Transforming Airline Retail

Datalex plc

Half-Yearly Financial Report

For the six months ended 30 June 2020

Datalex plc

Chief Executive Officer's Review

For the six months ended 30 June 2020

Overview

- *Datalex announced on 12 March 2020 that COVID-19 would have an adverse impact on its business in 2020. The Group acted decisively by making immediate necessary changes to its cost base whilst ensuring the safety and wellbeing of all employees*

- *Despite the inevitable impact COVID-19 will have on the airline industry for the months ahead, the Group is confident that appropriate actions taken during the first half of 2020 as well as other materially beneficial factors expected in the second half of 2020 will enable the Group to report a positive adjusted EBITDA on a constant currency basis for the full year (in line with previous guidance issued on 8 July 2020)*

- *The Group has retained all its customers during this period and these customers have continued to pay Datalex, an acknowledgment of the strength of our partnership and continued relevance during this time. Datalex has been able to react flexibly to customer needs to seamlessly implement important updates and, in particular, changes in the areas of cancellations, refunds and tax policies*

- *The Group has invested in the Digital Configurator, a tool that allows airlines to easily make business configuration changes providing airlines with greater flexibility and control. In the latter part of 2020, we will launch a new product to the market – Datalex Merchandiser, which enables intelligent merchandising for airlines*

- *Total revenue for the six months ended 30 June 2020 (the "period" or "H1 2020") fell by 42% (*) to US$13.2m versus the corresponding period of 2019 (H1 2019: US$22.6m). Platform revenue decreased by US$5.9m or 43% to US$7.7m (H1 2019: US$13.6m)*

  (*) On a like for like basis COVID-19 resulted in a 29% decrease to total revenue and a 10% decrease in platform revenue. One off revenue earned and recognised in H1 2019, as well as unmet revenue recognition criteria for a customer for H1 2020, account for the balance in reduced revenues

- *Total operating costs before exceptional items in the six months to 30 June 2020 decreased by 47% or US$13.6m to US$15.6m (H1 2019: US$29.2m)*

- *The Adjusted EBITDA loss of US$1.3m in H1 2020 was US$1.5m lower than the loss recorded in the comparative period of 2019 (H1 2019: loss of US$2.8m)*

- *Cash balances at 30 June 2020 amounted to US$3.4m, representing an increase of US$0.3m in the six months since 31 December 2019*

- *Cash generated from operations during the six months to 30 June 2020 was US$2.7m (H1 2019: cash used of US$11.1m), a significant improvement*

- *The Group continues to face significant financial challenges and the Board is keeping the Group's funding under close review*

- *The Directors recognise that, as detailed further in Note 2, there are material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Tireragh Limited's support, the Directors have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the Half-Yearly Financial Report on a going concern basis*

- *The Group renewed commercial contracts with a major Chinese customer during the period. No new customers were added by the Group in the first six months of 2020. One significant existing customer contract is under renegotiation, which if successful will allow cumulative revenue for all of 2020 to be recognised in H2 2020*

- *Based on current assumptions adjusted EBITDA on a constant currency basis of $0.75 million to $1.5 million is expected for FY2020, compared to adjusted EBITDA of $0.5 million in 2019*

- *Following the publication of our annual report on 30 June 2020, the suspension in the trading of the Company's shares by the Central Bank of Ireland and Euronext Dublin was lifted on 14 July 2020*

COVID-19

The first half of 2020 has been dominated by the global impact of the COVID-19 pandemic and has been a challenging period not just for Datalex, but for the airline and travel industry as a whole.

Datalex announced on 12 March 2020 that COVID-19 would have an adverse impact on its business in 2020. As stated in that announcement, it is difficult to accurately quantify the likely impact of COVID-19 on our financial and trading performance as it is not known how long the pandemic will persist. On 28 July 2020, the International Air Transport Association ('IATA') released an updated global passenger forecast stating that the recovery in traffic has been slower than expected. For 2020, global passenger numbers are expected to decline by 55% compared to 2019 (In April 2020, IATA had forecast that the decline would be 46%). IATA predicts strong recovery in 2021 and 2022 though global passenger traffic will not return to pre-COVID-19 levels until 2024, a year later than previously projected, and with Asia Pacific and Europe the regions expected to recover first.

Actions taken specific to COVID-19

The Group acted decisively in its response to COVID-19, by making immediate necessary changes to its cost base whilst ensuring the safety and wellbeing of all employees. Cost restructuring measures included renegotiating business partner arrangements, eliminating discretionary spending, freezing recruitment, implementing voluntary leave options and temporarily reducing working hours for our employees. Our employees in our offices across the globe (Ireland, UK, US, China & Netherlands) have been working remotely for a large part of H1 2020. We will continue to offer hybrid working arrangements for those wishing to work from our offices and from home as appropriate and are confident of maintaining a high level of productivity and performance.

Outlook In the context of COVID-19

Despite the inevitable impact COVID-19 will have on the airline industry for the months ahead, the Group is confident that appropriate actions taken during the first half of 2020 as well as other materially beneficial factors expected in the second half of 2020 will enable the Group to report a positive adjusted EBITDA for the full year (in line with previous guidance issued on 8 July 2020).

Business highlights

In our most recent annual report published on 30 June 2020, we detailed the Group's strategic plan 'Driving Accelerated and Sustainable Growth.' We have made good progress in implementing this strategy during this period, primarily in these key areas:

Customer at the core: The Group has retained all its customers during this period and customers have continued to pay Datalex, an acknowledgment of the strength of our partnership and continued relevance during this time. Datalex has been able to react flexibly to customer needs and 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. Organic growth from our existing customer base is the Group's foundation for growth.

Operational Excellence: Maintaining high standards of delivery and execution were key, and the operational improvements made in 2019 positioned us well in this regard.

Product First and Future Proofed Platform: We continued to invest in our core products during this period - Datalex Direct, Datalex NDC and Datalex Dynamic. New platform capabilities were developed to respond to customer needs, including adding vouchers as a form of payment. In response to customer and market demand for enhanced levels of retail control, the Group has invested in the Digital Configurator, a tool that will be available to all existing and new customers. The Digital Configurator will allow airlines to easily make business configuration changes, in production, without requiring complex development effort, thereby providing airlines with greater flexibility and control.

In the latter part of 2020, we will launch a new product to the market – Datalex Merchandiser, which enables intelligent merchandising for airlines. As passengers return to travel, offering ancillary products to increase the average spend per passenger will be a priority for airlines. Datalex Merchandiser has a short implementation time (less than six weeks for the base level product), meaning that upfront capital investment from airlines is minimised and a return on investment can be generated in a relatively short time period.

In line with our commitment to making our platform available and optimised for cloud, detailed planning for the migration to cloud of existing hosted customers has been a key priority during this period and migration activities will commence in the second half of 2020.

Relisting

Following the publication of our annual report on 30 June 2020, the suspension in the trading of the Company's shares by the Central Bank of Ireland and Euronext Dublin was lifted on 14 July 2020.

Datalex plc

Chief Executive Officer's Review

For the six months ended 30 June 2020 (continued)

Key financial information

For the six months ended	30 June 2020 As reported US$'M	30 June 2019 As reported US$'M	*Period on period change* [1] %
Platform revenue [1]	***7.7***	*13.6*	*-43%*
Services revenue	***4.9***	*8.0*	*-39%*
Consultancy revenue	***0.6***	*0.9*	*-33%*
Other revenue	**-**	*0.1*	*-100%*
Total revenue	**13.2**	22.6	*-42%*
Operating costs [2]	**15.5**	26.7	*-42%*
Exceptional costs (before tax)	**1.2**	2.4	
Adjusted EBITDA [3]	**(1.3)**	(2.8)	
Loss after tax for the period	**(4.8)**	(6.9)	
Cash and cash equivalents	**3.4**	3.7	
Debt (leases and secured related party loan)	**(19.2)**	(10.1)	
Net debt	**(16.2)**	(6.4)	
Cash generated/(used) in operations	**2.7**	(11.1)	
EPS – basic (US cent)	**(6.0)**	(8.6)	
EPS – diluted (US cent)	**(6.0)**	(8.6)	

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

(2) Operating costs include cost of sales, selling and marketing costs, administrative expenses and other gains/ (losses) (see Notes 5 and 8). They are stated before separately disclosed exceptional items (see Note 7).

(3) Adjusted EBITDA is defined as earnings from continuing 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 Notes 4 and 7).

Performance

Total revenue for the six months ended 30 June 2020 (the "period" or "H1 2020") fell by 42% to US$13.2m versus the corresponding period of 2019 (H1 2019: US$22.6m). Platform revenue decreased by US$5.9m or 43% to US$7.7m (H1 2019: US$13.6m). The decrease in Platform revenues was as a result of three main drivers, firstly a significant reduction in transaction volumes recorded by our Airline customers due to the COVID-19 crisis, secondly H1 2019 included a once-off sale of specific code to an Airline customer which was not replicated in 2020, thirdly revenues were not recognised in H1 2020 on a specific customer contract due to the IFRS 15 revenue recognition requirements not being met. In H1 2019 revenue of US$1.2m was recognised as there was no comparable revenue recognition issue. Management is working with the customer, at the customer's request, to renegotiate the contract, which if successful will allow the cumulative revenue for all of 2020 to be recognised in H2 2020. Services revenue of US$4.9m was US$3.1m or 39% lower than in H1 2019, reflecting lower levels of revenue-earning service deliveries to customers in the period.

Total operating costs before exceptional items in the six months to 30 June 2020 decreased by 47% or US$13.6m to US$15.6m (H1 2019: US$29.2m). The reduction in operating costs represents the effects of the cost saving measures taken by management during 2019. The underlying operating cost decrease was driven by lower staff costs, down US$6.9m or 46% (including impact of exceptional items) before capitalisation and lower contractor and outsourced partner costs (down US$4.6m or 56%).

These cost reductions resulted from the cost restructuring programmes, undertaken during 2019 and 2020. Professional fees decreased by US$1.1m or 60% compared to H1 2019, reflecting the fact that increased professional fees incurred by the business in the prior year were not replicated in the current year. As per Note 5, the majority of the Group's costs decreased year on year. Exceptional items decreased by 50% to US$1.2m during the six months to 30 June 2020. The reduction was primary due to a smaller level of severance costs incurred compared to the first half of 2019. This reduction was partially offset by an increase in exceptional professional fees as set out in Note 7.

The Adjusted EBITDA loss of US$1.3m in H1 2020 was US$1.5m lower than that recorded in the comparative period of 2019 (H1 2019: loss of US$2.8m), primarily reflecting the cost control measures taken by management in 2019 and 2020 which offset the impact of the COVID-19 revenue reductions. A reconciliation of Adjusted EBITDA to the loss before income tax is provided in Note 4 to the Half-Yearly Financial Report.

Financial position at 30 June 2020

Cash balances at 30 June 2020 amounted to US$3.4m, representing an increase of US$0.3m in the six months since 31 December 2019. This increase reflects the strong working capital management focus across the group and increased focus on cash collections from our customers whilst keeping our commitments to our creditors.

Cash generated from operations during the six months to 30 June 2020 was US$2.7m (H1 2019: cash used of US$11.1m). The significant improvement in cash inflow in the period was primarily due to increases in advance payments received from customers, cost control measures introduced during 2019 and 2020, combined with careful management of the Group's working capital.

Financing requirements

The Group continues to face significant financial challenges and the Board is keeping the Group's funding under close review.

At an EGM held on 26 April 2019 a loan facility with Tireragh Limited, a company ultimately beneficially owned by Mr. Desmond ("Tireragh") (the "First Facility") was approved by the shareholders. 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, which was approved by the shareholders on 15 November 2019 (the "Second Facility"), the First 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 were secured by an expanded security package.

A number of specified events, such as insolvency events, noncompliance 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, on the business and prospects of the Group and failure to meet certain financial projections by a specified margin.

Further financing requirements (Continued)
During H1 2020, Tireragh signalled its 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, Tireragh has also signalled its intent to provide additional debt funding to Datalex which 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. 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 2019 Annual Report, intends to raise additional equity finance to facilitate the repayment of the loan facilities. The new debt funding to be provided by Tireragh will provide Datalex with the flexibility to complete this equity fundraising at a more appropriate time.

The Directors recognise that, as detailed further in Note 2, there are material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Tireragh's support, the Directors have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the Half-Yearly Financial Report on a going concern basis.

Business development
The Group renewed commercial contracts with a major Chinese customer during the period. No new customers were added by the Group in the first six months of 2020.

We are continuing to extend our business with existing customers while also seeking new opportunities. Despite the impact of COVID-19 on the airline industry, talks are ongoing with a number of potential new customers.

Datalex offers winning technology solutions that enable airlines to take control and grow their high value digital retail revenues. The Group is particularly strong in the area of 'direct' e-commerce and is ranked 5th in terms of global market share in the June 2020 T2RL Report 'The Post-Covid Future for Airline E-commerce: The Market for Internet Booking Engines 2020', ahead of a number of leading competitors including Sabre and TravelSky. This report predicts a sharp swing in direct bookings post COVID-19 from 50-50 direct/indirect to 80/20 in favour of direct. This represents a strong opportunity for Datalex.

2020 Outlook
As stated in guidance issued to the market on 8 July 2020, the Group confirms that it expects to report adjusted EBITDA growth in 2020.

Based on current assumptions adjusted EBITDA on a constant currency basis of $0.75 million to $1.5 million is expected for FY2020, compared to adjusted EBITDA of $0.5 million in 2019. The assumptions include the completion of certain customer contract renewals in 2020 which have been requested by a customer airline. Delays in completing these renewals may result in the associated revenues being deferred into 2021. Management is actively working with the airline customer to complete the renewal during 2020.

Datalex continues to operate in a COVID-19 environment. The impact of COVID-19 on Datalex has been set out on pages 12 and 13 of the 2019 Annual Report, published on the 30 June 2020. Notwithstanding the uncertainty associated with COVID-19 we confirm the guidance issued for full year 2020.

Whilst we acknowledge the impact of COVID-19, and aviation's industry-wide uncertainty, Datalex occupies a key space with transformative software and products which can help airlines recover quickly. We are confident Datalex products are supporting and can continue to support our customer base as they manage the COVID-19 crisis while rebuilding our revenues and profitability. Datalex benefits from a broad array of contractual terms and conditions with our customers, including fixed fee contracts, contracts containing agreed annual minimums and contracts based on variable transaction volumes. The contracts with fixed fees and annual minimums help mitigate against further declines in airline transaction bookings as a result of the COVID-19 crisis.

Forward Looking Statement

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

Sean Corkery
Chief Executive Officer

27 August 2020

Datalex plc

Responsibility Statement

In respect of the six months ended 30 June 2020

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

Each of the Directors listed on page 24 of the 2019 annual report confirm that, to the best of their knowledge:

- The Directors of Datalex plc are responsible for preparing this interim management report and the Half-Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, Central Bank (Investment Market Conduct) Rules 2019, Interim Financial Reporting, as adopted by the European Union.
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the Half-Yearly Financial Report for the half year ended 30 June 2020 and a description of the principal risks and uncertainties for the remaining six months which has been provided in Note 25 of the Half-Yearly Financial Report.

- the Half-Yearly Financial Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Sean Corkery	**Niall O'Sullivan**
Director	**Director**

27 August 2020

Datalex plc

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2020 – unaudited

	Notes	30 June 2020 *Unaudited* US$'000	31 December 2019 *Audited* US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		858	1,077
Intangible assets	**16**	794	228
Right of use assets	**17**	5,249	5,789
Deferred contract fulfilment costs	**18**	2,519	2,161
Contract acquisition costs		127	190
Trade and other receivables	**9**	335	255
Total non-current assets		**9,882**	**9,700**
Current assets			
Deferred contract fulfilment costs	**18**	360	-
Trade and other receivables	**9**	10,629	7,247
Contract assets	**9**	322	2,561
Cash and cash equivalents		3,413	3,051
Total current assets		**14,724**	**12,859**
TOTAL ASSETS		**24,606**	**22,559**
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Issued ordinary share capital	**19**	8,213	8,198
Other issued equity share capital		262	262
Other reserves		11,888	11,892
Retained loss		(42,262)	(37,475)
TOTAL EQUITY		**(21,899)**	**(17,123)**
LIABILITIES			
Non-current liabilities			
Borrowings	**10**	5,148	5,487
Provisions	**11**	1,236	941
Contract liabilities	**13**	5,043	3,858
Total non-current liabilities		**11,427**	**10,286**
Current liabilities			
Borrowings	**10**	14,087	13,376
Provisions	**11**	762	1,236
Trade and other payables	**12**	11,260	10,963
Contract liabilities	**13**	8,688	3,561
Current income tax liabilities		281	260
Total current liabilities		**35,078**	**29,396**
TOTAL EQUITY AND LIABILITIES		**24,606**	**22,559**

Datalex plc

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2020 – unaudited

	Notes	Six months ended 30 June						Year ended 31 December		
		2020 *Unaudited* Before exceptional items US$'000	2020 *Unaudited* Exceptional items (Note 7) US$'000	2020 *Unaudited* Total US$'000	2019 *Unaudited* Before exceptional items US$'000	2019 *Unaudited* Exceptional items (Note 7) US$'000	2019 *Unaudited* Total US$'000	2019 *Audited* Before exceptional items US$'000	2019 *Audited* Exceptional items (Note 7) US$'000	2019 *Audited* Total US$'000
Continuing operations										
Revenue from contracts with customers	4	13,220	-	13,220	22,590	-	22,590	45,148	-	45,148
Cost of sales	5	(10,631)	-	(10,631)	(19,857)	-	(19,857)	(30,583)	(2,596)	(33,179)
GROSS PROFIT/ (LOSS)		**2,589**	**-**	**2,589**	**2,733**	**-**	**2,733**	**14,565**	**(2,596)**	**11,969**
Selling and marketing costs	5	(652)	-	(652)	(969)	-	(969)	(1,654)	-	(1,654)
Administrative expenses	5	(4,247)	(1,217)	(5,464)	(5,819)	(2,434)	(8,253)	(13,392)	(2,821)	(16,213)
Net impairment losses on financial and contract assets	5	(111)	-	(111)	(89)	-	(89)	(1,933)	(2,876)	(4,809)
Impairment of intangible assets		-	-	-	-	-	-	-	-	-
Other income		154	-	154	233	-	233	410	-	410
Other (losses)/gains	8	(6)	-	(6)	5	-	5	(199)	-	(199)
OPERATING LOSS		**(2,273)**	**(1,217)**	**(3,490)**	**(3,906)**	**(2,434)**	**(6,340)**	**(2,203)**	**(8,293)**	**(10,496)**
Finance income		1	-	1	3	-	3	4	-	4
Finance costs		(1,286)	-	(1,286)	(398)	-	(398)	(1,503)	-	(1,503)
LOSS BEFORE INCOME TAX		**(3,558)**	**(1,217)**	**(4,775)**	**(4,301)**	**(2,434)**	**(6,735)**	**(3,702)**	**(8,293)**	**(11,995)**
Income tax expense	14	(12)	-	(12)	(127)	-	(127)	(66)	-	(66)
LOSS FOR THE PERIOD		**(3,570)**	**(1,217)**	**(4,787)**	**(4,428)**	**(2,434)**	**(6,862)**	**(3,768)**	**(8,293)**	**(12,061)**
LOSS PER SHARE (in US$ cents per share)										
Basic	15			**(6.0)**			**(8.6)**			**(15.1)**
Diluted	15			**(6.0)**			**(8.6)**			**(15.1)**

Datalex plc

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2020 – unaudited

	Six months ended		Year ended
	30 June 2020	**30 June 2019**	**31 December 2019**
	Unaudited	***Unaudited***	***Audited***
	US$'000	**US$'000**	**US$'000**
Loss for the period	**(4,787)**	**(6,862)**	**(12,061)**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments			
- Arising in the period	-	-	7
Total items that may be subsequently reclassified to profit or loss	**-**	**-**	**7**
Comprehensive income for the period	**(4,787)**	**(6,862)**	**(12,054)**

Datalex plc

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2020 – unaudited

	Issued ordinary share capital US$'000	Other issued equity share capital US$'000	Other reserves US$'000	Retained (loss)/ earnings US$'000	Total equity US$'00 0
Unaudited					
Balance at 1 January 2019	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Loss for the period	-	-	-	(6,862)	**(6,862)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(6,862)**	**(6,862)**
Share-based payments cost	-	-	41	-	**41**
Issue of ordinary shares – share placing	441	-	3,965	-	**4,406**
Issue of ordinary shares – exercise of options	3	-	6	-	**9**
Share issue costs	-	-	-	(184)	**(184)**
Balance at 30 June 2019	**8,254**	**262**	**11,795**	**(32,276)**	**(11,965)**
Balance at 1 January 2019	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Loss for the year	-	-	-	(12,061)	**(12,061)**
Other comprehensive loss	-	-	7	-	**7**
Total comprehensive loss for the year	**-**	**-**	**7**	**(12,061)**	**(12,054)**
Share-based payments cost	-	-	83	-	**83**
Issue of ordinary shares on exercise of options	2	-	-	-	**2**
Issue of ordinary shares from share placement	386	-	4,019	-	**4,405**
Share issue costs	-	-	-	(184)	**(184)**
Balance at 31 December 2019	**8,198**	**262**	**11,892**	**(37,475)**	**(17,123)**
Unaudited					
Balance at 1 January 2020	**8,198**	**262**	**11,892**	**(37,475)**	**(17,123)**
Loss for the period	-	-	-	(4,787)	**(4,787)**
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**(4,787)**	**(4,787)**
Share-based payments credit	-	-	(11)	-	**(11)**
Issue of ordinary shares – exercise of options	15	-	7	-	**22**
Balance at 30 June 2020	**8,213**	**262**	**11,888**	**(42,262)**	**(21,899)**

Datalex plc

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2020 – unaudited

	Notes	Six months ended		Year ended
		30 June 2020 *Unaudited* US$'000	30 June 2019 *Unaudited* US$'000	31 December 2019 *Audited* US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated/(used) in operations	**20**	2,726	(11,139)	(15,003)
Income tax paid		(9)	(33)	(192)
NET CASH GENERATED/(USED) IN OPERATING ACTIVITIES		**2,717**	**(11,172)**	**(15,195)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(129)	(20)	(280)
Additions to intangible assets	**16**	(596)	-	(155)
Contract fulfilment cost payments	**18**	(718)	-	(4,201)
Interest received		1	3	5
Restricted cash		-	-	500
NET CASH USED IN INVESTING ACTIVITIES		**(1,442)**	**(17)**	**(4,131)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (including share premium)		22	4,585	4,223
Proceeds from borrowings	**10**	-	3,269	12,220
Payment of interest on lease liabilities		(319)	(370)	(706)
Payment of capital on lease liabilities		(575)	(695)	(1,247)
Interest paid		-	(265)	(481)
NET CASH (USED IN)/GENERATED FROM/FINANCING ACTIVITIES		**(872)**	**6,524**	**14,009**
Net increase/(decrease) in cash and cash equivalents		**403**	**(4,665)**	**(5,317)**
Foreign exchange gain/(loss) on cash and cash equivalents		(41)	(10)	(12)
Cash and cash equivalents at beginning of period		3,051	8,380	8,380
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**3,413**	**3,705**	**3,051**

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2020 – unaudited

1. General information

The principal activity of the Group 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. As a result of the non-publication of the Company's financial statements for the year ended 31 December 2018 by 30 April 2019 and the non-publication of the Company's interim financial statements for the six months to 30 June 2019 by 30 September 2019 (as required by the Central Bank (Investment Market Conduct) Rules 2019), the trading in the Company's shares was temporarily suspended. Following the publication of the 2019 Annual Report on the 30 June 2020, the suspension in the trading of the Company's shares by the Central Bank of Ireland and Euronext Dublin was lifted on the 14 July 2020.

This Half-Yearly Financial Report was authorised for issue by the Board of Directors on 27th August 2020.

2. Basis of preparation

The Half-Yearly Financial Report of Datalex plc (the 'Group'), which is presented in US Dollars and expressed in thousands, has been prepared as at, and for the period ended 30 June 2020, in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and International Accounting Standard 34, *Interim Financial Reporting,* ("IAS 34") as adopted by the European Union.

The Half-Yearly Financial Report does not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 included in the Datalex plc 2019 Annual Report which is available on the Group's website *www.datalex.com*. The Group's 2019 Annual Report and financial statements have been audited but the auditors, Deloitte Ireland LLP, have issued a disclaimer of opinion thereon in relation to the opening balances as at 1 January 2019. The disclaimed audit opinion is presented on pages 51 to 56 of the Datalex plc Annual Report 2019. Those financial statements have been filed with the Registrar of Companies.

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

Certain prior period amounts in this report have been reclassified to conform with the current period presentation, none of which, taken as a whole, are material to the financial statements.

Going concern

The Half-Yearly Financial Report has been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future.

The Group incurred a loss of US$4.8m in the six months to 30 June 2020 (2019 financial year: loss of US$12.1m). At 30 June 2020, the Group had net liabilities of US$21.9m (31 December 2019: net liabilities of US$17.1m) and net current liabilities of US$20.3m (31 December 2019: net current liabilities of US$16.5m). Operating cash inflows in the six-month period were US$2.7m (2019 financial year: US$15.2m outflow). The total increase in cash in the six months to 30 June 2020 was US$0.4m (2019 financial year: US$5.3m decrease).

The Group continues to operate in a very competitive environment. COVID-19 has had a significant adverse impact on the aviation industry to date and there remains uncertainty as to when the industry will recover from it. This leads to the risk that airlines could fail in the near future due to the travel restrictions imposed by governments throughout the world. A number of significant events occurred during 2019 financial year 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.

2. Basis of preparation (continued)

As the Group recovers from the financial challenges it encountered, the Board acknowledges that there is a risk that some customers may look to alternative providers. As described in the Financial & Operational Review section in the 2019 Annual Report, Lufthansa AG and Swiss International Airlines Limited terminated their contracts with Datalex during 2019. In April 2020 the Group received a termination notice from another customer which is related to its own internal restructuring and we are in discussions with the customer regarding a new contractual arrangement. These discussions are continuing at the date of this report. 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 of Directors 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. Preparation of financial forecasts for the business is challenging in this environment, as there are a number of different outcomes, both positive and negative which could arise as a result of COVID-19. In our 2019 annual report published on 30 June 2020, we 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 relating to COVID-19 and customer readiness
- 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.

No material changes in the above potential impacts have been noted since the publication of the 2019 Annual Report on 30 June 2020.

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, cash shortfalls have been identified in the 12-month period to 30 August 2021. In addition, on 1 November 2020 the Group is required to repay Tireragh US$13.9m, being US$12.4m in amounts drawn down and accrued interest of US$1.5m. 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, in order to preserve flexibility to operate the business through the economic challenges resulting from COVID-19.

2. Basis of preparation (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, a company ultimately beneficially owned by Mr. Desmond ('Tireragh'), 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 fees 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 suspension in trading in the Company's shares has now been lifted and the Board intends to arrange an equity fundraising as described above. The additional debt funding facility that Tireragh intends to provide will allow 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 Tireragh and 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 Tireragh's intention to support, the Board has a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and is 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 was unable to continue as a going concern.

3. Accounting policies

The accounting policies applied by the Group in the Half-Yearly Financial Report are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2019. There have been no changes to significant judgements in applying the Group's accounting policies and/or the key sources of estimation uncertainties for the Half-Yearly Financial Report since the 2019 Annual Report. The 2019 Annual Report was published on the 30 June 2020.

Other IFRSs and IFRIC interpretations

No IFRSs or IFRIC interpretations are effective for the first time for the financial period beginning on 1 January 2020 that have a material impact on the Group.

4. Segmental information

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

4. Segmental information (continued)

The executive management team considers the business from a product and service perspective. At 30 June 2020 and 2019, TPF Consulting did not meet the quantitative thresholds for mandatory disclosure under IFRS 8, *Operating Segments*. However, the executive management team has opted to continue to disclose this segment separately on the basis that TPF Consulting is managed independently and that the executive management team reviews the performance of the segment separately. The TPF 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 or loss is measured on Adjusted EBITDA, which is defined as earnings before interest, tax, depreciation, amortisation, share-based payments cost and exceptional items. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the income statement.

The segment information provided to the executive management team for the reportable segments for the six months ended 30 June 2020 is as follows:

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	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	12,618	967	**13,585**	21,731	1,288	**23,019**
Inter-segment revenue	-	(365)	**(365)**	-	(429)	**(429)**
External revenue	**12,618**	**602**	**13,220**	**21,731**	**859**	**22,590**
Adjusted EBITDA	(1,335)	76	**(1,259)**	(2,918)	126	**(2,792)**
Share-based payments credit /(cost)	11	-	**11**	(41)	-	**(41)**
EBITDA	**(1,324)**	**76**	**(1,248)**	**(2,959)**	**126**	**(2,833)**
Depreciation	(908)	(24)	**(932)**	(1,027)	(10)	**(1,037)**
Amortisation	(93)	-	**(93)**	(36)	-	**(36)**
Operating (loss)/ profit before exceptional items	**(2,325)**	**52**	**(2,273)**	**(4,022)**	**116**	**(3,906)**
Exceptional items (Note 7)	(1,217)	-	**(1,217)**	(2,434)	-	**(2,434)**
Operating (loss)/ profit after exceptional items	**(3,542)**	**52**	**(3,490)**	**(6,456)**	**116**	**(6,340)**
Finance income			1			3
Finance costs			(1,286)			(398)
Loss before income tax			**(4,775)**			**(6,735)**
Income tax expense			(12)			(127)
Loss for the period			**(4,787)**			**(6,862)**

4. Segmental information (continued)

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

	Six months ended		Year ended
	30 June 2020 US$'000	**30 June 2019 US$'000**	**31 December 2019 US$'000**
Adjusted EBITDA	**(1,259)**	**(2,792)**	**495**
Depreciation	(518)	(598)	(1,105)
Depreciation – Right of Use Assets	(414)	(439)	(841)
Amortisation – Software	(29)	(36)	(67)
Amortisation – Contract Acquisition costs	(64)	-	(602)
Finance income	1	3	4
Finance costs	(1,286)	(398)	(1,503)
Share-based payments credit/(cost)	11	(41)	(83)
Exceptional items (Note 7)	(1,217)	(2,434)	(8,293)
Loss before income tax	**(4,775)**	**(6,735)**	**(11,995)**

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 the operations of the segment and the physical location of the assets.

Total segment assets and liabilities are as follows:

	30 June 2020			31 December 2019		
	E-business US$'000	**TPF Consulting US$'000**	**Total US$'000**	**E-business US$'000**	**TPF Consulting US$'000**	**Total US$'000**
Total segment assets	24,215	391	**24,606**	21,871	689	**22,560**
Total segment liabilities	(46,449)	(56)	**(46,505)**	(38,806)	(876)	**(39,682)**

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

Analysis of revenue by category	Six months ended		Year ended
	30 June 2020 US$'000	**30 June 2019 US$'000**	**31 December 2019 US$'000**
Platform revenue	7,739	13,614	26,822
Professional services	4,880	8,036	16,397
Consultancy	601	859	1,677
Other revenue	-	81	252
Revenue from contracts with customers	**13,220**	**22,590**	**45,148**

Refer to Note 2.7 of the Group's 2019 Annual Report for the definition of the different revenue categories included in the table above.

5. Expenses by nature

	Six months ended				Year ended
	30 June 2020 Before exceptional items US$'000	30 June 2020 Exceptional items (Note 7) US$'000	30 June 2020 Total US$'000	30 June 2019 Total US$'000	31 December 2019 Total US$'000
Employee benefit expense (Note 6) – net of capitalisation	7,521	244	7,765	14,430	21,490
Consultant and contractor costs – net of capitalisation	3,742	-	3,742	8,413	14,840
Amortisation – software	29	-	29	36	67
Amortisation – contract acquisition costs	64	-	64	357	602
Establishment costs	395	-	395	407	836
Hosting	722	-	722	613	1,130
Professional fees	744	749	1,493	1,846	1,492
Travel	143	-	143	358	695
Depreciation – PP&E	518	-	518	598	1,105
Depreciation – Right of Use Assets	414	-	414	439	841
Net impairment losses on financial and contract assets	111	-	111	89	4,809
Third party services	232	-	232	244	512
Auditor's remuneration	146	224	370	199	521
Communication	92	-	92	128	238
Software maintenance and other online charges	39	-	39	331	771
Other	729	-	729	680	5,906
Total cost of sales, selling and marketing costs, administrative expenses and net impairment losses on financial and contract assets	**15,641**	**1,217**	**16,858**	**29,168**	**55,855**
Other gains/ (losses) (Note 8)	6	-	6	(5)	199
Total operating costs	**15,647**	**1,217**	**16,864**	**29,163**	**56,054**
Disclosed as:					
- Cost of sales	10,631	-	10,631	19,857	33,179
- Selling and marketing costs	652	-	652	969	1,654
- Administrative expenses	4,247	1,217	5,464	8,253	16,213
- Net impairment losses on financial and contract assets	111	-	111	89	4,809
- Other gains/(losses)	6	-	6	(5)	199
Total operating costs	**15,647**	**1,217**	**16,864**	**29,163**	**56,054**

Included in operating costs for the six months ended 30 June 2019 above are exceptional costs amounting to US$2,434,000, which have been included in administrative expenses (see Note 7 below).

Included in operating costs for the year ended 31 December 2019 above are exceptional costs amounting to US$8,293,000, of which US$2,596,000 has been included in cost of sales, US$2,821,000 in administrative expenses and US$2,876,000 in Net impairment losses on financial and contract assets (see Note 7 below).

6. Employee benefit expense

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000	Year ended 31 December 2019 US$'000
Wages and salaries	6,626	10,823	16,305
Social security costs	624	1,150	2,123
Pension costs – defined contribution schemes	282	480	859
Severance costs (i)	244	1,915	2,596
Employee benefit expense before capitalisation	**7,776**	**14,368**	**21,883**
Capitalised labour	(178)	-	(42)
Employee benefit expense after capitalisation	**7,598**	**14,368**	**21,841**
Share based payments credit	(11)	41	(83)
Employee long term incentive plan cost/(credit)	-	31	(310)
Total	**7,587**	**14,440**	**21,448**
Total employee expense before capitalisation	7,765	14,440	21,490
Capitalisation (ii)	(178)	-	(42)
Total employee benefit expense	**7,587**	**14,440**	**21,448**

(i) Severance costs have been classified as exceptional (Note 7).
(ii) The capitalised employee costs are included in Capitalised Development costs (Note 15) together with relevant contractor costs.

7. Exceptional items

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000	Year ended 31 December 2019 US$'000
Professional fees in relation to investigations, business transformation programme and litigation procedures	973	473	1,555
Severance pay costs	244	1,961	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
Exceptional items included in income tax expense	-	-	8,293
Total	**1,217**	**2,434**	**8,293**

The exceptional items that arose in respect of the year ended 31 December 2019 are described in Note 23 of the Group's 2019 Annual Report. The exceptional items incurred in respect of the six months ended 30 June 2020 are outlined below:

Restructuring costs
In response to COVID-19, difficult decisions and actions were taken by the Group to protect the Group, including the implementation of a redundancy program which saw fourteen roles depart the Group. This cost of this redundancy program was US$244,000.

7. Exceptional items (continued)

Professional fees incurred
An amount of US$973,000 was incurred in the six months ended 30 June 2020 for professional advisory fees. These fees primarily related to business transformation and restructuring, litigation, working capital projects and additional audit costs associated with resolving the historic disclaimer of opinion issued on the 2018 Annual Report.

8. Other (losses)/gains

	Six months ended		Year ended
	30 June 2020 US$'000	30 June 2019 US$'000	31 December 2019 US$'000
Net foreign exchange (losses)/gain	(6)	5	(199)
Net total	**(6)**	**5**	**(199)**

9. Trade and other receivables and contract assets

	30 June 2020 US$'000	31 December 2019 US$'000
Current trade and other receivables and contract assets		
Trade receivables	13,988	10,084
Less: allowance for expected credit losses on trade receivables*	(5,601)	(5,506)
Trade receivables – net	**8,387**	**4,578**
Contract assets	373	2,757
Less: allowance for expected credit losses on contract assets*	(51)	(196)
Contract assets – net	**322**	**2,561**
Prepayments	921	531
Research and development tax credits	416	499
VAT receivable	815	1,588
Receivable from related parties	46	46
Other receivables	44	5
Total other receivables	**2,242**	**2,669**
Total current trade and other receivables– net	**10,629**	**7,247**
Total current contract assets – net	**322**	**2,561**
Non-current trade and other receivables		
Research and development tax credit	335	255
Total other receivables	**335**	**255**
Total non-current trade and other receivables	**335**	**255**
Total trade and other receivables and contract assets	**11,286**	**10,063**

* ECL Allowance has been updated to reflect the probability of default as at the 30 June 2020.

9. Trade and other receivables and contract assets

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

	30 June 2020 US$'000	31 December 2019 US$'000
US dollar	9,480	7,384
Euro	4,654	4,394
Swedish krona	-	70
Pound sterling	102	898
Chinese renminbi	125	95
Total	**14,361**	**12,841**

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

10. Borrowings

	30 June 2020 US$'000	31 December 2019 US$'000
Lease liabilities	5,959	6,442
Secured loan	13,276	12,421
Total borrowings	**19,235**	**18,863**
Non-current	5,148	5,487
Current	14,087	13,376
Total borrowings	**19,235**	**18,863**

Lease liabilities	30 June 2020 US$'000	31 December 2019 US$'000
Non-current	5,148	5,487
Current	811	955
Total lease liabilities	**5,959**	**6,442**

10. Borrowings (continued)

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

	30 June 2020 US$'000	31 December 2019 US$'000
US dollar	973	1,218
Euro	4,008	4,282
Pound sterling	821	913
Chinese renminbi	157	29
Total	**5,959**	**6,442**

Secured loan from related party	30 June 2020 US$'000	31 December 2019 US$'000
Current	13,276	12,421
Total loan liability	**13,726**	**12,421**

Related party secured loan

The Company entered into a €6.141m secured loan facility agreement on 14 March 2019 with Tireragh Limited, a company ultimately beneficially owned by Mr. Desmond ('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.

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 requires 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;

10. Borrowings (continued)

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

(iv) US law security over such assets, undertaking and goodwill of Datalex USA Inc. as may be permissible as a matter of US law as security for its and the other guarantors' obligations to Tireragh 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 adhere to certain covenants, as outlined below:

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

- Achievement of Revenue and EBITDA targets, subject to agreed performance criteria, on a six-month rolling basis.
- Achievement of Cash & Bank balances and Working Capital targets on a monthly basis, subject to agreed performance criteria and testing over two consecutive months.

The Company has achieved the relevant financial covenant targets to date.

The Company has secured certain non-financial covenant waivers from Tireragh Limited, in order to preserve flexibility to operate the business through the economic challenges resulting from COVID-19.

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

	30 June 2020 US$'000	**31 December 2019 US$'000**
As at 1 January 2020	12,421	-
Drawdown*	-	12,405
Debt issuance costs	-	(469)
Debt issuance costs - amortisation	232	166
Interest charges	651	148
FX	(28)	171
	13,276	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.

11. Provisions

	30 June 2020 US$'000	31 December 2019 US$'000
Current		
Long term incentive Plan	23	23
Regulatory Costs Compliance	362	436
Uncertain Tax Positions	377	482
Total Current	762	941
Non-current		
Regulatory Costs Compliance	598	598
Uncertain Tax Positions	638	638
Total Non-current	1,236	1,236
Total Provisions	**1,998**	**2,177**

A. Long Term Incentive Plan	30 June 2020 US$'000	31 December 2019 US$'000
At 1 January 2020	23	651
(Credited)/ charged to the statement of profit or loss	-	(318)
Unused amounts reversed	-	(310)
Credit in the period	-	(628)
At 30 June 2020	23	23

B. Regulatory Costs Compliance	30 June 2020 US$'000	31 December 2019 US$'000
At 1 January 2020	1,034	-
Charged to the statement of profit or loss	-	1,034
Utilised in the period	(74)	-
At 30 June 2020	960	1,034

C. Uncertain Tax Positions	30 June 2020 US$'000	31 December 2019 US$'000
At 1 January 2020	1,120	1,264
Charged to the statement of profit or loss	17	247
Paid during the period	-	(352)
Utilised in the period	(122)	(39)
At 30 June 2020	1,015	1,120

12. Trade and other payables

	30 June 2020 US$'000	31 December 2019 US$'000
Trade payables	6,996	7,216
Accruals	1,948	2,796
Pension contributions	103	128
Social security and other taxes	1,995	574
VAT payable	31	21
Other payables	187	228
Total current trade and other payables	**11,260**	**10,963**
Total trade and other payables	**11,260**	**10,963**

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

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

	30 June 2020 US$'000	31 December 2019 US$'000
US dollar	4,421	4,321
Euro	2,315	2,649
Pound sterling	258	246
Other	2	-
Total	**6,996**	**7,216**

13. Contract Liabilities

	30 June 2020 US$'000	31 December 2019 US$'000
Advances for bundled performance obligations	4,726	3,818
Advances for service performance obligations	1,717	624
Advances for platform performance obligations	7,288	2,977
Total	13,731	7,419
Current	8,688	3,561
Non-current	5,043	3,858

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

The increase in the Contract Liabilities balance at 30 June 2020 is primarily due to the receipt of customer advance payments during the first half of 2020.

14. Income tax

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000	Year ended 31 December 2019 US$'000
Current tax			
Income tax expense	12	127	66
Current tax expense for the period	**12**	**127**	**66**

No deferred tax assets have been recognised in respect of the loss incurred in the six months ended 30 June 2020 due to uncertainties surrounding the utilisation of the assets against future taxable profits.

Further information on the income tax expense recorded in the year ended 31 December 2019 is set out in Note 9 to the Group's 2019 Annual Report.

15. Loss per share

Basic	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
Loss attributable to ordinary shareholders (US$'000)	(4,787)	(6,862)	(12,061)
Weighted average number of ordinary shares outstanding	79,935,767	79,810,867	79,923,849
Basic loss per share (in US$ cents)	**(6.0)**	**(8.60)**	**(15.1)**

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

Diluted	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
Loss attributable to ordinary shareholders (US$'000)	(4,787)	(6,862)	(12,061)
Weighted average number of ordinary shares outstanding – basic	79,935,767	79,810,867	79,923,849
Adjustment for share options and share awards	-	-	-
Weighted average number of ordinary shares outstanding – diluted	79,935,767	79,810,867	79,923,849
Diluted loss per share (in US$ cents)	**(6.0)**	**(8.60)**	**(15.1)**

Diluted loss 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, deferred share awards and Joint Share Ownership Plan ("JSOP") awards. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) 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 were anti-dilutive for the six months ended 30 June 2020 and 30 June 2019, and for the year ended 31 December 2019, due to the losses recorded by the Group in these periods. The share options could potentially dilute basic earnings per share in the future.

15. Loss per share (continued)

The weighted average potential dilutive impact of share options at 30 June 2020 will vary based on the average share price for the reporting period, 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: 1,542,783 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). Trading recommenced on the 14th July 2020, with the share price closing at 22.6c (Euro).

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 30 June 2020 amounted to 609,905 shares (31 December 2019: 609,905 treated as dilutive).

16. Intangible assets

	Software US$'000	Product development US$'000	Total US$'000
Six months ended 30 June 2019			
Opening net book value	**140**	-	**140**
Additions	-	-	-
Amortisation charge	(36)	-	**(36)**
Closing net book value	**104**	-	**104**
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 and impairment	(67)	-	**(67)**
Closing net book value	**121**	**107**	**228**
Six months ended 30 June 2020			
Opening net book value	**121**	**107**	**228**
Additions	252	-	**252**
Work in Progress	-	343	**343**
Amortisation charge	(29)	-	**(29)**
Closing net book value	**344**	**450**	**794**
At 30 June 2019			
Cost	440	450	**890**
Accumulated amortisation and impairment	(96)	-	**(96)**
Closing net book value	**344**	**450**	**794**

Intangible assets consist of capitalised development costs and software. These intangibles have finite useful lives and are valued based on actual costs incurred. No indicators of impairment have been identified in relation to the Group's Intangible Assets. The capitalised Software includes amounts incurred on the Groups new ERP system.

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

Capitalised development costs are amortised over a period of three to five years (the majority being amortised over five years) commencing from when the related product is generally available for use.

17. Lease Assets & Liabilities

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

	Office Buildings US$'000	Computer Equipment US$'000	Motor Vehicles US$'000	Total US$'000
Leased right-of-use assets				
At 1 January 2019, net carrying amount	-	-	-	-
Effect of adopting IFRS 16	5,942	1,141	90	7,173
Assets previously accounted for as Finance Leases reported with PP&E during H1 2019	-	(746)	-	(746)
Translation adjustment	(27)	-	(18)	(45)
Depreciation charge for the period	(402)	(245)	(1)	(648)
At 30 June 2019, net carrying amount	**5,513**	**150**	**71**	**5,734**
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)	-	(36)	(89)
Depreciation charge for year	(804)	(489)	(2)	(1,295)
At 31 December 2019, net carrying amount	**5,085**	**652**	**52**	**5,789**
At 30 June 2020				
Cost	5,946	1,160	53	7,159
Accumulated depreciation	(1,202)	(690)	(18)	(1,910)
Net carrying amount	**4,744**	**470**	**35**	**5,249**
At 1 January 2020, net carrying amount	5,085	652	52	5,789
Translation adjustment	(69)	(43)	-	(112)
Additions	173	62	3	238
Disposals	(47)	-	(4)	(51)
Depreciation charge for year	(398)	(201)	(16)	(615)
At 30 June 2020, net carrying amount	**4,744**	**470**	**35**	**5,249**

No indicators of impairment have been identified in relation to the Group's Right of Use Assets. The Group continues to utilise its Office Buildings, Computer Equipment and Motor Vehicles as at 30 June 2020.

18. Lease Assets & Liabilities (continued)

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

	Office Buildings US$'000	Computer Equipment US$'000	Motor Vehicles US$'000	Total US$'000
Lease liabilities				
At 1 January 2019	-	-	-	-
Effect of adopting IFRS 16	(6,400)	(1,261)	(90)	(7,751)
Translation adjustment	24	1	-	25
Payments	581	685	23	1,289
Discount unwinding	(319)	(22)	(8)	(349)
At 30 June 2019	**(6,114)**	**(597)**	**(75)**	**(6,786)**
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)**
At 1 January 2020	(5,828)	(556)	(58)	(6,442)
Additions	(173)	(62)	(3)	(238)
Disposals	53	-	4	57
Translation adjustment	78	(5)	5	78
Payments	582	295	17	894
Discount unwinding	(297)	(7)	(4)	(308)
At 30 June 2020	**(5,585)**	**(335)**	**(39)**	**(5,959)**

18. Deferred contract fulfilment costs

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

	30 June 2020 US$'000	31 December 2019 US$'000
At start of period	2,161	11,524
Costs incurred to fulfil terminated customer contract in the period	-	2,040
Costs incurred to fulfil the ongoing customer contracts in the period	718	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 end of period	**2,879**	**2,161**

The deferred contract fulfilment cost assets at 30 June 2020 and 31 December 2019 are analysed as follows:

	30 June 2020 US$'000	31 December 2019 US$'000
Current		
Costs incurred to fulfil customer contracts	360	-
Non-current		
Costs incurred to fulfil customer contracts	2,519	2,161
Total	**2,879**	**2,161**

Deferred contract fulfilment costs arise from customer service contracts and comprise of staff and contractor/ outsource partner costs incurred up to each reporting period end. These costs are being deferred under IFRS 15 and will be recognised in profit or loss as the related performance obligations are fulfilled.

At 30 June 2020, the Directors are of the opinion that the contract fulfilment costs of US$2.9m (31 December 2019: US$2.2m) will be recovered through related future revenues and that deferral of such costs continues to be appropriate.

The deferred costs are amortised on a systematic basis consistent with the pattern of the transfer of the services to which the asset relates, generally the licence term. There was no transfer of any of the service to which the asset relates in 2019 and as a result there was no associated amortisation.

(i) The amounts reported in 2019 related to an implementation project 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 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 balance of the Deferred Contract Fulfilment Costs relating to the terminated customer contract have been written off as non-recoverable.

19. Share capital

During the six months to 30 June 2020, a total of 150,000 Datalex plc ordinary shares were issued (six months ended 30 June 2019: 3,884,000 ordinary shares; year ended 31 December 2019: 3,884,000 ordinary shares). This comprised 150,000 ordinary shares that were issued upon the exercise of employee share options (six months ended 30 June 2019: 25,000 ordinary shares issued upon the exercise of employee share options; year ended 31 December 2019: 25,000 ordinary shares issued upon the exercise of employee share options).

Total equity increased in the six months ended 30 June 2020 by US$22,000 (representing issued ordinary share capital of US$15,000 and share premium of US$7,000) as a result of the exercise of share options. This was offset by a share-based payments credit of US$11k, being a US$17k share-based payment credit due to departing employees and a charge of US$6k in relation to share-based payments for remaining employees.

There were 82,133,842 ordinary shares in issue at 30 June 2020 (31 December 2019: 81,983,842). Included in the total issued ordinary shares at both 30 June 2020 and 31 December 2019 were 590,000 ordinary shares held by The Datalex Employee Benefit Trust which have been treated as treasury shares.

20. Cash generated/(used) in operations

	Six months ended		Year ended
	30 June 2020 US$'000	**30 June 2019 US$'000**	**31 December 2019 US$'000**
Loss before income tax	(4,775)	(6,735)	(11,995)
Adjustments for:			
Finance costs – net	978	267	603
Interest on lease liabilities	308	-	652
Depreciation	518	598	1,105
Depreciation of right-of-use assets	414	439	841
Amortisation	29	36	67
Deferred commission amortisation	64	357	602
Impairment	-	-	231
Share-based payments (credit)/cost	(11)	41	83
Exchange translation adjustment	-	(5)	8
(Profit)/Loss on disposal of fixed assets	(6)	-	4
Provision (LTIP) movement	-	12	627
	(2,481)	**(4,990)**	**(7,172)**
Changes in working capital:			
Trade and other receivables	(3,462)	(3,210)	469
Contract assets	2,239	510	(774)
Contract fulfilment costs	-	(2,076)	2,762
Trade and other payables	297	1,193	(4,834)
Contract liabilities	6,312	(2,566)	(6,346)
Other provisions	(179)	-	892
Cash generated/(used) in operations	**2,726**	**(11,139)**	**(15,003)**

Datalex plc

Notes to the Half-Yearly Financial Report

For the six months ended 30 June 2020 – unaudited (continued)

21. Related party transactions

The following transactions were entered into with related parties:

(a) Key management compensation:

Key management personnel include the two Executive Directors who held office during the period (six months ended 30 June 2019: four Executive Directors), the five Non-Executive Directors (six months ended 30 June 2019: five Non-Executive Directors) and thirteen members of the senior management team (six months ended 30 June 2019: seven members). Key management compensation comprises:

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000
Short term employee benefits (1)	1,748	1,300
Share-based payment charge (2)	6	52
Termination benefits	16	196
Retirement benefits expense (3)	72	52
Total	**1,842**	**1,600**

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

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

(3) Retirement benefits accrued in the period to two Executive Directors (six months ended 30 June 2019: three Directors) and thirteen members of the senior management team (six months ended 30 June 2019: seven members) under defined contribution schemes.

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

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000
Directors' fees	**166**	**169**

(b) Transactions with Tireragh Limited :

As more fully explained in Note 10 above, the Group entered into a secured loan facility agreement with Tireragh Limited. Tireragh Limited is a related party ultimately beneficially owned by Mr. Dermot Desmond. At 30 June 2020, the total balance payable to Tireragh Limited under this arrangement was $13,276,000.

(c) Other:

Details of related party transactions in respect of the year ended 31 December 2019 are contained in Note 29 of the Datalex plc Annual Report 2019. The Group continued to enter into transactions in the normal course of business with its related parties during the period. Except as disclosed in (b) above, there were no transactions with related parties in the first half of 2020 or changes to transactions with related parties disclosed in the 2019 Annual Report that had a material effect on the financial position or performance of the Group.

22. Dividends

The Directors do not propose an interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: US$nil).

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

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

Accordingly, an intercompany payable to Datalex Ireland has been recognised for US$4.0m in the financial statements of Datalex plc and the dividend received had been derecognised in the statement of profit and loss of the Company for 2018. The amount remains outstanding at 30 June 2020.

23. Seasonality

Management do not believe that seasonality has a material impact on the business of the Group. Business performance is impacted by the timing of satisfaction of the performance obligations that the Group has been contracted to provide to customers.

24. Events occurring after the statement of financial position date

On 14 July 2020, the Group announced that the listing of the Company's shares on Euronext Dublin had been restored and the trading of the Company's ordinary shares resumed with immediate effect.

There were no other events that would impact on the Half-Yearly Financial Report for the six months ended 30 June 2020, up to the date of issue.

25. Principal risks and uncertainties

The principal risks and uncertainties faced by the Group were last outlined on pages 21 and 22 of the Group's 2019 Annual Report. The Annual Report is available on our website *www.datalex.com/investors.*

COVID-19 will have an unpredictable impact on all businesses. The directors in conjunction with the management team have performed an assessment of the risks faced specifically in relation to COVID-19. The Group outlined the business impact of COVID-19 and actions being taken to respond to the impact of COVID-19 on pages 12 and 13 of the 2019 Annual Report. The risks for the remaining six months are the same as those that been disclosed in the 2019 annual report. These risks were assessed during H1 2020 as the Company reviewed the impact of the COVID-19 crisis on the business.

26. Litigation and disputes:

There has been no material change in the Group's legal dispute with Lufthansa and its subsidiary airline, Swiss International Airlines since the publication of the Datalex plc statutory financial statements for the year ended 31 December 2019.

27. Distribution of interim report

This interim report is available on the Group's website *www.datalex.com*. Copies are also available to the public from the Company's registered office at Block U, EastPoint, Dublin, D03 H704, Ireland.

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