

19 December 2016

ULS Technology plc
("ULS", the "Group" or the "Company")

Acquisition of Conveyancing Alliance

ULS Technology plc (AIM: ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, announces that it has acquired 100% of the issued share capital of Conveyancing Alliance Holdings Limited and its wholly owned subsidiary Conveyancing Alliance Limited ("Conveyancing Alliance" or "the business") for an initial cash consideration of £7.2m plus an earn-out until 31 March 2019 to be wholly satisfied in cash. The acquisition is expected to be significantly earnings accretive in the first full year of ownership.

Conveyancing Alliance

Conveyancing Alliance is one of the leading B2B technology platforms in the UK for the selection and instruction of conveyancing.

Conveyancing Alliance operates under three separate and distinct brands, "*Conveyancing Alliance*" and "*Agency Convey*", targeted at the estate agency sector and "*Broker Conveyancing*", targeted at the mortgage broker sector. The business has delivered strong growth in recent years, growing revenue from £3.8m in the year ended 31 December 2014 to £4.4m in the year ended 31 December 2015 and PBT from £808k to £949k over the same period. Conveyancing Alliance is well positioned in the market and a direct comparator to ULS' core conveyancing proposition, being a 'pure play' technology service specialising in the selection and instruction of conveyancing solicitors.

Estate agents and mortgage brokers submit new cases via Conveyancing Alliance's software platform, which then enables them to select and instruct from a panel of solicitors and conveyancers that are all contracted to the business and committed to delivering the best possible service for customers. The end pricing to customers is highly competitive and typically cheaper than that secured from high street firms.

The management team are committed to continue growing the business and will have a special focus on pursuing new growth in the estate agency sector, complementing and supporting ULS Technology's core strategy and objectives.

As of 31 December 2015, Conveyancing Alliance had net assets of £491k.

Investment rationale

The Directors believe this acquisition delivers ULS significant new growth opportunities in its conveyancing business and supports its stated strategy to become the leading handler of conveyancing in the UK. In particular, this acquisition significantly increases the Company's share of the conveyancing market and further diversifies conveyancing revenue sources.

The acquisition is also in line with ULS' strategy to penetrate the estate agent introducer market. ULS has successfully built and piloted its unique estate agency performance website (www.estateagent4me.co.uk) in order to grow its conveyancing market share. This technology is already provided directly to customers via HomeOwners Alliance but will also now be used to help Conveyancing Alliance grow its volumes in the estate agency sector, through its own brands tailored for this market.

The acquisition is expected to be significantly earnings accretive in the first full year of ownership.

Acquisition consideration

ULS has acquired the entire issued share capital of Conveyancing Alliance from Harpal Singh, Jitna Singh, John Phillips, Angela Phillips and Paul Duckworth (the "Vendors") for an initial cash consideration of £7.2m plus an earn-out, payable in cash. Under the terms of the earn-out, ULS shall pay to the Vendors between 0.5-1.75x annualised PBT for the period from completion to 31 March 2018 and between 0.5-1.75x PBT for the 12 months ended 31 March 2019 (the multiplier of PBT in each year is determined by a ratchet linked to the financial performance of Conveyancing Alliance), up to a maximum total consideration of £12.5m. ULS shall also pay to the Vendors £829,264 in respect of Conveyancing Alliance's surplus cash in the bank at the close of business on completion. The Vendors are committed to remaining with the business until 31 March 2019.

New debt facilities

The Company has entered into an agreement with HSBC in respect of two new debt facilities; a £5m 5-year term loan and a £2m 3-year revolving facility. Half of the term loan is repayable in monthly instalments over the life of the loan, with the remainder due at maturity.

Commenting on the acquisition, Ben Thompson, Chief Executive Officer, said:

"This acquisition is central to our strategy of growing market share in the UK conveyancing market and pursuing further growth via introductions from the estate agency market. Conveyancing Alliance has shown a strong track record of revenue and profit growth and fits neatly within ULS Technology and its plans for the future.

Around half of all UK conveyancing is bought by consumers following estate agent recommendations. Currently ULS has little presence in this sector, which is one of the reasons that the strategic fit with Conveyancing Alliance is so strong. Our combined offering is intended to provide highly competitive pricing and a modern technology service that makes customers' lives easier, enabling them to complete a home move painlessly and more quickly.

We thoroughly look forward to working with the Conveyancing Alliance team to enjoy even stronger future success."

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