

## **ULS Technology plc**

(The “Group”, or the “Company”)

### **Trading 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<sup>st</sup> March 2020 (the “Period”).

#### **Financial Highlights**

The Group expects financial results for the Period in line with market expectations with underlying pre-tax profit for the Period of c.£4.8 million (2019: £5.4 million) and sales of c.£28.3m (2019: £30m). This performance reflects the uncertainty caused by Brexit and the general election during 2019, and then the initial impact of COVID-19 during the last 4-6 weeks of the period. Despite the backdrop, the Company remained highly cash generative and maintained good profit margins. It has also continued to invest in the development of DigitalMove. Cash balances as at 31 March 2020 were over £2 million, with the Company having fully drawn its bank facilities, resulting in a net debt position of c.£3.4 million.

#### **Operational Highlights**

The Company continued to invest in DigitalMove following positive feedback from consumers, solicitors and introducers. Over 10,000 instructions from consumers, via introducers using eConveyancer, were processed through the platform during the period.

Recently, the Company hit two important landmarks. It completed its first DigitalMove integration via API with a top 10 conveyancer, further increasing the efficiency gains that solicitors are benefiting from by using DigitalMove. It has also set up a number of solicitors to be able to use DigitalMove for conveyancing instructions that the solicitors have gained from other sources and not from eConveyancer’s introducers. In due course we expect this to be an important source of additional revenue for the Group.

This week the Company launched its new ‘Rapid Remo’ product with the first instructions already received. This is a new product in eConveyancer, which has leveraged the capabilities of DigitalMove to speed up transactions. The product has been in development for a number of months but its release is particularly timely in a remortgage dominated market.

In terms of the current revenue generating parts of the Group, during the period, the number of intermediary advisers using the Group’s conveyancing comparison platforms increased by 18% to over 3,500. The Company also continued to add new lender clients, notably the Principality Building Society. More recently, post period end, it was awarded a Conveyancing Service Agreement with a challenger bank and is currently in the process of onboarding another lender as a new client.

#### **Outlook**

As flagged in our trading update dated 2 April 2020, due to the outbreak of COVID-19, there is considerable uncertainty regarding revenue and profitability in the immediate future. It is difficult to predict when and how quickly the housing market will recover at this point. However, the Company has sufficient cash reserves to allow it to continue to invest in its sales channels and product development so that it is well positioned for when conditions improve.

Investment into DigitalMove also continues with active marketing to conveyancers and ongoing development to further refine the product offering and integration capability, ready for when the housing market picks up.

**Steve Goodall, Chief Executive of ULS Technology plc, commented:**

*“With the current effects of COVID-19 enforcing social distancing measures, DigitalMove’s remote applications, which enable conveyancing to be completed in a secure and paperless environment, should become increasingly attractive to conveyancers. We are experiencing increased interest in DigitalMove and we expect that interest to continue beyond the current circumstances.*

*“We believe that our long-term business model - driving sustained profitability, cash generation and continued investment into DigitalMove - means that the Company remains well positioned for when market conditions improve.”*

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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.