

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

Half Yearly Report

"Robust financial performance with focus now on revolutionising home moving and ownership"

ULS Technology plc (AIM: ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, announces its half year results for the six months to 30 September 2020. During this unprecedented period, the Company continued to generate profits and remained highly cash generative whilst further developing its DigitalMove platform.

Financial Highlights

- Revenue declined by 31% to £10.06m (H1 2019: £14.55m) in line with the overall market
- Gross margin fell slightly to 42.7% (H1 2019: 43.9%) due to changes in business mix
- Underlying EBITDA reduced to £1.0m (H1 2019: £3.3m)
- Underlying Profit before Tax¹ declined to £0.33m (H1 2019: £2.78m)
- Adjusted basic EPS¹ declined to 0.51p (H1 2019: 3.60p)
- Net debt reduced to £1.9m as of 30 September 2020 (FY 2019: £3.4m)
 - Part of improvement due to use of VAT deferral scheme worth £0.6m to be repaid in March-21 which does not show as debt
 - Pro-forma cash balances following the sale of CAL were £25m
- Positive cash from operating activities of £2.1m

¹ Before exceptional costs and amortisation of acquisition intangibles.

Operating Highlights

- Increase in brokers actively using our platforms to 3,917, an increase of 9% over the 6-month period and 21% against September 2019
- Over 20,000 cases have now been instructed through DigitalMove, compared to c.3,000 twelve months ago
- DigitalMove Solicitor Portal launched as pilot in the period
- The appointment of a new CEO, Jesper With-Fogstrup, who will be starting in the New Year

Significant Post-Balance Sheet Event

- Disposal of wholly owned subsidiaries Conveyancing Alliance (Holdings) Limited and Conveyancing Alliance Limited ("CAL") for a cash consideration of £27.3m
 - Proceeds to be used to repay debt, leaving c.£25m cash on balance sheet to invest in a digital platform aimed at revolutionising home moving and ownership
 - Continuing operations remain profitable at an EBITDA level immediately post-transaction

Martin Rowland, Chairman of ULS Technology plc, commented:

"We are pleased with our performance in the first half of the year in an unprecedented housing market which virtually came to a standstill in the first two months of the period in terms of existing pipeline and, in particular, new instructions. While the market has since come bouncing back to life with the number of instructions above pre-Covid levels, the lag between instruction and completion means that this will benefit H2 rather than H1. That said, our ability to make a profit and generate cash in the period against this backdrop, highlights the strength of the Company's model and relationships. Importantly, given the volume of instructions, we are now seeing an increasing run-rate of revenue and have good visibility of higher revenues over the coming months."

"The post-period sale of CAL was a pivotal moment for ULS providing the capital to help us achieve our vision of building a digital platform that will transform the entire home moving and home owning"

process for consumers. The broader functionality that we plan to offer and scale of opportunity we envisage provides a strong backdrop for future growth opportunities.

“We have also announced the appointment of Jesper With-Fogstrup as our new CEO who we expect to take office in early 2021. He will now be armed with significant funds to help us achieve our vision and we look forward to him being able communicate his plans in Q2 2021.”

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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.

Chairman's Report

We have all been living through strange times and the housing market has epitomised some of the swings we have been going through. For a couple of months, the housing market almost ground to a halt with lots of people who were in the process of moving putting those moves on hold, while those thinking of moving deferred their plans as viewing houses, getting a survey and booking a removal firm became almost impossible. However, this pause in the housing market was shorter lived than was expected at the outset of the pandemic. The housing market was one of the first sectors to come out of lockdown and, once open, people set about making up for lost time. Paused moves started to complete and new instructions surged due to pent up demand, the stamp duty holiday and lockdown making people re-evaluate where they want to live. The lag between instruction and completion, however, did mean that completed house transactions were down 31% year-on-year for the period.

The surge in instructions that we have seen since June will mean that it should be a busy second half to the year as those instructions complete. There will be a particular rush to complete before the end of March for those chains impacted by the stamp duty holiday unless there is a decision to extend it. Much of the market upturn has been caused by the return of the home mover to the market on mass which had previously been dominated by first time buyers. For most first-time buyers there is no benefit from the stamp duty holiday and the mortgage market has tightened for them with the withdrawal of many higher loan-to-value mortgage offerings. This is likely to mean that, while housing transactions are going to be up for the next few months through to March against the same months a year ago, the growth in home-mover transactions will mask a fall in first time buyers.

What this period has shown is the resilience of the housing market. While there may be fluctuations in volumes people will always want to buy, sell and own homes and we still see the huge potential for us in this market. There remains a lot of 'grit' in the system of buying and selling houses and our aim is to remove as much of it as possible. We want to develop a platform from which consumers can arrange the finance necessary to complete their house purchase, obtain the legal support needed to complete the transaction and select the insurance, utilities and other providers of services they need to run their home in as easy-a-fashion as possible.

Sale of CAL

The post period-end sale of CAL which we recently announced clearly has a material impact on the Group going forwards. On the one hand, Group profit and cash generation will materially reduce, whilst on the other we now have a very strong balance sheet with c.£25m of available cash to invest in the business going forward.

During the period, and previous periods, CAL's contribution to results was as follows:

| | 6 months to 30 Sep 2020 | 6 months to 30 Sep 2019 | Year to 31 Mar 2020 |
|-------------------|----------------------------|----------------------------|------------------------|
| | £'000s | £'000s | £'000s |
| Revenue | 3,720 | 4,370 | 8,928 |
| Gross margin | 1,542 | 1,799 | 3,399 |
| EBITDA | 1,000 | 1,234 | 2,477 |
| Profit before tax | 971 | 1,200 | 2,410 |

CAL operates a conveyancing comparison business targeting estate agents and smaller mortgage brokers with a panel of around a dozen conveyancers. We had been very pleased by the growth of CAL under our ownership. However, the business had remained as a standalone entity and instructions through it were not using DigitalMove. Therefore, we did not see it as integral to our vision going forwards and believe that the consideration represents an attractive valuation, unlocking value for

shareholders, whilst at the same time providing the capital to achieve our vision of building a digital platform that will transform the entire home moving and home owning process for consumers.

Remaining Business

eConveyancer

The Group retains a conveyancing comparison business in eConveyancer. Its main focus in terms of distribution is larger mortgage brokers, mainstream and specialist lenders as well as providing a B2C offering. It has a panel of over 50 solicitors or conveyancers and has been the launch pad for DigitalMove.

In its key mortgage broker market, while completions were down year-on-year due to the housing market, the number of mortgage brokers actively using the platform grew to over 1,800 which was up by 28% on the previous year. It is also having success attracting an increasing number of niche lenders to its platform.

Having generated EBITDA of c.£5m in the year to 31 March 2020 and c. £1m in the pandemic impacted 6 months to 30 September 2020, eConveyancer continues to provide a strong platform for growth and remains well placed to take advantage of the growing pipeline of opportunities. Importantly, while the period under review was impacted by Covid-19, eConveyancer continues to gain new introducers and is well placed to benefit from further market recovery – especially in the first-time buyer’s market.

DigitalMove

Over 20,000 instructions for sale, purchase and re-mortgage transactions have now gone through DigitalMove. We have received a lot of great feedback from consumers and we are cutting around two weeks from the start of the process. So far, most of these instructions have come through eConveyancer but we have also launched the pilot of our solicitor portal which is allowing solicitors to put through DigitalMove instructions they have received from other sources, which will provide increased diversification of revenue streams.

We are still in the early stages of the DigitalMove journey with much more we want to achieve. The sale of CAL provides us with the funding to significantly accelerate that journey. We are currently formulating our plans to broaden our digital platform and look forward to providing an update once these have been finalised.

Chief Financial Officer’s Report

It has been an unusual period making comparisons with prior years difficult. However, we are pleased with our resilience and the decisions we made during this period. We were able to adapt to home-working seamlessly and we were in a financial position that enabled us to take actions that were for the long-term benefit of the business. As a result, we were able to keep a full-service offering throughout and be there to support our introducers, solicitors and consumers in difficult times.

Producing a positive IFRS and underlying profit before tax in the circumstances was a good result as was the positive cash flow we managed to produce. At this time last year, we announced that we were going to accelerate our ongoing investment in DigitalMove. Due to the pandemic, we did not do this as quickly as expected but the run rate in terms of committed additional overhead spend is now reaching planned levels.

The Group continued to generate significant operating cash flow. This was aided by use of the government’s VAT deferral scheme which improved cash flow in the period by £0.7m. Overall net debt reduced by £1.5m with the fact that no dividend was paid contributing to that reduction.

The sale of CAL has clearly significantly altered the financial position of the business. The cash position of the Group has gone from having a small net debt to a significant cash balance of £25m. In terms of

the Income Statement there will be an immediate reduction in revenue and profit due to the sale of CAL and then increased costs coming through as we invest further in DigitalMove. Clearly the plan will be to replace the lost revenue and profit as DigitalMove evolves.

Non-IFRS Profit Measures

In the Financial Highlights above we show the movement in Underlying Profit before Tax. This is a non-IFRS profit measure and the table below shows how that measure is arrived at from IFRS profit.

Underlying Profit before Tax

| | 6 months to 30 Sep 2020 £'000 | 6 months to 30 Sep 2019 £'000 | Year to 31 Mar 2020 £'000 |
|----------------------------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Reported PBT | 69 | 2,371 | 4,024 |
| Amortisation of intangible assets arising on acquisition | 260 | 270 | 538 |
| <u>Exceptional costs</u> | | | |
| M&A activity costs | - | 27 | 30 |
| Adjustment of contingent consideration | - | 113 | 113 |
| Impairment of Investment | | | 100 |
| | <u>329</u> | <u>2,781</u> | <u>4,805</u> |

Underlying Profit after Tax

| | 6 months to 30 Sep 2020 £'000 | 6 months to 30 Sep 2019 £'000 | Year to 31 Mar 2020 £'000 |
|--------------------------------------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Underlying Profit before tax | 329 | 2,781 | 4,805 |
| Tax on profit on ordinary activities | 46 | (414) | (759) |
| Tax relating to amortisation of intangibles arising on acquisition | (46) | (48) | (96) |
| | <u>329</u> | <u>2,319</u> | <u>3,950</u> |

We believe that providing details of how these non-IFRS profit measures are calculated by reference to the IFRS profit number helps aid the understanding of the movement in the IFRS number as well as giving an indication to the long-term profitability and cash generating ability of the Group.

Borrowing Facilities

As a result of the sale of CAL, the £5.75m of drawn debt facilities with HSBC were repaid after the period end. Additionally, all borrowing facilities with HSBC have been terminated as the Group could not foresee any imminent requirement to borrow funds.

Outlook

In the immediate term we expect a more buoyant second half to the year with a particular rush to complete before the stamp duty deadline. Beyond that there will be conflicting forces. There will be an inevitable lull straight after the stamp duty deadline unless the government delays its re-introduction or makes a permanent change to a tax which actively discourages people from moving house. Beyond that there will be financial impacts of the pandemic and possibly Brexit consequences. At the same time there is the expectation that there will be a prolonged increase in demand caused

by those looking to move as a result of the pandemic. Consumers are increasingly prioritising access to outside space, as well as indoor space which can be used as home offices, with many waiting for more certainty as to whether they will be able to carry on working at home, at least in part, on a permanent basis. There is also the potential for growth amongst first-time buyers as higher loan-to-value mortgages return to the market.

Whatever the short-term fluctuations, the Group is in a strong financial position and is excited to be moving on to the next stage of DigitalMove, delivering a platform from which consumers can arrange the finance necessary to complete their house purchase, obtain the legal support needed to complete the transaction and select the insurance, utilities and other providers of services they need to run their home in as easy-a-fashion as possible.

Martin Rowland
Chairman

UNAUDITED INCOME STATEMENT
Six months to 30 September 2020

| | Note | 6 months to 30 Sep 2020 Unaudited £'000s | 6 months to 30 Sep 2019 Unaudited £'000s | Year ended 31 Mar 2020 Audited £'000s |
|------------------------------------------------------|----------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Revenue | | 10,060 | 14,546 | 28,272 |
| Cost of sales | | (5,760) | (8,154) | (15,849) |
| Gross profit | | 4,300 | 6,392 | 12,423 |
| Administrative expenses | | (4,147) | (3,798) | (7,975) |
| Operating profit before exceptional expenses | | 153 | 2,594 | 4,448 |
| Exceptional administrative expenses | 3 | - | (140) | (243) |
| Operating profit | | 153 | 2,454 | 4,205 |
| Finance income | | 7 | 7 | 14 |
| Finance costs | | (91) | (90) | (195) |
| Profit on ordinary activities before taxation | | 69 | 2,371 | 4,024 |
| Tax on profit on ordinary activities | | 46 | (414) | (759) |
| Profit for the financial period | | 115 | 1,957 | 3,265 |
| Basic earnings per share (£) | 4 | 0.0018 | 0.0303 | 0.0506 |
| Diluted earnings per share (£) | 4 | 0.0017 | 0.0289 | 0.0482 |

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
Six months to 30 September 2020

| | 6 months to 30 Sep 2020 Unaudited £'000s | 6 months to 30 Sep 2019 Unaudited £'000s | Year ended 31 Mar 2020 Audited £'000s |
|-------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Profit for the period | 115 | 1,957 | 3,265 |
| Total comprehensive income for the period | 115 | 1,957 | 3,265 |

UNAUDITED BALANCE SHEET
At 30 September 2020

| | Note | 30 Sep 2020 Unaudited £'000s | 30 Sep 2019 Unaudited £'000s | 31 Mar 2020 Audited £'000s |
|-----------------------------------------------------------------|------|------------------------------------|------------------------------------|----------------------------------|
| NON-CURRENT ASSETS | | | | |
| Intangible assets | | 5,964 | 6,333 | 6,151 |
| Goodwill | | 11,008 | 11,008 | 11,008 |
| AFS financial assets | | - | 100 | - |
| Investment in Associates | | 578 | 528 | 533 |
| Property, plant and equipment | | 1,971 | 2,016 | 2,140 |
| Long-term receivables | | 200 | 200 | 250 |
| Prepayments | | 103 | 152 | 123 |
| | | <u>19,824</u> | <u>20,337</u> | <u>20,205</u> |
| CURRENT ASSETS | | | | |
| Inventory | | - | 49 | - |
| Trade and other receivables | | 1,506 | 2,151 | 1,874 |
| Cash and cash equivalents | | 3,817 | 2,455 | 2,340 |
| | | <u>5,323</u> | <u>4,655</u> | <u>4,214</u> |
| TOTAL ASSETS | | <u>25,147</u> | <u>24,992</u> | <u>24,419</u> |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | |
| Share capital | 5 | 259 | 259 | 259 |
| EBT reserve | | (453) | (484) | (453) |
| Share premium account | | 4,609 | 4,609 | 4,609 |
| Capital redemption reserve | | 113 | 113 | 113 |
| Share based payment reserve | | 344 | 367 | 427 |
| Retained earnings | | 7,739 | 7,161 | 7,624 |
| TOTAL EQUITY | | <u>12,611</u> | <u>12,025</u> | <u>12,579</u> |
| NON-CURRENT LIABILITIES | | | | |
| Borrowings | 6 | 750 | 1,250 | 750 |
| Lease liabilities | | 1,236 | 1,389 | 1,309 |
| Deferred taxation | | 999 | 983 | 1,045 |
| | | <u>2,985</u> | <u>3,622</u> | <u>3,104</u> |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | 4,369 | 3,706 | 3,296 |
| Borrowings | 6 | 5,000 | 5,000 | 5,000 |
| Lease liabilities | | 168 | 172 | 158 |
| Current tax payable | | 14 | 467 | 282 |
| | | <u>9,551</u> | <u>9,345</u> | <u>8,736</u> |
| TOTAL LIABILITIES | | <u>12,536</u> | <u>12,967</u> | <u>11,840</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>25,147</u> | <u>24,992</u> | <u>24,419</u> |

UNAUDITED STATEMENT OF CHANGES IN EQUITY
Six months to 30 September 2020

| | 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 2020 | | | | | | | |
| At 1 April 2020 | 259 | (453) | 4,609 | 113 | 427 | 7,624 | 12,579 |
| Profit for the period | - | - | - | - | - | 115 | 115 |
| Total comprehensive income | - | - | - | - | - | 115 | 115 |
| Share-based payments | - | - | - | - | (83) | - | (83) |
| Total transactions with owners | - | - | - | - | (83) | - | (83) |
| At 30 September 2020 | 259 | (453) | 4,609 | 113 | 344 | 7,739 | 12,611 |
| For the period ended 30 September 2019 | | | | | | | |
| At 1 April 2019 | 259 | (484) | 4,585 | 113 | 293 | 5,973 | 10,739 |
| Profit for the period | - | - | - | - | - | 1,957 | 1,957 |
| Total comprehensive income | - | - | - | - | - | 1,957 | 1,957 |
| Issue of shares | - | - | 24 | - | - | - | 24 |
| Exercise of options | - | - | - | - | (5) | 5 | - |
| Share-based payments | - | - | - | - | 79 | - | 79 |
| Dividends paid | - | - | - | - | - | (774) | (774) |
| Total transactions with owners | - | - | 24 | - | 74 | (769) | (671) |
| At 30 September 2019 | 259 | (484) | 4,609 | 113 | 367 | 7,161 | 12,025 |

**For the year ended 31
March 2020**

| | | | | | | | |
|-------------------------------------------|-----|-------|-------|-----|-----|---------|---------|
| At 1 April 2019 | 259 | (484) | 4,585 | 113 | 293 | 5,973 | 10,739 |
| Profit for the year | - | - | - | - | - | 3,265 | 3,265 |
| Total comprehensive income | - | - | - | - | - | 3,265 | 3,265 |
| Issue of shares | - | - | 24 | - | - | - | 24 |
| Purchase of shares by EBT | - | (29) | - | - | - | - | (29) |
| Exercise of options | - | 60 | - | - | (9) | (33) | 18 |
| Share-based payments | - | - | - | - | 143 | - | 143 |
| Payment of dividends | - | - | - | - | - | (1,581) | (1,581) |
| Total transactions with owners | - | 31 | 24 | - | 134 | (1,614) | (1,425) |
| At 31 March 2020 | 259 | (453) | 4,609 | 113 | 427 | 7,624 | 12,579 |

UNAUDITED STATEMENT OF CASH FLOWS
Six months to 30 September 2020

| | 6 months to 30 Sep 2020 Unaudited £'000s | 6 months to 30 Sep 2019 Unaudited £'000s | Year ended 31 Mar 2020 Audited £'000s |
|-----------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | 69 | 2,371 | 4,024 |
| Finance income | (7) | (7) | (14) |
| Finance costs | 91 | 90 | 195 |
| Share of (profit) / loss of associate | (45) | 23 | 18 |
| Amortisation | 681 | 557 | 1,196 |
| Depreciation | 179 | 128 | 324 |
| Impairment of financial assets at FVOCI | - | - | 100 |
| Share-based payments | (83) | 79 | 143 |
| Tax paid | (268) | (325) | (793) |
| | <u>617</u> | <u>2,916</u> | <u>5,193</u> |
| Changes in working capital | | | |
| (Increase) / decrease in inventories | - | (1) | 48 |
| Decrease / (increase) in trade and other receivables | 438 | (278) | (22) |
| Increase/ (decrease) in trade and other payables | 1,073 | 211 | (180) |
| | <u>1,073</u> | <u>211</u> | <u>(180)</u> |
| Net cash generated from operating activities | <u>2,128</u> | <u>2,848</u> | <u>5,039</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible software assets | (494) | (447) | (905) |
| Purchase of property, plant and equipment | (10) | (86) | (405) |
| Payment of deferred and contingent consideration | - | (2,337) | (2,337) |
| Interest received | 7 | 7 | 14 |
| | <u>(497)</u> | <u>(2,863)</u> | <u>(3,633)</u> |
| Net cash used in investing activities | <u>(497)</u> | <u>(2,863)</u> | <u>(3,633)</u> |
| Cash flows from financing activities | | | |
| Share issue proceeds | - | 24 | 24 |
| Dividends paid | - | (774) | (1,581) |
| Interest paid | (91) | (90) | (195) |
| Lease payments | (63) | (42) | (155) |
| Repayment of term loan | - | (500) | (1,000) |
| Movement on rolling cash flow facility | - | 2,000 | 2,000 |
| Share transactions by EBT | - | - | (11) |
| | <u>(154)</u> | <u>618</u> | <u>(918)</u> |
| Net cash (used in) / generated from financing activities | <u>(154)</u> | <u>618</u> | <u>(918)</u> |
| Net increase in cash and cash equivalents | <u>1,477</u> | <u>603</u> | <u>488</u> |
| Cash and cash equivalents at beginning of period | <u>2,340</u> | <u>1,852</u> | <u>1,852</u> |
| Cash and cash equivalents at end of period | <u>3,817</u> | <u>2,455</u> | <u>2,340</u> |

Notes to the financial information
Six months to 30 September 2020

1. GENERAL

The interim financial information for the six months to 30 September 2020 is unaudited and was approved by the Directors of the Company on 7 December 2020. 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 is subject to some seasonality and also some cyclicalities both in line with the housing market.

No dividend has been paid in the six months ended 30 September 2020 (six months to 30 September 2019: £774,110).

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 2020.

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 2021, 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. Particular attention has been given to the impact of the COVID-19 pandemic on the Group. A number of measures to preserve cash were put in place at the start of the period. In addition, the housing market has recovered more quickly than expected. This has meant that the Group has actually reduced its net debt position over the course of the period as monthly profitability has started to approach pre-pandemic levels.

The condensed financial information for the period ended 31 March 2020 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. EXCEPTIONAL EXPENSES

Exceptional Administrative Expenses

| | 6 months to 30 Sep 2020 £'000s | 6 months to 30 Sep 2019 £'000s | Year to 31 Mar 2020 £'000s |
|-------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| Acquisition related expenses | - | 27 | 30 |
| Adjustment to expected contingent consideration | - | 113 | 113 |
| Impairment of financial assets at FVOCI | - | - | 100 |
| | <u>-</u> | <u>140</u> | <u>243</u> |

4. 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 2020 £ | 6 months to 30 Sep 2019 £ | Year to 31 Mar 2020 £ |
|----------------------------------|---------------------------------|---------------------------------|-----------------------------|
| Total basic earnings per share | <u>0.0018</u> | <u>0.0303</u> | <u>0.0506</u> |
| Total diluted earnings per share | <u>0.0017</u> | <u>0.0289</u> | <u>0.0482</u> |

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 2020 £'000s | 6 months to 30 Sep 2019 £'000s | Year to 31 Mar 2020 £'000s |
|--------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| Earnings used in the calculation of total basic and diluted earnings per share | <u>115</u> | <u>1,957</u> | <u>3,265</u> |

| Number of shares | 6 months to 30 Sep 2020 Number | 6 months to 30 Sep 2019 Number | Year to 31 Mar 2020 Number |
|-----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| Weighted average number of ordinary shares for the purposes of basic earnings per share | <u>64,871,276</u> | <u>64,496,307</u> | <u>64,499,023</u> |

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 2020 | 6 months to 30 Sep 2019 | Year to 31 Mar 2020 |
|-------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|
| Potential dilutive effect of share options and warrants | <u>3,645,915</u> | <u>3,273,128</u> | <u>3,224,904</u> |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u>68,517,191</u> | <u>67,769,435</u> | <u>67,723,927</u> |

5. 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 current period. Previously, on the 24 April 2019, the Company issued 43,219 new ordinary shares of 0.4p with a share premium of £24,030. The issue of shares was in connection with an exercise of share options.

Issued and fully paid:

| | 30 Sep 2020 £'000s | 30 Sep 2019 £'000s | 31 Mar 2020 £'000s |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Ordinary shares of 0.40p each | <u>259</u> | <u>259</u> | <u>259</u> |

| | 30 Sep 2020 Number | 30 Sep 2019 Number | 31 Mar 2020 Number |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| At the beginning of the period | 64,871,276 | 64,828,057 | 64,828,057 |
| Shares issued in the period | - | 43,219 | 43,219 |
| At the end of the period | <u>64,871,276</u> | <u>64,871,276</u> | <u>64,871,276</u> |

b) Share based payments

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 | Weighted average exercise price £ |
|----------------------------------|----------------------|--------------------------------------------|
| Outstanding at 1 April 2020 | 3,131,007 | 0.94 |
| Granted | 1,750,000 | 0.54 |
| Lapsed | (1,392,562) | 0.89 |
| Exercised | - | - |
| | <hr/> | <hr/> |
| Outstanding at 30 September 2020 | <u>3,488,445</u> | <u>0.75</u> |

6. BORROWINGS

| | Bank loans £'000s | Total debt £'000s |
|------------------------------------------|----------------------|----------------------|
| Balance at 1 April 2020 | 5,750 | 5,750 |
| Loan repayments | - | - |
| Movement in revolving cash flow facility | - | - |
| Balance at 30 September 2020 | 5,750 | 5,750 |
| Balance at 1 April 2019 | 4,750 | 4,750 |
| Loan repayments | (1,000) | (1,000) |
| Movement in revolving cash flow facility | 2,000 | 2,000 |
| Balance at 31 March 2020 | 5,750 | 5,750 |

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 and this can fall to as low as 1.55% above LIBOR depending on performance against certain financial criteria. The term loan is subject to repayments of £250,000 plus accrued interest quarterly. In May 2019, the revolving cash flow facility was increased to £4 million with the interest rate remaining unchanged.

During the period, a 6 month repayment holiday was agreed on the term loan so that no repayments were made in the period. The impact of this deferral is to lengthen the term of the loan by 6 months. Additionally, a £1 million overdraft was agreed although this has not been used during the period.

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

7. POST-BALANCE SHEET EVENT

On 27 November 2020, the Group sold the entire share capital of Conveyancing Alliance (Holdings) Limited and Conveyancing Alliance Limited ("CAL") for a cash consideration of £27.3m. CAL's contribution to results for the period are shown in the Chairman's Report.

As a result of the sale, the Group repaid all borrowings shown under Note 6 and the fixed and floating charges were removed.