in excess of contract liabilities for the contract delivery have been invoiced to the customer in advance of the year end. These amounts are included within the Trade Receivables balance in Note 10 and have been subject to credit loss provisioning in line with IFRS 9. The outcome of this process is currently uncertain and a financial loss to the Group cannot be ruled out.

(F) LEASE TERM

In adopting IFRS 16 the Group has applied judgement to determine the lease term for some lease contracts that include termination or renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right of use assets recognised. The decision to include a termination or renewal option in determining the lease liability for IFRS 16 accounting is based on the current plans for the business and the planned future use of the asset.

(G) IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES (COMPANY)

Investments in subsidiaries are tested for impairment at each statement of financial position date or earlier if events or circumstances indicate that the carrying amount exceeds its recoverable amount. Such an assessment involves judgement regarding the future financial performance of the subsidiaries.

In the prior year the Directors assessed the recoverable amount of the investment having taken into consideration a range of assumptions as well as events post the statement of financial position date. Following this assessment, a full impairment provision was made against the carrying value of the investment arising from the significant losses and cash outflows in this subsidiary in 2018, and the uncertainties as to the future profitability of the subsidiary. In the current year the Directors have deemed it appropriate to maintain the full impairment provision recorded in the prior year. The events that gave rise to the provision remain applicable to the 2019 financial statements.

ESTIMATES

(A) PROVISIONS

Management has followed the accounting requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when assessing if a provision needs to be recognised.

A provision is recognised when:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefit will be required to settle the obligations; and
- a reliable estimate can be made of the amount of the obligation.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Legal and Compliance Costs

The Group has recognised a provision which relates to legal and compliance costs of ongoing regulatory investigations and the necessary requirements to obtain an end to the suspension order on the trading of the Group's shares on the Euronext Dublin exchange. The regulatory investigation and suspension of trading of the Group's share arose following the significant breakdown in internal financial controls as disclosed in the 2018 Annual Report.

Management has exercised judgement in arriving at the potential provision in respect of these issues. There is significant estimation uncertainty involved in determining this provision, and in particular including the extent of economic resources that will need to be deployed by the group in order to bring the issues to a resolution and therefore the amount of any associated liabilities. These could result in material adjustments to the provision in the future. At this point, information usually required by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that such disclosure would seriously prejudice the position of the Group in resolving the legal and compliance matters to which provision relates.

Management notes that it may take a number of years for the Group to conclude on the associated legal issues arising from the past events described in the 2018 annual report. As a result, the balance included in the financial statements has been discounted to reflect the time value of money. The actual future economic outflows may be materially higher than those provided for.

Uncertain Tax Positions

The Group has recognised a provision which relates to certain uncertain tax positions as at the reporting date. These uncertain tax positions arise as a result of tax reviews undertaken by the group across multiple jurisdictions.

Management has exercised judgement in arriving at the potential provision in respect of these issues. There is significant estimation uncertainty involved in determining this provision, and in particular including the extent of economic resources that will need to be deployed by the group in order to bring the issues to a resolution and therefore the amount of any associated liabilities (including interest and penalties etc).

Management and its tax advisors are in discussions with relevant tax authorities in order to seek resolution of these uncertain tax positions. Whilst management is endeavouring to resolve these issues, it is unclear as to whether these matters will be fully resolved during 2020.

(B) EXPECTED CREDIT LOSSES

Financial assets, including trade receivables are subject to IFRS 9, *Financial Instruments*, which requires management to estimate the probability of default on an asset at the year end date. This requires significant estimation and judgement.

Management has used a common methodology to calculate the expected credit loss under IFRS, whereby:

Expected credit loss (ECL) = PD*LGD*EAD

- PD is the probability of default, i.e. the likelihood of a default happening over a prescribed period;
- LGD, or loss given default, is the percentage that could be lost in the event of a default. Datalex assume an LGD of 100%, i.e. an assumption that for the amount that would be calculated as a result of the probability of default, Datalex will lose 100% of this amount;
- EAD is the Exposure at Default. This consists of the asset amount at the period end date for each customer.

Management has utilised a third party consultant to assist in the obtaining and calculation of yield spreads. These yield spreads form part of the inputs to assess the probability of default by the Group's customers.

(C) EXPECTED CREDIT LOSSES (COMPANY)

Datalex PLC is also applying IFRS in the stand-alone financial statements and is therefore required to calculate expected credit losses on all financial assets, including intercompany loans within the scope of IFRS 9, '*Financial Instruments*'. Certain simplifications from IFRS 9's general 3-stage impairment model are available for trade receivables (including intercompany trade receivables), contract assets or lease receivables, but these do not apply to intercompany balances. The amounts owed to the PLC company by group undertakings are interest free, unsecured and are repayable on demand. Having had due consideration of the ECL model set out in section (B) above, the directors deemed it appropriate, as in the prior year, to record an ECL provision at 100% of the net intercompany receivable balance at the year end.

(D) CONTRACT ACQUISITION COSTS

During 2019 management re-assessed the basis for the amortisation on the Contract Acquisition Costs balance. Previously, the capitalised amounts were amortised over the expected total relationship life with the customer. The customer relationship life assumed that customers would enter into further contracts with the Datalex group. Whilst the Group has reasonable expectations of customer retention and growth, there is no certainty in the expected customer relationship life. Upon review, it was deemed more appropriate to amortise the capitalised amounts over the current remaining contractual life with the customer. This change in estimate has resulted in an acceleration of the amortisation charge recorded in 2019. The accelerated amortisation charge for 2019 as recorded in Note 8 was $602k. The effect of the change in estimate for the amortisation charge on the Contract Acquisition Costs represents an additional $407k charge in excess of what would had been charged in the year if the expected customer relationship life had been used.

4 PROPERTY, PLANT AND EQUIPMENT

This note details the tangible assets utilised by the Group to generate revenues and contribution to profits. The cost of these assets primarily represents the amounts originally paid for them. All assets are depreciated over their estimated useful economic lives.

	Group			
	Fixtures & fittings US$'000	Computer equipment US$'000	Leasehold improvements US$'000	Total US$'000
At 1 January 2018				
Cost	776	7,243	1,274	**9,293**
Accumulated depreciation	(433)	(6,263)	(311)	**(7,007)**
Closing net book value	**343**	**980**	**963**	**2,286**
Year ended 31 December 2018				
Opening net book value	**343**	**980**	**963**	**2,286**
Cost				
Additions	20	1,472	27	**1,519**
Foreign currency translation adjustment	-	(11)	-	(11)
Depreciation				
Depreciation charge	(95)	(942)	(221)	**(1,258)**
Closing net book value	**268**	**1,499**	**769**	**2,536**
At 31 December 2018				
Cost	796	8,704	1,301	**10,801**
Accumulated depreciation	(528)	(7,205)	(532)	**(8,265)**
Closing net book value	**268**	**1,499**	**769**	**2,536**
Year ended 31 December 2019				
Opening net book value	**268**	**1,499**	**769**	**2,536**
Derecognition of finance lease assets - IFRS 16 Adoption	-	(1,141)	-	**(1,141)**
Opening net book amount (revised)	**268**	**358**	**769**	**1,395**
Cost				
Opening Cost	796	8,704	1,301	**10,801**
Derecognition of finance lease assets - IFRS 16 Adoption	-	(5,425)	-	**(5,425)**
Additions	-	303	-	**303**
Disposals	-	(4)	-	**(4)**
Write-downs	(32)	(1,333)	-	**(1,365)**
Foreign currency translation adjustment	-	-	-	**-**
Closing Cost	**764**	**2,245**	**1,301**	**4,310**
Accumulated Depreciation				
Opening Accumulated Depreciation	(528)	(7,205)	(532)	(8,265)
Derecognition of finance lease assets - IFRS 16 Adoption	-	4,284	-	4,284
Depreciation charge	(98)	(300)	(223)	(621)
Disposals	-	4	-	4
Write-downs	32	1,333	-	1,365
Closing Accumulated Depreciation	(594)	(1,884)	(755)	(3,233)
Closing net book value	**170**	**361**	**546**	**1,077**
At 31 December 2019				
Cost	764	2,245	1,301	**4,310**
Accumulated depreciation	(594)	(1,884)	(755)	**(3,233)**
Closing net book value	**170**	**361**	**546**	**1,077**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation of US$0.6m (2018: US$1.258m) has been charged in administration expenses in the statement of profit and loss.
Disposal of US$4k (2018: US$0m) has been charged in administration expense.

Included in the computer equipment of the Group is equipment acquired under finance leases relating to hosting equipment as follows:

	Group 2019 US$'000	Group 2018 US$'000
Cost	-	5,425
Accumulated depreciation	-	(4,284)
Net book value	**-**	**1,141**
Depreciation charge for the financial year	-	603

The basis by which depreciation is calculated is stated in Note 2.

Details of security provided in respect of Property, Plant and Equipment are disclosed in note 13 and note 31.

The gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2019 was US$1.9m (2018: US$8m).

5 INTANGIBLE ASSETS

This note details the intangible assets utilised by the Group to generate revenues and contribution to recorded results. The cost of software primarily represents the amounts originally paid. 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
At 1 January 2018			
Cost	2,299	72,900	**75,199**
Accumulated amortisation	(1,936)	(46,633)	**(48,569)**
Closing net book value	**363**	**26,267**	**26,630**
Year ended 31 December 2018			
Opening net book value	**363**	**26,267**	**26,630**
Additions	-	-	**-**
Amortisation charge	(223)	(6,308)	**(6,531)**
Impairment charge	-	(19,959)	**(19,959)**
Closing net book value	**140**	**-**	**140**
At 31 December 2018			
Cost	2,299	72,900	**75,199**
Accumulated amortisation and impairment	(2,159)	(72,900)	**(75,059)**
Closing net book value	**140**	**-**	**140**
Year ended 31 December 2019			
Opening net book value	**140**	**-**	**140**
Additions	48	**-**	**48**
Work in Progress	**-**	107	**107**
Amortisation charge	(67)	-	**(67)**
Closing net book value	**121**	**107**	**228**
At 31 December 2019			
Cost	188	107	**295**
Accumulated amortisation	(67)	-	**(67)**
Closing net book value	**121**	**107**	**228**

WORK IN PROGRESS

During the second half of 2019, the management team identified a number of future strategic capabilities which will enable future growth and improved customer experiences. These capabilities form a core part of the "Strategic Product Roadmap" and internal resources (including, technical & financial) have been allocated to develop these Platform enhancements. Work on these capabilities remains active at the year end date. Once the platform enhancements are made available to the business and are available for use it will be moved out of Work in Progress into Additions. Amortisation will then commence over the estimated use life of the asset.

5 INTANGIBLE ASSETS (continued)

Expenditure incurred in the current year in respect of these product development activities prior to the identification of the strategic capabilities has been recognised as an expense. This is due to the capitalisation requirements of IAS 38 not being met before this time.

PRIOR YEAR IMPAIRMENT OF PRODUCT DEVELOPMENT EXPENDITURE

In the prior year, the Group reviewed its approach to market and its product development activities. In this context, it was uncertain as to whether the platform investment recorded would be realised through future revenues and whether the intangible asset would generate future economic benefits. Accordingly, management decided that an impairment charge of US$20m be recognised, which represented the net book value of the product development intangible asset at 31 December 2018. During 2019, management considered the external and internal sources of information that may indicate that the impairment loss recognised in the prior year may no longer exist or may have decreased. The external indicators considered included whether there had been a significant favourable change in the asset's value and market conditions. The internal indicators considered included whether there had been any significant favourable change in the asset's use and performance. As a result of the review of the external and internal indicators, it was deemed appropriate not to reverse any of the previously recorded impairment charge on Product Development.

WRITE-OFF OF DEVELOPMENT EXPENDITURE INCURRED

An amount of US$1.8m (2018: US$13.2m) was incurred by the Group during the year ended 31 December 2019 in respect of development expenditure, of which US$0.1m (2018:US$nil) has been capitalised. An amount of US$0.2m (2018: US$0.8m) has been accrued for an R&D tax credit claim in respect of this expenditure at 31 December 2019.

The Group concluded its review of its approach to market and its platform development activities during the second half of 2019. Uncertainties existed as to whether our platform investment in 2020 would be realised through future revenues and whether the intangible asset will generate future economic benefits. Accordingly, we have concluded that the net product development cost incurred prior to the identification of the strategic capabilities of US$1.6m (2018:US$12.4m) did not meet the recognition criteria for capitalisation in paragraph 21 of IAS 38.

No Intangible assets are held under lease.

The basis by which amortisation is calculated is stated in Note 2. Amortisation is recognised through profit and loss in administration expenses.

Details of security provided in respect of Intangible Assets are disclosed in Note 14 and Note 31.

6 LEASE ASSETS & LIABILITIES

This note details the lease disclosures for the Group. As noted in the accounting policies, the Group has transitioned to IFRS 16 Lease accounting in the current year.

A. IFRS 16 LEASES DISCLOSURES

	Office Buildings US$'000	Computer Equipment US$'000	Motor Vehicles US$'000	Total US$'000
Leased right-of-use assets				
At 31 December 2019				
Cost	5,889	1,141	54	7,084
Accumulated depreciation	(804)	(489)	(2)	(1,295)
Net carrying amount	**5,085**	**652**	**52**	**5,789**
At 1 January 2019, net carrying amount				
Effect of adopting IFRS 16	5,942	1,141	90	7,173
Translation adjustment	(53)	0	(36)	(89)
Depreciation charge for year	(804)	(489)	(2)	(1,295)
At 31 December 2019, net carrying amount	**5,085**	**652**	**52**	**5,789**
Lease liabilities				
At 1 January 2019				
Effect of adopting IFRS 16	(6,400)	(1,261)	(90)	(7,751)
Translation adjustment	49	3	1	53
Payments	1,161	746	46	1,953
Discount unwinding	(638)	(44)	(15)	(697)
At 31 December 2019	**(5,828)**	**(556)**	**(58)**	**(6,442)**

Please refer to Note 33 for transition impact and related disclosures.

6 LEASE ASSETS & LIABILITIES (continued)

The table below shows a maturity analysis of the discounted and undiscounted lease liability arising from the Group's leasing activities. The projections are based on the foreign exchange rates applying at the end of the relevant financial year and on interest rates (discounted projections only) applicable to the lease portfolio.

	As at 31 December 2019	
	Discounted	Undiscounted
	US$'000	US$'000
Within one year	250	251
Between one and two years	14	17
Between two and three years	385	380
Between three and four years	484	621
Between four and five years	1,100	1,412
After five years	4,209	7,267
Total	**6,442**	**9,948**

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Consolidated Income Statement as incurred:

	2019
	US$'000
Short-term leases	19
Lease of low-value assets	4
Total	23

Lease commitments for short-term leases are similar to the portfolio of short-term leases for which the costs, as above, were expensed to the Consolidated Income Statement. The effect of excluding future cash outflows arising from variable lease payments, termination options, residual value guarantees and leases not yet commenced from lease liabilities was not material for the Group. The potential undiscounted future cash outflows arising from the exercise of renewal options that are not expected to be exercised (and are therefore not included in the lease term) are as follows:

	As at 31 December 2019
	Undiscounted
	US$'000
Within one year	110
Between one and two years	4
Between two and three years	-
Between three and four years	-
Between four and five years	-
After five years	-
Total	**114**

6 LEASE ASSETS & LIABILITIES (continued)

B. IAS 17 LEASES DISCLOSURES

Operating lease rentals charged to the Consolidated Income Statement for the years ended 31 December 2018 under IAS 17 were as follows:

	Group 2018 US$m
Office Buildings	1.10
Equipment	0.02
Motor Vehicles	0.05
Total	**1.17**

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group 2018 US$'000
Within one year	1,241
Within two to five years	4,449
Over five years	4,516
Total	**10,206**

Lease commitments were provided for up to the earliest break clause in the lease.

7 DEFERRED CONTRACT FULFILMENT COSTS

This note details the deferred costs incurred on customer contracts related to on-going implementation projects. Costs are deferred primarily under "bundled" contractual arrangements whereby the Group cannot recognise revenue until a customer platform capability goes live. This ensures that costs incurred are matched to when revenues are recognised.

The movements in the contract fulfilment cost asset in the year were as follows:

	Group 2019 US$'000	Group 2018 US$'000
At 1 January 2019	**11,524**	-
Implementation of IFRS 15 on 1 January 2018 – recognition of deferred contract fulfilment costs	-	9,467
Costs incurred to fulfil terminated customer contract in the year	**2,040**	2,057
Costs incurred to fulfil the ongoing customer contracts in the year	**2,161**	-
Costs offset with Contract Liabilities on termination of customer contract [i]	**(10,802)**	-
Costs invoiced on termination of customer contract [i]	**(2,339)**	-
Costs written off on termination of customer contract [i]	**(154)**	-
Costs released upon fulfilment of customer performance obligations	**(269)**	-
At 31 December 2019	**2,161**	**11,524**

7 DEFERRED CONTRACT FULFILMENT COSTS (continued)

	Group 2,019 US$'000	Group 2,018 US$'000
Current		
Costs incurred to fulfil customer contract	-	660
Non-current		
Costs incurred to fulfil customer contract	2,161	10,864
Total	**2,161**	**11,524**

Deferred contract fulfilment costs arise from customer service contracts and comprise of staff and contractor / outsource partner costs incurred up to 31 December 2019. These costs are being deferred under IFRS 15 and will be recognised as the related performance obligations are fulfilled.

At 31 December 2019, the Directors are of the opinion that the contract fulfilment costs of US$2.2m (2018: US$11.5m) will be recovered through related future revenues and that deferral of such costs continues to be appropriate. 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.

(i) The amount disclosed in the prior year primarily relates to a contract that was subsequently terminated by the customer during 2019. Following the cessation of the implementation project and confirmation that the customer no longer intended to utilise a Datalex platform solution, Deferred Contract Fulfilment Costs incurred were offset against the related Contract Liabilities (advance payment receipts received from the customer). Additionally, the Group invoiced the customer under the terms of the contract, certain costs incurred for which no advanced payment had been received. The invoiced amount remains in Trade Receivables, Note 10, at the year end. The balance of the Deferred Contract Fulfilment Costs relating to the terminated customer contract have been written off as non-recoverable.

8 CONTRACT ACQUISITION COSTS

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

	Total US$'000
At 1 January 2019	792
Additions	-
Amortisation charge	(602)
At 31 December 2019	**190**
At 31 December 2019	
Cost	977
Accumulated amortisation	(787)
Closing net book value	**190**

8 CONTRACT ACQUISITION COSTS (continued)

During 2019, management reassessed the amortisation period for the contract acquisition costs as a change in accounting estimate, rather than a change in accounting policy. It was determined that it would be more accurate for the contract acquisition costs to be amortised over a shorter current contractual period as opposed to the total estimated length of a customer relationship, thereby reducing the unwind in line with the sales contract life cycle. The customer relationship life assumed that customers would enter into further contracts with the Datalex group. Whilst the Group has reasonable expectations of customer retention and growth, there is no certainty in the expected customer relationship life. The effect of the change in estimate for the amortisation charge on the Contract Acquisition Costs represents an additional US0.4m charge in excess of what would had been charged in the year if the customer relationship life had of been used.

The closing net book value is estimated to be amortised over the following period:

	Group 2019 US$'000
Current	
Less than one year	114
Non-current	
Greater than one year	76
Total	**190**

9 INCOME TAX

Tax is payable in the countries in which we trade. This note details the current tax charge which is the tax payable on this years taxable results and the deferred tax impact which represents the tax expected to arise at a future date due to difference in the accounting and tax bases of the results recorded.

(A) INCOME TAX

	Group Total 2019 US$'000	Group Total 2018 US$'000
Current tax		
Corporation tax for the year	-	-
Foreign tax for the year	66	140
Foreign withholding tax	-	-
Total current tax	**66**	**140**
Deferred tax		
Derecognition / (recognition) of deferred tax asset (Note 23)	-	2,397
Income tax charge / (credit)	**66**	**2,537**

9 INCOME TAX (continued)

The tax on the Group's (loss)/ profit before income tax differs from the theoretical amount that would arise using the Irish domestic tax rate applicable to profits and losses of the consolidated companies as follows:

	Group Total 2019 US$'000	Group Total 2018 US$'000
Loss before income tax	(11,995)	(44,696)
Loss before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	(1,499)	(5,587)
Expenses not deductible and income not taxable	232	4,325
Utilisation of previously unrecognised tax losses	(105)	(347)
Difference in effective tax rates on overseas earnings	77	(12)
Movement in deferred tax asset for tax losses forward	-	2,397
Tax losses for which no deferred tax asset was recognised	1,409	1,698
Other	(48)	63
Income tax charge	**66**	**2,537**

(B) DEFERRED TAX

	Group 2019 US$'000	Group 2018 US$'000
Deferred tax asset on losses carried forward and R&D tax credits	-	-
Deferred tax liability for capitalised development expenditure	-	-
Total [1]	**-**	**-**

(1) The amount of the recognised deferred tax asset relating to losses carried forward and R&D tax credits expected to be recovered after more than one year is circa US$nil (2018: circa US$nil). The amount of the deferred tax liability expected to be settled after more than one year is circa US$nil (2018: circa US$nil).

9 INCOME TAX (continued)

Deferred income tax assets are recognised for tax losses carried forward and research and development tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable.

In the prior year, having considered the uncertainties surrounding the future profitability of the Group and its trading subsidiaries, the Directors have determined that it is not appropriate to recognise deferred tax assets in respect of losses carried forward and R&D tax credits. Accordingly, an amount of US$2.4m was derecognised in the prior year . The classification of this derecognition as an exceptional item in 2018 reflects its materiality and size. The $2.4m of net deferred tax assets which were carried as of 31 December 2017 had been recognised on losses carried forward and R&D tax credits in respect of Ireland for an amount of US$3.9m, and in respect of Datalex USA, Inc. for an amount of US$1.7m. In addition, an amount of US$3.3m was recognised in Datalex (Ireland) Limited in respect of deferred tax liabilities arising on capitalised development expenditures.

As at 31 December 2019 there are unrecognised deferred tax assets on losses carried forward, R&D tax credits and temporary differences of circa US$23.4m (2018: US$22.3m). The Directors will continue to evaluate their expectation on realisation of the tax benefit through future taxable profits.

Deferred tax assets have not been recognised in respect of the following:

	Group 2019 US$'000	Group 2018 US$'000
Unused tax losses	21,624	20,547
R&D credits available	1,497	1,513
Temporary differences	314	261
Total	**23,435**	**22,321**

The unrecognised deferred income tax assets in respect of losses relate to unused tax losses in Datalex Solutions (UK) Limited and Datalex USA, Inc.

10 TRADE AND OTHER RECEIVABLES

Trade and other receivables mainly consist of amounts owed to the Group by customers & contract assets, net of an allowance for expected credit losses, together with prepayments, VAT Receivables and R&D tax credits receivable.

	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Current trade and other receivables				
Trade receivables	**10,084**	5,372	-	-
Less: allowance for expected credit losses on trade receivables	**(5,506)**	(778)	**-**	**-**
Trade receivables – net	**4,578**	**4,594**	**-**	**-**
Contract assets	**2,757**	2,134	-	-
Less: allowance for expected credit losses on contract assets	**(196)**	(115)	-	-
Contract assets – net	**2,561**	**2,019**	**-**	**-**
Amounts owed by Group undertakings	n/a	n/a	18,542	2,895
Less: allowance for expected credit losses on amounts owed by Group undertakings	n/a	n/a	**(18,542)**	(2,895)
Amounts owed by group undertakings – net	**n/a**	**n/a**	**-**	**-**
Prepayments	**531**	939	-	-
Research and development tax credit	**499**	550	-	-
VAT receivable	**1,588**	816	-	-
Receivable from related parties	**46**	223	25	223
Other receivables	**5**	11	**-**	-
Total other receivables	**2,669**	**2,539**	**25**	**223**
Total current trade and other receivables and contract assets - net	**9,808**	**9,152**	**25**	**223**
Non-current trade and other receivables				
Research and development tax credit	**255**	685	-	-
Total non-current trade and other receivables	255	685	-	-
Total trade and other receivables and contract assets	**10,063**	**9,837**	**25**	**223**

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.

CREDIT RISK AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group has applied IFRS 9, Financial Instruments, during the year, which includes the requirements for calculating allowance for expected credit losses on financial assets.

Trade receivables & Contract assets

The Group applies the simplified approach to providing for expected credit losses on trade receivables and contract assets as required by IFRS 9, which requires the use of the lifetime expected loss allowance for such receivables. The Group uses judgement at the end of each reporting period in making assumptions around the risk of default and expected loss rates. These are based on the Group's past history, comparable information, existing market conditions (including the use of market observable credit data either for specific customers or for comparable entities, based on industry, size and geographical location), as well as forward looking estimates (which primarily consisted of information specific at the customer level, with the expected loss rate adjusted where appropriate as a result).

10 TRADE AND OTHER RECEIVABLES (continued)

As per Note 7 and Note 17, included within the Trade Receivables amount is a balance of $2.3m invoiced to a customer upon termination of contract (2018: $Nil). Following the cessation of the implementation project and confirmation that the customer no longer intends to utilise a Datalex platform solution, Deferred Contract Fulfilment Costs incurred were offset against the related Contract Liabilities (advance payment receipts received from the customer). The Company invoiced the customer under the terms of the contract certain costs incurred for which no advanced payment had been received. Whilst the Directors expect to recover in full the outstanding contractual amounts from the customer, due to the on-going litigation a 100% Expected Credit Loss alloawance has been recorded against this trade receivable as the recovery is dependant on the successful outcome of the litigation proceedings.

The allowance for expected credit losses as at 31 December 2019 is determined as presented below. The expected credit losses also incorporate forward looking information for both trade receivables and contract assets:

31 December 2019			Trade receivables					
			Days past due					
	Contract assets	Current	Within 30 days	Between 31-60 days	Between 61-90 days	More than 90 days	Trade receivables	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Expected loss rate	*7.12%*	*16.14%*	*8.53%*	*93.29%*	*71.50%*	*83.09%*	*54.60%*	*44.40%*
Gross carrying amount	2,757	3,506	959	2,664	714	2,241	10,084	12,841
Total balance subject to impairment review	**2,757**	**3,506**	**959**	**2,664**	**714**	**2,241**	**10,084**	**12,841**
Allowance for expected credit losses	**196**	**566**	**82**	**2,485**	**511**	**1,862**	**5,506**	**5,702**

31 December 2018			Trade receivables					
			Days past due					
	Contract assets	Current	Within 30 days	Between 31-60 days	Between 61-90 days	More than 90 days	Trade receivables	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Expected loss rate	*5.40%*	*2.20%*	*4.30%*	*3.50%*	*24.80%*	*31.30%*	*14.48%*	*11.90%*
Gross carrying amount	2,134	1,711	1,092	227	725	1,617	5,372	**7,506**
Total balance subject to impairment review	**2,134**	**1,711**	**1,092**	**227**	**725**	**1,617**	**5,372**	**7,506**
Allowance for expected credit losses	**115**	**37**	**47**	**8**	**180**	**505**	**778**	**893**

The closing allowance for expected credit losses for trade receivables and contract assets as at 31 December 2019 reconciles to the opening allowance for expected credit losses as follows:

	Contract assets		Trade receivables			Total
	2019	2018	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2019	**115**	-	**778**	-	**893**	-
Increase in allowance for expected credit losses recognised in profit and loss during the year	**81**	115	**4,728**	778	4,809	893
At 31 December 2019	**196**	115	**5,506**	778	5,702	893

The Group defines a default as when a financial asset becomes more than 90 days past due, which is based on past experience for similar assets. The Group's policy is to write off a financial asset once it becomes more than 360 days past due, which is also based on past experience.

10 TRADE AND OTHER RECEIVABLES (continued)

AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR TRADE RECEIVABLES

During the year ended 31 December 2019, the following gains/ (losses) were recognised in profit and loss and presented as net impairment losses in relation to impaired receivables.

	2019 US$'000	2018 US$'000
Movement in allowance for expected credit losses	4,728	194
Amounts written off	26	(54)
Net impairment losses on financial and contract assets	**4,754**	**140**

Movements on the Group allowance for expected credit losses on trade receivables and contract assets are as follows:

	Group 2019 US$'000	Group 2018 US$'000
At 1 January 2019	**893**	**-**
Opening allowance for expected credit losses as at 1 January 2019	-	699
Movement in allowance for expected credit losses	4,809	194
Receivables written off during the year as uncollectible	-	-
At 31 December 2019	**5,702**	**893**

The increase in the loss allowance in 2019 is due to an increase in the year end Trade Debtor's balance and changes in the probability of default (PD) that was used to calculate impairment provisions on certain specific customers.

The creation and release of the allowance for expected credit losses has been included in net impairment losses on trade receivables and contract assets on the statement of profit and loss.

Other receivables

As at the end of the current and prior year, the allowance for expected credit losses on other receivables was not deemed to be material to the financial statements, with the carrying amount in the statement of financial position reflecting the maximum exposure to credit risk.

The other classes within trade and other receivables do not contain impaired assets.

The majority of the Group's customers, primarily representing major corporations, operate within the airline and travel industry. As at 31 December 2019 and 2018, a significant portion of the trade receivables and contract assets of the Group related to a limited number of customers as follows:

	Group 2019 (1)	Group 2018 (1)
Customer A	20%	29%
Customer B	21%	10%
Customer C	21%	11%
Customer D	7%	2%
Customer E	6%	1%
Customer F	6%	2%

(1) Customers whose trade receivable and contract assets balances represent 5% or more of the total trade receivable and contract assets balance at 31 December 2019 or 31 December 2018 are disclosed in the note above.

10 TRADE AND OTHER RECEIVABLES (continued)

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

	Group 2019 US$'000	Group 2018 US$'000
US dollar	7,384	5,080
Euro	4,394	2,219
Swedish krona	70	119
Pound sterling	898	88
Chinese renminbi	95	-
Total	**12,841**	**7,506**

Amounts owed by Group undertakings

Amounts owed by Group undertakings and related parties are interest free, unsecured and are repayable on demand.

11 CASH AND CASH EQUIVALENTS

This note details the liquid cash resources available to the Group. The majority of the Group's cash is held in current /on demand accounts.

	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Cash at bank and in hand	2,960	8,341	86	118
Short-term bank deposits less than 90 days	91	39	-	-
Cash and cash equivalents	**3,051**	**8,380**	**86**	**118**
Restricted cash	-	500	-	-

The effective interest rate on bank deposits is based on the relevant Euribor rate applicable to the term of the deposit.

The short-term bank deposits which are included in cash and cash equivalents have an average maturity of 30 days (2018: 30 days).

The fair values of the deposits less than 90 days which are part of cash and cash equivalents approximate to the values shown above.

RESTRICTED CASH

On 31 December 2019, the guarantee is respect of a bank-issued performance bond guarantee in place in respect of a major customer contract expired. As a result, the cash amount previously recorded under the terms of the guarantee agreement was no longer deemed to be restricted.

11 CASH AND CASH EQUIVALENTS (continued)

FOREIGN CURRENCY EXPOSURE

The Group's currency exposure in respect of cash and cash equivalents relates to balances in currencies other than the US dollar. The balances as at 31 December 2019 and 2018 are set out below.

Non-US$ denominated cash and cash equivalents	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Euro	1,132	1,649	85	118
Pound sterling	89	33	1	-
Chinese renminbi	153	24	-	-
Total	**1,374**	**1,706**	**86**	**118**

Bank overdrafts are included within current borrowings (Note 14) in the Group Balance Sheet.

12 SHARE CAPITAL

The ordinary shareholders of Datalex plc own the Company. This note details how the total number of ordinary shares in issue has changed during the year.

Authorised Share Capital - Group and Company

	2019 US$'000	2018 US$'000
Equity share capital		
100,000,000 ordinary shares of US$0.10 each	10,000	10,000
Other equity share capital		
3,000,000 "A" convertible redeemable shares of US$0.10 each	300	300
1,500,000 "B" convertible redeemable shares of US$0.10 each	150	150
30,000 deferred shares of €1.269738 each	44	44
	494	**494**
Total	**10,494**	**10,494**

12 SHARE CAPITAL (continued)

ISSUED SHARE CAPITAL – GROUP AND COMPANY

	Ordinary shares No. of shares '000	*Ordinary ("A" and "B") shares No. of shares US$'000*	*Convertible redeemable shares '000*	Convertible redeemable shares US$'000	*Deferred shares No. of shares '000*	Deferred shares US$'000
At 1 January 2018	**76,925**	**7,693**	**2,542**	**254**	**30**	**8**
Employee share option scheme - proceeds from share issues	*1,175*	*117*	-	-	-	-
At 31 December 2018	**78,100**	**7,810**	**2,542**	**254**	**30**	**8**
At 1 January 2019	**78,100**	**7,810**	**2,542**	**254**	**30**	**8**
Issued during the year	**3,859**	**386**	-	-	-	-
Employee share option scheme - proceeds from share issues	**25**	**2**	-	-	-	-
At 31 December 2019	**81,984**	**8,198**	**2,542**	**254**	**30**	**8**

ORDINARY SHARES

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. During 2019, the Company announced that it had raised proceeds of c. €3.86 million by way of the Placing of 3.859 million new Ordinary Shares with IIU, an entity ultimately beneficially owned by Mr Desmond, at a price of €1.00 per share. The equity raise in addition to the loan facility detailed in Note 14 negotiated with IIU and Tireragh Limited provided funding to the Group sufficient to satisfy the near-term funding requirements and supplement the Group's cash reserves. The issued shares are presented as share capital.

"A" AND "B" CONVERTIBLE REDEEMABLE SHARES

On 1 October 2001, the conversion rights attaching to "A" convertible redeemable shares expired. On 30 March 2007, the conversion rights attaching to the "B" convertible redeemable shares expired. The convertible redeemable shares have no participation rights in relation to profits and surplus in a winding up, no contractual obligations to deliver funds in a winding up and the holders are not entitled to attend or vote at any general meeting of the Company. Following the tenth anniversary of their issue, the Company may, at its discretion, redeem Convertible Shares at their par value.

DEFERRED SHARES

All deferred shares issued have no participation rights in relation to profits and surplus in a winding up, and the holders are not entitled to attend or vote at any general meeting of the Company.

TREASURY SHARES

As set out in Note 13, The Datalex Employee Benefit Trust has an interest over 590,000 ordinary shares (2018: 590,000). For accounting purposes these shares are treated as treasury shares. These shares do not have an entitlement to receive dividends.

12 SHARE CAPITAL (continued)

EMPLOYEE SHARE OPTIONS SCHEME – 2000 SHARE OPTION SCHEMES

The Group had operated two employee share option schemes up to their date of expiration in August 2010, together referred to as the "2000 Share Option Schemes". After this date no new options were granted under these schemes. The two schemes are described below.

Group Share Option Scheme

The terms of The Datalex plc Share Option Plan ("Group Share Option Scheme") allow for vesting over a three-year period, in equal thirds commencing on the first anniversary of the date of grant. Accelerated vesting can take place subject to Board approval. The majority of options issued under this scheme expire ten years after issuance. Employees who leave the Group have 90 days to exercise any vested options after which period the options lapse and become void. Unvested options expire upon leaving the Group. The exercise price of all options granted is equal to the market price of the shares on the date of grant.

UK Share Option Scheme

The terms of this scheme allow for vesting over a three-year period, in equal thirds commencing on the first anniversary of the date of grant. Accelerated vesting can take place subject to Board approval. All options issued under this scheme expire ten years after issuance.

Employees who leave the Group have 90 days to exercise any vested options, after which period, the options lapse and become void. Unvested options expire upon leaving the Group. The exercise price of all options granted is equal to the market price of the shares on the date of grant.

Summary of employee share options activity (number of options) in respect of the 2000 Share Option Schemes

	2019 2000 Share Option Schemes	2018 2000 Share Option Schemes
Outstanding at beginning of year	**525,000**	**756,000**
Issued during the year	-	-
Exercised during the year	(25,000)	(231,000)
Expired during the year *	(50,000)	-
Outstanding at end of year	**450,000**	**525,000**

* Expired on departure from the Group or on expiration of the share option scheme.

The activity in the Group's 2000 Share Option Schemes is summarised in the following table:

	2019 No. of shares	2019 Weighted average exercise price (US$)	2018 No. of shares	2018 Weighted average exercise price (US$)
Outstanding at beginning of year	**525,000**	**0.15**	**756,000**	**0.27**
Issued during the year	-	-	-	-
Exercised during the year (1)	(25,000)	0.16	(231,000)	0.49
Expired during the year	(50,000)	0.15	-	-
Outstanding at end of year	**450,000**	**0.15**	**525,000**	**0.15**
Exercisable at end of year	450,000	0.15	525,000	0.15

(1) The weighted average market share price on the dates of exercise was US$1.12 (2018: US$3.90).

No options were granted during the year (2018: nil) as the scheme had previously expired

12 SHARE CAPITAL (continued)

Share options outstanding at the end of the year have the following exercise price ranges and expiry dates:

Exercise price range remaining	Number of options	Weighted average contractual life (in months)
Less than US$0.30	450,000	5
US$0.51 to US$0.70	-	-
Total	**450,000**	**5**

EMPLOYEE SHARE OPTIONS SCHEME – 2012 SCHEME

On 6 February 2012, a new share option plan, The Datalex plc Share Option Plan 2012 (the "2012 Group Share Option Scheme" or "2012 Scheme") was implemented, replacing the original "2000 Share Option Schemes" which expired on their tenth anniversary in August 2010. Under the 2012 Scheme, share options can only vest after the third anniversary of award, and vesting is subject to the achievement of challenging annual performance conditions. At grant date, performance conditions relate to Adjusted EBITDA, cash targets established by the Remuneration Committee and other measures of shareholder value that the Remuneration Committee may consider appropriate.

No options may be granted under the 2012 Scheme which would cause the number of shares issued or issuable in the preceding ten years to exceed 10% of the ordinary share capital of the Company in issue at that time. As a further restriction, no options will ordinarily be granted under the 2012 Scheme which would cause the number of shares issued or issuable in the preceding ten years to exceed 7.5% of the ordinary share capital of the Company in issue at that time, but on the basis that the Remuneration Committee may resolve to grant additional options up to the overall 10% limit if it determines either that the Group's underlying financial performance and/ or growth in shareholder value would merit such further dilution or that vesting of any additional such options would be subject to exceptional performance. The basis for any such determination by the Remuneration Committee would be described in the Annual Report and financial statements.

The activity in the 2012 Group Share Option Scheme is summarised in the following table:

	2019 No. of shares	2019 Weighted average exercise price (US$)	2018 No. of shares	2018 Weighted average exercise price (US$)
Outstanding at beginning of year	**3,079,450**	**2.00**	**3,144,400**	**1.43**
Issued during the year	-	-	1,095,000	2.42
Exercised during the year (1)	-	-	(939,950)	0.85
Forfeited during the year	(1,411,667)	2.55	(220,000)	3.48
Outstanding at end of year	**1,667,783**	**1.35**	**3,079,450**	**2.00**

(1) The weighted average market share price on the dates of exercise in 2018 was US$2.93.

There were no share option grants during 2019. The fair value of the options granted during 2018 were determined using the Black Scholes model amounted to US$638,332. The weighted average fair value per option granted in 2018 was US$0.58. The significant inputs into the 2018 model were share prices of: €3.15, €2.13 and €2.34 at the grant date (being the market price of shares at the date of grant), exercise price (which is the same as the share price at the grant date), dividend yield of 2%, risk-free interest rates of 4%, expected option life of four years and the share price volatility of 25%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis and an analysis of the market volatility for companies of similar profile, as well as professional advice received.

12 SHARE CAPITAL (continued)

Share options outstanding at the end of the year have the following exercise price ranges and expiry dates:

Exercise price range remaining	Number of options	Weighted average contractual life (in months)
US$0.30 to US$0.50	88,000	25
US$0.51 to US$0.70	40,000	27
US$0.71 to US$0.90	70,000	34
Over US$0.90	1,469,783	49
Total	**1,667,783**	

The charge for the year ended 31 December 2019 in relation to share options was US$82,540 (2018: credit of US$247,521).

JOINT SHARE OWNERSHIP PLAN

In January 2012, the Board of Directors approved the establishment of a Joint Share Ownership Plan ("JSOP"). The scheme was intended to incentivise senior management in the Group (excluding Executive Directors) towards the achievement of challenging performance targets for Adjusted EBITDA and cash generation during the years ending 31 December 2013 and 31 December 2014. Under the plan, the participants and an Employee Benefit Trust established by Datalex (Ireland) Limited jointly acquired 1.56m awards of existing stock at the open market price (€0.39 per award). Subject to meeting the performance conditions for Adjusted EBITDA and cash and short-term investments, the awards vested in two equal tranches on 31 December 2013 and 2014, respectively.

	2019	2019	2018	2018
	No. of shares	Weighted average exercise price (US$)	No. of shares	Weighted average exercise price (US$)
Outstanding at beginning of year	**460,000**	**0.42**	**678,302**	**0.41**
Issued during the year	-	-	-	-
Exercised during the year [1]	-	-	(218,302)	0.42
Forfeited during the year	(160,000)	0.44	-	-
Outstanding at end of year	**300,000**	**0.44**	**460,000**	**0.42**
Exercisable at end of year	300,000	0.44	460,000	0.42

(1) The weighted average market share price at the dates of exercise in 2018 was: US$3.53.

There was no charge in the years ended 31 December 2019 or 2018 in relation to the JSOP scheme.

No awards were made in 2019 or 2018. All awards have vested due to the related performance and service conditions being achieved at 31 December 2014.

The weighted average contractual life at 31 December 2019 was 1 month (2018: 1 months).

12 SHARE CAPITAL (continued)

DEFERRED SHARE SCHEME

The 130,000 JSOP awards forfeited in 2014, which were returned back to the Employee Benefit Trust, were re-issued in 2015 to a new senior management team member under the Deferred Share Scheme. According to the rules of the scheme, the awards vest on the third anniversary of the award date and were subject to meeting the performance conditions for Adjusted EBITDA and cash and short-term investments in the 2015, 2016 and 2017 financial years. Vesting of the awards occurred in 2018.

Deferred Share Scheme	2019 No. of shares	2019 Weighted average exercise price (US$)	2018 No. of shares	2018 Weighted average exercise price (US$)
Outstanding at beginning of year	**130,000**	**1.83**	**130,000**	**1.76**
Issued during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(130, 000)	1.73	-	-
Outstanding at end of year	**-**	**-**	**130,000**	**1.83**
Exercisable at end of year	-	-	130,000	-

No awards were made in 2019 and 2018. The average contractual life at 31 December 2019 was 0 months (2018: 48 months).

The 2019 charge in relation to the Deferred Share Scheme was US$Nil (2018: US$100,536).

13 OTHER RESERVES

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

Group	Share premium US$'000	Other capital reserves US$'000	Treasury shares reserve US$'000 [1]	Share-based payments reserve US$'000 [2]	Other reserves US$'000 [3]	Foreign currency translation US$'000 [4]	Total US$'000
Balance at 1 January 2018	**1,740**	**134**	**(375)**	**4,291**	**983**	**227**	**7,000**
Share-based payments cost	-	-	-	(147)	-	-	**(147)**
Premium on shares issued	822	-	-	-	-	-	**822**
Decrease in treasury shares due to exercise of JSOP awards	-	-	101	-	28	-	**129**
Currency translation differences	-	-	-	-	-	(21)	**(21)**
Balance at 31 December 2018	**2,562**	**134**	**(274)**	**4,144**	**1,011**	**206**	**7,783**
Balance at 1 January 2019	**2,562**	**134**	**(274)**	**4,144**	**1,011**	**206**	**7,783**
Share-based payments cost	-	-	-	83	-	-	**83**
Premium on shares issued	4,019	-	-	-	-	-	**4,019**
Decrease in treasury shares due to exercise of JSOP awards	-	-	-	-	-	-	**-**
Currency translation differences	-	-	-	-	-	7	**7**
Balance at 31 December 2019	**6,581**	**134**	**(274)**	**4,227**	**1,011**	**213**	**11,892**

(1) Treasury shares reserves represent the balance of Datalex plc Ordinary Shares held by The Datalex Employee Benefit Trust. At 31 December 2019, treasury shares of 590,000 shares (2018: 590,000 shares) comprised 300,000 shares (2018: 460,000) held in respect of JSOP awards and zero shares (2018: 130,000) in respect of awards under the Deferred Share Scheme (see Note 12) and 290,000 which reverted to The Datalex Employee Trust on forfeiture of entitlements . These shares are treated as treasury shares and consequently have been deducted from equity. The reduction in the prior year relates to the exercise of 218,302 JSOP awards (see Note 12).

(2) The share-based payments reserve comprises amounts expensed in the Group statement of profit and loss in connection with awards made under the equity-settled share-based plans, being the share option schemes, the JSOP and deferred share awards (see Note 12).

(3) Other reserves relate mainly to the proceeds from exercise of collateral on 1.85m Datalex plc shares. In 2002, three former Datalex executives in the USA established a new business called Conducive Technology Corp ("CTC"). Datalex provided this company with a US$800,000 working capital loan, secured against any future proceeds of sale of 1.85m shares in Datalex held by the founders of CTC. On 25 January 2012, CTC disposed of 1.56m shares, which were acquired at the open market price by The Datalex Employee Benefit Trust, as part of the implementation of the Joint Share Ownership Plan. In October 2012, CTC completed the sale of the remaining 290,000 shares, remitting these proceeds to Datalex plc. Given that the loan had previously been written off through reserves on transition to IFRS, the proceeds recovered were recognised through reserves directly under IAS 32, Financial Instruments: Presentation. In 2019, US$nil (2018: US$28,000) was credited (2018: credited) to other reserves due to foreign exchange losses on exercise of JSOP awards which increased (2018: increased) the number of treasury shares.

(4) The foreign currency translation reserve comprises the cumulative currency translation adjustment in respect of subsidiaries whose functional currencies are not the US dollar. The translation adjustments arise from the retranslation of the profits of such operations from the average exchange rate for the year to the exchange rate at the statement of financial position date as well as the retranslation of those subsidiaries' applicable assets and liabilities.

13 OTHER RESERVES (continued)

Company	Share premium US$'000	Other reserves [1] US$'000	Total US$'000
Balance at 1 January 2018	**41,669**	**4,291**	**45,960**
Share-based payments cost	-	(147)	**(147)**
Premium on shares issued	822	-	**822**
Balance at 31 December 2018	**42,491**	**4,144**	**46,635**
Balance at 1 January 2019	**42,491**	**4,144**	**46,635**
Share-based payments	-	83	**83**
Premium on shares issued	4,019	-	**4,019**
Balance at 31 December 2019	**46,510**	**4,227**	**50,737**

(1) Other reserves relate to share-based payments costs as set out in Note 12.

Group borrowings are made up of lease liabilities and debt funding. The Group obtained debt funding from a related party to support its working capital needs.

14 BORROWINGS

	Group 2019 US$'000	Group 2018 US$'000
Lease liabilities (Note 6)	**6,442**	**1,261**
Secured loan	**12,421**	-
Total borrowings	18,863	1,261
Disclosed as		
Current	**13,376**	**366**
Non-current	**5,487**	**895**
Total borrowings	18,863	1,261

14 BORROWINGS (continued)

IFRS 16 LEASE LIABILITIES

Included in lease liabilities at 31 December 2019 above are the following amounts which arose from the implementation of IFRS 16 and those previously accounted for as Finance Leases under IAS 17 (Note 33) in the period:

	Group 2019 US$'000
Current	955
Non-current	5,487
Total lease liabilities arising from IFRS 16 implementation (Note 33)	**6,442**

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

	Group 2019 US$'000	Group 2018 US$'000
US dollar	1,218	696
Euro	4,282	562
Pound sterling	913	-
Chinese renminbi	29	3
Total	**6,442**	**1,261**

SECURED LOAN

	Group 2019 US$'000	Group 2018 US$'000
Current	12,421	-
Non-current	-	-
Total loan liability	**12,421**	**-**

RELATED PARTY SECURED LOAN

The Company entered into a €6.141m secured loan facility agreement on 14 March 2019 with an investment vehicle owned and controlled by Mr. Dermot Desmond, Tireragh Limited ("Tireragh"), 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, Tireragh 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 Tireragh 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 Tireragh 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.

14 BORROWINGS (continued)

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 Tireragh 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 is repayable in November 2020. Under the Second Facility there are additional obligations to which the Company needs 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 Tireragh, include:

(i) A debenture entered into by the Company creating fixed and floating charges over all of its assets, undertaking and goodwill as security for its and the other guarantors' obligations to Tireragh 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 Tireragh 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 Tireragh with respect to the Second Facility; and
(v) A debenture entered into by Datalex Solutions (UK) Limited granting fixed and floating charges over all of its assets, undertaking and goodwill as security for its and the other guarantors' obligations to Tireragh with respect to the Second Facility; and
(vi) Requirements to maintain minimum cash balances and working capital levels at each month end.

In addition the Company cannot deviate beyond set levels from specified agreed targets.

The Group has secured certain covenant waivers from Tireragh Limited in relation to both 2019 and 2020, in order to preserve flexibility to operate the business through the economic challenges resulting from COVID-19.

At 31 December 2019, the loan balance payable under the Second Facility (which is denominated in euro) was comprised of:

	US$'000
Drawdown*	12,405
Debt issuance costs	(469)
Debt issuance costs - amortisation	166
Interest charges	148
FX	171
	12,421

* 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.

15 PROVISIONS

A provision is recorded when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it, but there is uncertainty over either the amount or timing of the outflow.

	Group 2019 US$'000	Group 2018 US$'000
Current		
Long term incentive Plan	23	-
Regulatory Costs Compliance	436	-
Uncertain Tax Positions	482	
Total Current	941	-
Non-current		
Long term incentive Plan	-	651
Regulatory Costs Compliance	598	-
Uncertain Tax Positions	638	-
Total Non-current	1,236	651
Total Provisions	**2,177**	**651**

A. LONG TERM INCENTIVE PLAN

A Long-Term Incentive Plan ("LTIP") for key employees was approved by shareholders at the 2015 AGM. The LTIP was intended to retain and reward certain key employees who are central to the achievement of the Group's growth strategy. The implementation of the scheme commenced in 2016. Grant awards have the characteristics of a long-term cash bonus with a maximum fixed amount.

This long-term cash bonus operates under similar terms to the Group's Share Option Scheme, with vesting of cash bonuses based on the achievement of non-market performance conditions (Adjusted EBITDA and cash targets) plus a service condition over a three-year period.

Movements on the LTIP during the year were as follows:

	Group 2019 US$'000	Group 2018 US$'000
At 1 January 2019	**651**	**714**
(Credited)/ charged to the statement of profit and loss	(318)	-
Unused amounts reversed	(310)	(63)
(Credit) in the year	(628)	(63)
At 31 December 2019	**23**	**651**

The credit has been reflected in the Income Statement within payroll costs in line with the Group accounting policy. There is only a single member of the LTIP programme remaining with the company as at the 31 December 2019. As a result, amounts that were accrued related to members of the LTIP programme who have departed the company have been released to the Income Statement. The US$23k recorded at the year end represents the amount to be paid during 2020 to the single remaining member. No other additional possible payments are accrued based on all future performance and service conditions being met.

15 PROVISIONS (continued)

B. REGULATORY COSTS COMPLIANCE

As a result of the events that occured in the prior year, the Group is subject to a number of regulatory investigations that are likely to continue into the future. Additionally, the Group's shares remain suspended as at the 31 December 2019 as a result the late publication of the 2018 Annual Report and the associated breach of the Transparency Directive.

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, IAASA and the Gardai. Additionally, a provision has been made for the costs of the Financial Position and Prospects Procedures ('FPPP') which are required in order to seek the recommencement of the trading of the Group's shares on the Euronext Dublin exchange following the suspension of trading due to the breach of the Transparency Directive.

	Group & Company 2019 US$'000	Group & Company 2018 US$'000
At 1 January 2019	**-**	**-**
Charged to the statement of profit and loss	1,049	-
Charge in the year	1,049	-
At 31 December 2019	**1,049**	**-**

The charge has been reflected in the Income Statement Exceptional Items in line with the Group accounting policy.

C. UNCERTAIN TAX POSITIONS

As explained in Note 2 , IFRIC 23, Uncertainty over Income Tax Treatments, was adopted by the Group on 1 January 2019 . The Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Group previously reported the uncertain tax amounts within accruals. In the curent year, amounts relating to uncertain tax positions have been separately disclosed below.This IFRIC did not have a material impact on the Group in the current period.

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.

	Group 2019 US$'000	Group 2018 US$'000
At 1 January 2019 - Previously recorded in accruals	**1,264**	**-**
Charged to the statement of profit and loss	247	-
Paid during 2019	(352)	-
Unused amounts reversed	(39)	-
Charge in the year	(144)	-
At 31 December 2019	**1,120**	**-**

The accrued interest & penalties are recorded in the Income Statement alongside the underlying tax charges.

16 TRADE AND OTHER PAYABLES

The Group's current trade and other payables mainly consist of amounts owed to our suppliers that have been either invoiced or accrued and are due to be settled within twelve months.

	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Current trade and other payables				
Trade payables	7,216	7,431	-	-
Accruals	2,796	6,929	-	-
Customer advances	-	-	-	-
Pension contributions	128	202	-	-
Social security and other taxes	574	1,393	-	-
VAT payable	21	28	-	-
Other payables (i)	228	111	1,234	111
Total current trade and other payables	**10,963**	**16,094**	**1,234**	**111**
Non-current trade and other payables				
Lease incentive	-	170	-	-
Total non-current trade and other payables	**-**	**170**	**-**	**-**
Total trade and other payables	**10,963**	**16,264**	**1,234**	**111**

(i) Included in the other payable balance within the Company, is an amount of US$4m payable to Datalex Ireland which relates to the unlawful dividend distribution received during 2018, as disclosed in Note 27. This liability is offset by a receivable from Datalex Ireland, netting to a receivable of US$19.9m (2018: US$2.6m)

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

	Group 2019 US$'000	Group 2018 US$'000
US dollar	4,321	5,018
Euro	2,649	2,185
Pound sterling	246	228
Other	-	-
Total	**7,216**	**7,431**

17 CONTRACT LIABILITIES

Contract liabilities represent amounts received from customers in advance of delivery of the contractual performance obligations.

	Group 2019 US$'000	Group 2018 US$'000
Advances for bundled performance obligations (i)	3,818	10,725
Advances for service performance obligations	624	6,993
Advances for platform performance obligations	2,977	6,850
Total	**7,419**	**24,568**
Current	**3,561**	**13,626**
Non-current	**3,858**	**10,942**

(i) The amount disclosed in "Advances for bundled performance obligations" in the prior year relate to a contract that was subsequently terminated during 2019. Following the cessation of the implementation project and confirmation that the customer no longer intends to utilise a Datalex platform solution, Deferred Contract Fulfilment Costs incurred were offset against the related Contract Liabilities (advance payment receipts received from the customer).

The amount disclosed in "Advances for bundled performance obligations" in the current year relates to an ongoing delivery contract where the customer is estimated to go live in early 2021 . The balance will be unwound over the remaining life of the commercial contract.

The movement in the Service and Platform obligations arise as a result of:

1. In 2018, a customer elected to make a significant advanced payment to the Company and in return received an advanced payment discount. This was not replicated during 2019.
2. During 2018 a customer made contractual non-refundable advanced payments for the deployment of a Datalex loyalty programme. During 2019, the customer was subject to a take-over and as a result elected to cease the development of the loyalty programme. Amounts carried as Contract Liabilities during 2019 were released to Revenue following of the signing of a Termination and Severance Agreement with the customer.

18 SEGMENTAL INFORMATION

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

The Group's reportable operating segments based on the reports reviewed by the chief operating decision marker ("executive management team") that are used to make strategic decisions. The executive management team assesses the performance of the operating segments based on the Adjusted EBITDA measure.

The executive management team reviews business performance from a product and service perspective. In 2019 and 2018, TPF Consulting (Transaction Processing Facility) 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 year, management considers the performance of E-Business and TPF Consulting on a separate basis.

The reportable operating segments derive their revenue primarily from the sale of products and services associated with the Group's suite of travel related technology and TPF Consulting revenue. Segment profit is measured using Adjusted EBITDA, which is defined as earnings before interest, tax, depreciation, amortisation (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 statement of profit and loss.

18 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 travel industry. The TPF consulting segment provides IT consultancy services to a number of major airlines. The segment information provided to the executive management team for the reportable segments for the year ended 31 December 2019 is as follows:

Group	2019 E-Business US$'000	2019 TPF Consulting US$'000	2019 Total US$'000	*As Restated* 2018 E-Business US$'000	*As Restated* 2018 TPF Consulting US$'000	*As Restated* 2018 Total US$'000
Revenue from contracts with customers	43,470	2,526	45,996	43,147	2,700	45,847
Inter-segment revenue	-	(848)	(848)	-	(751)	(751)
External revenue	**43,470**	**1,678**	**45,148**	**43,147**	**1,949**	**45,096**
Adjusted EBITDA	**561**	**(66)**	**495**	**(2,067)**	**157**	**(1,910)**
Share-based payments (cost) / credit	(83)	-	(83)	147	-	147
EBITDA	**478**	**(66)**	**412**	**(1,920)**	**157**	**(1,763)**
Depreciation	(1,053)	(52)	(1,105)	(1,257)	(1)	(1,258)
Amortisation	(1,510)	-	(1,510)	(6,531)	-	(6,531)
Operating (loss)/ profit before exceptional items	**(2,085)**	**(118)**	**(2,203)**	**(9,708)**	**156**	**(9,552)**
Exceptional items (Note 23)	(8,293)	-	(8,293)	(34,746)	-	(34,746)
Operating (loss)/ profit after exceptional items	**(10,378)**	**(118)**	**(10,496)**	**(44,454)**	**156**	**(44,298)**
Finance costs	(1,424)	(79)	(1,503)	(408)	-	(408)
Finance income	4	-	4	10	-	10
(Loss)/ profit before income tax	**(11,798)**	**(197)**	**(11,995)**	**(44,852)**	**156**	**(44,696)**
Income tax expense	(66)	-	(66)	(2,537)	-	(2,537)
(Loss)/ profit for the year	**(11,864)**	**(197)**	**(12,061)**	**(47,389)**	**156**	**(47,233)**

A reconciliation of Adjusted EBITDA to (loss)/ profit before income tax is provided as follows:

	Group 2019 US$'000	Group 2018 US$'000
Adjusted EBITDA	495	(1,910)
Depreciation	(1,105)	(1,258)
Amortisation - development costs	(841)	(6,308)
Amortisation – software	(67)	(223)
Amortisation - Contract acquisition costs	(602)	-
Finance income	4	10
Finance costs	(1,503)	(408)
Share-based payments credit/ (cost)	(83)	147
Exceptional items (Note 23)	(8,293)	(34,746)
Loss before income tax	**(11,995)**	**(44,696)**

18 SEGMENTAL INFORMATION (continued)

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.

Group	2019 E-Business US$'000	2019 TPF Consulting US$'000	2019 Total US$'000	2018 E-Business US$'000	2018 TPF Consulting US$'000	2018 Total US$'000
Reportable segment assets:						
Intangible assets						
- Product development	107	-	107	-	-	-
- Software	120	-	120	140	-	140
Contract acquisition costs	190	-	190	792	-	792
Other assets	21,454	689	22,143	32,288	489	32,777
Total reportable segment assets	**21,871**	**689**	**22,560**	**33,220**	**489**	**33,709**

Group	2019 E-Business US$'000	2019 TPF Consulting US$'000	2019 Total US$'000	2018 E-Business US$'000	2018 TPF Consulting US$'000	2018 Total US$'000
Reportable segment liabilities:						
Current	(28,645)	(751)	(29,369)	(30,145)	(281)	(30,426)
Non-current	(10,161)	(125)	(10,286)	(12,658)	-	(12,658)
Total reportable segment Liabilities	(38,806)	(876)	(39,682)	(42,803)	(281)	(43,084)

18 SEGMENTAL INFORMATION (continued)

CURRENT YEAR

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 services.

Analysis of revenue by category	2019 E-Business US$'000	2019 TPF Consulting US$'000	2019 Total US$'000	2018 E-Business US$'000	2018 TPF Consulting US$'000	2018 Total US$'000
Platform revenue (1) (2)	26,822	-	**26,822**	23,450	-	**23,450**
Professional services	16,397	-	**16,397**	19,401	-	**19,401**
Consultancy	-	1,677	**1,677**	-	1,949	**1,949**
Other revenue	252	-	**252**	296	-	**296**
Total revenue from contracts with customers	**43,471**	**1,677**	**45,148**	**43,147**	**1,949**	**45,096**

(1) US$4m (2018: US$nil) was recognised as platform revenue following the termination of a contract whereby the customer had made contractual non-refundable payments that were previously carried on the Statement of Financial Position as a Contract Liability.

(2) US$1.7m was recognised as platform revenue following sale of a legacy historic and no longer supported code base to a customer.

	Group 2019 US$'000	Group 2018 US$'000
Americas	20,866	18,784
Asia – Pacific	11,795	12,985
Other European	6,825	9,208
Ireland	4,492	3,344
UK	1,170	775
Total revenue from contracts with customers	**45,148**	**45,096**

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US$4.5m (2018: US$3.3m) and the total revenue from external customers from other countries is US$40.6m (2018: US$41.8m).

The total property, plant and equipment, intangible assets and capitalised contract acquisition costs located in the Republic of Ireland is US$2.1m (2018: US$2.5m), and the total of non-current assets located in other countries is US$0.7m (2018: US$1.0m).

18 SEGMENTAL INFORMATION (continued)

A significant portion of the revenue of the Group was derived from the external customers as below, all of whom relate to the E-business segment:

	Group 2019 [(1)]	Group 2018 [(1)]
Customer A	24%	21%
Customer B	12%	13%
Customer C	10%	11%
Customer D	10%	7%
Customer E	8%	10%
Customer F	7%	6%
Customer G	7%	12%
Customer H	5%	0%

(1) Customers whose revenue balance represents 5% or more of the total revenue balance at 31 December 2019 are disclosed in the note above.

CONTRACT BALANCES	Group 2019 US$'000	Group 2018 US$'000
Trade receivables (Note 10)	4,578	4,594
Contract assets (Note 10)	2,561	2,019
Contract liabilities (Note 17)	7,419	24,568

TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on terms of 30 days.

E-Business

In 2019, US$1m (2018: US$0.8m) was recognised as provision for expected credit losses on trade receivables.

TPF

In 2019, US$Nil (2018: US$1k) was recognised as provision for expected credit losses on trade receivables

CONTRACT ASSETS

Contract assets are initially recognised for amounts due in respect of performance obligations satisfied, in advance of receiving consideration where the receipt of consideration is conditional other than for the passage of time. Contract assets are reclassified to trade receivables once invoiced in accordance with the customer contractual terms. Contract assets increased in the year as there were higher unbilled amounts due to the company finalising new contractual arrangements at the year end with a customer.

E-Business

In 2019, US$0.2m (2018: US$0.1m) was recognised as a provision for expected credit losses on contract assets.

TPF

In 2019, US$Nilm (2018: US$Nilm) was recognised as a provision for expected credit losses on contract assets.

18 SEGMENTAL INFORMATION (continued)

CONTRACT LIABILITIES

Contract liabilities include advances received to deliver licence and implementation services. The significant decrease in contract liabilities in 2019 is due to the cessation of an implementation project and confirmation that the customer no longer intends to utilise a Datalex platform solution. Deferred Contract Fulfilment Costs incurred were netted against the related Contract Liabilities as a result.

E-Business

US$6.1m revenue from contracts with customers was recognised in 2019 (2018: US$4.7m) in respect of amounts included in contract liabilities at the beginning of the year.

TPF

US$Nilm revenue from contracts with customers was recognised in 2019 (2018: US$Nilm) in respect of amounts included in contract liabilities at the beginning of the year.

REMAINING PERFORMANCE OBLIGATIONS

E-Business

Amounts of our customers' transaction prices that are allocated to remaining (unsatisfied or partially unsatisfied) performance obligations represent contracted revenues that have not yet been recognised. The total transaction price that has been allocated to performance obligations not satisfied in full at 31 December 2019 was US$43m (2018: US$99m). This total largely comprises obligations to provide professional services to customers and deliver customised or bundled license and service arrangements under contracts that have remaining durations in excess of one year and typically have multiple remaining years.

The decrease year on year is the result of ongoing service delivery and the termination of a customer contract.

The estimate of both the amount of transaction price allocated to unsatisfied performance obligations and the expected pattern of recognition is subject to changes arising from, among other things:

- Potential contract modifications;
- Changes to the remaining contracted terms;
- Customers availing of contract renewal options;
- Currency fluctuations, particularly with respect to changes in the Euro and US dollar exchange rates; and
- Actual future transaction fees.

TPF

As the customer simultaneously receives and consumes the benefits provided by TPF's performance revenue is recognised over time. As at 31 December 2019, there are no remaining performance obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

19 EXPENSES BY NATURE

This note provides additional detail on the nature of the expenses incurred and recorded by the Group.

	2019 before exceptional items	2019 exceptional items (Note 22)	2019 after exceptional items	2018 before exceptional items	2018 exceptional items (Note 22)	2018 after exceptional items
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Employee benefit expense (Note 20) - net of capitalisation	18,894	2,596	21,490	22,265	5,949	28,214
Consultants and contractors - net of capitalisation	14,840	-	14,840	14,279	6,420	20,699
Amortisation - development costs (Note 5)	-	-	-	6,308	-	6,308
Amortisation - software (Note 5)	67	-	67	223	-	223
Deferred commission amortisation (Note 8)	602	-	602	185	-	185
Establishment costs	836	-	836	1,988	-	1,988
Hosting	1,130	-	1,130	1,145	-	1,145
Professional fees	1,492	-	1,492	1,871	1,240	3,111
Travel	695	-	695	1,530	-	1,530
Depreciation - PP&E (Note 4)	1,105	-	1,105	1,258	-	1,258
Depreciation - Right of Use Assets (Note 6)	841	-	841	-	-	-
Net impairment losses on financial and contract assets (Note 10)	1,933	2,876	4,809	140	-	140
Third party services	512	-	512	482	-	482
Auditor's remuneration	240	281	521	149	1,014	1,163
Communication	238	-	238	295	-	295
Software maintenance and other online charges	771	-	771	359	-	359
Other	3,366	2,540	5,906	2,499	-	2,499
Total cost of sales, selling and marketing costs, impairment losses on contract and trade receivables, administrative and exceptional expenses	47,562	8,293	55,855	54,976	14,623	69,599
Other losses/(gains)	199	-	199	(122)	164	42
Total operating costs	**47,761**	**8,293**	**56,054**	**54,854**	**14,787**	**69,641**

Disclosed as:				*As Restated*	*As Restated*	*As Restated*
Cost of sales	30,583	2,596	33,179	40,749	12,369	53,118
Selling and marketing costs	1,654	-	1,654	3,406	-	3,406
Administrative expenses	13,392	2,821	16,213	10,681	2,254	12,935
Net impairment losses on financial and contract assets	1,933	2,876	4,809	140	-	140
Other losses/(gains)	199	-	199	(122)	164	42
Total operating costs	**47,761**	**8,293**	**56,054**	**54,854**	**14,787**	**69,641**

19 EXPENSES BY NATURE (continued)

REMUNERATION TO GROUP EXTERNAL AUDITOR (2019: DELOITTE, 2018: ERNST & YOUNG)

During the year the Group obtained the following services from the Group's auditors:

Company	2019 US$'000	2018 US$'000
Fees payable to the entity's statutory auditors in respect of:		
(a) the audit of entity financial statements	12	12
(b) other assurance services	509	1,125
(c) tax advisory services	-	-
(d) other non-audit services	-	-
Total	**521**	**1,137**

Group	2019 US$'000	2018 US$'000
Fees payable to the Groups' statutory auditors in respect of:		
(a) the audit of entity financial statements	509	1,136
(b) other assurance services	12	12
(c) tax advisory services	-	15
(d) other non-audit services	-	-
Total	**521**	**1,163**

20 EMPLOYEE BENEFIT EXPENSE

This note provides an analysis of the average number of employees in the Group together with their related payroll expense for the year.

	Group 2019 US$'000	Company 2019 US$'000	Group 2018 US$'000	Company 2018 US$'000
Wages and salaries	18,901	-	24,886	-
Social security costs	2,123	-	3,266	-
Pension costs – defined contribution schemes	859	-	971	-
Employee benefit expense before capitalisation	**21,883**	**-**	**29,123**	**-**
Capitalised labour	(42)	-	(6,648)	-
Employee benefit expense after capitalisation	**21,841**	**-**	**22,475**	**-**
Share-based payments (credit) / cost (Note 13)	(83)	-	(147)	-
Long term incentive plan granted to Executive Directors and other employees (Note 15)	(310)	-	(63)	-
Total	**21,448**	**-**	**22,265**	**-**
Total employee expense before capitalisation	21,490	-	28,913	-
Capitalisation	(42)	-	(6,648)	-
Amount charged to Profit and Loss	**21,448**	**-**	**22,265**	**-**

20 EMPLOYEE BENEFIT EXPENSE (continued)

The average number of persons employed by the Group (including Executive Directors) during the year analysed by category was as follows:

	Group 2019	Company 2019	Group 2018	Company 2018
Product development and delivery	170	-	231	-
Sales and marketing	8	-	12	-
Administration	25	-	28	-
Total	**203**	**-**	**271**	**-**

The total number of persons employed by the Group (including Executive Directors) at 31 December 2019 was 164 (2018: 268).

No staff were employed by the PLC Company at 31 December 2019 and 2018.

The Group operates a number of defined contribution pension schemes in which the majority of Group employees participate. The assets of these schemes are held separately from those of the Group in independently administrated funds. The pension charge represents contributions payable by the Group to the schemes and amounted to US$843,000 in respect of 2019 (2018: US$971,000), of which US$112,000 was accrued at the year-end (2018: US$202,000).

Details of Directors' remuneration can be found in the Remuneration Report (see pages 47 to 50).

21 OTHER INCOME

	Group 2019 US$'000	Group 2018 US$'000
Sundry Income	410	206
Total	**410**	**206**

Sundry income consists of customer recharges for content provider costs incurred.

22 OTHER GAINS/(LOSSES)

This note details the other gains and losses incurred during the year, primarily related to foreign exchange and onerous customer contracts.

	Group 2019 Before exceptional items US$'000	Group 2019 Exceptional items (Note 22) US$'000	Group 2019 After exceptional items US$'000	Group 2018 Before exceptional items US$'000	Group 2018 Exceptional items (Note 22) US$'000	Group 2018 After exceptional items US$'000
Net foreign exchange gains/(losses)	(199)	-	(199)	122	-	122
Recognition of onerous customer contract	-	-	-	-	(164)	(164)
Total	**(199)**	**-**	**(199)**	**122**	**(164)**	**(42)**

23 EXCEPTIONAL ITEMS

This note details the items identified as exceptional during the year. Exceptional items are items that have a significant effect on the Group's results for the year.

The following costs and expenses have been treated as exceptional items in the consolidated statement of profit and loss:

	Group 2019 US$'000	Group 2018 US$'000
Impairment of development expenditure	-	19,959
Write-off of net development expenditure incurred in 2018	-	12,369
Derecognition of deferred tax asset	-	2,397
Costs associated with implementation of new accounting standards	-	1,537
Costs associated with review of financial irregularities in 2018	-	717
Recognition of onerous customer contract	-	164
Professional fees in relation to investigations, business transformation programme and litigation procedures	1,555	-
Severance pay costs	2,596	-
Provision for costs associated with complying with regulatory investigations	1,035	-
Provision for non recovery of customer receivable balances, which are subject to litigation	2,876	-
Impairment of contract assets	231	-
Total	**8,293**	**37,143**

EXCEPTIONAL ITEMS - 2019:

Professional fees in relation to investigations, business transformation programme and litigation procedures

During 2019, the Group undertook a cost restructuring programme as part of a wider Transformational Change Programme, termed "RESET". These programmes were designed to reduce costs and address the operational and financial control issues identified from the reviews carried out. Professional fees included legal, accounting and other consultancy services related to: improving internal control procedures to support a relisting of the Company's shares on Euronext, customer litigation, review of tax compliance, severance programmes, business reorganisation and further costs associated with the financial irregularities identified in respect of 2018. As a result of the disclaimed audit opinion in respect of the 2018 financial statements, additional audit costs are being incurred also in relation to the 2019 financial statements, of which US$281k is considered as exceptional.

Severance pay costs

Charges in relation to a voluntary severance programme carried out in 2019 as part of the cost reduction program. The Group identified 57 roles across the group which were included in the severance programme. As of the year end date, 55 employees had departed with US$2.6m being paid out, with a remaining immaterial balance payable in 2020.

Provision for costs associated with complying with regulatory investigations

The Group has recognised a provision which relates to legal and compliance costs of ongoing regulatory investigations and the necessary requirements to obtain an end to the suspension order on the trading of the Group's shares on the Euronext Dublin exchange. The regulatory investigation and suspension of trading of the Group's shares arose following the significant breakdown in internal financial controls as disclosed in the 2018 Annual Report.

23 EXCEPTIONAL ITEMS (continued)

Provision for non recovery of customer receivable balances, which are subject to litigation

On 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter and to recover amounts due and general business damages. On 5 March 2020, the Group issued a notice of dispute and invocation of a contractual arbitration clause to recover amounts owed to the Group by Deutsche Lufthansa AG in connection with services provided to its subsidiary, Swiss International Airlines Limited. At 31 December 2019, the invoiced balances due by Lufthansa and its subsidiary company, Swiss International Airlines Limited, amounted to US$2.9 million. The directors strongly believe that the Group is entitled to recover amounts outstanding, but have recorded a 100% expected credit loss amount in these financial statements against the full value of invoiced amounts, in accordance with IFRS 9.

Impairment of contract assets

Following the termination of certain customer contracts due to events outside the group's control, the group assessed the recoverability of the associated contract assets. As a result of the review undertaken, it was deemed appropriate to impair the contract assets.

EXCEPTIONAL ITEMS - 2018:

Impairment of intangible assets

The Group reviewed, under a new management team, its approach to market and its product development activities. In that context, it was uncertain as to whether the platform investment would be realised through future revenues and whether the intangible asset would generate future economic benefits. Accordingly, it was decided that an impairment charge of US$20m should be recognised, which represented the net book value of the product development intangible asset at the statement of financial position date.

Future expenditure incurred in respect of these product development activities will be recognised as an expense until such time that it is probable that future economic benefits that are attributable to the asset will flow to the Group.

Write-off of development expenditure incurred in 2018

An amount of US$13.2m was incurred by the Group during the year ended 31 December 2018 in respect of development expenditure. An amount of US$0.8m was accrued for an R&D tax credit claim in respect of this expenditure at 31 December 2018. As mentioned above, the Group reviewed, under a new management team, its approach to market and its platform development activities. As a result, it was uncertain as to whether the specific enhancements to the platform in 2018 would be realised through future revenues and whether the intangible asset would generate future economic benefits. Accordingly, it was concluded that the net product development cost incurred in the year of US$12.4m did not meet the recognition criteria for capitalisation in paragraph 21 of IAS 38. The classification of this development expenditure expense as an exceptional item in 2018 reflected the materiality and size of the expense.

Derecognition of deferred tax asset

Having considered the uncertainties as to the future profitability of the Group and its trading subsidiaries, the Directors determined that it was not appropriate to recognise deferred tax assets in respect of losses carried forward and R&D tax credits. Accordingly, an amount of US$2.4m was derecognised in the year ended 31 December 2018, and charged to income tax expense in the consolidated statement of profit and loss. The classification of this derecognition as an exceptional item in 2018 reflected its materiality and size.

Costs of implementation of new accounting standards and support on the preparation of the 2018 Annual Report

An amount of US$0.6m was incurred by the Group in relation to external advice and support received on the implementation of new accounting standards in the 2018 financial year, primarily IFRS 15, and in the preparation of the 2018 Annual Report. An additional amount of US$0.9m was incurred in respect of the EY audit of the IFRS 15 implementation over and above the regular audit fee, which has also been included in the exceptional item.

23 EXCEPTIONAL ITEMS (continued)

Costs associated with reviews of financial irregularities in 2018

PwC, in conjunction with McCann FitzGerald, the Group's legal advisors, were engaged to perform a review of the financial irregularities that were identified in respect of 2018. The total cost of this review was US$0.7m. This includes related legal fees and US$0.1m relating to the cost of the EY review of the resultant reports in the context of their audit of the 2018 financial statements which was over and above the regular audit fee, and which has been expenses in the 2018 financial year.

Recognition of onerous customer contract

On a particular customer contract, costs were in excess of recognised revenues and accordingly an onerous contract provision has been recognised.

This note details the interest income generated by our financial assets and the expense incurred on our financial liabilities.

24 FINANCE INCOME AND FINANCE COSTS

	Group 2019 US$'000	Group 2018 US$'000
Interest income on bank deposits with less than 90 days maturity	4	10
Early settlement discount	(242)	(186)
Shareholder's loan interest	(499)	-
Interest on Lease Liabilities	(706)	(55)
Other interest	(56)	(167)
Net finance cost	**(1,499)**	**(398)**

25 EARNINGS PER SHARE

Earnings per share (EPS) is the amount of post tax results attributable to each ordinary share. Basic EPS is the amount of result for the year divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding and exercisable options were exercised and treated as ordinary shares at year end.

Basic	Group 2019	Group 2018
Loss attributable to ordinary shareholders (US$'000)	(12,061)	(47,233)
Weighted average number of ordinary shares outstanding	79,923,849	76,836,649
Basic loss per share (in US cents)	**(15.1)**	**(61.5)**

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

25 EARNINGS PER SHARE (continued)

Diluted	Group 2019	Group 2018
Loss attributable to ordinary shareholders (US$'000)	(12,061)	(47,233)
Weighted average number of ordinary shares outstanding	79,923,849	76,836,649
Adjustment for share options and share awards	-	-
Weighted average number of ordinary shares outstanding	79,923,849	76,836,649
Diluted loss per share (in US cents)	(15.1)	(61.5)

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, JSOP awards and Deferred Share Scheme awards under the schemes as described in Note 12. 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 year ended 31 December 2019 due to the loss recorded by the Group. The share options could potentially dilute basic earnings per share in the future. As the trading in the shares on the Euronext Dublin market was suspended at the year end date, the directors are unable to determine with reasonable certainty the average share price for the reporting period. The average share price for the reporting period is used to assess which share options are "in the money" and potentially dilutive. The weighted average potential dilutive impact of share options at 31 December 2019 will vary based on the average share price for the reporting period, as per Note 12 the potentially dilutive shares could fall 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:	1,667,783 potentially dilutive shares

(2018: 1,582,283 shares treated as dilutive). On the last date of public trading on Euronext Dublin in advance of the suspension the Groups shares were trading at 91.6c (Euro) per share. The average share price for the period 1 January 2019 to 30 April 2019, being the period pre-suspension of the shares was 101.1c (Euro).

152,178 share options under the 2012 Group Share Option Scheme had been excluded from the number of potential dilutive shares as at 31 December 2018 as the relevant performance conditions had not yet been achieved at that date. The number of share options excluded as anti-dilutive is not readily available and depends on the share price upon relisting.

No JSOP or Deferred Share Scheme share awards have been included in the calculation of diluted earnings per share for the year ended 31 December 2019 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 31 December 2019 amounted to 609,905 shares (2018: 434,761 treated as dilutive).

26 CASH USED IN OPERATIONS

This note reconciles how the Group's loss for the year translates into cash flows used in operating activities.

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Loss before income tax	(11,995)	(44,696)	(18,081)	(51,647)
Adjustments for:				
Finance costs – net	603	212	500	-
Interest on lease liabilities	652	-	-	-
Depreciation	1,105	1,258	-	-
Depreciation right-of-use assets	841	-	-	-
Amortisation	67	6,531	-	-
Deferred commission amortisation	602	185	-	-
Impairment	231	19,959	18,625	51,616
Share-based payments cost / (credit)	83	(147)		-
Exchange translation adjustment	8	(144)	171	183
Loss on disposal of fixed assets	4	-		-
Non-Cash management charges	-	-	(2,249)	-
Provision movement	627	(63)	1,034	-
Contract fulfilment costs	-	-	-	-
Changes in working capital:				-
Trade and other receivables	469	14	198	2,835
Contract assets	(774)	2,481	-	-
Contract fulfilment costs	2,762	-	-	-
Trade and other payables	(4,834)	1,144	89	10
Contract liabilities	(6,346)	11,622	-	-
Provisions	892	-	-	-
Net cash (outflow) / inflow from operations	**(15,003)**	**(1,644)**	**287**	**2,997**

27 DIVIDENDS PAID

Dividends represent one type of shareholder return and are paid as an amount per ordinary shares held.

Group and Company	2019	2018
	US$'000	US$'000
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on ordinary shares:		
Dividend for the year (1)	-	3,837
Total	**-**	**3,837**

(1) The dividend paid in 2019 was nil US cents per share (2018: five US cents per share).

The Board of Directors of the Company are not proposing that a final dividend be paid to shareholders in respect of the year ended 31 December 2019 (2018:nil).

27 DIVIDENDS PAID (continued)

UNLAWFUL DISTRIBUTION AND DIVIDEND RECEIVED FROM DATALEX (IRELAND) LIMITED

As shown above in the prior year comparison, 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 statement of profit and loss of the Company for 2018. The amount remains outstanding at the 31 December 2019.

28 INVESTMENTS IN SUBSIDARIES

This note details of the Company's principle subsidiary undertakings as well as the carrying value of these subsidiary undertakings.

Company	2019 US$'000	2018 US$'000
At beginning of year	-	**48,868**
Share-based payments cost / (credit)	**83**	(147)
Impairment provision	(83)	(48,721)
At end of year	-	-

In the prior year the Directors assessed the recoverable amount of the investment having taken into consideration a range of assumptions as well as events post the statement of financial position date. Following the assessment, a full impairment provision was made against the carrying value of the investment arising from the significant losses and cash outflows in the subsidiary in 2018, and the uncertainties as to the future profitability of the subsidiary.

During 2019, management considered the external and internal sources of information that may indicate that the impairment loss recognised in the prior year may no longer exist or may have decreased. The external indicators considered include whether there has been a significant favourable changes in the asset's value and market conditions. The internal indicators considered include whether there has been any significant favourable changes in the asset's use and performance. As a result of the review of the external and internal indicators, it was deemed appropriate not to reverse any of the previously recorded impairment on investments in subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

28 INVESTMENTS IN SUBSIDARIES (continued)

The Company has investments in the following subsidiary undertakings:

COMPANY NAME	ORDINARY SHAREHOLDING	NATURE OF ACTIVITY	REGISTERED OFFICE
Datalex (Ireland) Limited	100%	Development and sale of computer software	Block U, Eastpoint, Clontarf, Dublin D03 H704, Ireland
Datalex USA, Inc.	100%	Delivery of professional services and hosting	1 Concourse Parkway, Suite 650, Atlanta, GA 30328, USA
Datalex Netherlands B.V.	100%	TPF consulting	Parlevinker 13, 1186 ZA Amstelveen, The Netherlands
Datalex Solutions (UK) Limited	100%	Delivery of professional services	8th Floor, 55 Spring Gardens, Manchester, M2 2BY, UK
Datalex Tokenization, Inc.	100%	Provision of online payment processing connectivity in line with PCI compliance	1 Concourse Parkway, Suite 650, Atlanta, GA 30328, USA
Datalex Employee Benefit Trust	100%	Employee benefit trust	12 Castle Street, St Helier, Jersey JE2 BR2, UK
Datalex Holdings Limited	100%	Holding company	Block U, Eastpoint, Clontarf, Dublin D03 H704, Ireland
Datalex (China) Limited	100%	Development and sale of computer software	Room 332 , 3F Hyundai Motor Tower 38 Xiaoyun Road, Chaoyang District, Beijing 100027, P.R. China
Datalex Australasia Pty. Limited	100%	Non-trading	58 Gipps Street, Collingwood, Victoria 3066, Australia
Datalex Developments Limited	100%	Non-trading	Block U, Eastpoint, Clontarf, Dublin D03 H704, Ireland

29 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 year:

KEY MANAGEMENT PERSONNEL

Key management personnel include the four Executive Directors who held office during the year (2018: three Executive Directors), the eight Non-Executive Directors (2018: five Non-Executive Directors) and 15 members of the executive management team, including former members who departed during 2019 (2018: eight members).

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

29 RELATED PARTY TRANSACTIONS (continued)

KEY MANAGEMENT COMPENSATION

	2019 US$'000	2018 US$'000
Short term employee benefits [(1)]	3,013	2,650
Share-based payment charge [(2)]	-	(24)
Termination benefits	581	-
Retirement benefits expense [(3)]	128	135
Charged to operating profit	**3,722**	**2,761**

(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 as described in Notes 12 and 15.

(3) Retirement benefits are accruing to 4 Executive Directors and 13 senior management team members (2018: three Executive Directors and six members of the senior management team) under a defined contribution scheme.

Peter Lennon, a Non-Executive Director, is employed by Ronan Daly Jermyn, a law firm. US$74k in expenses were incurred by the Group with Ronan Daly Jermyn during 2019. US$78k was payable to Ronan Daly Jermyn at 31 December 2019 (2018: US$nil). Between 18 February 2019 and 23 August 2019 Peter Lennon temporarily held the role of Company Secretary.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Non-Executive Directors' fees of US$36,000 (2018: US$91,600) were accrued at the year end.

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

	2019 US$'000	2018 US$'000
Basic salaries and fees	324	341

COMPANY

At 31 December 2019, the Company had a balance of US$nil (2018: US$2.9m) due to it from other Group companies. This balance relates to payments made by the Company on behalf of one of its subsidiaries.

Amounts owed by Group undertakings are interest free, unsecured and are repayable on demand. In the prior year the Board has reviewed these amounts for impairment. Following this review, a full provision for impairment was deemed necessary on the balances due from other group companies as at 31 December 2018, given uncertainties as to future recoverability of these amounts and in light of the significant losses and cash outflows in these other Group companies in 2019 (2018: US$2.9m).

During 2019, management considered the external and internal sources of information that may indicate that the impairment loss recognised in the prior year may no longer exist or may have decreased. The external indicators considered include whether there has been a significant favourable changes in the asset's value and market conditions. The internal indicators considered include whether there has been any significant favourable changes in the asset's use and performance. As a result of the review of the external and internal indicators, it was deemed appropriate not to reverse any of the previously recorded impairment.

At 31 December 2019, the Company had a balance of US$34k (2018: US$0.2m) due from Mr. David Kennedy, a previous related party, in relation to share option exercise costs. At the date of the annual report the amount unpaid is US$34k and which is being actively pursued. Mr. Kennedy, a former Executive Director, held the position of Finance Director until 5 December 2018.

As disclosed in Note 27, the 2018 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. The amount remains outstanding at the 31 December 2019.

29 RELATED PARTY TRANSACTIONS (continued)

TRANSACTIONS WITH TIRERAGH LIMITED AND IIU NOMINEES LIMITED:

In March 2019, IIU Nominees Limited, a related party ultimately beneficially owned by Mr. Desmond, subscribed for 3.859m new ordinary shares in Datalex plc at a price of €1.00 per share (see also Note 12).

As more fully explained in Note 14 and Note 31, the Group entered into a secured loan facility agreement with Tireragh Limited, a related party ultimately beneficially owned by Mr. Desmond, during the year ended 31 December 2019.

At 31 December 2019, the total balance payable to Tireragh Limited under this arrangement was US$12.4m. The break down of the principle amount, interest charges, debt issuance costs & FX charges are included in Note 14.

30 LITIGATION AND DISPUTES

On 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter and to recover amounts due and general business damages. In addition the Group has commenced arbitration proceedings against a subsidiary company of Lufthansa, Swiss International Airlines Limited ("Swiss Airlines") to recover amounts due and owing as a result of the early termination of a contract by Swiss Airlines which have not been paid. The outcome of these processes is currently uncertain and the Group may incur additional legal costs in pursing these claims which may not be recoverable. At 31 December 2019, the invoiced balances due by Lufthansa and its subsidiary company, Swiss International Airlines Limited, amounted to $2.876 million. While the directors believe strongly that the Group is entitled to recovery, this is not guaranteed and a provision has been made in these financial statements against the full value of invoiced amounts, in accordance with IFRS 9.

31 FINANCIAL RISK MANAGEMENT

This note details the Group's treasury management and financial risk management objectives and policies. Information is also provided regarding the Group's exposure and sensitivity to market rate risk, foreign exchange risk, interest rate risk, price risk, credit risk, liquidity risk, capital risk, cash flow risk and the policies in place to monitor and manage these risks.

FINANCIAL RISK MANAGEMENT

The Group and Company's operations expose it to a variety of financial risks including interest rate, foreign exchange, credit and liquidity risk. The Group has in place a risk management programme that seeks to manage the financial exposure of the Group. The Group may and has used derivative financial instruments to manage certain risk exposures but has not done so in either 2019 or 2018. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies are set by the Board of Directors and are implemented by the Group's finance department.

MARKET RATE RISK

Market rate risk refers to the exposure of the Group's financial position to movements in interest rates, currency rates and general price risk. The principal aim of managing currency risk is to limit the adverse impact of movement in currency rates on shareholders' equity. The Group has limited exposure to interest rate and price risk.

(I) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures in the normal course of business and primarily with respect to the euro, pound sterling, Swedish Krona and Chinese renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The main exposure at 31 December 2019 relates to euro monetary assets totalling US$5.5m (2018: US$3.9m), pound sterling monetary assets totalling US$0.1m (2018: US$0.1m), Swedish Krona monetary assets totalling US$0.9m (2018: US$0.1m) and Chinese renminbi monetary assets totalling US$0.3m (2018: US$nil).

The Group's main current strategy to manage the foreign exchange risk is, where possible, to match customer contracts with related contractor and employee costs in the same currency. The Group also has bank accounts denominated in its various operating currencies which allow it to maintain available funds in different currencies as a means of minimising the impact of foreign exchange volatility on its operations.

31 FINANCIAL RISK MANAGEMENT (continued)

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group may avail of forward contracts and has facilities available with its bank. Forward contracts are generally used when it is deemed that there is a potential volatility risk which may negatively impact the certainty in respect of euro-based operating costs. Given the profile of the overseas operations and the customer base, foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the US dollar. There were no forward foreign exchange contracts in place as at 31 December 2019 or 2018.

At 31 December 2019, The movement of the Euro against the US dollar with all other variables held constant, the impact on post-tax loss for the year would have been:

Euro movement against US Dollar	10%	7.50%	5%	2.50%
	USD '000's	USD '000's	USD '000's	USD '000's
2019 Impact on results	288	216	144	72
2018 Impact on results	168	126	84	42

A strengthening in the Euro would have resulted in reduced loss being recorded, whereas a weakening would have resulted in an increase in the loss recorded .The movement is mainly as a result of foreign exchange gains on translation of euro-denominated trade receivables, trade payables and cash.

(II) INTEREST RATE RISK

The principal aim of managing interest rate risk is to limit the adverse impact on cash flows and shareholders' equity of movements in interest rates. Cash and cash equivalents at variable rates expose the Group to cash flow interest rate risk. Cash and cash equivalents at a fixed rate expose the Group to fair value interest rate risk. The Group's treasury policy is designed to monitor the funding requirements of the business. Cash requirements are managed centrally and reviewed daily. Excess funds are placed on deposits which typically have a maturity of less than three months. The term of deposit is based on the interest rate offered and cash forecasts as the Group ensures that sufficient cash is available on demand to meet expected operational requirements. The interest rate on floating rate deposits (with maturities less than 90 days) of US$0.09m at 31 December 2019 (2018: US$0.04m) is generally based on the appropriate Euribor or Libor rate.

The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Interest rate sensitivity analysis
At 31 December 2019, based on the value of interest-bearing cash balances held at that date, if interest rates had been 100 basis points higher/ lower and all other variables were held constant, the Group loss after tax for the year would not have been materially impacted (2018: Group loss after tax for the year would not have been materially impacted).

(III) PRICE RISK

The Group is not exposed to material price risk.

CREDIT RISK

Credit is managed on a Group basis. Credit risk arises from cash and cash equivalents, short-term investments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding trade receivables, contract assets and committed transactions. The Group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counterparties. The Group has not experienced any losses on such accounts.

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made and monitors the exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2019, a significant portion of the Group's revenue was derived from a limited number of customers (see Note 18).

31 FINANCIAL RISK MANAGEMENT (continued)

The credit quality of cash and cash equivalents can be assessed by reference to long term S&P credit ratings of the counterparties in the following tables (restricted cash of US$Nil (2018: US$0.5m) with a credit quality of A- (2018: BBB+) has been excluded).

Cash and cash equivalents	Group 2019 US$'000	Group 2018 US$'000
A	633	397
A-	2,337	4,935
BBB+	48	3,047
BBB	-	-
BB	-	-
Not rated	-	1
	3,018	**8,380**

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities on hand, having additional funding available through an adequate amount of committed credit facilities and maintaining the ability to close out market positions.

It is Group policy to maintain at all times access to sufficient resources to meet all short-term financial obligations.

The analysis below summarises the Group's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group-based on the remaining period as at the reporting date:

Trade payables and borrowings (including interest)

Group	Less than 1 Yr US$'000	Between 1-2 Yrs US$'000	Between 2-5 Yrs US$'000	Over 5 Yrs US$'000	Total US$'000
At 31 December 2019	25,274	823	2,030	2,634	**30,761**
At 31 December 2018	15,305	436	109	-	**15,850**

32 SUBSEQUENT EVENTS

This note provides details of material events which have occurred between the year end date of 31 December 2019 and the date of approval of the financial statements.

The Directors do not propose a final dividend in respect of the year ended 31 December 2019 (2018: final dividend of nil US cents per share).

COMMERCIAL CONTRACT UPDATES

The Group received notification from a customer during April 2020 that it intends to terminate its the MSA and Licence agreement with Datalex, resulting in the customer ceasing to use the Datalex software products from October 2020. Datalex management understands that the notification received is as a result of the customer's own internal restructuring, with direct discussions ongoing with the customer's subsidiary airlines to enter into new commercial arrangements upon cessation of the existing agreement with their parent company.

32 SUBSEQUENT EVENTS (continued)

COVID-19

COVID-19 has had a major impact on the industry which Datalex serves. It is difficult to accurately quantify at this point in time the likely impact of COVID-19 on our financial and trading performance. However, in response to COVID-19, difficult decisions and actions were taken by the Group post year-end to protect the Group, including:

1. Implementation of a redundancy program which saw fourteen roles depart the Group. This cost of this redundancy program is US$244k but will result in an anticipated saving of US$1.2m per annum.
2. Reduction in the use of third-party outsourcing resources, resulting in an anticipated saving of US$5.6m per annum.
3. Implementation of a temporary four-day working week across all regions the Group operates, with the exception of China where the staff remained on a five-day working week, resulting in an anticipated saving of US$1.2m in 2020.
4. Cancellation of all non-contractual and committed bonus payments.
5. Implementation of a temporary hiring freeze.

The Group utilises yield spreads to assist in the determination of an appropriate expected credit loss (ECL) provision to record against Trade Receivables and Contract Assets. There has been significant fluctuation of these yield spreads after the year-end as a result of the impact of COVID-19 on the airline industry.

On 22 June 2020, the Board of Directors agreed to accept, subject to shareholder approval as a related party transaction under Listing Rules, a further offer of support from the Group's largest beneficial shareholder, Mr. Desmond. The offer of support includes the following proposal to:

1. Provide an extension of the maturity of the existing loan facility to 1 November 2021; and
2. Provide additional debt funding of up to €10m to the Group to be drawn upon as required.

It is proposed that the extension and additional debt funding would operate as a continuation of the existing Tireragh Limited loan facility and will be subject to an additional facility fee which will be negotiated and agreed with Tireragh Limited. The terms and conditions of offer and associated fees will be conditional upon shareholder approval, as a related party transaction under Listing Rules, and, in accordance with the Listing Rules, require an opinion of the Company's sponsor, Goodbody Stockbrokers, that the arrangements are fair and reasonable as far as shareholders are concerned.

The Directors deem the above subsequent events to be non-adjusting events. There have been no other subsequent events that impact on the 2019 consolidated financial statements up to the date of this report.

33 RECENT ACCOUNTING PRONOUNCEMENTS

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following new IFRS standards were adopted by the Group during the financial year ended 31 December 2018. An explanation of these new standards and the impact that adoption has had on the reported numbers for the year is set out below.

As explained in Note 2, IFRIC 23, Uncertainty over Income Tax Treatments, was adopted by the Group on 1 January 2019 . The Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. It applies to both current and deferred income taxes within the scope of IAS 12, and any situations where there is uncertainty over whether a particular approach adopted will be accepted by the tax authority. There are no new disclosure requirements as a result of adoption of IFRIC 23.

As explained in Note 2 above, IFRS 16, Leases, was adopted by the Group on 1 January 2019 using the modified retrospective approach. In accordance with the requirements of IFRS 16, the impact of adoption for the Group was as follows:

33 RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IMPACT ON CONSOLIDATED STATEMENT AS AT 1 JANUARY 2019

	As reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 16 US$'000
ASSETS			
Property, Plant & Equipment: Recognition of Assets under IFRS 16, Leases	2,536	(1,141)	1,395
Right of Use Assets: Recognition of Assets under IFRS 16, Leases	6,032	(6,032)	-
Total adjustment	8,568	(7,173)	1,395
LIABILITIES AND EQUITY			
Recognition of Finance lease liabilities (previously recognised in accordance with IAS 17)	-	1,261	1,261
Lease Liabilities: Recognition of Liability under IFRS 16, Leases	(6,490)	6,490	-
Total adjustment	(6,490)	7,751	1,261

The amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of IFRS 16, are set out below:

IMPACT ON THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

Income Statement	As reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 16 US$'000
Administration expenses			
Rent expense	-	(1,196)	1,196
Depreciation (Note 6)	(806)	806	-
Interest charge (Note 6)	(652)	652	-
Statement of Financial Position			
Assets			
Right of Use Assets	5,137	(5,137)	-
Liabilities and Equity			
Lease Laibilities	(5,885)	5,885	-
Retained Earnings	(37,313)	262	(37,051)

33 RECENT ACCOUNTING PRONOUNCEMENTS (continued)

RECONCILIATION OF 2018 LEASE COMMITMENT TO OPENING LEASE LIABILITY

Operating lease commitments – 31 December 2018	10,206
Reconciling items	
Exercise of rent abatement options assumed in lease liability calculation	1,259
Low Value assets and leases less than 12months	(131)
Exercise of termination options assumed in lease liability calculation	(814)
Other amounts not to be included in lease liability	84
Discount using the incremental borrowing rate at 1 January 2019	(4,114)
Lease liability as at 1 January 2019	**6,490**

34 RESTATEMENT NOTE

During 2019 management reassessed the Income Statement cost classifications. Changes were made to better reflect the cost classifications in the Income Statement and to provide better information to the users of the accounts. To ensure comparability and usability of the financial statements the amounts reported in the 2018 Annual Report have been restated.

	As previously reported in 2018 Annual Report			*As restated and reported*			*Restatement*		
	Before Exceptional items US$'000	Exceptions items US$'000	Total US$'000	Before Exceptional items US$'000	Exceptions items US$'000	Total US$'000	Before Exceptional items US$'000	Exceptions items US$'000	Total US$'000
Revenue from contracts with customers	45,096	-	45,096	45,096	-	45,096	-	-	-
Cost of sales	(45,407)	(12,369)	(57,776)	(40,749)	(12,369)	(53,118)	(4,658)	-	(4,658)
Gross (loss)/profit	**(311)**	**(12,369)**	**(12,680)**	**4,347**	**(12,369)**	**(8,022)**	**(4,658)**	**-**	**(4,658)**
Selling and marketing costs	(5,786)	-	(5,786)	(3,406)	-	(3,406)	(2,380)	-	(2,380)
Administrative expenses	(3,643)	(2,254)	(5,897)	(10,681)	(2,254)	(12,935)	7,038	-	7,038
Net impairment losses on financial and contract assets	(140)	-	(140)	(140)	-	(140)	-	-	-
Impairment of intangible assets		(19,959)	(19,959)	-	(19,959)	(19,959)	-	-	-
Other income	206	-	206	206	-	206	-	-	-
Other (losses)/gains	122	(164)	(42)	122	(164)	(42)	-	-	-
Operating loss	**(9,552)**	**(34,746)**	**(44,298)**	**(9,552)**	**(34,746)**	**(44,298)**	**-**	**-**	**-**
Finance income	10	-	10	10	-	10	-	-	-
Finance costs	(408)	-	(408)	(408)	-	(408)	-	-	-
Loss before income tax	**(9,950)**	**(34,746)**	**(44,696)**	**(9,950)**	**(34,746)**	**(44,696)**	**-**	**-**	**-**
Income tax charge	(140)	(2,397)	(2,537)	(140)	(2,397)	(2,537)	-	-	-
Loss for the year	**(10,090)**	**(37,143)**	**(47,233)**	**(10,090)**	**(37,143)**	**(47,233)**	**-**	**-**	**-**

There was no impact on the reported loss for the year for 2018 as a result of the reclassification of the expenses in the current year.

34 RESTATEMENT NOTE (continued)

The movement from Cost of sales and Selling and marketing costs into Administrations costs is a result of the enhanced focus on cost control within the group. Previously costs were re-allocated across the Income Statement captions using various drivers, e.g. headcount. The re-allocation of costs using drivers was no longer considered necessary or appropriate during 2019. Balances previously reported in 2018 have been restated to assist in the usability and comparability of the financial statements.

There was no impact on the balances reported in the Statement of Financial Position.

35 CONTINGENCIES

This note provides a summary of the significant contingencies at the year end.

Regulatory investigations

As mentioned throughout the Annual Report there was a significant breakdown in financial controls identified in early 2019. As a result of the breakdown in the financial controls the Group is subject to a number of regulatory investigations including the facts and circumstances of the events that gave rise to the illegal intercompany dividend, retracted market guidance and refiling of the 2018 half year financial statements, amongst other items. Whilst the group has provided for the estimate of the direct costs that will be incurred to support these regulatory investigations, no provision has been recorded for any fines that may be levied on the Group . Any fines that may arise are uncertain and are dependent on uncertain future events, i.e. the outcome and conclusions reached by the regulatory authorities. The Directors are therefore unable to determine with reasonable certainty an amount of potential fines. Additionally, the Directors are not certain as to when the regulatory bodies will likely conclude their reviews.

36 GUARANTEES

There were no guarantees at 31 December 2019. The Group had a bank-issued performance bond guarantee of €1.0m at 31 December 2018 in relation to its obligations under the terms of a major customer contract. The performance bond expired on 31 December 2019. This guarantee was secured via a first legal charge over short-term bank deposits in the amount of US$0.5m held with the bank and a counter indemnity from Datalex (Ireland) Limited. Charges for the guarantee were on the basis of a fixed charge of 3% per annum on the face value of the guarantee. The cash balance was treated as restricted as at 31 December 2018 as it was not available to the group.