ANNUAL REPORT 2019

Datalex

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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

STRATEGY

ABOUT DATALEX

Headquartered in Dublin, Ireland, with six office locations across Europe, USA and China, Datalex plc ("DLE") is a publicly listed company and is listed on the regulated market of Euronext Dublin. Trading on Euronext was suspended from 1 May 2019 as the Company missed its filing deadlines for 2018. The Group is now in full compliance with its financial reporting obligations and 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 Datalex Digital Commerce Platform is a robust and scalable retail platform designed to enable airlines to control and execute their digital retail strategy. The range of options which airlines wish to offer to customers across an increasingly digital marketplace is vast. By leveraging Datalex's products, and more than eight hundred unique platform capabilities, Datalex customers can optimise the retailing of offers as well as the management of orders from start to finish across all digital sales channels.

An estimated one billion global shoppers use our platform every year to shop for their travel needs and more than US$21 billion of revenue is transacted through the platform which is the digital commerce solution of choice for some of the world's leading airlines.

2019 STRATEGY

In our 2018 Annual Report, we said that 2019 would be a year of transition for Datalex.

> "For over 10 years, Datalex has been a strong partner of Copa Airlines."
>
> **Julio Toro Silva**
> Vice President & Chief Information Officer, COPA Airlines

> "Datalex continues to be a key enabler to the success of Aer Lingus's digital strategy"
>
> **Dave O'Donovan**
> Chief Digital and Information Officer, Aer Lingus

In May of that year we launched a Transformational Change Programme (RESET) which enabled us to stabilise the business as we restructured and reset the Company. We focused on Customer Success, Product Success, Performance Success and People Success. We are confident that this focus minimised the impact of our cost restructuring during 2019 and that we delivered quality and timely customer deployments and support to our customers, for whom our products and services are mission critical. Partner Success was not a focus, this will be re-evaluated at an appropriate time.

During 2019, there has been some overhang from the events of 2018 and in particular, the outcome of a particular project. In general, airlines appreciate the complexity of those issues. They are broadly supportive of Datalex, and recognise that Datalex offers airlines choice as an independent and PSS agnostic technical partner in an increasingly consolidated landscape of travel technology players.

As 2019 was a year of transition for the Group, the key performance indicators (KPIs) that the Board assessed were measures relating to customer retention, cost restructuring and product development. Please see the Financial and Operational Review on pages 14 to 19 for discussion of the financial KPIs. As part of our new strategic plan, more formalised KPIs will be set for 2020.

We continue to execute on the opportunity to source new customers across global markets.

2019 DEMAND

Pre-COVID-19, demand for travel continued to grow in 2019, though at a slower pace than in 2018, according to the International Air Transport Association ("IATA"). Revenue passenger kilometres, or RPKs, rose by 4.2% year on year whilst load factors rose to a record high of 82.6%. IATA had predicted that passenger numbers were forecast to almost double from 4.3 billion in 2017 to 8.2 billion by 2037.

Furthermore, by 2030, McKinsey has estimated that the industry could create US$40 billion in additional annual value from retailing, equating to an extra US$7 per passenger in 2030.

The impact of COVID-19 (see page 12) creates high levels of uncertainty for our industry with recovery forecasts fluctuating daily at this time.

2019 STRATEGIC PILLARS & STRATEGY IN ACTION

STRATEGIC PILLAR		2019 STRATEGY IN ACTION
CUSTOMER SUCCESS	– Acquire, activate, grow and retain customers. – Focus on execution and delivery to drive customer satisfaction and ensure retention. – Provide unparalleled support to our customers - Global 24/7 customer support and Payment Card Industry (PCI) security compliance. – Be a trusted business partner.	– Significant improvements were made in quality and delivery KPIs in 2019. – Continued investment in delivering best in class 24/7 customer support to our customers with a measurable improvement in our support KPIs. – Delivered valuable functional and non-functional capabilities to our customers including a number of major customer projects. – Improved trust, restored credibility and strengthened relationships with our existing customers.

PRODUCT SUCCESS	– Have a clear and defined product portfolio that is focused on enabling airlines to grow their direct and indirect channels.
	– Develop and enhance our portfolio of products.
	– Invest in innovation to develop new products.
	– Improve our time to market for the delivery of our products to customers.
		– Refined our product portfolio in 2019 to focus on our core value proposition and strength in offer and order management.
		– Focused on products that enable airlines to grow their digital retail revenues and provide better control of their offers.
		– Continued to invest in our Datalex Direct, Datalex New Distribution Capability (NDC) and Datalex Dynamic products.
		– Improvements made in the following areas:
		  – Enabling airlines to offer more relevant products.
		  – Enabling airlines to contextualise the price of products that they offer to their customers.
		  – Enabling airlines to better manage their content and offers in the indirect channel.
		  – Enabling airlines to rebook, cancel and refund orders in the indirect channel thus reducing call centre costs.
		  – Enabling airlines to onboard sellers in their indirect channel through the use of our developer portal.
		  – Operational improvements including cloud optimisation.
		– An initiative to evaluate time to deliver helped us to identify ways in which we could accelerate delivery of our products to customers.

PERFORMANCE SUCCESS	– Overhaul of financial processes, controls and governance environment.	– Improvements delivered in terms of financial processes, controls and governance. – Established a commercial finance and business partnering team to improve commercial oversight. – A restructuring of the business was carried out in 2019 and we are better aligned to deliver results. – We also evaluated our competitive positioning and our market proposition.
PEOPLE SUCCESS	– Expertise and thought leadership in digital commerce. – Strengthened and stabilised executive leadership team. – A People Success framework for development and retention of world-class talent. – Using our values as principles for guiding performance.	– Restructured the organisation significantly at all levels whilst retaining key talent. – A number of new appointments were made to the Board of Directors and the Executive Leadership team in 2019 (see the “Chairman’s Statement” for further details). – Continued to build on our digital commerce and airline in-house expertise. – Reviewed our values and our purpose statement with our people to better place us for improved performance. – Undertook a company-wide engagement survey in November 2019, facilitated by Great Place to Work (GPTW). – See page 10 for more detail.

2020 STRATEGIC PLAN

The fallout from the COVID-19 pandemic has had an unprecedented impact on the global airline industry. The airline industry has a history of recovery from times of adversity and whilst we cannot predict the pace, we can be cautiously optimistic. COVID-19 may act as a catalyst to convince airlines that technology to enable digital retail should become more of a strategic priority.

DRIVING ACCELERATED AND SUSTAINABLE GROWTH

Actions taken in 2019, including a reassessment of our purpose, our proposition and our competitive positioning in the market, have made Datalex a stronger and more focused Company.

Our purpose is to shape the future of digital retail for airlines. We serve a large and growing market and as a strong, independent player, we are positioned to increase our market share.

Our strategy over the next three years is to return to growth in an accelerated and sustainable way in order to create value for our customers, our people and our shareholders. We will drive growth organically from our existing business and we will win new customers.

Despite the unprecedented challenge of COVID-19 (see page 12), we are confident that we have a strong foundation for growth and that we have sufficiently scaled our business. Datalex is a recognised and relevant player of scale that is a well-placed technology partner for airlines considering their future post COVID-19 digital retail needs.

We will focus on a number of key growth drivers, building on what was achieved in 2019:

STRATEGIC PILLARS	STRATEGIC PRIORITIES	HOW STRATEGIC GOALS WILL BE ACHIEVED IN 2020
CUSTOMER AT THE CORE	**Customers are at the core of all that we do at Datalex. Customer execution and delivery is critical.**	– Delivering the very best products to allow customers to transform their digital retailing. – Delivering all customers releases to the highest quality standards. – Delivering on time and on budget. – Providing unparalleled support to our customers when they need it.
PRODUCT FIRST & FUTURE PROOFED PLATFORM	**Our product-led business strategy and investment in our platform is key to unlocking our growth potential and is central to our acquisition plans.**	– We will continue to invest in our product range; however, our investment will be more targeted, and we will innovate to differentiate. – We will launch one new product in addition to our existing Datalex Direct, Datalex NDC and Datalex Dynamic products. – We will be making all of our products easier to use and configure, to provide higher flexibility and control to airlines. – We will leverage our strong technical platform and continue to make improvements, including making our platform available and optimised for cloud.
PEOPLE	**Our people drive every part of our business model.**	– Attract, develop, and retain great talent. – Deliver on our commitments arising from the Trust Index Survey results. – Build our performance-based culture and reward our people. – Live by our values.
OPERATIONAL EXCELLENCE	**A lean and efficient operating model, with the appropriate processes, structure, and measures in place to support future growth.**	– Make incremental and continuous improvements to our operating model. – This will include making further improvements to our core business processes, our tools, our structure, and performance management process.
COMMERCIAL STRENGTH	**Profitable and sustainable growth.**	– Achieve revenue and EBITDA targets. – Maximise recurring revenue streams. – Rigorous cost management. – Improve our commercial governance processes and tools, including implementing a new ERP system. – Secure contract renewals for contracts that expire in 2020.

OUR PEOPLE

OVERVIEW

2018 and 2019 have been years of great change at Datalex. To better understand our employees' perspectives, we undertook a company-wide engagement survey in November 2019, facilitated by Great Place to Work (GPTW). The GPTW Trust Index Survey measured our employees' perceptions of the quality of their workplace relationships with a unique focus on trust (credibility, respect and fairness), pride and camaraderie. The results were informative and reflective of the challenging year. Results were shared with our people at a 2020 Kick Off meeting in February and subsequently a team formed at the Datalex 2020 Hackathon to agree the top priorities to action. These included training and development; flexible work arrangements; team dynamics; service awards and attracting graduate talent. Actions are in hand and outcomes will be documented in our 2020 Annual Report.

OUR PEOPLE

As Datalex continued to embark on its Transformation Change Programme, there were significant organisational changes at Datalex in 2019 overseen by the Board. Sean Corkery was appointed as CEO in October 2019 and has created a new Executive Leadership Team (ELT), introducing new senior level skills and talent to drive change within Datalex. Additionally, there were significant changes at Board level, documented elsewhere in this report. The Board have reviewed the results of the GPTW Trust Index Survey and provided strategic input into the key initiatives arising from the survey findings.

RESTRUCTURING

March 2019 saw a reduction in employees across all locations. In August 2019, a Voluntary Severance Programme (VSP) was launched which resulted in a number of applicants exiting the business. This VSP will result in an anticipated saving of US$1.9m per annum.

In response to the effects of COVID-19, in April 2020 several initiatives were implemented, including a temporary reduction to a four-day working week for all employees and a further reduction in the use of contractors. We have ensured throughout that our people are aware of all available government subsidies to support them during this difficult period. Additionally, a further number of roles were made redundant in the Dublin and Atlanta office locations and some employees were redeployed.

COVID-19 BUSINESS CONTINUITY TASK FORCE

The health, safety and wellbeing of our employees, customers and partners are our main priorities. A cross-functional COVID-19 Business Continuity Task Force was established in late February 2020 in order to remain informed and to recommend action to mitigate against any associated health and safety risks. Steps were taken to implement a travel ban, interim visitor policy, install sanitiser stations and to offer employees an option to work remotely, prior to Government restrictions being imposed. The Task Force is actively engaged in preparing for a return to normal business operations during 2020.

LEARNING AND DEVELOPMENT

We continued to provide all employees with the opportunity to learn and develop their skills via a broad range of media. In 2019, we introduced a number of very successful Lunch and Learn events hosted by employees on a variety of relevant topics.

HEALTH AND WELLBEING

Our Wellness Programme had fresh focus in 2019 and comprised of several initiatives including events such as Nutrition for Busy Techies! Mental Agility, Healthy Back, Resilient Mind, Shiatsu Workshop and Desk Yoga. Onsite health screening was provided by our healthcare providers. The health and wellbeing of our employees has been our main priority during COVID-19 and all our employees are currently working from home. Further details on this are conveyed in the "COVID-19 Business Continuity Task Force" section above. During the current remote working situation, our healthcare provider has provided support via various live webinars including topics such as "Coping with Isolation" and "Nutrition for Immunity" to mark National Workplace Wellbeing day.

The Employee Assistance Programme continues to be a valuable service to our employees during such a period of change.

Additionally, in 2019 we focused on financial wellness including pension and banking information sessions and 1:1's.

> "We appreciate all that the Datalex team does for PAL to help PAL meet the unique needs of our customers".
>
> **Angelique C. Tinsay, CISA**
> Vice President, IT Services Department, Philippine Airlines (PAL)

> "We know that 2019 was a year of change at Datalex, it was also a year of great partnership. At JetBlue, this matters. We value the efforts made by the team to support all our initiatives, especially the successful launch of Fare Options 2.0, and we recognise the renewed focus on delivery. We stand behind Datalex."

Eash Sundaram
Chief Digital & Technology Officer, JetBlue

DIVERSITY

Datalex is committed to creating an inclusive environment where diversity is valued in all its forms. Whilst Datalex did not have a Board Diversity policy in place in 2019, a policy has been adopted in 2020. At 31 December 2019, women made up 27.7% (2018: 27%) of total employees and 31.8% (2018: 40%) of senior management (top two levels) in the Group. Our first female Board member, Christine Ourmières-Widener was appointed in 2019. Throughout the Group, a total of nineteen (2018: twenty-five) nationalities are represented within our workforce, and we strive to ensure that our culture promotes and respects everyone, irrespective of nationality or gender.

A number of employees attended the Women in Tech Conference in 2019.

COMMUNITY

In 2019, we continued with our '250 Club' initiative as a sign of our commitment to making a positive impact on the community. This initiative allows employees, globally, to nominate local charities and causes for a US$250 donation from Datalex. Since the start of this initiative in 2016, the 250 Club has donated to a combined number of charities and community causes nominated by our people.

VALUES & PERFORMANCE MANAGEMENT

During 2019, we established a broad cross-functional team to review and consider our values. We continued to live by our four existing values – Collaboration, Courage, Creativity and Delivery and in January 2020 we launched our new set of values which support our new strategic plan outlined on page 8. Our values support our Performance Management process.

ONE TEAM	PERFORM	DO RIGHT	RESULTS MATTER	WE INNOVATE
We are one team committed to a common purpose, clear goals and high-performance. Everyone understands that we need each other to collectively achieve our shared ambitions.	We have a motivating purpose. We have audacious goals and objectives. We know what work needs to be done. We must perform and deliver what is expected by all our stakeholders.	We always endeavour to do what is right, to adhere to the highest standards of conduct and behaviour, to lead by example, and to make hard decisions. We keep our promises and commitments to our customers and to each other.	We are responsible for business-critical enabling technology for our customers. We make a significant positive impact on their commercial performance. What matters most is that we deliver in line with their expectations and our promises.	We innovate, create, and generate solutions for our customers. We solve complex problems by imagining what 'possible' can look like. We do this in an efficient and resourceful way.

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

RISK REPORT

The Board of Directors ("Board") and the executive leadership team are responsible for ensuring that the Group has an effective system of internal controls and risk management in place to identify, measure, mitigate and monitor significant risks that may impact the achievement of the Group's strategic objectives. This includes setting the Group's risk appetite. The Board has delegated the monitoring of the internal controls and risk management systems to the Audit Committee.

The intention of the Board is that our risk management systems should ensure that business risks, whether it be to the integrity of key processes, systems and data, or the successful execution of our growth strategy, are incorporated into decision making and performance reporting on an ongoing basis.

As further discussed in the Corporate Governance Statement, we reported a serious breakdown in internal controls in our 2018 Annual Report. The Board of Directors has taken a proactive approach to remediating these control deficiencies and strengthening controls around the organisation. We are satisfied that the breakdown was appropriately addressed in 2019 through temporary additional manual oversight, the engagement of new personnel in finance and newly introduced processes and procedures. Currently we are implementing a new integrated accounting system, which is expected to go live in H2 2020.

RISK REGISTER

The Group maintains a risk register, which records identified risks across Service Delivery, Product Performance, Customer Satisfaction, Organisation Development, Financial, Cyber Security and Business Continuity, and Business Growth. Each risk is measured in terms of financial impact and probability. Mitigating actions are listed which inform the residual risk rating. The risk register is reviewed and updated periodically and was most recently reviewed by the Audit Committee and the Board in June 2020. The Board has stated that a thorough risk review will be conducted in 2020 to ensure that the Company follows best practice in this regard.

INTERNAL AUDIT

As set out in the report of the Audit Committee, no internal audit resource was in place in 2019. The selection of an internal audit service provider has been a thorough and rigorous process due to the importance placed on the decision by Datalex. In 2019, the Board requested PwC to perform a detailed review of the finance function. Management and the Directors have been working to resolve any of the issues identified and the finance function has been significantly improved. The Group is currently in the final stages of the process to appoint a suitably qualified, independent third party to provide internal audit services on an outsourced basis. As a result of COVID-19, the appointment was delayed, but the selection of an internal audit service provider is expected to be completed in H2 2020.

DEVELOPING THE FINANCIAL VIABILITY STATEMENT

The principal financial viability risks are those which are considered to be the main threats to the successful delivery of the Group's strategy. Consequently, they are also a main input into consideration of the business' financial viability.

In developing the Viability Statement, the Board of Directors determined that it is in a position to consider a three-year time horizon, as a three-year strategic plan has recently been prepared. The Directors reviewed the principal risks to the Group and considered if each in isolation might threaten the Group's viability, including the impact of COVID-19 on the Group. Our assessment of the principal risks and uncertainties are conveyed in the section below.

As set out in the Audit Committee's report on pages 42 to 45, the Board reviewed and discussed the process undertaken by management to assess the financial viability of the Group. The Directors' Viability Statement is contained in the Directors' Report on pages 30 and 31.

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the Group's principal risks and uncertainties is set out below. In addition, please see Note 31 in the consolidated financial statements for further detail on our financial risk management.

RISK	IMPACT	MITIGATION	DIRECTION	STRATEGIC PILLAR
Quality of service delivery to customers	Customer loss. Cost overruns. Brand damage.	– A new organisational structure was implemented in 2019 separating delivery from product development. – Greater accountability within all teams associated with delivery. – CEO has met all customers and continues to hold regular meetings with an emphasis on quality metrics. – Our investment roadmap included development of test automation programmes and continued implementation of Agile methodology to support service delivery.	*Stable* We have greatly improved our service delivery and continue to improve processes in support of this. Our strategic move to Product first will help.	*Performance Success.*
Working capital investment	The outcome of events in 2018 and 2019 has seen a significant reduction in our liquid resources. Our ability to invest and grow is constrained to the extent it involves financial commitments. Limited ability to absorb an economic shock event.	– New funding received during 2019 (€14.7m). – Restructuring has been undertaken during 2019 and post year-end. – We are developing solutions that are easier to sell and deploy. – A new Finance team maintains tight controls on cash flow forecasting.	*Increased* There have been significant financial consequences arising from events identified in January 2019. Further working capital funding is required in 2020. COVID-19 in 2020 presents more challenges on the Group's working capital. The long-term impact on the airline industry is unknown.	*Performance Success.*
Resources and capabilities to service the business	Ability to execute on serving our customer base and to serve new customers.	– New organisational structure implemented with subject matter experts playing a greater role in leading particular areas of the business. – Development of management team including the engagement of external consultants to plug gaps and to validate plans.	*Increased* Our resourcing is under consistent ongoing review.	*People Success.*
Business retention	Financial performance and brand.	In response to concerns that customers move to alternative providers we have: – New leadership in the area of Customer Delivery and Success. – A new sales strategy. – Developed cloud enabled components that are easier to sell and deliver. – CEO direct engagement with all customers. – Our communications have been clear and transparent as we stabilise.	*Increased* Whilst the Group has stabilised, it is inevitable that some customers may look to alternative providers where they feel there is less financial risk. We will need to regain confidence to have a continuing relationship. There is a heightened risk, as a result of COVID-19, that one or more of our airline partners may not recover and may fail.	*Customer Success and Performance Success.*

RISK	IMPACT	MITIGATION	DIRECTION	STRATEGIC PILLAR
Business interruption and IT Systems Security and Compliance	Impact to our customers business performance. Financial performance and brand.	– Maintain PCI and GDPR compliance. – Develop alternatives for single site location systems.	*Increased* The Group has not encountered any significant IT system or security issue. We continue to invest in infrastructure in these areas as more of our employees work from home. Our COVID-19 response has resulted in the Group enabling all employees to work remotely through the use of appropriate modern technology.	*Customer Success.*
COVID-19	Severe disruption to the airline industry.	– Active engagement with our airline customers. – Strong cost control measures. – Weekly monitoring and management of Group cash balances.	*Increased* The Group has developed a plan assessing a number of scenarios that ensures the Group's continuance. The plan has been developed to support a post COVID-19 environment return to growth.	*Customer Success, Product Success, Performance Success and People Success.*
Financing Risk - specifically our dependence on our major beneficial shareholder Mr. Dermot Desmond	If unable to attract appropriate finance, this impacts our ability to continue as a going concern. This could also result in the Group breaching the covenants on the loan with Tireragh Limited.	– Regular communication with the representatives of Mr. Desmond and Tireragh Limited. – Receipt of letter of intent to provide financial support from Mr. Desmond.	*Increased* There is a heightened risk, as a result of COVID-19 that we will become more dependent on support from Mr. Desmond.	*Performance Success.*

DIRECTORS AND OTHER INFORMATION

DIRECTORS
David Hargaden
(Non-Executive Chairman)

Sean Corkery
(Chief Executive Officer)

Niall O'Sullivan
(Chief Financial Officer)

John Bateson
(Non-Executive Director)

Peter Lennon
(Non-Executive Director)

Mike McGearty
(Lead Independent Non-Executive Director)

Christine Ourmières-Widener
(Independent Non-Executive Director)

COMPANY SECRETARY
Neil McLoughlin

REGISTERED OFFICE
Block U EastPoint
Clontarf
Dublin 3
D03 H704

BANKERS
Bank of Ireland
Sutton Cross
Dublin 13
D13 K253

SOLICITORS
McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
D02 X576

AUDITOR
Deloitte Ireland LLP
29 Earlsfort Terrace
Dublin 2
Ireland
D02 AY28

REGISTERED NUMBER
329175

DATE OF APPOINTMENT (AND LENGTH OF SERVICE TO DATE OF THIS ANNUAL REPORT) TO THE BOARD OF DIRECTORS AND COMMITTEES OF DATALEX PLC

NAME	DATALEX PLC BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION & GOVERNANCE COMMITTEE
John Bateson	20 November 2006 *(13 years 7 months)*	-	21 April 2010 *(10 years 2 months)*	21 April 2010 *(10 years 2 months)*
Sean Corkery	12 April 2019 *(1 year 2 months)*	-	-	-
David Hargaden	7 November 2019 *(7 months)*	30 January 2020 *(5 months)*	30 January 2020 *(5 months)*	-
Peter Lennon *(1)*	4 August 2000 *(19 years 10 months)*	-	4 August 2000 *(19 years 10 months)*	30 January 2020 (5 months)
Mike McGearty	9 December 2019 *(6 months)*	30 January 2020 *(5 months)*	30 January 2020 *(5 months)*	-
Niall O'Sullivan	4 June 2019 *(1 year)*	-	-	-
Christine Ourmières-Widener	3 October 2019 *(8 months)*	30 January 2020 *(5 months)*	-	30 January 2020 *(5 months)*

(1) Peter Lennon has been a Director of the Datalex Group since 1993 prior to the incorporation of Datalex plc on 4 August 2000.

BOARD OF DIRECTORS

DAVID HARGADEN
NON-EXECUTIVE CHAIRMAN

David Hargaden was appointed as Non-Executive Chairman of Datalex in November 2019. David is an experienced board member and technology investor and is the CEO of Unity Technology Solutions, one of Ireland's leading IT Managed Services businesses. He is currently a Non-Executive Director of ding.com, the international mobile top-up provider (2006 to present); a former Non-Executive Chairman of Cartrawler.com, Europe's largest car rental site (2004 to 2011); and a founder and former Non-Executive Chairman of myHome.ie, Ireland's largest property portal (2001 to 2006). David was Head of Corporate Finance at BDO Ireland (2001 to 2008) and Managing Partner at Hargaden Moor, Chartered Accountants from 1992 to 2001. He has also been Chairman of Point Information Systems and eWare, software development companies specialising in CRM.

SEAN CORKERY
CHIEF EXECUTIVE OFFICER

Sean Corkery was appointed as Non-Executive Director and Interim Chief Executive Officer of Datalex in April 2019 and was subsequently appointed as the permanent CEO in October 2019. He also served as Acting Chairman between June and November 2019. Sean is a highly experienced executive having held multiple senior positions in the technology industry including; Senior Vice President of Global Operations at Dell Inc; COO at Esat Telecom; Vice President of Global Operations at AST / Samsung and Director of Pacific Operations at Apple Inc. Prior to joining Datalex, Sean was Chairman and CEO at Actavo and he is a non-executive director of a number of private companies.

NIALL O'SULLIVAN
CHIEF FINANCIAL OFFICER

Niall O'Sullivan was appointed as Chief Financial Officer and Director of Datalex plc in June 2019. Niall is an expert in financial strategy, transformation, accounting and compliance in high tech industries. Prior to joining Datalex, Niall was Finance Director, EMEA at Google Inc. where he led accounting, financial compliance and controls for the EMEA region. Niall has also led global finance operations and executed complex finance transformation projects for technology PLCs such as Pearson PLC, Vodafone PLC and for corporations such as Oracle and Dell. Within Vodafone, Niall was CFO for Eircell, Vodafone Ireland and Vodafone Portugal prior to leading Global Finance Transformation and Operations for all Vodafone worldwide subsidiaries.

MIKE MCGEARTY
LEAD INDEPENDENT DIRECTOR

Mike McGearty was appointed as a Non-Executive Director in December 2019 and as the Lead Independent Director in January 2020. Mike is the former CEO of CarTrawler and a qualified Chartered Management Accountant. Under his leadership, CarTrawler consistently recorded high double-digit year on year growth, completed two major private equity investments as well as the acquisition of the online assets of Holiday Autos from Lastminute.com. Revenue increased from €1m to more than €200m annually. Prior to joining CarTrawler, Mike worked for eWare, a leading developer of CRM software which was acquired by the software accounting giant, SAGE plc. He also worked at Point Information Systems, a CRM provider, which was acquired by S1. He is currently Chairman of the Board at CitySwift, a high growth technology platform for Bus companies.

JOHN BATESON
NON-EXECUTIVE DIRECTOR

John Bateson was appointed as a Non-Executive Director of Datalex in November 2006. He is a graduate of Trinity College Dublin and, having qualified with KPMG, is a Fellow of the Institute of Chartered Accountants in Ireland. John is the Managing Director of International Investment and Underwriting, a related party).

PETER LENNON
NON-EXECUTIVE DIRECTOR

Peter Lennon has been a Non-Executive Director of Datalex since 1993. He was the Company Secretary from 18 February 2019 to 23 August 2019. He brings a wealth of specialised legal and industry expertise. A practicing lawyer and partner in the law firm Ronan Daly Jermyn, he specialises in litigation and advises many Irish and English underwriters and airlines on liability claims matters.

CHRISTINE OURMIÈRES-WIDENER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Christine Ourmières-Widener was appointed as a Non-Executive Director of Datalex in October 2019. Christine is a highly respected airline professional. She was CEO of Flybe until July 2019 and CEO of CityJet for five years and has represented Air France and KLM in several regions. Christine has significant board experience: Flybe Group, IATA, the Irish Sports Council, as well as the advisory board of WINiT (Women in Travel) and the governing board of the European Regions Airline Association. She has worked at American Express Global Business Travel, at Amadeus and has a keen awareness of how technology can be leveraged to shape and transform airlines.

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	**Niall O'Sullivan**
Chief Executive Officer	**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

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This statement forms part of the Directors' Report set out on pages 25 to 32. The Group has adopted the provisions of the 2018 UK Corporate Governance Code ("the Code") and the additional requirements of the Irish Annex, which are in effect since 1 January 2011, and is committed to the high standards of corporate governance as set out in the Code. The Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk. The Irish Corporate Governance Annex is available on Euronext Dublin's website, www.euronext.com.

Euronext Dublin requires Irish listed companies to make a statement on how they have applied the principles and a statement of how they complied throughout the accounting period with the provisions set out in the Code and the Irish Annex. Unless otherwise stated, where these requirements are of a continuing nature, compliance has been achieved throughout the year. These statements are set out below.

Under the interpretative provisions of the Irish Annex, Datalex plc is not regarded as being an equivalent size to a company included in the FTSE 350 Index on the basis of its market capitalisation.

On page 33 of the Annual Report, as required by Code provision 27, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

2018 UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

The Group has applied the principles and provisions of the 2018 UK Corporate Governance Code (the Code) and the Irish Annex throughout the year ended 31 December 2019, with the following exceptions:

- The Group did not have an internal audit function in the period. The Board has approved the provision of an internal audit resource, to be provided on an outsourced basis in 2020. Please see further details on page 20.
- Provision 32 of the Code recommends that all of the members of the Remuneration Committee should be independent. During 2019 Peter Lennon and Paschal Taggart, who were not considered independent, were members of the Remuneration Committee. The Board had considered this and wanted to take advantage of Mr. Lennon's and Mr. Taggart's skills and experience in this area.
- In 2020, the Board adopted a Board Diversity Policy, however the Group did not have a Board diversity policy in place in 2019 and is therefore unable to disclose the measurable objectives set for such policy, or the progress made on achieving objectives under this policy, in accordance with provision 23 of the Code. The process undertaken by the Board to ensure diversity with regards to Board appointments is outlined in the Nomination & Governance Committee Report below.
- For a period during 2019, Sean Corkery's role was that of Acting Chairman and Interim Chief Executive Officer (CEO). Under provision 9 of the 2018 UK Corporate Governance Code, the positions of Chairman and CEO should not be exercised by the same individual. The Board reported that this was always intended as an interim arrangement, following the successive resignations of Paschal Taggart and Aidan Brogan as Chairman and CEO respectively. The Board believes that the appointment of Sean Corkery as Acting Chairman and Interim CEO was necessary, with his extensive strategic and operational experience and his previous positions as Non-Executive Director of various IT and telecoms companies considered critical for the successful implementation of the Group's Transformation Change Programme, particularly in light of the challenges and uncertainties facing the Group. The Board is confident that the decision for his appointment was therefore made in the best interest of the Company's shareholders and wider stakeholders. The Board is satisfied that Sean Corkery was independent on first appointment to the Board on 12 April 2019. On 7 November 2019, David Hargaden was appointed Chairman and on 3 October 2019, Sean Corkery was confirmed as permanent CEO.
- The Board did not undertake a formal evaluation of its own performance in 2019, nor did it perform an evaluation of its committees or individual Directors, as required under provision 21 of the 2018 UK Corporate Governance Code. During 2019, there were five new appointments to the Board reflecting the Board's desire to ensure that the composition of the Board has the diversity, skills and expertise necessary to drive the Group's future success. These changes included the appointment of a new Chairman and two new Independent Non-Executive Directors in the last three months of 2019. Due to the significant number of resignations and appointments to the Board, the Board considered that it would be more worthwhile to defer a formal evaluation to 2020.
- During the year, the Audit Committee did not consist of a minimum of two Independent Non-Executive Directors, as required under the smaller company provisions of provision 24 of the Code. This was the result of Peter Lennon and John Bateson not being considered Independent for the reasons outlined on page 36. On 30 January 2020, the Audit Committee was reconstituted to comprise Mike McGearty (Chairman), David Hargaden and Christine Ourmières-Widener. The Board, on appointment of David Hargaden to the Audit Committee, recognised that the appointment of the Chairman of the Board as a member of the Audit Committee is not in accordance with provision 24 of the 2018 UK Corporate Governance Code, however, the Board considered it appropriate for Mr. Hargaden to serve on the Committee given the expected workload of the Committee in 2020 and Mr. Hargaden's relevant knowledge, experience and financial expertise.

- Under provision 11 of the 2018 UK Corporate Governance Code, at least half the Board, excluding the Chairman should be Non-Executive Directors whom the Board considers independent. Datalex does not meet this requirement as, of the six Directors (excluding the Chairman) only Christine Ourmières-Widener and Mike McGearty are considered Independent Non-Executive Directors at the date of publication of this Annual Report. The Board, in conjunction with the Nomination and Governance Committee will continue to monitor the composition of the Board in 2020.
- During 2019 the Company had not adopted one of the methods stated in the 2018 UK Corporate Governance Code with regard to workforce engagement. Due to the Transformation Change Programme, there was significant and effective workforce engagement at Datalex in 2019. The Board will continue to review the methods for workforce engagement to ensure they remain effective as the Company progresses to the next phase of growing the business.
- During 2019 the Company's remuneration policy was not updated to address the requirements of provision 40 of the 2018 UK Corporate Governance Code and accordingly the report of the Remuneration Committee does not address the stated factors. In 2020, the Committee will consider best practice developments in respect of Directors' remuneration including a review of pay and benefits generally across the Group. This will result in the adoption of a new remuneration policy which will provide a framework for setting the remuneration of Executive and Non-Executive Directors and the Group's senior management. As part of this review, the Committee will undertake a detailed review of remuneration in the context of the Group's strategy and performance and relevant regulatory requirements including the 2018 UK Corporate Governance Code and investor guidelines.

DIRECTORS

The Board of Directors ("Board") is responsible for the overall leadership and strategic direction of the Group. The names of all Directors, together with their dates of appointment to the Board and its Committees, can be found on page 23.

The Board recognises that in 2018 the Group incurred a considerable amount of additional time on a significant customer deployment that continued in 2019. A shortfall in services revenue billings arose in 2018 due to a failure to recover these additional costs. The matter is now subject to legal proceedings.

On pages 39 and 40, we have set out in detail the breakdown in our internal financial controls in 2018, and details of the special Board committee that was established and its terms of reference. In 2019, a significant amount of time and effort was expended by the Board and the Group in the remediation of these matters.

At 31 December 2019 and at the date of publication, the Board comprised of seven Directors: two Executive Directors and five Non-Executive Directors, two of whom are considered Independent Non-Executive Directors under the interpretative provisions of the 2018 UK Corporate Governance Code and the Irish Annex (see below). Five of the seven Directors, including a new Chairman and a new Chief Executive Officer, were appointed in 2019, reflecting a significant refresh of the Board in the year.

Collectively, the Non-Executive Directors possess a wide range of financial, commercial and general management experience, investment expertise and software industry expertise. The Nomination and Governance Committee will continue to review the composition of the Board and the Board's collective skill set to ensure it continues to meet the needs of the Group and its growth plans.

There is a formal schedule of matters reserved for the Board for consideration and decision. These include approving annual operating and capital budgets, and decisions on strategic investments and direction. The Board also monitors Group performance against agreed objectives and considers the sustainability of the Group's business model. The Non-Executive Directors meet without executive management present on a regular basis.

The roles of Chairman and Chief Executive Officer are separate with a clear division of responsibilities between them. The Chairman is responsible for the leadership and management of the Board. The CEO is responsible for the operation of the business of the Group. As a temporary measure, following the departure of Aidan Brogan as CEO and the resignation of Paschal Taggart as Chairman during the year, both roles were fulfilled by Sean Corkery. On 7 November 2019, David Hargaden was appointed Chairman replacing Sean Corkery who was appointed as the permanent CEO on 3 October 2019.

The Board met thirty-six times during the year. In advance of each Board meeting, the Directors are provided with information to enable them to discharge their duties. Any additional information requested by the Directors is readily provided. Details of Directors' attendance at Board and Committee meetings is set out on page 38. Directors are provided with extensive briefing papers on the Group and, on an ongoing basis, the Directors meet with key executives of the Group. Individual Directors may seek independent professional advice at the Group's expense, where they judge it necessary to discharge their responsibility as a Director. The Group maintains insurance cover in respect of the liability of its Directors and officers.

The Directors have varied backgrounds and experience and bring constructive challenge to bear on issues of strategy, performance, resources and standards of conduct. The Board is aware of the other commitments of its Directors and is satisfied these did not or do not conflict with their duties as Non-Executive Directors of the Company. The CEO and CFO do not hold any directorships in public companies outside of the Datalex Group.

CHAIRMAN

Mr. Paschal Taggart was Chairman of the Group from December 2009 to June 2019. While Mr. Taggart was a shareholder in the Company at the date of his appointment as Chairman and had served on the Board since 2001, the Board was satisfied that he met all other independence criteria set out in the Code, and that he continued up to the date of his resignation to demonstrate his independence in the manner in which he carried out his role as Chairman. Consequently, the Board was of the view that Mr. Taggart as Chairman was independent. Mr. Taggart resigned from the Board and as Chairman on 24 June 2019.

As a result of Mr. Taggart's resignation, Sean Corkery, who then held the position of Deputy Chairman and Interim CEO, was appointed Acting Chairman of the Company. Under the provisions of the Code, the positions of Chairman and CEO should not be exercised by the same individual. The Board believed that this arrangement was required as a short-term interim measure which was in the best interests of shareholders. The Board is satisfied that Sean Corkery was independent on first appointment to the Board on 12 April 2019. Sean Corkery has confirmed, and the Board is satisfied, that his other commitments did not impact or impair his ability to exercise his role as Acting Chairman and Interim CEO of the Group. Sean Corkery's other commitments are set out on page 24.

David Hargaden was appointed Chairman on 7 November 2019. Mr. Hargaden was independent on his appointment on 7 November 2019 and his other commitments are set out on page 24.

LEAD INDEPENDENT DIRECTOR

The Lead Independent Director is available to shareholders who have concerns that cannot be addressed through the Chairman, CEO or CFO, and he is also available to meet major shareholders on request. Mr. Roger Conan served as the Lead Independent Director until his resignation on 31 December 2019. Mr. Mike McGearty was appointed as the Lead Independent Director on 30 January 2020.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed, for advising the Board on all governance matters and for ensuring that applicable rules and regulations are complied with.

TERMS OF APPOINTMENT

Non-Executive Directors are engaged under a letter of appointment. A copy of the standard letter of appointment is available on request from the Company Secretary. On appointment, Directors are provided with briefing materials on the Group and its operations. Visits to the business and meetings with management are arranged, and ongoing briefings are provided as appropriate.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has evaluated the independence of each Non-Executive Director by considering a number of factors, including:

- Has any Director been an employee of the Company within the last five years?
- Has any Director had a material business relationship with the Company, directly or indirectly, in the last three years?
- Does any Director receive additional remuneration from the Company, apart from Directors' fees?
- Does any Director have links to other Directors, or family ties with the Company's senior managers or advisors?
- Does any Director hold cross-Directorships or have significant links with other Directors through involvement in other companies or bodies?
- Does any Director represent a significant shareholder?
- Has any Director served on the Board for more than nine years from the date of their first election?

The Board has concluded that while Peter Lennon and John Bateson were considered and remain Non-Executive Directors, both in 2019 and at the date of publication of this Annual Report, neither are deemed to be Independent under the considerations outlined above and in accordance with the provision 10 of the 2018 UK Corporate Governance Code. Specifically:

- Peter Lennon has served on the Board since 1993, and is a partner of the firm Ronan Daly Jermyn, which has provided legal services to the Group. In addition, Peter Lennon served as Company Secretary on a temporary basis from 18 February 2019 until 23 August 2019.
- John Bateson has served on the Board since 2006 and is a representative of the largest shareholder in the Group, IIU Nominees Limited.

The Board has also given due consideration to Peter Lennon's role of Company Secretary from the period 18 February 2019 to 23 August 2019. The Board considered if this appointment could be considered a move from a Non-Executive to an Executive position within the Group, but has concluded that this does not justify a reclassification for the following reasons:

- Peter Lennon's appointment as Company Secretary was an interim appointment, following the successive resignations of David Kennedy and Dónal Rooney in 2018 and early 2019. Peter Lennon retired as Company Secretary on 23 August 2019 and Neil McLoughlin was appointed Company Secretary on that date; and
- Peter Lennon did not receive a salary for the provision of his services as Company Secretary in this interim period.

In a period in which all of the five other members of the Board were appointed during the year, the Board believes that the Group benefits from the continuity of tenure and considerable experience that Mr. Lennon and Mr. Bateson bring to bear on the Group's governance.

Under provision 11 of the 2018 UK Corporate Governance Code, at least half the Board, excluding the Chairman should be Non-Executive Directors whom the Board considers independent. Datalex does not meet this requirement as, of the six Directors (excluding the Chairman) only Christine Ourmières-Widener and Mike McGearty are considered Independent Non-Executive Directors at the date of publication of this Annual Report. The Board, in conjunction with the Nomination and Governance Committee will continue to monitor the composition of the Board in 2020.

CONFLICTS OF INTEREST

The Board has adopted a Conflicts of Interest Policy and actively manages conflicts of interest including those resulting from significant shareholdings. For example, John Bateson did not participate in any discussions in 2019 involving the proposal, which was subsequently approved by shareholders to enter into financing arrangements with our largest shareholder IIU Nominees Limited or its associated company, Tireragh Limited.

RETIREMENT AND RE-ELECTION

In accordance with the requirements of the 2018 UK Corporate Governance Code, each of the Directors will submit themselves for re-election each year at the Annual General Meeting of the Company.

PERFORMANCE EVALUATION

During 2019, there were five new appointments to the Board reflecting the Board's desire to ensure that the composition of the Board has the diversity, skills and expertise necessary to drive the Group's future success. These changes included the appointment of a new Chairman and two new independent Non-Executive Directors in the last three months of 2019. Due to the significant number of resignations and appointments to the Board, the Board considered that it would be more worthwhile to defer a formal evaluation to 2020. This has been disclosed as a divergence from the 2018 UK Corporate Governance Code on pages 34 and 35.

REMUNERATION AND SHARE OWNERSHIP

Details of Directors' remuneration and interests in share options and share awards are set out in the report of the Remuneration Committee on Directors' remuneration on pages 47 to 50. Details of Directors' beneficial interests in the share capital of the Company are set out in the Directors' Report on page 28.

MEETINGS

The Board routinely meets at least ten times a year and additionally as required. During the year, in addressing the breakdown in financial controls, financing and related customer matters, the Board met thirty-six times. Details of Directors' attendance at these meetings are set out on page 38.

The Chairman sets the agenda for each meeting in consultation with the CEO and the Company Secretary. The agenda and Board papers are circulated prior to each meeting to provide the Directors with relevant information and to enable them to fully consider the agenda items in advance of the meeting. In the event a Director is unavailable to attend a Board meeting, he or she will receive the Board papers in advance of the meeting and can communicate their views on any items, to be raised through the Chairman at the meeting.

The matters considered by the Board at each meeting include a review of actual performance against approved budget and forecast performance through to the end of the period, the Group's operational performance and customer satisfaction, the current status of the sales pipeline and any market and/ or product developments since the previous meeting, and any changes to the business risk environment, including any credit risk events. The Board also periodically reviews the strategic development of the business and has recently approved an updated strategy and a strategic plan.

GENERAL MEETINGS

The Company's Annual General Meeting ("AGM") affords shareholders the opportunity to question the Chairman and the Board. The notice of the Annual General Meeting, the Form of Proxy and the Annual Report are issued to shareholders at least 21 clear days before the meeting. At the meeting, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the number of votes for, against and withheld. If validly requested, resolutions can be voted by way of a poll whereby the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance of the meeting and the total number of votes for, against and withheld for each resolution are announced. Details of proxy votes received are made available on the Company's website following the meeting.

All other general meetings are called Extraordinary General Meetings ("EGMs"). An EGM called for the passing of a special resolution must be called by providing at least 21 clear days' notice. Provided shareholders have passed a special resolution at the immediately preceding Annual General Meeting and the Company allows shareholders to vote by electronic means, an EGM to consider an ordinary resolution may, if the Board deems it appropriate, be called by providing at least 14 clear days' notice.

A quorum for a general meeting of the Company is constituted by three or more shareholders present in person or by proxy and entitled to vote. The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast. Shareholders have the right to attend, speak, and ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the register of members of the Company to be entitled to attend. Record dates are specified in the notice of general meeting. Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notice of general meeting. A shareholder, or a group of shareholders, holding at least five percent of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder, or a group of shareholders, holding at least three percent of the issued share capital of the Company, has the right to put an item on the agenda or to table a draft resolution for inclusion on the agenda of a general meeting, subject to any contrary provision in Irish company law.

EGMS HELD IN 2019 AND 2020 TO DATE

On 26 April 2019, an EGM approved the Company's entering into the €6.14m 18-month loan facility with Tireragh Limited, an entity ultimately beneficially owned by Mr. Desmond.

On 15 November 2019, an EGM approved a refinancing of the above facility, with a further €5m made available and a capitalisation of the interest payable on the loan facility.

An EGM held on 20 December 2019 dealt with the requirement to hold an EGM under Section 1111 of the Companies Act 2014, where the net assets of a company are half or less of the amount of the company's called up share capital.

An EGM held on 13 February 2020 approved the election of David Hargaden, Mike McGearty and Christine Ourmières-Widener to the Board.

CONSTITUTION

The Company's Constitution sets out the objects and powers of the Company and may be amended by a special resolution passed by the shareholders at a general meeting of the Company.

BOARD COMMITTEES

The Board has an effective Committee structure to assist in the discharge of its responsibilities. The Board has three Committees, the Audit Committee, the Nomination & Governance Committee and the Remuneration Committee, which support the operation of the Board through their focus on specific areas of governance. Each Committee has formal terms of reference approved by the Board which sets out how it should operate including its role, membership, authority and duties and is governed by a statement of general principles and rules of procedure adopted by the Board. These are available on request from the Company Secretary. Reports on the activities of the individual Committees are presented to the Board by the respective Committee Chairpersons.

Further details on the duties, operation and activities of all Board Committees can be found in their respective reports on pages 42 to 50 and these reports form part of the Governance Report.

In response to a report prepared in January 2019 that identified a shortfall in previously anticipated revenue and adjusted EBITDA, the Board established a special investigation committee ("Special Committee"). Further details are set out in the Accounting Review and Internal Financial Control Findings section of the Director's Report.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Attendance at Board and Committee meetings during the year ended 31 December 2019 is set out below:

NAME	APPOINTED	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATION & GOVERNANCE COMMITTEE	
		A	B	A	B	A	B	A	B
John Bateson	2006	36	33	16	16	2	2	4	4
Roger Conan	2011	36	35	16	16	2	2	4	4
Peter Lennon	1993	36	35	16	15	2	2	-	-
Paschal Taggart	2001	20	19	-	-	-	-	1	1
Aidan Brogan	2012	16	16	-	-	-	-	-	-
Garry Lyons	2013	36	31	-	-	-	-	-	-
Dónal Rooney	2018	6	6	-	-	-	-	-	-
Sean Corkery	2019	22	22	-	-	-	-	-	-
Niall O'Sullivan	2019	19	19	-	-	-	-	-	-
David Hargaden	2019	5	5	-	-	-	-	-	-
Christine Ourmières-Widener	2019	7	6	-	-	-	-	-	-
Mike McGearty	2019	2	2	-	-	-	-	-	-

- Column A details the number of Board/Committee meetings held during the year in the period that the Director was a member of the Board and/ or Committee.
- Column B details the number of meetings attended during the year in the period that the Director was a member of the Board and/ or Committee.

EXECUTIVE LEADERSHIP TEAM

The CEO, the CFO and other senior management make up the Executive Leadership Team, which has responsibility for assisting the Board in discharging its responsibilities, including the implementation of strategy, allocation of resources and the control of expenditure.

ACCOUNTABILITY AND AUDIT

The Directors' responsibility for preparing the consolidated financial statements is explained in the Directors' Responsibilities Statement and the auditor's responsibilities are set out in the Independent Auditor's Report. The Board is responsible by law for keeping adequate accounting records, which disclose at any time the financial position of the Company and the Group. The Board is also responsible for overall management of the Company and the Group including strategy, policy and reporting. In discharging these mandates, the Board pays particular attention to economic issues, strategy, investment programmes, financial performance and personnel matters.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS STATEMENT

In accordance with provision 29 of the 2018 UK Corporate Governance Code, the Board is responsible for reviewing the effectiveness of the risk management and the internal control systems.

During 2019, the Board has directly, and through delegated authority to the Audit Committee, overseen and reviewed the performance and evolution of risk management activities and practices and internal control systems within the Group. These systems include financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records, operational controls in each functional area of the Group, and an assessment of general business risks. The Audit Committee has reported in the past on the risk of manual intervention and process improvements it would like to put in place.

The Board acknowledges its responsibility for reviewing the risk management and the internal control systems and notes the following with regards to the FRC's 2014 "Guidance on Risk Management", "Internal Control and Related Financial and Business Reporting" with respect to 2019:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	BOARD ASSESSMENT
That there is an on-going process for identifying, evaluating and managing the principal risks faced by the Group	Confirmed
That the systems have been in place for the year under review and up to the date of approval of the Annual Report and accounts	See conclusion on the effectiveness of the Group's risk management and internal control systems below
That they are regularly reviewed by the Board	Confirmed
The extent to which the systems accord with the guidance in this document	See conclusion on the effectiveness of the Group's risk management and internal control systems below

There was a serious breakdown in our internal financial controls in 2018. In a trading update on 15 January 2019, we reported a shortfall in previously anticipated revenue and Adjusted EBITDA. The shortfall was identified by management in the preparation of the year-end results for 2018. We appointed PwC, in conjunction with McCann FitzGerald, the Group's legal advisors, to conduct an independent review (the "Review"). The Review confirmed accounting irregularities and material internal control failures.

On internal control specifically, the Review identified significant accounting irregularities during the period as the underlying cause for the Group's overstatement of revenues, noting material weaknesses in the internal control environment; the Group's accounting process in this area had been largely manual, and dependent on individual judgement, and not subject to internal audit oversight; and there had been a failure by the Group to track sufficiently operational and financial performance on a significant customer deployment and to retain sufficient supporting documentation for accounting entries.

Accordingly, the Board concluded in its 2018 Annual Report, with regret and disappointment, that the risk management and internal control systems were ineffective for the year ended 31 December 2018. Through both its ongoing involvement and overview in risk management and internal control activities, the Board is satisfied that the key risk management and key internal controls systems were being actively remediated in 2019 and are effective at the date of this report.

The Audit Committee, in 2019, significantly increased its oversight, with sixteen meetings in 2019, and reviewed and satisfied itself as to the adequacy of the Group's internal control and risk systems. The CFO and new Head of Finance attended each of these meetings, and outside the formal meetings have been in regular dialogue with the Chair of the Audit Committee.

In response to the Review, the following immediate corrective actions were taken in the first half of 2019:

- The Board requested PwC to perform a detailed review of the finance function and subsequently new senior finance personnel were hired (a new Head of Finance and a Head of Commercial Finance);
- A new accounting process was implemented for revenue recognition;
- An enhanced budget and forecasting process was introduced;
- The risk register was updated in June 2020; and
- The Board is in the final stages of the process to appoint a suitably qualified, independent third party to provide internal audit services on an outsourced basis.

Subsequent to the publication of the 2018 Annual Report in September 2019, the Group employed an accountant with significant experience of software revenue accounting. The Group also selected a new Group ERP which will be rolled out in H2 2020. The ongoing monitoring of risk management and internal controls to ensure that they remain effective is a priority for the Board.

The main features of the Group's systems of internal controls and risk management which operated in the period are as follows:

- Key risks, with reference to achievement of the Group's business objectives, are assessed and revised periodically. The risk register was reviewed and updated in June 2020. This update was approved by both the Board and the Audit Committee. The Audit Committee is also currently undertaking an in-depth review of the Group's overall risk environment, with respect to both risks to the achievement of the Group's business objectives, and risks to the integrity and effectiveness of the Group's key systems and processes. In particular, the Committee recognises the importance of successful customer delivery, and pays particular attention to areas such as the availability of key domain resources and skills, the performance and integrity of critical infrastructure in our hosting facility, and control over the Group's cost base. The Committee also recognises the competitive dynamics of our market, and closely monitors any changes in pricing or product offerings that may impact on our ability to continue to win new business and retain existing customers. Any mitigating actions required are monitored and reported to the Audit Committee on a periodic basis. A summary of key risks, together with mitigating actions, is set out on pages 20 to 21;
- The Group has written procedures and authority limits for all operating and capital expenditure; and
- There is a control process in place in relation to management of the integrity of the Group's software development process.

FINANCIAL REPORTING PROCESS

In the 2018 Annual Report, the Board reported on the items of concern that were brought to its attention by management in January 2019 on the finalisation of the year-end reporting process in its customary timetable for closing the year-end. Recognising the serious nature of the matters, PwC, in conjunction with the Group's legal advisors, were appointed to conduct a review thereof. The assessment concluded that Datalex's finance operations were at a relatively low state of maturity.

Corrective action has been taken, both identified by us, by PwC in its work and by the external auditor for 2018, EY. This included:

- Restructuring the finance function and addition to its capability with a new Head of Finance, a new Head of Commercial Finance and a new Revenue accountant appointed.
- Implementing new accounting processes in relation to revenue recognition.
- Establishing a new budgeting and forecasting process.
- Establishing a new process in relation to the controls over development expenditure.
- Improving the quality of financial information provided to management and to the Board.
- Implementing a new contract management system.
- Preparing specifications for the implementation of a new integrated accounting system (Group ERP).

Management has made substantial progress on implementing the recommendations, which will be fully implemented when our new Group ERP system goes live in H2 2020.

The Group has in place procedures to identify, evaluate and manage significant risks in accordance with the Code. These procedures were in place for the full year under review, and up to and including the date of approval of the consolidated financial statements. The process is subject to review by the Board.

The key procedures established by the Board, with a view to reviewing the effectiveness of the internal control environment, include the following:

- The organisation structure has clearly defined lines of authority;
- There is a formal schedule of matters reserved for the Board, as outlined in the Company's Board Control Manual;
- A comprehensive system of financial reporting involving periodic reporting, budgeting, variance analysis and forecasting, of all business units;
- An Audit Committee, made up of Non-Executive Directors which reviews key control matters;
- There are policies and procedures in relation to key financial controls, capital expenditure, operational risk and treasury and credit risk management;
- All investment decisions are subject to formal levels of authorisation and approval; and
- Where professional expertise is necessary, professional advisors are engaged.

The Group has also put in place a system to identify and report on risks and associated controls. The Board has reviewed the outputs from this process during the year and adopted the risks and controls as appropriate for monitoring and reporting. The Board has also reviewed the risks identified to ensure they are still relevant for monitoring.

The Group does not currently have an internal audit function but is in the final stages of the process to appoint a suitably qualified, independent third party to provide internal audit services on an outsourced basis. Please see page 20 for further details. As outlined on pages 43 and 44, members of the Audit Committee periodically examine the operation of key accounting processes in the business and report back to the Committee.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given high priority and there is regular dialogue with individual shareholders, as well as general presentations at the time of the release of the annual and interim results.

During 2019, there was significant engagement with the Company's shareholders and there were five shareholder general meetings held at which shareholders had the opportunity to ask questions of the Board. In addition, a number of trading updates have been issued to the market during the year. Periodically, the CEO and CFO meet with shareholders and regular updates are provided to the Board on matters raised by shareholders to ensure the Non-Executive Directors have a full understanding of the views of shareholders. When necessary, the Board and Committee Chairpersons engage with shareholders on specific topics and where relevant provide feedback to the Directors. The Lead Independent Director is available to shareholders if contact through normal channels is inappropriate or has failed to resolve concerns.

The Company's Annual General Meeting ("AGM") affords shareholders the opportunity to question the Chairman and the Board. A description of the rights of shareholders is set out in Note 12 to these consolidated financial statements. Attendance of, and questions from, shareholders at the Company's AGM are welcomed by the Board. The AGM also provides an opportunity for the Board to deliver presentations on the business to shareholders, both institutional and private.

In addition, an interim management statement and trading update are published during the year. On 4 December 2019, the Group published its interim consolidated financial statements for the six months ended 30 June 2019 and restated interim consolidated financial statements for the six months ended 30 June 2018. The Company's website www.datalex.com provides the full text of the Annual Report, interim management statements, trading update and any stock exchange announcements.

Following the 2019 AGM the Board reviewed the final vote results in detail, with a particular focus on any votes registered against the Board's recommendations. At the 2019 AGM, 21.69% of votes were cast against the reappointment of Peter Lennon as a director of the Company. In accordance with provision 4 of the 2018 UK Corporate Governance Code, the Company has engaged with shareholders to understand the reasons behind this vote. In light of the continued commitment of Mr. Lennon at Board level, and the fact that over 78% of shareholders who voted supported his re-election, the Board is satisfied that Mr. Lennon continues to discharge his responsibilities and contribute effectively at Board level.

SHAREHOLDERS' RIGHTS AT SHAREHOLDER MEETINGS AND THE EXERCISE OF SUCH RIGHTS

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting. The Irish Companies Act 2014 requires that resolutions of the general meeting be passed by the majority of votes cast (ordinary resolution) unless the Acts or the Company's Articles of Association provide for a 75% majority of votes cast (special resolution). The Company's Articles of Association provide that the Chairman has a casting vote in the event of a tie. A member entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company.

Under the Act, the Company must answer any question a member asks relating to the business being dealt with at the general meeting unless: (i) answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

THE POWERS OF THE SHAREHOLDER MEETING

The business of the Company is managed by the Board who may exercise all the powers of the Company as are not by the Act or by the Articles required to be exercised by the Company in the general meeting. Matters reserved by the Act to the shareholders in the general meeting include:

- Election of Directors;
- Payment of dividends;
- Appointment of external auditors;
- Amendments of the Constitution;
- Measures to increase or reduce the share capital; and
- authority to issue shares.

On Behalf of the Board

Sean Corkery
Chief Executive Officer

Niall O'Sullivan
Chief Financial Officer

30 June 2020

AUDIT COMMITTEE REPORT

2019 was a very busy year for the Audit Committee with considerable time being spent dealing with the 2018 audit, addressing the internal control deficiencies identified in early 2019, appointing a new auditor and appointing new members to the Committee. The Audit Committee continues to engage with management to drive control and oversight improvements.

As detailed in the prior year Annual Report, the 2018 audit opinion was disclaimed by EY, primarily because of the breakdown in the internal financial controls. In response to this, the Audit Committee commissioned investigations to identify the extent of the internal control issues and reviewed internal control reports from both PwC and our internal management team. Following this, the Audit Committee oversaw the process to resolve the control deficiencies through temporary additional manual oversight, the engagement of new personnel in finance and newly introduced processes and procedures. The Audit Committee, in conjunction with management and external advisors, have also commenced Financial Position and Prospects Procedures ("FPPP"), which incorporates a full end to end review of the controls in operation across the business.

Upon the resignation of EY as our auditor in September 2019, the Audit Committee led the process to appoint a new auditor, resulting in Deloitte being appointed on 31 December 2019. As a result of the significant remediation efforts undertaken by the Group during 2019, we expect that Deloitte will disclaim their report solely in relation to the opening balances.

AUDIT COMMITTEE MEETINGS

Details of the Audit Committee meetings are conveyed in the table on page 38. Only members of the Committee have a right to attend Committee meetings. Regular attendees include the Chief Executive Officer, Chief Financial Officer and employees from a variety of departments to aid their understanding of the business and to assist in discharging their duties. The external auditor, previously EY and now Deloitte, also attends Committee meetings and has direct access to the Chair of the Committee.

The Company Secretary acts as secretary to the Committee and provides support as required.

ROLES AND RESPONSIBILITIES

The Audit Committee has been charged by the Board of Directors ("Board") with the task of providing governance and oversight over the integrity of the accounting, financial reporting, internal control and risk management processes of the Group. It also monitors the performance of the external auditors.

The Committee has written terms of reference which set out its role, responsibilities and duties. These can be obtained on request from the Company Secretary.

To discharge its responsibilities effectively, the Committee has unrestricted access to the Group's external auditor, and the Finance function, with whom it meets throughout the year with, and without, management, as appropriate. These meetings ensure that there are no restrictions on the scope of their audits and allow discussion of any matters that the external auditor might not wish to raise in the presence of management.

The Committee may obtain, at the Group's expense, outside legal or other professional advice needed to perform its duties. The Chair of the Committee reports to the Board on the key outcomes from each meeting and on how the Committee has discharged its duties. The minutes of all Committee meetings are circulated to the Board for information.

David Hargaden, Christine Ourmières-Widener and I all have "recent and relevant financial experience" as required. All members of the Committee are independent Non-Executive Directors with financial and commercial experience relevant to the industry and the broader commercial environment within which we operate. Therefore, the Committee, the Nomination Committee and the Board are satisfied that the Committee, as a whole, has competence relevant to the sector in which the Group operates.

CHANGES TO THE AUDIT COMMITTEE IN 2019

The Audit Committee previously comprised of John Bateson (Chairman), who has relevant and recent financial experience, Roger Conan and Peter Lennon. On 31 December 2019, Mr. Conan resigned from the Board and on 30 January 2020, the composition of the Audit Committee changed to comprise Mike McGearty (Chairman), David Hargaden and Christine Ourmières-Widener. Both Mr. McGearty and Mr. Hargaden have recent and relevant experience working with financial and accounting matters with competence in accounting and experience of preparing consolidated financial statements under IFRS. The Board on appointment of David Hargaden to the Audit Committee recognised that the appointment of the Chairman of the Board as a member of the Audit Committee is not in accordance with provision 24 of the 2018 UK Corporate Governance Code, however, the Board considered it appropriate for Mr. Hargaden to serve on the Committee given the expected workload of the Committee in 2020 and Mr. Hargaden's relevant knowledge, experience and financial expertise.

During 2019, the Audit Committee did not consist of a minimum of two Independent Non-Executive Directors, as required under provision 24 of the 2018 UK Corporate Governance Code. This has been disclosed as a divergence from the 2018 UK Corporate Governance Code on pages 34 to 35. Further details on the relevant experience of the Committee members is included in the Board of Directors section on page 24.

KEY ACTIVITIES UNDERTAKEN IN 2019

In addition to having Terms of Reference, the Audit Committee also agrees a committee schedule of items which it considers to be of significance in order to ensure that all items are discussed appropriately and on a timely basis. The Audit Committee assists the Board in discharging its responsibilities with regard to:

- **Financial reporting:** The Committee reviews the annual consolidated financial statements and any formal market announcements relating to the Group's financial performance, and reviews significant financial reporting judgments contained therein. In particular, the Committee's review incorporates a review of the consistency of, or any changes to, significant accounting policies; significant judgmental areas; and disclosure and compliance requirements. In advance of the year-end audit work, the Committee received the external auditor's 2019 year-end audit plan. Throughout the final audit process, the Chairman of the Audit Committee held a number of meetings with the external audit partner to discuss the status of the field work and areas of focus arising. In June 2020, the Committee considered the formal 2019 Post-Audit Report to the Audit Committee, prepared by the external auditor.
- **External audit:** The Committee monitors and reviews the independence and objectivity of the external auditor by receiving confirmation from the external auditor that it is independent from the Group, including details of the external auditor's internal policies and procedures for maintaining independence and monitoring independence compliance. The Committee also reviews and monitors the Group's policy on the provision of non-audit services by the external auditor. The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic importance of the Group to the external auditor were also monitored to ensure that independence and objectivity were not impaired. Details of fees payable to the external auditor are set out in Note 19 to the consolidated financial statements. No non-audit services were provided by Deloitte in the period. The Group has also monitored the effectiveness of the audit process, advising on the appointment, re-appointment and removal of the external auditor. At the conclusion of each year's audit, the Committee evaluates the performance of the external auditor.
- **Risk register:** The Audit Committee assesses the principal risks and uncertainties that might threaten the Group. The risk register is updated periodically and was recently updated and approved by the Audit Committee and the Board in June 2020. Currently, seven principal risks to the Group are noted, along with an assessment of their impact and mitigating factors. These are detailed in the "Principal Risks and Uncertainties" section on pages 21 to 22 and have been approved by the Board.
- Reviewing arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- Reviewing the effectiveness of the Group's internal control system through delegated authority from the Board. In particular, the Audit Committee is mindful of the requirements in relation to the risk management and internal control systems arising from provision 25 of the 2018 UK Corporate Governance Code. In this regard, the Audit Committee reviews the Group Internal Risk Register periodically, as noted above.
- The Committee closely monitors the potential impact of this on the effectiveness of key business processes, internal control systems and the overall risk environment of the Group, for example critical resource levels, pricing of new contracts, and controls around service and quality levels.
- Reviewing the communications with regulators.
- Reviewing and monitoring the implementation of process improvements identified both by management and the external auditor during the year and in prior years.
- Reviewing the effectiveness of key accounting processes, such as the capitalisation of development expenditure and the revenue billing process.
- Advising the Board to ensure the integrity of the Annual Report and consolidated financial statements and to ensure that the Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
- Reviewing the analysis underpinning the Viability and Going Concern statements arising from the requirements included in the 2018 UK Corporate Governance Code.
- **Internal audit**: The Committee is currently in the final stages of the process to appoint a suitably qualified, independent third party to provide internal audit services on an outsourced basis. Please see page 20 for further details.

ACCOUNTING REVIEW AND INTERNAL CONTROL FINDINGS

As set out on pages 39 to 40, there was a serious breakdown in the Group's internal financial controls in 2018. The members of the Audit Committee were each appointed as members of the Special Committee established by the Board. The Review confirmed accounting irregularities and material internal control failures. Our consideration of the effectiveness of risk management and internal control is set out on pages 39 to 40.

As a consequence of the breakdown in internal controls, the Audit Committee instigated active oversight over the finance function:

- The Audit Committee has a regular schedule of meetings with the CFO and Head of Finance; a total of sixteen meetings were held in 2019, at which all members attended, apart from Peter Lennon being absent for one of the meetings.
- The Audit Committee considered the proposed new finance structure and its implementation.
- The Audit Committee considered the PwC finance function assessment, issued in May 2019.
- The Audit Committee received regular updates on the progress of the 2018 external audit, including seven specific meetings to deal with the 2018 audit.
- The Audit Committee approved the appointment of Deloitte Ireland LLP as our statutory auditor for 2019.
- The Audit Committee received regular updates on the progress of the 2019 external audit.
- The Audit Committee is overseeing the tender process for the appointment of an internal audit resource.

At the request of IAASA, on 4 December 2019 the Group published restated interim consolidated financial statements for the six months ended 30 June 2018.

SIGNIFICANT AREAS

The Audit Committee's reporting remit requires specific discussion in respect of the work the Audit Committee undertook during the year in discharging its responsibilities, and the significant issues it dealt with, and how such issues were addressed. Most importantly perhaps, it is expected that such matters would at least include those items communicated to the Board by the external auditor during the year.

The significant areas considered by the Committee were:

IFRS 15 Implementation

For the 2018 financial year, the first year of implementation of the new revenue accounting standard, IFRS 15, *Revenue from Contracts with Customers*, with effect from 1 January 2018, management engaged with PwC for support on specific technical inputs. The Group faced particular challenges in this regard, due to a delayed preparation programme and a wide variety of complex customer contracts. The Committee received detailed presentations from PwC on the impact of IFRS 15, key judgments and a review of the impact of IFRS 15 by contract and by revenue type. The review of IFRS 15 was a key topic for discussion in the numerous Audit Committee meetings held with the external auditor throughout 2019.

In September 2019, the Group hired an in-house accountant with significant expertise in software accounting, who presented to the Audit Committee on the key inputs and judgments that impacted on the recognition of revenue in our 2019 consolidated financial statements. The control and business observations identified by PwC in their work in 2019 have been addressed by management.

The key judgments considered by the Committee in relation to revenue recognition for 2019 included:

- Determining contract term, considering renewal/ termination clauses;
- Identification of performance obligations (performed at contract inception);
- Assessing whether performance obligations are distinct;
- Establishing standalone selling prices for each performance obligation;
- Determining transaction price, inclusion of "variable consideration", bonuses, penalties; and
- Recognition of revenue for each performance obligation.

IFRS 16 Implementation

The Group implemented new accounting standard IFRS 16, Leases, with effect from 1 January 2019. The Committee reviewed the application of the standard, the identification of relevant lease commitments and the utilisation of the appropriate discount rate.

IFRS 9 Expected Credit Losses

The Committee reviewed the assessment of expected credit loss (ECL) allowances in accordance with accounting standard IFRS 9, Financial Instruments on trade receivables, contract assets and intercompany balances (for the plc entity).

Product development expenditure

In 2018, the Group concluded that expenditure identified by time records as development activity did not meet all the criteria for capitalisation. This ultimate decision was made after the Audit Committee had reviewed multiple papers and held multiple discussions throughout the year dealing with this matter. As a result of the outcome of the 2018 audit process, new and robust procedures and controls were introduced over development expenditure, led by new personnel in finance.

A total balance of US$0.1m was capitalised in 2019. Notwithstanding that the balance is much less significant than in previous years, recognising the judgments involved, the Committee reviewed the process and value of product development expenditure during 2019. The review included consideration of an accounting paper prepared by management and a review of the key elements of spend in 2019. The Committee was satisfied with the treatment of development expenditures in 2019.

Deferred tax

The Committee reviewed the assumptions underlying the amount of the deferred income tax assets at 31 December 2019. Similarly, this topic was also addressed over time during 2019 with papers tabled by management for review and discussion. Having considered the uncertainties as to the future profitability of the Group, it was determined that it continued to be not appropriate to recognise deferred tax assets in respect of losses carried forward and R&D tax credits.

Exceptional Items

The Committee reviewed all elements of the exceptional items. In particular, the Committee reviewed the classification of Statement of Profit & Loss items as exceptional, including a review of the professional fee details relating to investigations, the business transformation programme and litigation procedures. The Committee considered the assessment and content of the provision for costs associated with complying with regulatory investigations. The Committee also reviewed the assessment of any impaired assets, including the ECL allowance for non-recovery of customer receivable balances, which are subject to litigation and the impairment charge relating to contract assets.

Going concern assessment

The Committee was fully involved in the going concern assessment, including review and challenge of future trading and cash flow forecasts. The Committee considered a wide variety of possible future forecasts and recommended to the board the acceptance of the going concern assessment.

WHISTLEBLOWING POLICY

In 2019 the Board adopted a Whistleblowing policy. The Group's whistleblowing arrangement includes an externally facilitated hotline through which all employees and third parties can raise concerns in confidence about possible wrong doings in financial reporting and other matters, 24 hours a day by phone or online. All whistleblowing incidents are reviewed by the Lead Independent Director and formally investigated by the Board depending on the nature of the concern raised. The Board is satisfied that the Group's whistleblowing arrangements are operating effectively, and no whistleblowing incidents have been reported to date.

INDEPENDENCE OF EXTERNAL AUDITOR

Our external auditor, Deloitte Ireland LLP, was appointed for the 2019 year-end on 31 December 2019. Deloitte was appointed following the decision by EY not to seek reappointment in September 2019. Our lead audit engagement partner is Daniel Murray.

The Committee's policy on the provision of non-audit services by the external auditor is that, whilst it is appropriate and cost effective for the external auditor to provide tax compliance services to the Group, other services should only be provided where alternative providers do not exist or where it is cost effective or in the Group's interest for the external auditor to provide such services. In all cases the provision of non-audit services is carefully monitored by, and subject to, the prior approval of the Committee.

The external auditor would not be invited to provide any non-audit services where it was felt that this could conflict with their independence or objectivity. Such services would include the provision of internal audit and management consulting services. The policy exists to ensure that the external auditor does not audit its own work, participate in activities that would normally be undertaken by management, have a mutuality of financial interests with the Group or act in an advocacy role to the Group. The Audit Committee believes that given the nature and scale of these services, they do not result in any impact on the auditor's objectivity and independence. In particular, the Committee is satisfied that the external auditor has not participated in management activities, placed itself in a situation where it has a mutuality of interest with the Group, reviewed its own work or acted in an advocacy role. No non-audit services were provided by Deloitte in the period.

EFFECTIVENESS OF EXTERNAL AUDIT

The Committee has reviewed the effectiveness of external audit. The Board received the Audit Plan including judgments about materiality, selection of areas of focus and related audit approach including the applicable key audit evidence tailored to the Group's operations and systems. The Committee monitored the conduct and effectiveness of external audit during the year through a review of:

- The experience and expertise of the audit firm and its key audit team members;
- The fulfilment of the external audit plan and any variations from this plan;
- The auditor's understanding of the Group's business and industry, the environment in which the Group operates and of the applicable legal and regulatory framework;
- The auditor's assessment of key areas of focus throughout the audit;
- Interaction between management and the auditor, including ensuring that management dedicates sufficient time to the audit process;
- Communication with, and support to, the Committee including their assessment of new accounting and corporate governance developments;
- The content of external reports and their ability to raise potential issues as they become aware thereof;
- Independence, objectivity and scepticism; and
- The auditor's recommendations on internal controls.

Private discussions are held with the external auditor at the Audit Committee meeting when the audit findings are presented to provide additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. In addition to these private meetings, the Chairman met with the external audit partner to facilitate effective and timely communication.

FOCUS OF THE COMMITTEE FOR 2020

The focus of the Audit Committee for 2020 has been and continues to be the ongoing strengthening of internal controls, risk management framework and financial reporting, including the implementation of a new ERP software system.

The Committee will continue to monitor governance and ensure adequate oversight over the integrity of the Group's financial reporting and the Group's internal control and risk management frameworks as well as the Internal Audit function (when appointed) and Deloitte as the external auditor.

On behalf of the Audit Committee

Mike McGearty
Chairman of the Audit Committee

30 June 2020

NOMINATION & GOVERNANCE COMMITTEE REPORT

The Nomination & Governance Committee met four times in 2019. During the year the Committee members comprised Paschal Taggart (Chairman, resigned 24 June 2019), John Bateson and Roger Conan (appointed Chairman on 24 June 2019 and resigned on 31 December 2019). John Bateson and Roger Conan attended all four Committee meetings and Paschal Taggart attended the one Committee meeting held before his resignation during the year. With effect from 30 January 2020, the members of the Committee are John Bateson (Chairman), Peter Lennon and Christine Ourmières-Widener.

The Committee assists the Board of Directors ("Board") in discharging its responsibilities relating to the composition of the Board and corporate governance. The Committee is responsible for reviewing, identifying and recommending suitable candidates for appointment as Directors. The Committee also has responsibility for recommending to the Board best practice corporate governance principles including providing insights on culture and values which support the Company's strategic priorities.

The Terms of Reference of the Nomination & Governance Committee, including its role and the authority delegated to it by the Board, and the standard letter of terms and conditions of appointment to the Board, are available on demand from the Company Secretary. The Committee ensures that prior to the appointment of any new Director, the candidate has sufficient available time to discharge their duties as a Director. Prior to the appointment of Directors, the Committee evaluates the balance of skill, knowledge, experience and diversity of the Board, and in light of this evaluation, prepares a description of the roles and capabilities required for the appointments. To facilitate the search for suitable candidates, the Committee may use the services of external consultants.

On an annual basis the Nomination & Governance Committee reviews the size, structure and composition of the Board, and makes recommendations to the Board with regard to any changes required, within the context of the ongoing development and evolution of the business.

In 2020, the Board adopted a Board Diversity Policy the objective of which is to ensure that all Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The policy also acknowledges that an effective Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences are considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

The Committee is responsible for ensuring that, through effective succession planning, the Board, its Committees and senior management have the correct balance of skills, knowledge and experience to effectively lead the Group both now and in the longer term.. During 2019, the Committee oversaw a significant refreshment of the Board and senior management and continues to consider the longer term talent strategy to understand the changing competencies required to ensure the development of a skilled workforce which will support the Group's strategy, purpose, culture and values.

Furthermore, the Group recognises the importance and benefit of ensuring diversity throughout the organisation. Throughout the Group, a total of nineteen nationalities are represented within our workforce, and we strive to ensure that our culture promotes and respects everyone, irrespective of nationality or gender. The Board also acknowledges the importance of promoting female participation at all levels in the Group. At 31 December 2019, women made up 27.7% (2018: 27%) of total employees and 31.8% (2018: 40%) of senior management (top two levels) in the Group. At 31 December 2019, women made up 14% (2018: 0%) of the Board following the appointment of Christine Ourmières-Widener in October 2019. Given the Group did not have a Board diversity policy in place for 2019, this has been disclosed as a divergence to the 2018 UK Corporate Governance Code on pages 34 to 35.

Sean Corkery was appointed as Non-Executive Director and Deputy Chairman of Datalex plc in April 2019. Following Paschal Taggart's resignation as Chairman on 24 June 2019, Sean Corkery, already holding the position of Interim CEO and Deputy Chairman at that date, was further appointed Acting Chairman of the Company. Given Mr. Corkery's extensive strategic and operational experience and his previous positions as Non-Executive Director of various IT and telecoms companies, the Board decided that neither an external search consultancy nor open advertising was required for his appointment to the Board.

During 2019 the Board engaged Odgers Berndtson (formerly Amrop) to assist the Board in its stated objective of board refreshment. A number of candidates were proposed and considered by the Board and Christine Ourmières-Widener was appointed as a Non-Executive Director in October 2019. David Hargaden was appointed as a Non-Executive Director and Chairman in November 2019 and Mike McGearty was appointed as a Non-Executive Director in December 2019. An external search consultancy was not used in connection with these appointments.

On behalf of the Nomination & Governance Committee

John Bateson
Chairman of the Nomination & Governance Committee

30 June 2020

REMUNERATION COMMITTEE REPORT

INTRODUCTION

This report deals with Directors' remuneration for the year ended 31 December 2019. The report is divided into two parts. Part I of this report contains unaudited information and Part II contains audited information.

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on compensation of Directors and senior executives and making recommendations to the Board of Directors ("Board") on the Group's policy on executive remuneration, determining the remuneration and benefits of the Executive Directors and Company Secretary and recommending and monitoring the remuneration of senior management below Board level. The Terms of Reference of the Remuneration Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary.

PART I – THIS PART OF THE REMUNERATION REPORT IS UNAUDITED

REMUNERATION COMMITTEE GOVERNANCE

The Remuneration Committee is currently comprised of four Non-Executive Directors, of whom two members constitute a quorum. The Group Secretary acts as secretary to the Remuneration Committee. No Director or member of the Executive Leadership Team is involved in considering his/her own remuneration.

The Committee updated its terms of reference in 2019 to reflect its responsibilities under the 2018 UK Corporate Governance Code which seeks to broaden the role of remuneration committees as well as introducing new provisions with respect to directors' remuneration. Following the significant changes at Board and executive level in 2019, the Committee is in the process of considering best practice developments in respect of directors' remuneration including a review of pay and benefits generally across the Group.

During 2019, the Remuneration Committee comprised Peter Lennon (Chairman), John Bateson, Paschal Taggart and Roger Conan. Paschal Taggart resigned from the Board on 24 June 2019 and Roger Conan resigned on 31 December 2019. David Hargaden and Mike McGearty were appointed to the Remuneration Committee on 30 January 2020.

As evidenced by the Board member biographies on page 24, the Committee, both individually and collectively, possess significant experience and expertise in remuneration matters across a range of companies and industries. None of the Committee members have any financial interest other than as shareholders in the matters to be decided by the Committee and no potential conflicts of interests arising from cross-directorships.

The Board considered the positions of Mr. Lennon and Mr. Bateson as members of the Committee, both of whom do not meet the independence criteria of the 2018 UK Corporate Governance Code. The Board considered it appropriate for Mr. Lennon to continue to serve as Chairman of the Committee given his experience serving on remuneration committees and in light of the requirement under the 2018 UK Corporate Governance Code that the Chairman of the Remuneration Committee should have served on a remuneration committee for at least 12 months prior to their appointment. The Board considered it appropriate for Mr. Bateson to serve on the Committee for the purpose of continuity. The Chairman of the Board, who is a member of the Committee, was considered independent on appointment in accordance with the requirements of the 2018 UK Corporate Governance Code. The Chairman absents himself from discussion around his own remuneration.

REMUNERATION POLICY

The Group's policy in respect of the remuneration of Executive Directors is based on attracting, retaining and motivating executives to ensure that that they are incentivised to successfully implement the Board's strategy and that remuneration is aligned with the interests of shareholders and other stakeholders over the longer term.

Performance related elements of remuneration are designed to form an appropriate portion of the overall remuneration package of Executive Directors and link remuneration to business performance and individual performance, while aligning the interests of Executive Directors with those of shareholders. The Directors' Remuneration Policy focuses on incentivising the successful implementation of our corporate strategy, consistent with our risk management framework. In considering such packages, cognisance is taken of the levels of remuneration for comparable positions; the responsibilities of the individual concerned; their individual performances against specific and challenging objectives; and overall Group performance.

PROPOSED REMUNERATION POLICY CHANGES IN 2020

The Committee has followed the provisions of the 2018 UK Corporate Governance Code and the Irish Annex relating to the design of performance related remuneration.

In 2020, the Committee will consider best practice developments in respect of Directors' remuneration including a review of pay and benefits generally across the Group. This will result in the adoption of a new remuneration policy which will provide a framework for setting the remuneration of Executive and Non-Executive Directors and the Group's senior management. As part of this review, the Committee will undertake a detailed review of remuneration in the context of the Group's strategy and performance and relevant regulatory requirements including the 2018 UK Corporate Governance Code and investor guidelines. The Committee is also reviewing the remuneration of senior management and the workforce and the alignment of incentives and rewards with culture, taking these into account in framing proposed changes to the remuneration policy.

REVIEW OF 2019 PERFORMANCE

As described in the Chairman's Statement, 2019 was an exceptionally difficult year for the Group. In response to these events, several actions were taken by the Board, most notably the appointment of a new management team.

Given these significant changes, the Committee is currently considering the appropriate incentive arrangements for the Group, recognising the importance of incentivising employees to achieve Group performance targets in the evolving challenging environment caused by COVID-19. In addition, the Board intends to propose a new Long Term Incentive Plan for shareholder approval at the Company's 2020 Annual General Meeting.

EXECUTIVE DIRECTORS

During 2019 the Executive Directors were Sean Corkery (appointed 12 April 2019), Niall O'Sullivan (appointed 4 June 2019), Aidan Brogan (resigned 1 May 2019) and Dónal Rooney (resigned 18 February 2019). No Executive Director had a service contract providing for a notice period in excess of six months. Annual performance-related bonuses may also be determined by the Remuneration Committee. These contracts also allow for permanent health and life assurance schemes and a 7.5% contribution of basic salary into a pension. These arrangements are subject to ongoing review by the Remuneration Committee. Executive Directors are not entitled to Director's fees.

The Non-Executive Directors do not have service contracts, but have letters of appointment detailing the basis of their appointment. The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM of the Company.

NON-EXECUTIVE DIRECTORS

Non-Executive Director remuneration levels were reviewed in December 2019 and changed so that, with effect from 1 January 2020 the fee paid to each Non-Executive Director is €50,000 per annum in respect of their services as Directors and the Chairman is paid an annual fee of €100,000 per annum.

SHARE PERFORMANCE

The price range during the period from 1 January 2019 to 31 December 2019 was €0.59 to €2.47 (2018: €2.13 to €3.40). As a consequence of the breakdown in financial controls during 2018, the Company missed its filing deadlines for 2018 which resulted in a suspension of trading in the Company's shares from 1 May 2019. On the date of suspension, the closing price of Datalex shares was €0.92. As this price has not since been updated due to the ongoing suspension of trading in Datalex's shares on Euronext Dublin, €0.92 was deemed to be the closing price at 31 December 2019 (2018: €2.38).

PART II – THIS PART OF THE REMUNERATION REPORT IS AUDITED. THE INFORMATION BELOW FORMS PART OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS DESCRIBED IN THE BASIS OF PREPARATION IN NOTE 2.1 TO THE CONSOLIDATED FINANCIAL STATEMENTS

REMUNERATION OF DIRECTORS

The following table sets out the remuneration of the Directors during their tenure on the Board in 2019:

Directors	Basic salary US$'000	Performance bonus paid US$'000	Other benefits US$'000	Pension scheme contribution US$'000	Share award gain on exercise US$'000	2019 Total US$'000	2018 Total US$'000
John Bateson	54	-	-	-	-	54	57
Mike McGearty (appointed 9 December 2019)	4	-	-	-	-	4	0
Roger Conan (resigned 31 December 2019)	54	-	-	-	-	54	57
Peter Lennon	54	-	-	-	-	54	57
Paschal Taggart (resigned 24 June 2019)	54	-	-	-	-	54	114
Aidan Brogan [1] (resigned 1 May 2019)	133	-	219	9	-	361	462
Dónal Rooney (resigned 18 February 2019)	99	-	53	7	-	159	27
Sean Corkery (appointed 12 April 2019)	299	-	-	7	-	307	-
David Hargaden (appointed 7 November 2019)	16	-	-	-	-	16	-
Niall O'Sullivan (appointed 4 June 2019)	185	-	32	14	-	231	-
Christine Ourmières-Widener (appointed 3 October 2019)	13	-	-	-	-	13	-
Garry Lyons (resigned 31 December 2019)	54	-	-	-	-	54	57
Total	**1,019**	**0**	**277**	**37**	**0**	**1,361**	**831**

(1) On departure, Aidan Brogan received payment in lieu of notice of US$196,000 and payment of US$23,000 for unutilised holiday both of which are included in the "other benefits" amount of US$219,000 above. Both were in line with the terms of his employment contract.

DIRECTORS' INTERESTS IN SHARE OPTIONS

The following table sets out the total share options held by each Director during the year. Further details regarding the terms of the Share Option Scheme are set out in Note 12 to these consolidated financial statements.

	At 1 January 2019	Granted during the year	Exercised during the year	Expired during the year	At 31 December 2019	Exercise price range	Date from which exercisable	Expiry date
Sean Corkery	-	-	-	-	-	-	-	-
Niall O'Sullivan	-	-	-	-	-	-	-	-
Aidan Brogan [1, 2]	200,000 1,000,000	-	-	-	200,000 1,000,000	€0.13 €0.84	2013 2016	2020 2023
Dónal Rooney [3]	850,000	-	-	850,000	-	€2.34	-	-

(1) In January 2012, Aidan Brogan (in the role of SVP of Sales at the time) was granted 260,000 shares under the Joint Share Ownership Plan ("JSOP"), which provided for a vesting period over two years. The Board acknowledges that this award was made before Aidan Brogan was appointed as CEO and as a Director of the Company. These awards are fully vested.

(2) Under the terms of Aidan Brogan's resignation on 1 May 2019, his outstanding options at 31 December 2019 will remain exercisable until the earlier of (1) the first anniversary of the date of lifting of the temporary suspension of the Company's share trading on Euronext Dublin and (2) the tenth anniversary of the date of grant of the share options. He will also retain his interest in vested JSOP shares.

(3) Dónal Rooney resigned as CFO on 18 February 2019 and his grant of 850,000 options then expired.

BONUS

Executive Directors participate in an annual performance incentive scheme based on a combination of individual objectives and Group performance targets for Adjusted EBITDA and cash and short-term investments. For the year ending 31 December 2019 the Executive Directors and targeted employees met their bonus performance targets, however due to the financial position of the Group recommended that no discretionary cash bonuses be paid or accrued in respect of 2019. For the year ended 31 December 2019, a US$27,000 contractual commitment was paid to Niall O'Sullivan and a US$59,000 retention bonus was paid to Donal Rooney.

PENSIONS

Pensions for Executive Directors are provided under a defined contribution pension scheme. During 2019, there were four Directors who are members of the Company defined contribution pension scheme (2018: three).

The total contributions accrued for Sean Corkery, Niall O'Sullivan, Aidan Brogan, David Kennedy and Dónal Rooney under the scheme at 31 December 2019 were US$2,458 (2018: US$nil), US$1,813 (2018: US$nil), US$nil (2018: US$4,961), US$nil (2018: US$3,260) and US$nil (2018: US$1,846), respectively.

2012 SHARE OPTION PLAN

The Datalex Share Option Plan 2012 ("2012 Plan") was approved by shareholders on 6 February 2012. Under the rules of the 2012 Plan, options will not normally be exercisable until three years after the date of grant and vesting is subject to the achievement of challenging annual performance targets as determined by the Remuneration Committee. Options granted under the 2012 Plan have an exercise price equal to the then prevailing market price for a Datalex plc ordinary share. Under the rules of the 2012 Plan, if performance conditions are not met, the options will not vest and will lapse.

Each option award currently outstanding under the 2012 Plan has been granted subject to performance conditions relating to the achievement by the Group of Adjusted EBITDA and cash performance targets, as established by the Remuneration Committee, in the three-year period commencing on grant date, with each condition applicable to one third, respectively, of the number of options subject to the award. The performance conditions in respect of Adjusted EBITDA and cash performance targets were not achieved in respect of the year ended 31 December 2019 and no vesting of options has occurred for 2019.

JOINT SHARE OWNERSHIP PLAN

The Board approved the establishment of the Datalex Joint Share Ownership Plan ("JSOP") in January 2012. The JSOP was intended to incentivise senior management in the Group (excluding Executive Directors) towards the achievement of challenging Adjusted EBITDA and cash performance targets, as established by the Remuneration Committee.

Participants' interests acquired under the JSOP take the form of restricted interests in ordinary shares of the Company ("Plan Shares"), with interests acquired under the JSOP being subject to time-based (continuous service) and performance-based conditions to vesting. Key members of the Group's senior management (excluding the Executive Directors) acquired interests under the plan in January 2012. Under the JSOP, these participants and The Datalex Employee Benefit Trust (administered by independent professional trustees) jointly acquired 1.56 million existing shares at the then open market price (€0.36 per share).

In accordance with the Rules of the JSOP, vesting of the participants' interests was conditional on achievement of performance conditions relating to Adjusted EBITDA and cash targets for the Group, as established by the Remuneration Committee, in the financial years ended 31 December 2013 (as to one half of the interests) and 31 December 2014 (as to the other half) and on the first and second anniversary of the acquisition date, respectively. The performance conditions for both halves were achieved and have vested.

Where an interest vests, the trustees of The Datalex Employee Benefit Trust may, at the request of the participant, transfer ordinary shares to the participant of equal value to the participant's interest or the Plan Shares may be sold by the trustees who will account to the participant for the difference between the sale proceeds less expenses and the Employee Benefit Trust's interest in the Plan Shares.

LONG TERM INCENTIVE PLAN

A Long-Term Incentive Plan ("LTIP") for key employees was approved by shareholders at the 2015 AGM. The LTIP is intended to enable the retention and reward of key employees who are central to the achievement of the Group's growth strategy in the coming years. The plan operates under similar terms as the Company's Share Option Plan, with vesting of cash bonuses based on the achievement of non-market performance conditions over a three-year period. The Group granted awards under the Plan in 2016, 2017 and 2018. No awards were granted under this plan in 2019. There is only a single member of the LTIP programme remaining with the company as at 31 December 2019 who is owed US$23k under the plan - see Note 15 and Note 2.19 (F). No other additional possible payments are accrued based on all future performance and service conditions being met. As noted under 2012 Share Option Plan on this page, vesting has not been achieved for the year ended 31 December 2019.

On Behalf of the Remuneration Committee

Peter Lennon
Chairman of the Remuneration Committee

30 June 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of Datalex plc ("the parent company") and its subsidiaries ("the group") for the financial year ended 31 December 2019.

We do not express an opinion on the accompanying financial statements of the group and parent company for the financial year ended 31 December 2019. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The financial statements we were engaged to audit comprise:

The group financial statements:
- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 36, including a summary of significant accounting policies as set out in note 2.

The parent company financial statements:
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Cash Flow Statements; and
- the related notes 1 to 36, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in the preparation of the group and parent company financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

BASIS FOR DISCLAIMER OF OPINION

INTRODUCTION

We were appointed as auditors of the group and parent company on 31 December 2019. The predecessor auditor disclaimed their audit opinion on the financial statements of the group and parent company for the year ended 31 December 2018. We took these circumstances into account when planning and executing our audit procedures.

OPENING BALANCES

In light of the disclaimer of audit opinion for the year ended 31 December 2018, and the substantial changes in management during 2019, we were unable to obtain sufficient appropriate audit evidence over 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. Since opening balances enter into the determination of the financial performance and cashflows, we were unable to determine whether adjustments might have been necessary in respect of the loss for the financial year reported in the statement of profit and loss, statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows, across both financial year-ends. The possible effects on the group and parent company's financial statements of undetected misstatements in respect of this matter, if any, could be both material and pervasive. As a result, we were unable to determine if any adjustments might have been found necessary in order for the group's and parent company's financial statements to present a true and fair view, and accordingly, we have disclaimed our audit opinion.

MATERIAL UNCERTAINTIES RELATING TO GOING CONCERN

We draw your attention to note 2.5 in the financial statements, which indicates that group incurred a loss of US $12.1m for the financial year ended 31 December 2019, and, at that date had net current liabilities and net liabilities of US $16.5m and US $17.1m respectively. The ability of the group to continue as a going concern is dependent on continuing support of its shareholders, including the rescheduling of the repayment date of the existing debt facility out to 1 November 2021 and the provision of an additional facility up to the amount of Euro €10m (which will be subject to approval by the shareholders), successfully raising further capital and successfully implementing its revenue growth and cost containment strategies. Cash flow projections prepared by the directors (subject to obtaining a successful rescheduling of the repayment date on the existing debt facility and obtaining an additional facility up to the amount of Euro €10m, as noted above) indicate that the funds available are sufficient to meet the obligations of the group for a period of at least twelve months from the date of approval of the financial statements. The directors have prepared the financial statements of the group on the basis that the group is a going concern.

In response to this, we:

- obtained an understanding of the group's controls over the preparation of cash flow projections and approval of the projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and determined the implementation of these controls;
- tested the clerical accuracy of the cash flow forecast model;
- engaged our internal specialists to assist in challenging the key assumptions used in the cash flow forecasts;
- performed sensitivity analysis on the cash flow forecasts to assess the amount of cash shortfalls;
- assessed the financing facilities including nature of facilities, repayment terms and covenants;
- assessed the letter of intention of support received by the group from a substantial shareholder, Mr. Dermot Desmond, which comprises a rescheduling of the repayment date of the existing debt facility out to 1 November 2021 and the provision of an additional facility up to an amount of Euro €10m; and
- assessed the adequacy of the disclosures in the financial statements.

As stated in note 2.5, these events or conditions, along with the other matters as set forth in note 2.5 to the financial statements, indicate that material uncertainties exist that may cast significant doubt on the group's ability to continue as a going concern.

SUMMARY OF OUR AUDIT APPROACH

First Year Audit Transition and Key Audit Matters	This is the first year we have been appointed as auditors to the group. We undertook a number of transitional procedures to prepare for the audit. Before we commenced our audit, we used the time to meet with the directors and members of management to gain an understanding of the business, its challenges and the environment in which it operates. The key audit matters we identified in the current year were: Opening balances (see '*Basis for Disclaimer of Opinion*' section) Revenue recognition; Exceptional items; Management override of controls; and Going concern (see '*Material uncertainty relating to going concern*' section)
Materiality	The materiality for the group that we used in the current year was $224k which was determined on the basis of revenue. The materiality of the parent company that we used in the current year was $114k which was determined based on third party debt.
Scoping	We determined the scope of our group audit by obtaining an understanding of the group and its environment, including group-wide internal financial controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work in 7 components. 5 of these were subject to a full audit, whilst the remaining 2 were subject to audits of specified procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement and of the materiality of the component's operations to the group. Analytical review procedures were performed by the group engagement team on all other components within the group.

CONCLUSIONS RELATING TO PRINCIPAL RISKS AND VIABILITY STATEMENT

Aside from the impact of the matters disclosed in the '*Material uncertainty relating to going concern'* section, we confirm that we have nothing to report in respect of the following matters in relation the below matters which ISAs (Ireland) and the Listing Rules require us to report to you whether we have anything material to report, add or draw attention to:

- the directors confirmation in the annual report on pages 39 to 40 that they have carried out a robust assessment of the principal and emerging risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosure on pages 21 to 22 in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how, they are being managed or mitigated;
- the directors' explanation on page 30 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group and parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions; and
- the directors' statement relating to going concern and the prospects of the group required by Listing Rule 6.1.82(3) is materially inconsistent with our knowledge obtained in the audit

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the '*Basis for Disclaimer of Opinion'* section and in the '*Material uncertainty relating to going concern'* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

REVENUE RECOGNITION

Key audit matter description	As described in Note 2.7, the group derives a significant portion of its revenues from contracts containing multiple performance obligations, including fixed fee elements – Platform revenue and services revenue. Platform revenue involves licenses which provide customers with a right to access the Datalex platform over time, managed services/hosting facilitates customer use of the Datalex product suite and bundled performance obligations. Bundled performance obligations requires the exercise of significant judgement in the assessment of whether the performance obligations should be recognised over time or at a point in time. Professional service revenue contracts which remain open at the financial year end involve key project milestones, ongoing uncertainties around expected costs to complete and the group's future obligations. This requires the exercise of significant judgement in the assessment of the extent of progress towards completion which is estimated by reference to labour hours incurred to date as a percentage of the total estimated labour hours to service the project. Therefore, the revenue, cost and gross profit realisation can vary during the execution and reassessment of these projects against the contracted project milestones. The application of IFRS15 requires the recognition of deferred contract fulfilment costs. Such costs represent those already incurred in executing and delivering contractual obligations to customers for which the associated revenue has not been recognised at the balance sheet date. Significant judgement is exercised in determining what type of expenditure meets the criteria for recognition as deferred contract fulfilment costs, in particular the amount of time incurred by staff and contractors on customer contracts. The Audit Committee's discussion of this key audit matter is set out on page 44.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the revenue recognition process and assessed the design and tested the implementation of the relevant controls therein including how management determine the percentage of completion on customer contracts. Based upon the significant control deficiencies which were identified as part of the prior year audit, and as a result of our design and implementation work performed for 2019, we determined that a wholly substantive approach was appropriate. We engaged our internal specialists to assist in key judgement areas including the appropriateness of recognising the bundled performance obligations, commencing on completion of implementation services or the go-live date, over the contract term. We independently obtained confirmations from customers of the contracts in place during the year ended 31 December 2019. These customer confirmations validated the work order status as at the financial year end date and the completeness of the contracts. We agreed the fixed fee amounts for each contract to the signed agreements and challenged the percentage of completion calculation by independently obtaining confirmations from customers, confirming date of completion and inquiring of management (Team Lead, PMO and customer manager) of the rationale behind determining the percentage of completion. On a sample basis, we recalculated the revenue to be recognised in financial year 31 December 2019 and the related accrued/deferred revenue balances and agreed the revenue billed to customers to subsequent bank receipts. On a sample basis, we recalculated the deferred contract fulfilment costs including agreement of rates to source contracts and invoices. We evaluated the adequacy of disclosures as detailed in the note of the consolidated financial statements.

EXCEPTIONAL ITEMS

Key audit matter description	As described in note 2 (accounting policies, judgement and estimates) and note 23 (exceptional items) to the financial statements, the group classified a number of significant expenses totalling $8.3m as exceptional items. These costs relates to professional fees in relation to investigations, business transformation programme and litigation procedures and the associated costs for regulatory investigations, severance costs, and provision for non recovery of customer receivable balances, which are subject to litigation. The classification of items as exceptional, affects adjusted earnings per share and is inherently judgemental. As a result there is a risk that items are inappropriately classified as exceptional items in line with the stated accounting policy. The Audit Committee's discussion of this key audit matter is set out on page 44.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the process the directors undertook to identify and present exceptional items and assessed the design of the relevant controls therein. As a result of our design work performed for 2019, we determined that a wholly substantive approach was appropriate. We evaluated and challenged the nature and classification of transactions as exceptional in accordance with the group and parent company's accounting policy, whilst also, evaluating whether the accounting policy for exceptional items is appropriate and is consistent with previous periods. We evaluated the presentation of exceptional items and adequacy of the related disclosures in the group's financial statements against requirements under IFRS and Irish Company Law. Our work focused on items of income or expense that could impact the quality of earnings.

MANAGEMENT OVERRIDE OF CONTROLS

Key audit matter description	ISA (Ireland) 240 – The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements, highlights the risk of management override of controls as a presumed audit risk area. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. As a result of the breakdown in internal controls uncovered in early 2019 and detailed within the 2018 Annual Report, there is an increased risk of management override of controls.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the financial reporting process and assessed the design and tested the implementation of the relevant controls therein. Based upon the significant control deficiencies which were identified as part of the prior year audit, and as a result of our design and implementation work performed for 2019, we determined that a wholly substantive approach was appropriate. We incorporated specific, directed and focused criteria, in our selection of journal entries processed during the reporting period for testing, in the Significant Component ledgers, utilising data analytics tools. We performed a retrospective review of management's judgements and assumptions relating to significant estimates reflected in the prior year's financial statements. We reviewed certain accounting estimates for bias including revenue recognition and going concern, incorporating the following procedures: – We engaged our internal specialists to assist in key judgement areas including the assessment of bundled performance obligations within revenue contracts, and cashflow forecasts as part of the going concern assessment. – In respect of revenue recognition, we independently obtained confirmations from customers of the contracts in place during the year ended 31 December 2019. These customer confirmations validated the work order status as at the financial year end date and the completeness of the contracts in issue. – We engaged with management experts in assessing the reasonableness of certain provisions from a measurement perpspective. We obtained an understanding of the business rationale of significant transactions, with a specific focus on the loan facility received from a related party, Mr Dermot Desmond through his vehicle Tireragh Limited, during the year. We reviewed the shareholder approval for the loan and obtained external confirmation of the balance as at 31 December 2019.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be $224k which is approximately 0.5% of revenue. We have considered revenue to be the critical component for determining materiality because it is the most important measure for users of the group's financial statements.

We determined materiality for the parent company to be $114k which is approximately 1% of third party debt, as the most significant driver of the parent company financial statements.

We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the group and reliability of the control environment.

We agreed with the Audit Committee that we would report to them any audit differences in excess of $11.2k, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The structure of the group's finance function is such that the central group finance team in Dublin provides support to group entities for the accounting of the majority of transactions and balances. The audit work was undertaken and performed by an audit team based in Dublin.

We determined the scope of our group audit on an entity level basis, assessing components against the risk of material misstatement at the group level. Based on this assessment, we focussed our work on 7 components covering 100% of revenue and 99% of net assets. 5 of these were subject to a full audit, whilst the remaining 2 were subject to audits of specified procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement and of the materiality of the component's operations to the group. The legal entities, which were subject to a full scope audit, were Datalex plc, Datalex (Ireland) Limited, Datalex Solutions (UK) Limited, Datalex Netherlands BV, and Datalex USA Inc. We also carried out specified audit procedures on Datalex China Limited and Datalex Employee Benefit Trust.

At the parent company level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Datalex Annual Report 2019, other than the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Aside from the impact of the matter disclosed in the '*Basis for disclaimer of opinion*' section of this report, we have nothing to report in this regard. In this context, we also have nothing to report with regard to our responsibility to specifically address the following items in the other information as required by ISAs (Ireland) and the Listing Rules and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and the parent company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex* - the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex containing provisions specified for review by the auditor in accordance with Listing Rule 6.1.85 and Listing Rule 6.1.86 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code or the Irish Corporate Governance Annex.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the group and parent company's financial statements in accordance with International Standards on Auditing (Ireland) and to issue an auditor's report. However, because of the matter described in the '*Basis for disclaimer of opinion*' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

Aside from the impact of the matter disclosed in the '*Basis for disclaimer of opinion*' section of this report, based on the work undertaken in the course of the audit:

- the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014;

Aside from the impact of the matter disclosed in the '*Basis for disclaimer of opinion*' section of this report:

- we have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited;
- the Parent Company balance sheet is in agreement with the accounting records.

CORPORATE GOVERNANCE STATEMENT

Notwithstanding our disclaimer of opinion on the financial statements, based on the work undertaken in the coures of our audit we report, in relation to information given in the Corporate Governance Statement on pages 34 to 41 that:

- In our opinion based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and 2(d) of section 1373 of the Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Notwithstanding our disclaimer of an opinion on the financial statements, based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the directors' report.

Notwithstanding our disclaimer of an opinion on the financial statements, we have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee. Notwithstanding our disclaimer of an opinion on the financial statements, we have nothing to report in this regard.

OTHER MATTERS, WHICH WE ARE REQUIRED TO ADDRESS

Datalex plc appointed us on 31 December 2019 to audit the financial statements for the financial year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagements including previous renewals and reappointments of the firm is one financial year, covering the financial year ended 31 December 2019.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our disclaimer of opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Daniel Murray

For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland

30 June 2020

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Datalex

FINANCIAL STATEMENTS

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).

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

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.

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

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 US$'000	Current US$'000	Within 30 days US$'000	Between 31-60 days US$'000	Between 61-90 days US$'000	More than 90 days US$'000	Trade receivables US$'000	Total US$'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 US$'000	Current US$'000	Within 30 days US$'000	Between 31-60 days US$'000	Between 61-90 days US$'000	More than 90 days US$'000	Trade receivables US$'000	Total US$'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 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'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 No. of shares	2019 Weighted average exercise price (US$)	2018 No. of shares	2018 Weighted average exercise price (US$)
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	2019	2018	2018
	No. of shares	Weighted average exercise price (US$)	No. of shares	Weighted average exercise price (US$)
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:

				As Restated	*As Restated*	*As Restated*
Group	**2019**	**2019**	**2019**	**2018**	**2018**	**2018**
	E-Business	**TPF Consulting**	**Total**	**E-Business**	**TPF Consulting**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'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	2019	2019	2018	2018	2018
	E-Business	TPF Consulting	Total	E-Business	TPF Consulting	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'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	2019	2019	2018	2018	2018
	E-Business	TPF Consulting	Total	E-Business	TPF Consulting	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'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.

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.

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	Exceptions items	Total	Before Exceptional items	Exceptions items	Total	Before Exceptional items	Exceptions items	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	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.

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