



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

Trading & COVID-19 Update

ULS Technology plc (AIM: ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, provides a trading update for the 12 months to 31 March 2020 (the "Period").

During the Period, the Company continued to focus on the development and roll-out of its new flagship product, DigitalMove, which enables conveyancing to be completed in a secure and paperless environment whilst significantly reducing processing time.

Despite some impact on conveyancing completions in the last few weeks of the Period due to COVID-19 making house-moving increasingly difficult, the Company expects to announce underlying pre-tax profits for the year ended 31 March 2020 in the region of £4.7 million, and to have generated significant levels of Operating Cashflow.

COVID-19

The Company has strong business continuity systems and procedures so has been able to move seamlessly to home working in the last few weeks and is able to provide a full service as usual. However, Government advice that moving house should be avoided if at all possible in the current social distancing environment means that the number of conveyancing transactions being completed are beginning to reduce substantially. Given the uncertainty as to the duration of the restrictions and the speed of the recovery when it comes, it is not possible for management to give guidance on its forecasts for the next financial year and beyond. Despite the short-term challenges and their impact on profitability, the Board believes that the Company continues to be well positioned with a robust balance sheet and significant cash balances. The Company will continue to invest in the development of DigitalMove to ensure that the Company is in a strong position when we emerge from this situation with the long-term prospects for the business enhanced.

Balance sheet, liquidity and headroom

The Company had over £2 million in cash as at 31 March 2020, as a result of fully drawing its bank facilities resulting in a net debt position of c.£3.7 million. Whilst the Board believes this places the Company in a strong financial position, it is nevertheless taking a prudent approach to future planning by focussing on cash flow and liquidity while continuing a measured investment programme in both product development as well as its relationships with its introducers and conveyancing panel. In order to preserve cash and maintain the liquidity position of the business in the current environment; the Company has taken various actions, including but not limited to:

- deferring VAT payments under the Government VAT holiday scheme;
- negotiating a six-month deferral of term loan repayments worth £500,000 by extending the duration of the term loan by 6 months;
- reducing overhead spend where it does not impact the ability to provide full operational functionality albeit on lower volumes or affect the product development pipeline; and
- suspending dividend payments.

Outlook

In the immediate term the Company expects to see a sharp fall in revenue and profitability while social distancing measures remain in place. However, once we return to a normal market the Company expects to benefit from its robust, profitable business model, underpinned by strong cash generation.

For this reason the Company is confident in continuing to invest in DigitalMove to ensure that the business is able to move quickly as and when the housing market improves. In the meantime, there is an expectation that re-mortgaging volumes will hold up much better than transactional volumes providing some continuity of revenue in the short-term.

Steve Goodall, CEO of ULS Technology, added: *“I have been delighted by the attitude and application of all our staff as we have transitioned to a home-working environment. We continue to work closely with our introducers and conveyancing panel to support them and provide the best service in what will be a difficult period for everyone. The Company remains in a strong position with a robust balance sheet and we are excited by the significant growth opportunities that we believe DigitalMove will provide. Our model is focused on cash generation, profitability and sustainability and we believe that our long-term prospects remain strong and undiminished.”*

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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.