



DATALEX LEADING THE DIGITAL TRANSFORMATION OF TRAVEL RETAIL

Continued Strong Financial Performance in H1 2018;

25% Growth in Profit after Tax, 14% Growth in Adjusted EBITDA

Dublin, Ireland - 28 August 2018: Datalex plc (ISE: DLE), a leading provider of digital commerce solutions to global travel retailers, today announces interim results for the six months ended 30 June 2018.

Key H1 2018 highlights include:

- Strong financial performance
- Customer deployment program on track
- Expanding market opportunity – new customer signings to be announced in coming months
- Continued targeted investment in digital commerce capabilities & cloud technologies

Commenting on today's results, Aidan Brogan, CEO of Datalex said: *"I am pleased to report a strong financial performance in the first half of 2018. We remain on track to deliver on our strategy to grow our business, which will underpin EBITDA growth in the coming years. We have a strong sales pipeline, and will make new customer announcements in the coming months and an investment program which will allow us to take advantage of the growing market opportunity in digital commerce for travel retail."*

H1 2018 Overview

The first half of 2018 was another period of strong performance for Datalex, with double digit growth across our key metrics including Platform revenue, Adjusted EBITDA and Profit after tax.

Six months ended 30 June	2018	2017	Change
	US\$M	US\$M	%
Total revenue	31.9	30.3	5%
Platform revenue (included in total revenue)	14.1	12.8	10%
Total operating costs	29.9	28.5	5%
Profit after tax	2.0	1.6	25%
Adjusted EBITDA	6.1	5.4	14%
Cash & cash equivalents	12.4	16.9	-26%

H1 2018 Performance

Total revenue for the period grew by 5% to US\$31.9m (H1 2017: US\$30.3m), which included a 10% increase in platform revenue to US\$14.1m (H1 2017: US\$12.8m). This increase was mainly driven by robust organic growth across our existing customer base. The commencement of platform revenue at Lufthansa and at our new loyalty network customer, Multiplus, both of which will go live in late 2018, together with

continued organic growth at existing customers will deliver significant growth in platform revenue over the next three years.

Total operating costs in H1 2018 increased by 5% or US\$1.5m to US\$29.9m (H1 2017: US\$28.5m). This was driven by increases of US\$0.4m in resource costs, US\$0.3m in establishment costs and US\$0.8m in total amortisation expense. Capitalised product investment in H1, as detailed below, was US\$6.6m (H1 2017: US\$5.9m), and amortisation of capitalised development was US\$3.1m (H1 2017: US\$2.5m).

Resource costs amounted to 82% of our cost base (excluding depreciation and amortisation) in H1 2018 (H1 2017: 82%).

Adjusted EBITDA in H1 2018 grew 14% to US\$6.1m (H1 2017: US\$5.4m), and Profit after tax increased 25% to US\$2.0m (H1 2017: US\$1.6m), both reflecting the growth in platform revenue and improving services revenue margins.

Financial Position at 30 June 2018

Our cash reserves at 30 June 2018 were US\$12.4m (30 June 2017: US\$16.9m), reflecting our ongoing working capital investment in new deployments, and our investment in market and product expansion, as detailed below.

Market Expansion

The pace of growth in our market continues to accelerate, and the first half of 2018 has seen a number of significant developments in our business, which will underpin our growth in the coming years:

- I. **Acquire:** We continue to see growth in demand for our Digital Commerce Platform as a strategic asset for the future of airline retail. We are currently in advanced discussions with a number of major airlines, and will announce new customer contracts in the coming months.
- II. **Activate:** We continue to deploy our platform at a number of new customers, including the next generation group-wide delivery to the Lufthansa Group, where the first airline will go live in Q4 2018. Our new loyalty customer Multiplus, the major South American loyalty coalition network, will also go live in Q4 2018.
- III. **Grow:** As outlined in our H1 performance review above, the first half of 2018 has seen strong organic growth in platform revenue (10%), and we expect this to continue in the second half of the year.

Product Investment

In the first half of 2018 we continued to develop and expand our capabilities and operating model that will enable the next phase of our strategic growth. These include:

- I. **Cloud Enablement:** We accelerated our investment in cloud enablement to enhance operational efficiencies and scale the business through a global ecosystem of delivery, development and retail partners.
- II. **Product Enablement:** We continued our investment in componentisation of the platform, which will deliver cost and delivery efficiencies, and will also benefit new business development, as we can now offer a more expanded portfolio of platform products.

- III. **Performance & Scale:** We are accelerating investment in automation and high availability to support scale and performance of high volume retailers. Our platform can deliver over 9 trillion offers on an annual basis.
- IV. **Innovation:** We continue to invest in Artificial Intelligence (AI) and Machine Learning to bring new capabilities in dynamic pricing, offer creation and revenue optimisation for airline retailers. We will begin delivering an industry-first dynamic pricing solution to our first customer in H2 2018.

FY 2018 Outlook

We have forecast double digit growth in Adjusted EBITDA over the period 2018 – 2020. Our performance in the first half of 2018 represents solid progress towards this objective, with strong performance across a number of key metrics, and continued progress on a number of key new customer deployments. Supported by our strengthening new business pipeline and a focused product investment strategy, we remain confident in achieving this growth in FY 2018.

Management will host a conference call (Conference ID 2257164) at 8.30am BST on August 28th. Dial in details for the call are: Ireland: (01) 431 9615, UK/International: +44 (0) 2071 928000 , US: +1 631 510 7495. To register your participation on the call and for presentation details RSVP to investor.relations@datalex.com.

About Datalex

Datalex is a market leader in digital commerce solutions for travel retailers. The Datalex Digital Commerce Platform enables a travel marketplace of over one billion shoppers covering every corner of the globe, driven by some of the world’s most innovative airline retail brands. Its customers and partners include Aer Lingus, Air China, Air Malta, Air Transat, Copa Airlines, Hainan Group of Airlines, HP Enterprise Services, JetBlue Airways, Lufthansa Group (Austrian Airlines, Brussels Airlines, Edelweiss Air, Lufthansa Airlines and Swiss International Airlines), Multiplus S.A., Neusoft, Philippine Airlines, STA Travel and Trailfinders. The company is headquartered in Dublin, Ireland, and maintains offices across Europe, the USA and China. Datalex is a publicly listed company and is listed on the Irish Stock Exchange (ISE: DLE). Learn more at datalex.com or follow on Twitter@Datalex.

This announcement contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. Datalex undertakes no obligation to update any forward-looking statements.

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Datalex plc

Interim Report
Condensed Consolidated Financial Information

For the six months ended 30 June 2018

Datalex plc

Chief Executive Officer's Review

for the six months ended 30 June 2018

Summary

The first half of 2018 was another period of strong performance for Datalex, with double-digit growth across key metrics including Platform revenue, Adjusted EBITDA and Profit after tax.

Performance

Total revenue for the period grew by 5% to US\$31.9m (H1 2017: US\$30.3m), which included a 10% increase in platform revenue to US\$14.1m (H1 2017: US\$12.8m). This growth was mainly driven by robust organic growth across our existing customer base. The commencement of platform revenue at Lufthansa and at our new loyalty network customer, Multiplus, both of which will go live in late 2018, together with continued organic growth at existing customers, will deliver significant growth in platform revenue over the next three years.

Total operating costs in H1 2018 increased by 5% or US\$1.5m to US\$29.9m (H1 2017: US\$28.5m). This increase was mainly driven by an increase of US\$0.4m in resource costs, US\$0.3m in establishment costs and US\$0.8m in amortisation expense. Capitalised product investment in H1 was US\$6.6m (H1 2017: US\$5.9m), and amortisation of capitalised development was US\$3.1m (H1 2017: US\$2.5m).

Adjusted EBITDA in H1 2018 grew 14% to US\$6.1m (H1 2017: US\$5.4m), and Profit after tax was US\$2.0m (H1 2017: US\$1.6m), both reflecting the growth in platform revenue and services revenue margins.

Financial Position at 30 June 2018

Our cash reserves at 30 June 2018 were US\$11.9m (30 June 2017: US\$16.9m), reflecting ongoing working capital investment in new deployments, and our investment in product and market expansion, as detailed below. Cash generated from/(used) in operations was US\$3.1m (30 June 2017: -US\$1.3m). This reflects the relatively smaller increase in unbilled revenues this year compared to 30 June 2017.

Basis of preparation

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018. This standard replaces IAS 18 'Revenue'. The modified transitional approach to implementation has been applied, therefore comparative information has not been restated and continues to be reported under IAS 18. The table below compares H1 2018 performance under the new standard to the old standard.

Six months ended 30 June 2018	IFRS 15	IAS 18
	US\$M	US\$M
Total revenue	31.9	32.1
Platform revenue (included in total revenue)	14.1	14.3
Total operating costs	29.9	30.0
Profit after tax	2.0	2.1
Adjusted EBITDA	6.1	6.1
Cash & cash equivalents	12.4	12.4

The differences above mainly relate to the timing of recognition of revenue and contract costs on certain new deployments that are currently in progress.

Market Expansion

The pace of growth in our market continues to accelerate, and the first half of 2018 has seen a number of significant developments in our business, which will underpin our growth in the coming years:

- I. **Acquire:** We continue to see growth in demand for our Digital Commerce Platform as a strategic asset for the future of airline retail. We are currently in advanced discussions with a number of major airlines and will announce new customer contracts in the coming months.
- II. **Activate:** We continue to deploy our platform at a number of new customers, including the next generation group-wide delivery to the Lufthansa Group, where the first airline will go live in Q4 2018. Our new loyalty customer, Multiplus, the major South American loyalty coalition network, will also go live in Q4 2018.
- III. **Grow:** As outlined in our H1 performance review above, the first half of 2018 has seen strong organic growth in platform revenue (10%), and we expect this to continue in the second half of the year.

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Chief Executive Officer's Review

for the six months ended 30 June 2018 (continued)

Product Investment

In the first half of 2018 we continued to develop and expand our capabilities and operating model that will enable the next phase of our strategic growth. These include:

- i. **Cloud Enablement:** We accelerated our investment in cloud enablement to enhance operational efficiencies and scale the business through a global ecosystem of delivery, development and retail partners.
- ii. **Product Enablement:** We continued our investment in componentisation of the platform, which will deliver cost and delivery efficiencies, and will also benefit new business development, as we can now offer a more expanded portfolio of platform products.
- iii. **Performance & Scale:** We are accelerating investment in automation and high availability to support scale and performance of high volume retailers. Our platform is capable of delivering over 9 trillion offers on an annual basis.
- iv. **Innovation:** We continue to invest in Artificial Intelligence (AI) and Machine Learning to bring new capabilities in dynamic pricing, offer creation and revenue optimisation for airline retailers.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group for the remaining part of the year are outlined in Note 18 to the condensed consolidated interim financial information.



Aidan Brogan

Chief Executive Officer, 27 August 2018

Datalex plc

Responsibility Statement

in respect of the six months ended 30 June 2018

The directors, whose names and functions are listed on pages 37 to 38 in the Group's 2017 Annual Report, are responsible for preparing this interim management report and the condensed consolidated interim financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The directors confirm that, to the best of their knowledge:

- the condensed consolidated interim financial information for the half year ended 30 June 2018 has been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- 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 condensed consolidated interim financial information for the half year ended 30 June 2018, and a description of the principal risks and uncertainties for the remaining six months which has been provided in Note 18 of the condensed consolidated interim financial information;
- the interim management 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 parties' 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



Aidan Brogan
Director



David Kennedy
Director

27 August 2018

Datalex plc**Condensed Consolidated Interim Balance Sheet**

as at 30 June 2018 – unaudited

	Notes	30 June 2018 US\$'000 Unaudited	31 Dec 2017 US\$'000 Audited
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		2,200	2,286
Intangible assets	13	30,036	26,630
Financial asset		154	-
Deferred income tax assets		2,397	2,397
Trade and other receivables	8	345	2,994
Restricted cash		-	500
Contract costs	3	600	-
Total non-current assets		35,732	34,807
<i>Current assets</i>			
Trade and other receivables	8	23,066	19,205
Cash and cash equivalents		11,946	16,153
Restricted cash		500	-
Total current assets		35,512	35,358
TOTAL ASSETS		71,244	70,165
EQUITY			
<i>Capital and reserves attributable to the equity holders of the company</i>			
Ordinary share capital		7,734	7,693
Other equity share capital		262	262
Other reserves		7,717	7,000
Retained earnings		30,343	32,378
TOTAL EQUITY		46,056	47,333
LIABILITIES			
<i>Non-current Liabilities</i>			
Borrowings	9	408	274
Provision		911	714
Trade and other payables	10	170	208
Total non-current liabilities		1,489	1,196
<i>Current liabilities</i>			
Trade and other payables	10	23,296	21,139
Borrowings	9	159	334
Current income tax and liabilities		244	163
Total current liabilities		23,699	21,636
TOTAL EQUITY AND LIABILITIES		71,244	70,165

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Datalex plc**Condensed Consolidated Interim Income Statement**

for the six months ended 30 June 2018 – unaudited

	Notes	Six Months Ended		Year Ended
		30 June 2018	30 June 2017	31 Dec 2017
		US\$'000	US\$'000	US\$'000
		Unaudited	Unaudited	Audited
Revenue	4	31,917	30,337	63,894
Cost of sales	5	(23,202)	(22,019)	(47,112)
GROSS PROFIT		8,715	8,313	16,782
Selling and marketing costs	5	(3,880)	(3,986)	(5,375)
Administrative expenses	5	(3,011)	(2,556)	(4,211)
Other gains	7	148	111	69
OPERATING PROFIT		1,972	1,887	7,265
Finance income		19	15	23
Finance costs		(25)	(298)	(305)
PROFIT BEFORE INCOME TAX		1,966	1,604	6,983
Income tax credit/(expense)	11	28	(6)	77
PROFIT FOR THE PERIOD		1,994	1,598	7,060
PROFIT PER SHARE (in US\$ cents per share)				
Basic	12	2.61	2.12	9.32
Diluted	12	2.52	2.04	8.94

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Datalex plc**Condensed Consolidated Interim Statement of Comprehensive Income**

for the six months ended 30 June 2018 – unaudited

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
	Unaudited	Unaudited	Audited
Profit for the financial period	1,994	1,598	7,060
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments			
- Arising in the year	(13)	38	18
Total movement in items that may be subsequently reclassified to profit or loss	(13)	38	18
Comprehensive income for the financial period	1,981	1,636	7,078

The accompanying notes form an integral part of these condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2018 – unaudited

	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Unaudited					
Balance at 1 January 2017	7,596	262	5,888	29,093	42,839
Profit for the period	-	-	-	1,598	1,598
Other comprehensive expense	-	-	38	-	38
Total comprehensive income for the period	-	-	38	1,598	1,636
Share based schemes charge	-	-	299	-	299
Issue of ordinary shares on exercise of options	58	-	205	-	263
Decrease in treasury shares due to exercise of JSOP awards	-	-	46	-	46
Dividends paid	-	-	-	(3,775)	(3,775)
Balance at 30 June 2017	7,654	262	6,476	26,916	41,308
Audited					
Balance at 1 January 2017	7,596	262	5,888	29,093	42,839
Profit for the year	-	-	-	7,060	7,060
Other comprehensive income	-	-	18	-	18
Total comprehensive income for the year	-	-	18	7,060	7,078
Share based schemes charge	-	-	599	-	599
Issue of ordinary shares on exercise of options	97	-	439	-	536
Decrease in treasury shares due to exercise of JSOP awards	-	-	56	-	56
Dividends paid	-	-	-	(3,775)	(3,775)
Balance at 31 December 2017	7,693	262	7,000	32,378	47,333
Unaudited					
Balance at 1 January 2018	7,693	262	7,000	32,378	47,333
Adjustment on initial application of IFRS 15	-	-	-	(163)	(163)
Adjusted balance at 1 January 2018	7,693	262	7,000	32,215	47,170
Profit for the period	-	-	-	1,994	1,994
Other comprehensive income	-	-	(13)	-	(13)
Total comprehensive income for the period	-	-	(13)	1,994	1,981
Share based schemes charge	-	-	206	-	206
Issue of ordinary shares on exercise of options	41	-	423	-	464
Decrease in treasury shares due to exercise of JSOP awards	-	-	101	-	101
Dividends payable to shareholders (Note 17)	-	-	-	(3,866)	(3,866)
Balance at 30 June 2018	7,734	262	7,717	30,343	46,056

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Datalex plc**Condensed Consolidated Interim Cash Flow Statement**

for the six months ended 30 June 2018 – unaudited

	Notes	<u>Six Months Ended</u>		<u>Year Ended</u>
		30 June 2018 US\$'000	30 June 2017 US\$'000	31 Dec 2017 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/ (used in) operations	15	3,069	(1,254)	9,633
Income tax paid		(6)	(40)	(104)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		3,063	(1,294)	9,529
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(219)	(334)	(946)
Additions to intangible assets	13	(6,636)	(5,916)	(13,170)
Restricted cash		-	-	(500)
Additions to contract costs		(771)	-	-
Additions to financial asset		(154)	-	-
Interest received		19	15	23
NET CASH USED IN INVESTING ACTIVITIES		(7,761)	(6,235)	(14,593)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (including share premium)		464	263	536
Proceeds from exercise of JSOP awards		101	46	56
Dividends paid to shareholders		-	-	(3,775)
Decrease in finance liabilities		(115)	(229)	(300)
Interest paid		(25)	(298)	(30)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		425	(218)	(3,513)
Net decrease in cash and cash equivalents		(4,273)	(7,747)	(8,577)
Foreign exchange gain on cash and cash equivalents		66	316	410
Cash and cash equivalents at beginning of period		16,153	24,320	24,320
CASH AND CASH EQUIVALENTS AT END OF PERIOD		11,946	16,889	16,153

The accompanying notes form an integral part of these condensed consolidated interim financial information.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – 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.

The Company is a public limited company incorporated and domiciled in Ireland and is listed on the Irish Stock Exchange.

This condensed consolidated interim financial information was authorised for issue by the Board of Directors on 27 August 2018.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, Interim Financial Reporting ('IAS 34') as adopted by the European Union. These condensed statements do 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 2017 included in the Group's 2017 Annual Report which is available on the Group website www.datalex.com. The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2017 will be filed with the Irish Registrar of Companies in due course.

The Group's auditors have not audited or reviewed the condensed consolidated interim financial statements contained in this report.

Going Concern

The Group meets its day-to-day working capital requirements through its cash reserves. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance and the Group's management of its principal risks and uncertainties, as described in the notes to these condensed consolidated interim financial statements, show that the Group should be able to operate within the level of its current facilities and resources. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2017.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaces IAS 18 'Revenue'. The core principle of IFRS 15 is that an entity recognises revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduces a five-step approach to revenue recognition - identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations and finally recognising the revenue as those performance obligations are satisfied.

The standard requires entities to exercise judgement, taking into consideration all 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.

The main changes from adopting IFRS 15 are detailed below.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

3. Accounting policies (continued)

Platform revenue is earned from the use of the Group's Digital Commerce Platform by our customers under the terms of a license agreement. Certain license agreements incorporate an allowance for professional services work to be provided to the customer, which, under IFRS 15 is regarded as a separate performance obligation. The revenue associated with this performance obligation has been determined based on a relative stand-alone selling price. The impact of assessing the stand-alone selling price of this individual performance obligation is a reduction in Platform revenue and an increase in Professional Services revenue.

Under IFRS 15, a material right is a promise embedded in a contract that should be accounted for as a separate performance obligation. During the Group's assessment of customer contracts, the existence of a material right in one customer's contract was identified. This material right arises on foot of the customer's right to renew their contract at a discount. Under IFRS 15, revenue associated with this material right is deferred and recognised when the customer's right to renew is exercised.

The Group previously recognised commission fees payable related to contracts as selling expenses when they were incurred. Under IFRS 15, the Group capitalises these commission fees, when they are incremental, as costs of obtaining contracts and, if they are expected to be recovered, it amortises them consistently over the lives of the contracts to which they relate.

The Group has adopted the modified transitional approach to implementation and the new standard has therefore been applied only to contracts that remain in force at 1 January 2018. Comparative information has not been restated and continues to be reported under IAS 18. The adjustment to opening retained earnings on January 1, 2018 arising on the material right outlined above amounted to US\$0.7m. The adjustment reduces trade and other receivables by US\$0.7m. The US\$0.7m accrued income receivable has accumulated over prior years. The change in accounting has no impact on the commercial arrangement or current or future cash flows. Capitalisation of commission fees gave rise to an opening adjustment of US\$0.6m. The adjustment increases non-current assets by US\$0.6m.

For the six months ended 30 June 2018, adjustments to reflect IFRS 15 resulted in a net reduction in revenue of US\$0.2m and a reduction in operating costs of US\$0.05m, resulting in a reduction in net profit of US\$0.1m compared with the amount that would have been reflected under IAS 18. The impact of all other measurement differences identified between IAS 18 and IFRS 15 was immaterial at 1 January 2018 and 30 June 2018.

The effect of adopting IFRS 15 is as follows:

Impact on opening equity as at 1 January 2018:

	US\$'000
Total Equity as at 31 December 2017	47,333
Deferral of revenue arising from material right	(714)
Contract costs arising on capitalisation of incremental commission fees	551
Restated Total Equity as at 1 January 2018	47,170

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Notes to the Condensed Consolidated Interim Financial Statements at 30 June 2018 – unaudited (continued)

3. Accounting policies (continued)

Impact on Unaudited Condensed Consolidated Financial Statements at 30 June 2018

Consolidated Interim income statement- 30 June 2018	As reported	Adjustments	Amounts without adoption IFRS 15
	US\$'000	US\$'000	US\$'000
Revenue	31,917	157	32,074
Cost of sales	(23,202)	(37)	(23,239)
Selling and marketing costs	(3,880)	(6)	(3,886)
Administrative expenses	(3,011)	(5)	(3,016)
Profit for the period	1,994	109	2,103
Adjusted EBITDA	6,115	(61)	6,054
Profit per share (in US\$ cents per share)			
Basic	2.61		2.75
Diluted	2.52		2.66

Consolidated Balance Sheet- 30 June 2018	As reported	Adjustments	Amounts without adoption IFRS 15
	US\$'000	US\$'000	US\$'000
ASSETS			
Contract Costs	600	(600)	-
Trade and other receivables	23,066	872	23,938
	23,666	272	23,938
EQUITY			
Retained earnings	30,343	272	30,615

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

3. Accounting policies (continued)

Consolidated Statements of Cash Flow- 30 June 2018

	As reported US\$'000	Adjustments US\$'000	Amounts without adoption IFRS 15 US\$'000
Adjustment to cash generated from operating activities:			
Profit for the period	1,994	109	2,103
Adjustment to reconcile profit for the period to cash generated from operating activities:			
Increase in trade and other receivables	(1,070)	(872)	(1,942)
Adjustment to Cashflow:			
Addition to contract costs	771	(771)	-

No other IFRSs or IFRIC interpretations are effective for the first time for the financial year beginning on or after 1 January 2018 that had a material impact on the Group.

4. Segmental information

Management has determined the 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 a measure of Adjusted EBITDA.

The executive management team considers the business from a product and service perspective. At 30 June 2018 and 2017, TPF consulting did not meet the quantitative thresholds for mandatory disclosure under IFRS 8 Operating Segments. 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 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 on Adjusted EBITDA which is defined as earnings before interest, tax, depreciation, amortisation and share options and interests granted to directors and employees. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the income statement.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

4. Segmental information (continued)

The segment information provided to the executive management team for the reportable segments for the financial period ended 30 June 2018 is as follows:

	<u>Six Months Ended</u> 30 June 2018			<u>Six Months Ended</u> 30 June 2017		
	E- business	TPF Consulting	Total	E-business	TPF Consulting	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	30,912	1,425	32,337	29,347	1,349	30,696
Inter-segment revenue	-	(420)	(420)	-	(359)	(359)
External Revenue	30,912	1,005	31,917	29,347	990	30,337
Adjusted EBITDA	5,887	228	6,115	5,204	159	5,363
Share options, ownership interests and deferred share awards granted to directors and employees	(206)	-	(206)	(299)	-	(299)
EBITDA	5,681	228	5,909	4,905	159	5,064
Depreciation	535	1	536	540	1	541
Amortisation	3,401	-	3,401	2,636	-	2,636
Operating profit	1,745	227	1,972	1,729	158	1,887
Finance costs			(25)			(298)
Finance income			19			15
Profit before income tax			1,966			1,604
Income tax expense			28			(6)
Profit after taxation			1,994			1,598

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

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Adjusted EBITDA	6,115	5,363	14,194
Depreciation	(536)	(541)	(1,049)
Amortisation - development costs	(3,118)	(2,513)	(5,046)
Amortisation - software	(112)	(123)	(235)
Amortisation-contract costs	(171)	-	-
Finance income	19	15	23
Finance costs	(25)	(298)	(305)
Share based payments charge	(206)	(299)	(599)
Profit before income tax	1,966	1,604	6,983

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

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

Total segment assets and liabilities are as follows:

	30 June 2018	30 June 2018	30 June 2018	31 Dec 2017	31 Dec 2017	31 Dec 2017
	E- business	TPF	Total	E- business	TPF	Total
	US\$'000	Consulting	US\$'000	US\$'000	Consulting	US\$'000
		US\$'000			US\$'000	
Total segment assets	70,680	564	71,244	69,523	642	70,165
Total segment liabilities	(24,831)	(357)	(25,188)	(22,481)	(351)	(22,832)

Revenue from external customers are 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 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Platform revenue	14,063	12,817	27,159
Professional services	16,765	16,446	34,588
Consultancy	1,005	990	1,983
Other revenue	84	84	164
Total revenue	31,917	30,337	63,894

Refer to Note 2.4 of the Group Annual Report for the definition of the different revenue categories included in the table above.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

5. Expenses by nature

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Employee Benefit expense (Note 6) net of capitalisation	11,748	9,847	23,008
Consultants and contractors	11,666	12,928	25,662
Capitalisation of consultants and contractors costs	(2,213)	(1,962)	(7,498)
Amortisation - Development costs	3,118	2,513	5,046
Establishment costs	1,020	766	1,632
Hosting	692	905	1,861
Professional fees	567	464	1,191
Travel	751	807	1,497
Depreciation	536	541	1,049
Bad debt expense	-	1	26
Third party services	234	280	472
Auditors remuneration	214	131	145
Communication	146	147	291
Software maintenance and other online charges	178	151	291
Amortisation-software	112	123	235
Amortisation- contract costs	171	-	-
Other	1,153	919	1,790
Total cost of sales, selling and marketing costs and administrative expenses	30,093	28,561	56,698
Other gains	(148)	(111)	(69)
Total operating costs	29,945	28,450	56,629
Disclosed as:			
- Cost of sales	23,202	22,019	47,112
- Selling and marketing costs	3,880	3,986	5,375
- Administrative expenses	3,011	2,556	4,211
- Other gains	(148)	(111)	(69)
Total operating costs	29,945	28,450	56,629

6. Employee benefit expense

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Wages and salaries	13,053	11,396	24,414
Social security costs	1,521	1,255	2,566
Pension costs – defined contribution schemes	480	340	670
Employee benefit expense before capitalisation	15,054	12,991	27,650
Capitalised labour	(4,423)	(3,920)	(5,629)
	10,631	9,071	22,021
Share options, ownership interests and deferred share awards granted to directors and employees	206	299	599
Long term incentive plan granted to employees	911	477	388
Total	11,748	9,847	23,008

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

7. Other gains

	<u>Six Months Ended</u>		<u>Year Ended</u>
	<u>30 June 2018</u>	<u>30 June 2017</u>	<u>31 Dec 2017</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Net foreign exchange gains	148	111	69
Total	148	111	69

8. Trade and other receivables

	<u>30 June 2018</u>	<u>31 Dec 2017</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Current Trade and Other Receivables		
Trade receivables	6,929	6,521
Research and development tax credit	426	351
Prepayments	1,476	967
Accrued income	13,831	10,866
VAT receivable	109	500
Other receivables	295	-
Total Current Trade and Other Receivables	23,066	19,205
Non-Current Trade and Other Receivables		
Research and development tax credit	345	430
Accrued income	-	2,564
Total Non-Current Trade and Other Receivables	345	2,994
Total Trade and Other Receivables	23,411	22,199

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

	<u>30 June 2018</u>	<u>31 Dec 2017</u>
	<u>US\$'000</u>	<u>US\$'000</u>
US Dollar	7,135	9,052
Euro	13,398	10,656
Sterling	141	167
Chinese Renminbi	86	76
Total	20,760	19,951

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

9. Borrowings

Financial Lease Liabilities	30 June 2018 US\$'000	31 Dec 2017 US\$'000
Non-Current	408	274
Current	159	334
Total borrowings	567	608

The carrying amount of the Group's borrowings are denominated in US dollar. Lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. The fair value of the finance leases has been determined using discounted cash flow analysis, where the inputs required (the payments and discount rates) are observable and do not require significant estimation (Level 2 fair value in the fair value hierarchy).

10. Trade and other payables

	30 June 2018 US\$'000	31 Dec 2017 US\$'000
Trade payables	6,751	7,067
Accruals	5,285	6,334
Deferred income	2,511	2,927
Customer advances	3,108	3,000
Pension contribution	55	186
Social security and other taxes	1,654	1,524
Dividend payable (Note 17)	3,866	-
Other payables	66	101
Total current trade and other payables	23,296	21,139
Total non-current trade and other payables	170	208
Total trade and other payables	23,466	21,347

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

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

	30 June 2018 US\$'000	31 Dec 2017 US\$'000
US Dollar	5,661	4,754
Euro	1,058	2,048
Sterling	19	264
Chinese Renminbi	13	1
Total	6,751	7,067

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

11. Income tax

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Current tax			
Income tax (credit)/expense	(28)	6	(77)
Current tax (credit)/expense for the period	(28)	6	(77)

The 2017 tax credit relates mainly to the recognition of deferred tax losses forward which was addressed in Note 6 of the 2017 Annual Report, together with an explanation of the key judgements involved.

12. Earnings per share

Basic	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
Profit attributable to ordinary shareholders (US\$'000)	1,994	1,598	7,060
Weighted average number of ordinary shares outstanding	76,454,463	75,212,783	75,763,895
Basic earnings per share (in US\$ cents)	2.61	2.12	9.32

Basic earnings per share is calculated by dividing the profit 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.

Diluted	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
Profit attributable to ordinary shareholders (US\$'000)	1,994	1,598	7,060
Weighted average number of ordinary shares outstanding	76,454,463	75,212,783	75,763,895
Adjustment for share options	2,655,539	3,307,317	3,243,152
Weighted average number of ordinary shares outstanding	79,110,002	78,520,100	79,007,047
Diluted earnings per share (in US\$ cents)	2.52	2.04	8.94

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, 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 annual market share price of the Company's shares) based on the monetary value of subscription rights attached to outstanding share options.

At 30 June 2018, no deferred share awards were excluded from the calculation as the performance conditions attached to them had been met (H1 2017: 43,333 deferred share awards were excluded as the performance conditions attached to them had not been met).

Furthermore 442,128 share options under the 2012 share option scheme have been excluded from the number of potential dilutive shares as at 30 June 2018 as performance conditions have not yet been achieved (H1 2017: 563,333).

The number of shares calculated as above is compared with the number of shares that would have issued assuming the exercise of the share options.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

13. Intangible assets

	Software	Product Development	Total
	US\$'000	US\$'000	US\$'000
Period to 30 June 2017			
Opening net book value	555	18,623	19,178
Additions	34	5,882	5,916
Amortisation charge	(123)	(2,513)	(2,636)
Closing net book value	466	21,992	22,458
Year Ended 31 December 2017			
Opening net book value	555	18,623	19,178
Additions	43	13,127	13,170
Government grant R&D tax credit assistance	-	(437)	(437)
Amortisation charge	(235)	(5,046)	(5,281)
Closing net book value	363	26,267	26,630
At 31 December 2017			
Cost	2,299	72,900	75,199
Accumulated Amortisation	(1,936)	(46,633)	(48,569)
Closing net book value	363	26,267	26,630
Period to 30 June 2018			
Opening net book value	363	26,267	26,630
Additions	-	6,636	6,636
Amortisation charge	(112)	(3,118)	(3,230)
Closing net book value	251	29,785	30,036
At 30 June 2018			
Cost	2,299	79,536	81,835
Accumulated Amortisation	(2,048)	(49,751)	(51,799)
Closing net book value	251	29,785	30,036

Intangible assets consist of capitalised development costs and software. These intangibles have finite useful lives and are valued based on actual costs incurred.

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

14. Share capital

During the period to 30 June 2018, 400,950 ordinary shares were issued upon the exercise of employee share options into ordinary share capital.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2018 – unaudited (continued)

15. Cash generated from/(used in) operations

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2018	30 June 2017	31 Dec 2017
	US\$'000	US\$'000	US\$'000
Profit before income tax	1,966	1,604	6,983
Adjustments for:			
Interest received	(19)	(15)	(23)
Interest paid	25	298	30
Depreciation	536	541	1,049
Amortisation	3,401	2,636	5,281
Employee share option charge	206	299	599
Foreign currency gain on operating activities	(148)	(111)	(69)
LTIP Provision	197	151	388
Non-current trade and other payables	(38)	(37)	95
Changes in Working Capital:			
Trade and other receivables	(1,070)	(6,899)	(7,354)
Trade and other payables	(1,987)	279	2,654
Cash generated from/(used in) operations	3,069	(1,254)	9,633

16. Related party transactions

The following transactions were carried out with related parties:

- (a) Key management personnel include the two Executive Directors who held office during the year (H1 2017: two Executive Directors), the five Non-Executive Directors (H1 2017: five Non-Executive Directors) and seven members of the senior management team (H1 2017: eight members). Key management compensation:

	<u>Six Months Ended</u>	<u>Six Months Ended</u>
	30 June 2018	30 June 2017
	US\$'000	US\$'000
Emoluments	1,650	1,476
Benefits under long-term equity settled incentive schemes	133	42
Benefits under long-term cash settled incentive scheme	62	32
Contributions to defined contribution schemes ⁽¹⁾	73	58
Total	1,918	1,608

⁽¹⁾ Retirement benefits are accruing to two directors (H1 2017: two directors) and seven members of the senior management team (H1 2017: eight members) under a defined contribution scheme.

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

	<u>Six Months Ended</u>	<u>Six Months Ended</u>
	30 June 2018	30 June 2017
	US\$'000	US\$'000
Basic salaries and fees	181	161

Details of related party transactions in respect of the year ended 31 December 2017 are contained in Note 23 of our Annual Report. The Group continued to enter into transactions in the normal course of business with its related parties during the period. There were no transactions with related parties in the first half of 2018 or changes to transactions with related parties disclosed in the 2017 Financial Statements that had a material effect on the financial position or performance of the Group.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2017 – unaudited (continued)

17. Dividends

A dividend of US\$3.9m will be paid on 5 September 2018 (period ended H1 2017: US\$3.8m). This represents a dividend of five US cents per share (H1 2017: five US cents per share) which was paid to shareholders who were on the register at 3 August 2018. This dividend was proposed by the Board of Directors on 22 March 2018 and approved by shareholders on 18 June 2018.

On 29 May 2018, Datalex plc, the Group parent company, received a dividend of circa US\$4.0m from its wholly owned subsidiary Datalex (Ireland) Limited.

18. Principal risks and uncertainties

(a) Principal risks

The principal risks and uncertainties faced by the Group were outlined in the Group's 2017 Annual Report on pages 30-33. The Annual Report is available on our website www.datalex.com. The principal risks and uncertainties remain substantially the same for the remaining six months of the financial year as those outlined in the Group's 2017 Annual Report.

(b) Litigation and disputes

There has been no material change in our contingent liabilities in the period ended 30 June 2018 since the approval of our statutory financial statements for the year ended 31 December 2017.

19. Seasonality

While management do not believe that seasonality has a material impact on the business of the Group, business performance is impacted by the timing of go-lives, which triggers the commencement of platform revenue from new customers.

20. Events occurring after the balance sheet date

As noted in Note 17, a dividend of US\$3.9m will be paid on 5 September 2018. There were no other events that would impact on the condensed consolidated interim financial statements for 30 June 2018, up to the date of issue.

21. Distribution of interim report

The 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, Clontarf, Dublin 3 D03 H704, Ireland.