28 November 2017

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

Half Yearly Report and Directorate Changes

"Gains in market share drive increases in revenue, profits and dividends"

ULS Technology plc (AIM: ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, announces its half yearly results for the six months to 30 September 2017.

During the period the Company has further increased its market share, resulting in increased revenue, profits and dividend payments.

Financial Highlights

- Revenue increased by 56% to £15.28m (H1 2017: £9.78m)
- Organic revenue growth of 22%
- Underlying Operating Profit[1] increased by 44% to £2.81m (H1 2017: £1.95m)
- Adjusted EPS[1,2] increased by 45% to 3.48p (H1 2017: 2.40p)
- Net debt and equivalents of £2.3m as at 30 September 2017 (FY 2017: net cash £3.7m)
- Interim dividend of 1.15p per share, an increase of 5% on the same period last year

1. Before acquisition intangibles, amortisation and exceptional costs. Exceptional costs of £1.87m primarily relate to an upgrade in the estimated earn-out payable for the acquisition of CAL
2. Based on the number of shares in issue at the end of the period

Operating Highlights

- Continued expansion of market share of housing transactions, both organically and within the acquired CAL business
- Signed a number of new customer contracts, most notably with mortgage lenders
- CAL now successfully integrated into Group, delivering a strong H1 trading performance

Ben Thompson, Chief Executive of ULS Technology plc, commented:
"This has been a strong first half for ULS. Once again, we have increased our market share and financial results against the backdrop of a housing market that has become quiet, relative to longer term averages.

"We have had successes across all relevant market segments, including with intermediaries, through self-serve channels and through achieving new growth in estate agency related conveyancing. Most notably, we are winning new conveyancing work from mortgage lenders - and now work for eight lenders (vs. four lenders two years ago) and continue to target further new growth over the coming months and years.

"Another standout performance over the last six months has been how quickly CAL has settled into ULS and specifically how well they have worked with us post-acquisition and performed so strongly in their estate agent and mortgage broker markets.

"I remain excited about the Group's prospects and our ability to continue to increase our conveyancing market share, growing our client base by providing outstanding choice and service. The quality of our products and customer base signify the strength of our operations and reflect our continued efforts to deliver value for shareholders."

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Chief Executive's Report

This has been a successful reporting period for the Company, despite market uncertainty on many fronts. Over the last decade or so, we have forged close working relationships with a growing number of the most successful mortgage intermediaries and lenders. These relationships, together with our continued investment in technology and customer service underpinned our strong performance during the period.

In addition to winning new relationships during the period we identified and will continue to pursue new growth opportunities in existing and adjacent new markets. These include estate agency related conveyancing and providing additional services to more mortgage lenders, through the provision of innovative technology solutions. Successful deployment of this strategy will enable ULS to continue its track record of delivering strong financial growth and increasing shareholder value.

Furthermore, while we are a leading technology platform in this sector, it is worth noting that we still only command less than 5% share of the conveyancing market. We believe that our clear strategy will enable us to execute on this growth opportunity.

Since acquiring CAL in December 2016, we have established a very strong working relationship with them and have also realised the synergies identified at outset.

CAL has built up some good momentum with estate agents, providing a bespoke technology platform to enable customers using an estate agent to have the best possible conveyancing experience. Most notably, CAL has enjoyed very strong success in continuing to build up their portfolio of smaller mortgage brokers, enticing them with highly competitive technology, pricing and good service.

CAL enables ULS to accelerate and grow its penetration of these two specific market segments, contributing to a greater Group market share of conveyancing.

During this 6 months reporting period, CAL has delivered £3.4 million in revenue and over 10,000 conveyancing completions. This represents a growth in completions of 44% over the same period in the previous year.

This better than expected performance has led to the Group increasing its estimate of the earnout payable to the maximum of £5.3 million (undiscounted).

ULS took on a £7 million debt facility to fund the purchase of CAL through a mixture of term loan and rolling credit facility. Continued strong cash generation saw net debt at the end of the period fall to £2.35 million.

Strategy

The Company continues to focus on securing new relationships for its core conveyancing comparison service, and growing market share. The Company is committed to retaining and growing its existing relationships, which remain strong. This organic growth strategy is embedded throughout ULS and the Board believes that there is significant upside potential from both existing and pipeline relationships.

The Company's efforts continue to be prioritised around tailoring technology solutions that its existing and prospective business partners require, as well as continually refining its solutions to ensure that its end customers receive the best possible experience when moving home.

Conveyancing today still requires a considerable degree of paperwork and manual intervention. The Board is determined to simplify this as much as possible to ensure that customers benefit from a process that they properly understand, and one that ideally can be completed more quickly and painlessly than is the case across the wider sector today.

The Company will continue to consider potential acquisitions that would either directly or indirectly accelerate the Board's growth strategy.

Interim Dividend

The Company is pleased to announce that it will pay an interim dividend of 1.15 pence per share; this is a five per cent increase on the dividend paid for the six months to 30 September 2017. The dividend record date is 8 December 2017, and the dividend is expected to be paid on 22 December 2017.

Board Changes

I am pleased to announce that Geoff Wicks, a current Non-Executive Director, is taking on the role of Chairman with immediate effect. Geoff has been a member of the Board since we listed on AIM in 2014. He has provided excellent support to and scrutiny of the Board and I am sure will continue in this vein as Chairman.

Peter Opperman will be stepping down from his role as Chairman but will remain on the Board as a Non-Executive Director. Peter has provided outstanding support and guidance to the Board over the last six years as well as significant amounts of his time. I am delighted that he is remaining on the Board and that the Group continues to benefit from his expertise.

Outlook

Housing transaction numbers look set to remain below long-term historical averages and broadly consistent with levels seen over the last few years. However, last week's budget looked positive for the housing market and the stamp duty relief for first-time buyers should increase transaction volumes.

In terms of activity, there has already been a shift away from buy-to-let investors towards first time buyers and there are fewer cash buyers too. This change in market shape ought to provide ULS with comparatively more new opportunities to grow its numbers.

With a relatively low market share compared to leaders in other parallel markets, ULS has confidence it can strive for and secure incremental market share growth over future months and years.

Ben Thompson
Chief Executive Officer

UNAUDITED INCOME STATEMENT
Six months to 30 September 2017

	Note	6 months to 30 Sep 2017 Unaudited £'000s	6 months to 30 Sep 2016 Unaudited £'000s	Year ended 31 Mar 2017 Audited £'000s
Revenue		15,282	9,778	22,260
Cost of sales		(8,908)	(5,577)	(12,796)
Gross profit		6,374	4,201	9,464
Administrative expenses		(3,799)	(2,291)	(5,207)
Operating profit before exceptional expenses		2,575	1,910	4,257
Exceptional administrative expenses	**4**	(1,482)	-	(386)
Operating profit		1,093	1,910	3,871
Finance income		2	7	12
Finance costs		(73)	(22)	(83)
Share of loss of associate		(6)	(10)	(26)
Exceptional Finance costs	**4**	(390)	(143)	(318)
Profit on ordinary activities before taxation		626	1,742	3,456
Tax on profit on ordinary activities		(438)	(328)	(581)
Profit for the financial period		188	1,414	2,875
Basic earnings per share (£)	**5**	0.0029	0.0218	0.0443
Diluted earnings per share (£)	**5**	0.0027	0.0208	0.0421

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
Six months to 30 September 2017

	6 months to 30 Sep 2017 Unaudited £'000s	6 months to 30 Sep 2016 Unaudited £'000s	Year ended 31 Mar 2017 Audited £'000s
Profit for the period	188	1,414	2,875
Total comprehensive income for the period	188	1,414	2,875

UNAUDITED BALANCE SHEET
At 30 September 2017

	Note	30 Sep 2017 Unaudited £'000s	30 Sep 2016 Unaudited £'000s	31 Mar 2017 Audited £'000s
NON-CURRENT ASSETS				
Intangible assets		6,890	3,025	7,064
Goodwill		11,008	4,524	11,008
AFS financial assets		100	100	100
Investment in Associates		543	565	549
Property, plant and equipment		387	601	516
Long-term receivables		200	100	200
Prepayments		127	112	173
		19,255	9,027	19,610
CURRENT ASSETS				
Inventory		43	40	40
Trade and other receivables		2,758	1,642	1,676
Cash and cash equivalents		2,899	3,710	2,242
		5,700	5,392	3,958
TOTAL ASSETS		24,955	14,419	23,568
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	**6**	259	259	259
EBT reserve		(474)	-	-
Share premium account		4,585	4,585	4,585
Capital redemption reserve		113	113	113
Share based payment reserve		207	100	151
Retained earnings		3,573	3,394	4,145
TOTAL EQUITY		8,263	8,451	9,253
NON-CURRENT LIABILITIES				
Borrowings		3,250	-	3,750
Contingent consideration	**8**	1,991	918	2,613
Deferred taxation		1,059	468	1,092
		6,300	1,386	7,455
CURRENT LIABILITIES				
Trade and other payables		7,888	4,210	4,229
Borrowings		2,000	-	2,000
Current tax payable		504	372	631
		10,392	4,582	6,860
TOTAL LIABILITIES		18,692	5,968	14,315
TOTAL EQUITY AND LIABILITIES		24,955	14,419	23,568

UNAUDITED STATEMENT OF CHANGES IN EQUITY
Six months to 30 September 2017

	Share capital £'000s	EBT reserve £'000s	Share premium £'000s	Capital redemption reserve £'000s	Share based payment reserve £'000s	Retained earnings £'000s	Total equity £'000s
For the period ended 30 September 2017							
At 1 April 2017	259	-	4,585	113	151	4,145	9,253
Profit for the period	-	-	-	-	-	188	188
Purchase of shares by EBT	-	(618)	-	-	-	-	(618)
Exercise of options	-	144	-	-	(17)	(49)	78
Share-based payments	-	-	-	-	73	-	73
Dividends paid	-	-	-	-	-	(711)	(711)
At 30 September 2017	259	(474)	4,585	113	207	3,573	8,263
For the period ended 30 September 2016							
At 1 April 2016	259	-	4,585	113	80	2,148	7,185
Profit for the period	-	-	-	-	-	1,414	1,414
Share-based payments	-	-	-	-	20	-	20
Dividends paid	-	-	-	-	-	(168)	(168)
At 30 September 2016	259	-	4,585	113	100	3,394	8,451
For the year ended 31 March 2016							
At 1 April 2016	259	-	4,585	113	80	2,148	7,185
Profit for the year	-	-	-	-	-	2,875	2,875
Exercise of options	-	-	-	-	(1)	1	-
Share-based payments	-	-	-	-	72	-	72
Payment of dividends	-	-	-	-	-	(879)	(879)
At 31 March 2016	259	-	4,585	113	151	4,145	9,253

UNAUDITED STATEMENT OF CASH FLOWS
Six months to 30 September 2017

	6 months to 30 Sep 2017 Unaudited £'000s	6 months to 30 Sep 2016 Unaudited £'000s	Year ended 31 Mar 2017 Audited £'000s
Cash flows from operating activities			
Profit before taxation	626	1,742	3,456
Finance income	(2)	(7)	(12)
Finance costs	73	165	401
Loss on disposal of plant and equipment	-	2	1
Amortisation	484	234	599
Depreciation	140	131	271
Share of loss of associate	6	10	26
Share-based payments	73	20	72
Tax paid	(598)	(342)	(625)
	802	1,955	4,189
Changes in working capital			
(Increase) / decrease in inventories	(3)	(18)	(18)
(Increase) / decrease in trade and other receivables	(1,037)	(272)	(246)
Increase / (decrease) in trade and other payables	3,037	42	(68)
Cash inflow from operating activities	2,799	1,707	3,857
Cash flows from investing activities			
Purchase of intangible software assets	(309)	(313)	(642)
Purchase of property, plant and equipment	(11)	(253)	(281)
Disposal of property, plant and equipment	-	4	4
Acquisition of subsidiary (net of cash acquired)	-	-	(6,989)
Payment of deferred consideration	-	-	(1,080)
Interest received	2	7	12
Net cash used in investing activities	(318)	(555)	(8,976)
Cash flows from financing activities			
Dividends paid	(711)	(168)	(879)
Share transactions by EBT	(540)	-	-
Interest paid	(73)	(165)	(401)
New loans	-	-	7,000
Repayment of loans	(500)	(890)	(2,140)
Net cash (used in)/generated from financing activities	(1,824)	(1,223)	3,580
Net increase/(decrease) in cash and cash equivalents	657	(71)	(1,539)
Cash and cash equivalents at beginning of period	2,242	3,781	3,781
Cash and cash equivalents at end of period	2,899	3,710	2,242

Notes to the financial information
Six months to 30 September 2017

1. GENERAL

The interim financial information for the six months to 30 September 2017 is unaudited and was approved by the Directors of the Company on 27 November 2017. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Company's operations are not subject to significant seasonality or cyclicality.

A dividend of £711,195 has been paid in the six months ended 30 September 2017 (six months to 30 September 2016: £168,101).

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the Group's most recent annual financial statements for the year ended 31 March 2017.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission.

The financial information has been prepared using accounting policies that the Directors expect to be applicable as at 31 March 2018, with the exception of IAS 34.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future.

The condensed financial information for the period ended 31 March 2017 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

3. SEGMENT REPORTING

Management identifies its operating segments based on the Group's service lines, which represent the main product and services provided by the Group. The Group's Comparison Services segment represents more than 90% of the business, and as such the Group considers that it has one reportable operating segment.

4. EXCEPTIONAL EXPENSES

Exceptional Administrative Expenses

	6 months to 30 Sep 2017 £'000	6 months to 30 Sep 2016 £'000	Year to 31 Mar 2017 £'000
Adjustment to expected deferred consideration	1,405	-	-
Acquisition related expenses	77	-	386
	1,482	-	385

Exceptional Finance Costs

	6 months to 30 Sep 2017 £'000	6 months to 30 Sep 2016 £'000	Year to 31 Mar 2017 £'000
Change in NPV of deferred consideration	390	143	318
	390	143	318

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Basic and diluted earnings per share

	6 months to 30 Sep 2017 £	6 months to 30 Sep 2016 £	Year to 31 Mar 2017 £
Total basic earnings per share	0.0029	0.0218	0.0367
Total diluted earnings per share	0.0027	0.0208	0.0351

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	6 months to 30 Sep 2017 £'000s	6 months to 30 Sep 2016 £'000s	Year to 31 Mar 2017 £'000s
Earnings used in the calculation of total basic and diluted earnings per share	188	1,414	2,377

Number of shares	6 months to 30 Sep 2017 Number	6 months to 30 Sep 2016 Number	Year to 31 Mar 2017 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	64,828,057	64,828,057	64,735,539

Taking the Group's dilutive potential ordinary shares into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

Number of shares	6 months to 30 Sep 2017	6 months to 30 Sep 2016	Year to 31 Mar 2017
Potential dilutive effect of share options and warrants	4,770,506	3,150,171	3,039,893
Weighted average number of ordinary shares for the purposes of diluted earnings per share	69,598,563	67,978,228	67,775,432

6. SHARE CAPITAL

a) Share Capital

The Company has one class of Ordinary share with 0.4p nominal value per share which carries no right to fixed income nor has any preferences or restrictions attached.

No new shares were issued in the period

Issued and fully paid:

	30 Sep 2017 £'000s	30 Sep 2016 £'000s	31 Mar 2017 £'000s
Ordinary shares of 0.40p each	259	259	259

	30 Sep 2017 Number	30 Sep 2016 Number	31 Mar 2017 Number
At beginning of the period	64,828,057	64,828,057	64,828,057
New Share Issue	-	-	-
	64,828,057	64,828,057	64,828,057

b) Share based payments

During the period the Group granted 322,500 options with an exercise price of £1.06 per share.

All options in issue vest in 3 equal tranches, three, four, and five years after date of grant. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

	Number of options	As at 30 Sep 2017 Weighted average exercise price £
Outstanding at 1 April	4,552,364	0.56
Granted	322,500	1.06
Forfeited prior to vesting	(34,520)	0.51
Exercised	(193,975)	0.40
Outstanding at 30 September	4,646,369	0.60

7. BORROWINGS

In December 2016, the Group took out a 5-year term loan for £5 million and a £2 million revolving cash flow facility. Both had an initial interest rate of 1.90% above LIBOR but this has reduced to 1.55% above LIBOR during the period as certain financial criteria were met. The term loan Is subject to repayments of £250,000 plus accrued interest quarterly.

Loans are secured by way of fixed and floating charges over all assets of the Group.

8. DEFERRED CONSIDERATION

In February 2015, the Group acquired 100% of the issued ordinary share capital of Legal-Eye Limited, a company incorporated in England and Wales. Part of the consideration was deferred with payments of £1,080,000 due in each of October 2016 and October 2017.

In December 2016, the Group acquired 100% of the issued ordinary share capital of Conveyancing Alliance Holdings Limited and its 100% subsidiary Conveyancing Alliance Limited (together referred to as "CAL"), companies incorporated in England and Wales. Part of the consideration is contingent based on a range of between 0.5 and 1.75 times annualised PBT of CAL for the period between completion to 31 March 2018 and also for the 12 months ending 31 March 2019. The estimated undiscounted value of this element of the consideration has been increased to £5,272,000 (£3,473,000 as at 31 March 2017). There is a cap on the contingent consideration payable and the current estimate is for the cap to be reached.

The amounts shown in the balance sheet are at net present value and the movement arising on this is shown below

	30 Sep 2017 £'000s
At beginning of the period	3,602
Adjustment to expected deferred consideration	1,405
Change in NPV due to movement in time	390
At end of the period	5,397

The current deferred consideration liability of £3,406,000 is included within trade and other payables.