

**Best of the Best plc**  
**(“Best of the Best”, “BOTB”, “the Company” or “the Group”)**

Interim results for the six months ended 31 October 2018

Best of the Best plc runs competitions online to win cars and other prizes.

**Key Highlights:**

- Revenue of £7.12 million up 28.5% (2017: £5.54 million)
- Adjusted profit before tax increased by 14.7% to £1.08 million (2017: £0.95 million)
- Net assets of £3.88 million (2017: £1.83 million)
- Cash balances of £6.94 million (2017: £2.05 million)
- Tender offer announced to return up to circa £3.50m to shareholders following conclusion of VAT claim
- Adjusted earnings per share increased by 17.7% to 9.03p (2017: 7.67p)
- Revenues now almost entirely online with just one airport location remaining
- Competitions, pricing and strategy now tailored exclusively for our growing and increasingly diversified online customer base
- Continued growth in online marketing investment to increase player acquisition, with encouraging results

**William Hindmarch, Chief Executive, said:**

“I am pleased to announce good progress with an encouraging set of interim results as the business continues to grow both revenues and profits. Our marketing strategy has continued to perform well and driven strong revenue numbers as well as promising growth in newly acquired customers. We have one remaining physical location at Birmingham Airport and revenues are now generated almost exclusively online.

Trading since the period end has been encouraging, with the Company well placed for future growth and currently operating ahead of management expectations for the full year. The impending increase in Remote Gaming Duty (RGD) will impact margins going forward but we are exploring options to mitigate this effect. We look forward to updating shareholders with further progress in due course.”

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014  
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## Chief Executive's Statement

During the period we completed our move away from physical retail locations (principally airports) to become an online focused operation. With the exception of one remaining site at Birmingham Airport, we now acquire customers almost exclusively through online and digital channels. Our investment in marketing continues to increase and has been returning encouraging results. As a result, our competitions, pricing and product strategy can now be tailored exclusively for our growing and increasingly diversified online customer base.

## Results

Revenue for the six months ended 31 October 2018 was £7.12 million, an increase of 28.5% (2017: £5.54 million). Adjusted profit before tax rose by 14.7% to £1.08 million (2017: £0.95 million) with adjusted earnings per share (excluding exceptional items) increasing by a similar percentage to 9.03p (2017: 7.67p).

£4.50 million of exceptional income was recognised as a result of the Company's claim for overpaid VAT in prior years, offset by £2.0m of exceptional expenses, relating to a retrospective RGD assessment by HMRC together with associated legal and professional fees incurred. Profit before tax including exceptional items was £3.59 million with fully diluted earnings per share (including exceptional items) from continuing operations at 29.08p.

A total of £5.14 million of cash flow was generated from operations during the period (2017: £0.69 million). Net assets at 31 October 2018 stood at £3.88 million (2017: £1.83 million), underpinned by cash balances of £6.94 million (2017: £2.05 million) and our 967-year leasehold office properties valued at £0.95 million. Current cash balances stand at approximately £5.9 million.

## Marketing strategy

Since inception in 2000, BOTB leased physical sites in locations such as airports and shopping centres to acquire new players, service existing players and encourage customers to play online. However, our costs and in particular rent and staff expenditure in these retail locations continued to increase significantly year-on-year, resulting in reduced efficiency when compared to other available channels.

Through continued trials in previous years, the Company proved that it was able to execute its marketing strategy more effectively using predominantly digital media complemented by traditional advertising channels.

## Competitions and pricing

In recent years, a reducing number of physically serviced airport and retail customers were disproportionately affecting our pricing strategy and our ability to innovate online. A further positive consequence of the move to becoming an almost purely online operator with an online customer base, has therefore been our ability to tailor our competitions, pricing and innovations exclusively towards the online player.

Our Dream Car competition continues to perform well and improvements to the online user experience, pricing and choice of cars have been well received. Together, these incremental changes have had a positive effect on revenues, whilst maintaining customer order values despite reduced ticket prices. Our online content and weekly "In the Headlights" edit section provides an incentive for people to keep returning to the site and continues to maintain engagement.

The Lifestyle Competition which features luxury watches, motorbikes, holidays and other gadgets/technology as well as cash prizes also continues to perform encouragingly. There is a substantial overlap with players of our Dream Car competitions, but the range of prizes in the Lifestyle Competition has significantly broadened our addressable market for this very affordable offering.

## New player acquisition

We have continued to invest strongly to attract new customers, resulting in sales growth of 28.5% compared with the prior period. This has been achieved through a wide range of digital marketing channels, as well as TV, Radio, Print and PR with new creative content that has delivered increasingly efficient customer acquisition figures.

Social media in particular continues to be a core marketing channel, driving both customer acquisition and brand awareness. This activity is complemented by campaigns executed on traditional media channels to ensure the Company is promoted to a wide range of ages and demographics. New TV creative was launched just before the start of the period and is currently performing at its most efficient level since first utilised in 2015. Investment in print and public relations has secured frequent coverage of weekly winners and is working well to positively promote the brand.

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## **Customer retention and data analytics**

BOTB's substantial and valuable database receives frequent emails promoting both the Dream Car and Lifestyle Competitions. Revenues from this channel continue to perform well and the Company's loyalty scheme – the 'Supercharged Club' - provides additional benefits to regular players. New rewards are currently in development to enhance the appeal of becoming a Gold, Silver or Bronze member.

Engagement is further maintained through our growing social media following, which currently stands at 238k on Facebook, 65k on Instagram, 30k across our two YouTube channels and 17k on Twitter. With a dedicated data analyst in-house, our marketing investment is carefully tracked and constantly fine-tuned to ensure we are optimising returns. As confidence improves, we continue to increase our marketing budget across the full range of previously tested channels.

## **Continued investment in IT development and technology**

With the focus now almost exclusively online, our ability to acquire players and encourage their loyalty - whether playing for the car they have always dreamt about or for the lifestyle prize they really want but cannot justify buying - relies heavily on providing the best possible user experience on whatever screen or device a customer is viewing.

We have introduced a bi-monthly development and release cycle, through which we are continually refining our technology and introducing new functionality, to make using botb.com simpler, easier and more accessible for everyone.

## **Indirect Tax - VAT claim and Remote Gaming Duty (RGD)**

As previously announced, BOTB noted the VAT decision given by the Supreme Court in favour of Sportech PLC on 8 December 2016, where the Supreme Court refused Her Majesty's Revenue & Customs ("HMRC") permission to appeal the Court of Appeal's unanimous decision regarding its VAT repayment claim on the "Spot the Ball" game. This resulted in a successful VAT reclaim by Sportech (the "Sportech Claim").

The Company submitted a protective claim in 2013 to recover overpaid VAT. Following the Supreme Court decision and after taking further specialist legal and tax advice, BOTB submitted a top-up claim. Combined with the original claim, the Company submitted claims totaling £4.5m to recover VAT paid over an eight year period on its own "Spot the Ball" competitions.

On 20 December 2018, BOTB concluded this claim having received from HMRC the overpaid VAT and having also paid a retrospective assessment for Remote Gaming Duty ("RGD") due for the previous four years. After the deduction of associated professional fees there has been a net gain to the company of approximately £2.5m before corporation tax.

As previously stated BOTB will now be paying RGD instead of VAT on its "Spot the Ball" competitions going forward and as announced in the most recent Budget the rate of RGD payable will raise by 40% in April 2019, increasing from 15% to 21%. This will directly impact our operating margins going forward and represents a significantly increased tax burden, when combined with material sums of irrecoverable VAT on our cost base that we are also now absorbing.

## **Tender Offer**

The Company is announcing today that it intends to return surplus cash generated as a result of the long running VAT claim to Shareholders by way of a tender offer, pursuant to which finnCap Ltd, the Company's broker, will purchase, as principal, up to approximately 7.14 per cent. of the Company's Ordinary Shares (1 Ordinary Share for every 14 held) at a price of 485 pence per Ordinary Share. These Ordinary Shares may then be purchased from finnCap by the Company pursuant to a Repurchase Agreement.

The Company has been cash generative for a number of years and has benefited from a strong balance sheet with sufficient distributable cash reserves. The conclusion of the VAT claim has led to surplus cash on the balance sheet which the Board believes that the Company does not require to fund its growth plans in the short term. Following the capital distribution, the Company will retain a robust balance sheet, maintaining cash balances in excess of £1.5 million, which the Directors consider to be sufficient working capital to fund its activities over the next 12 month period. As such, the Board deems it appropriate to return surplus cash to shareholders via the Tender Offer.

In determining the level of return of value, the Board has taken into consideration its aim of improving the Company's earnings per share, as well as targeting a more efficient capital structure through returning excess balance sheet cash to Shareholders.

If the maximum number of Ordinary Shares under the Tender Offer are acquired this will result in an amount of £3.50m being paid to Qualifying Shareholders. The Company will shortly file at Companies House an unaudited Company balance sheet as at 31 January 2019 demonstrating that it has sufficient distributable reserves.

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The Proposals require shareholder approval under the Companies Act and all shareholders will be receiving the information in a shareholder circular and form of acceptance by post. If implemented, the Tender Offer will enable Qualifying Shareholders to achieve a partial realisation of their holding at 485 pence per Ordinary Share.

### **Outlook**

The first half of the year has delivered encouraging results ahead of management forecasts. The business is well placed for future growth and continues to operate ahead of management expectations for the full year, with encouraging trading since the period end. The impending increase in RGD will unavoidably impact operating margins in the next financial year, but we are exploring options to mitigate this effect. We look forward to updating shareholders with further progress in due course.

William Hindmarch  
Chief Executive

30 January 2019

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## BEST OF THE BEST PLC

### Unaudited Consolidated Income Statement For the Period Ended 31 October 2018

	Notes	Six Months Ended 31/10/18 Unaudited £'000	Six Months Ended 31/10/17 Unaudited £'000	Year Ended 30/04/18 Audited £'000
Revenue	2	7,123	5,541	12,948
Cost of sales		<u>(3,171)</u>	<u>(1,838)</u>	<u>(5,505)</u>
<b>GROSS PROFIT</b>		3,952	3,703	7,443
Administrative expenses		(2,873)	(2,758)	(5,844)
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<u>1,079</u>	<u>945</u>	<u>1,599</u>
Exceptional income	3	4,495	-	-
Exceptional expense	3	(1,994)	-	-
<b>OPERATING PROFIT</b>		<u>3,580</u>	<u>945</u>	<u>1,599</u>
Finance income		<u>5</u>	<u>-</u>	<u>1</u>
<b>PROFIT BEFORE TAX</b>		3,585	945	1,600
Tax		<u>(647)</u>	<u>(169)</u>	<u>(253)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><u>2,938</u></u>	<u><u>776</u></u>	<u><u>1,347</u></u>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations		-	(16)	2
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>2,938</u>	<u>760</u>	<u>1,349</u>
Profit attributable to: Owners of the parent		<u>2,938</u>	<u>776</u>	<u>1,347</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,938</u>	<u>760</u>	<u>1,349</u>
Profit on earnings per share expressed in pence per share:				
	4			
Basic from continuing operations		29.09	7.67	13.32
Diluted from continuing operations		29.08	7.65	13.29
Adjusted from continuing operations		9.03	7.67	13.32
Adjusted diluted from continuing operations		9.03	7.65	13.29

**BEST OF THE BEST PLC****Unaudited Consolidated Statement of Financial Position  
31 October 2018**

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	<b>Six Months Ended 31/10/18 Unaudited £'000</b>	<b>Six Months Ended 31/10/17 Unaudited £'000</b>	<b>Year Ended 30/04/18 Audited £'000</b>
Notes			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Development costs	110	145	127
Property, plant and equipment	1,120	1,244	1,145
Investments	-	70	-
Deferred tax	21	21	41
	<u>1,251</u>	<u>1,480</u>	<u>1,313</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	150	265	150
Cash and cash equivalents	6,944	2,045	2,322
	<u>7,094</u>	<u>2,310</u>	<u>2,472</u>
<b>TOTAL ASSETS</b>	<u><u>8,345</u></u>	<u><u>3,790</u></u>	<u><u>3,785</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	505	506	505
Share premium	199	179	199
Capital redemption reserve	201	198	201
Foreign exchange reserve	26	6	26
Retained earnings	2,947	938	615
<b>TOTAL EQUITY</b>	<u><u>3,878</u></u>	<u><u>1,827</u></u>	<u><u>1,546</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,784	1,578	1,929
Tax payable	627	365	103
Provisions	56	20	207
<b>TOTAL LIABILITIES</b>	<u><u>4,467</u></u>	<u><u>1,963</u></u>	<u><u>2,239</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>8,345</u></u>	<u><u>3,790</u></u>	<u><u>3,785</u></u>

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**BEST OF THE BEST PLC**

**Unaudited Consolidated Statement of Changes in Equity  
For the Period Ended 31 October 2018**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 May 2017</b>	506	962	179
Issue of share capital	2	-	20
Dividends	-	(1,557)	-
Effect of share buy back	(3)	(137)	-
<b>Transactions with owners</b>	(1)	(1,694)	20
Profit for the year	-	1,347	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
<b>Total comprehensive income</b>	-	1,347	-
<b>Balance at 30 April 2018</b>	505	615	199
Issue of share capital	-	-	-
Dividends	-	(606)	-
<b>Transactions with owners</b>	-	(606)	-
Profit for the period	-	2,938	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
<b>Total comprehensive income</b>	-	2,938	-
<b>Balance at 31 October 2018</b>	505	2,947	199
	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
<b>Balance at 1 May 2017</b>	198	25	1,870
Issue of share capital	-	-	22
Dividends	-	-	(1,557)
Effect of share buy back	3	-	(137)
<b>Transactions with owners</b>	3	-	(1,672)
Profit for the year	-	-	1,347
Other comprehensive income:			
Exchange differences on translating foreign operations	-	1	1
<b>Total comprehensive income</b>	-	1	1,348
<b>Balance at 30 April 2018</b>	201	26	1,546
Issue of share capital	-	-	-
Dividends	-	-	(606)
<b>Transactions with owners</b>	-	-	(606)
Profit for the period	-	-	2,938
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
<b>Total comprehensive income</b>	-	-	2,938
<b>Balance at 31 October 2018</b>	201	26	3,878

**BEST OF THE BEST PLC**

**Unaudited Consolidated Statement of Changes in Equity  
For the Period Ended 31 October 2018**

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	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 May 2017</b>	506	962	179
Dividends	-	(800)	-
<b>Transactions with owners</b>	-	(800)	-
Profit for the period	-	776	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
<b>Total comprehensive income</b>	-	776	-
<b>Balance at 31 October 2017</b>	506	938	179
	<b>Capital redemption reserve £'000</b>	<b>Foreign exchange reserves £'000</b>	<b>Total Equity £'000</b>
<b>Balance at 1 May 2017</b>	198	25	1,870
Dividends	-	-	(800)
<b>Transactions with owners</b>	-	-	(800)
Profit for the period	-	-	776
Other comprehensive income:			
Exchange differences on translating foreign operations	-	(19)	(19)
<b>Total comprehensive income</b>	-	(19)	757
<b>Balance at 31 October 2017</b>	198	6	1,827

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**BEST OF THE BEST PLC****Unaudited Consolidated Cash Flow Statement  
For the Period Ended 31 October 2018**

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		<b>Six Months Ended 31/10/18 Unaudited £'000</b>	<b>Six Months Ended 31/10/17 Unaudited £'000</b>	<b>Year Ended 30/04/18 Audited £'000</b>
<b>Cash flows from operating activities</b>	<b>Notes</b>			
Cash generated from operations	6	5,243	749	2,237
Tax paid		<u>(103)</u>	<u>(63)</u>	<u>(429)</u>
Net cash from operating activities		5,140	686	1,808
<b>Cash flows from investing activities</b>				
Purchase of intangible fixed assets		(27)	(12)	(38)
Purchase of tangible fixed assets		(94)	(11)	(14)
Sale of tangible fixed assets		204	76	132
Interest received		<u>5</u>	<u>-</u>	<u>1</u>
Net cash from investing activities		88	53	81
<b>Cash flows from financing activities</b>				
Share issue		-	-	22
Cost of share buy back		-	-	(137)
Equity dividends paid		<u>(606)</u>	<u>(800)</u>	<u>(1,558)</u>
Net cash from financing activities		<u>(606)</u>	<u>(800)</u>	<u>(1,673)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		4,622	(61)	216
<b>Cash and cash equivalents at beginning of period</b>		<u>2,322</u>	<u>2,106</u>	<u>2,106</u>
<b>Cash and cash equivalents at end of period</b>		<u>6,944</u>	<u>2,045</u>	<u>2,322</u>

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# BEST OF THE BEST PLC

## Notes to the Interim Financial Statements For the Period Ended 31 October 2018

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### 1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2018. They have been prepared with regard to the requirements of International Financial Reporting Standards as adopted by the EU. They do not include all of the information required for full financial statements, and should be read in conjunction with the financial statements (under IFRS) of the Group for the year ended 30 April 2018.

The Group is listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange and has prepared the interim financial statements in accordance with AIM rule 18. The Group has elected not to adopt the full scope of IAS 34 ‘Interim Financial Reports’, which is a voluntary requirement.

The financial statements have been prepared under the historical cost convention. Principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2018.

### 2. SEGMENTAL REPORTING

The Directors consider that the primary reporting format is by business segment and that there is only one such segment being that of competition operators. This disclosure has already been provided in these financial statements.

### 3. EXCEPTIONAL INCOME AND EXPENSE

On 19 May 2018 the Company received a retrospective VAT refund from H M Revenues & Customs (HMRC) on its “Spot the Ball” game of approximately £4.5 million for the period from 1 March 2009 to 30 June 2017. Accordingly, this sum has been recognised as exceptional income in the period. On 20 December 2018 the Company settled an agreed assessment issued by HMRC for Remote Gaming Duty making a payment of approximately £1.7 million. Accordingly, this sum has been recognised as an exceptional cost in the period, together with associated legal and professional costs of approximately £0.3 million incurred in connection with these claims.

### 4. EARNINGS PER SHARE

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

Adjusted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders, before exceptional income and exceptional expense and associated corporation tax, by the weighted average number of ordinary shares outstanding during the year.

Diluted and adjusted diluted earnings per share is calculated using the weighted average number of shares outstanding during the year, adjusted to assume the exercise of all dilutive potential ordinary shares under the company’s share option plans.

	<b>Six Months Ended 31/10/18 Unaudited</b>	<b>Six Months Ended 31/10/17 Unaudited</b>	<b>Year Ended 30/04/18 Audited</b>
Profit and basic and diluted earnings attributable to the owners of the parent	£2,937,830	£776,346	£1,347,018
Weighted average number of ordinary shares	10,098,580	10,121,247	10,112,997
Basic earnings per share	29.09p	7.67p	13.32p
Adjusted basic earnings per share	9.03p	7.67p	13.32p
Adjusted weighted average number of ordinary shares	10,103,865	10,145,127	10,137,887
Diluted earnings per share	29.08p	7.65p	13.29p
Adjusted diluted earnings per share	9.03p	7.65p	13.29p

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# BEST OF THE BEST PLC

## Notes to the Interim Financial Statements For the Period Ended 31 October 2018

### 5. DIVIDENDS

A final dividend, based on the results for the year ended 30 April 2018, of 1.5p per share was paid on 21 September 2018 (30 April 2017: 1.4p).

In addition, a Special Dividend of 4.5 pence per share for the year ending 30 April 2018 was paid on 20 July 2018 to shareholders on the register at the close of business on 6 July 2018.

### 6. CASH GENERATED FROM OPERATIONS

	Six Months Ended 31/10/18 Unaudited £'000	Six Months Ended 31/10/17 Unaudited £'000	Year Ended 30/04/18 Audited £'000
Profit before income tax	3,585	945	1,600
Depreciation and amortisation charges	60	123	215
Profit on disposal of fixed assets	(101)	(30)	(32)
Investment impairment charge	-	-	70
Finance income	(5)	-	(1)
(Increase) / decrease in trade and other receivables	-	(20)	95
Increase / (decrease) in trade and other payables	1,855	(140)	211
(Decrease) / increase in provisions	(151)	(110)	77
Exchange differences	-	(19)	2
	<u>5,243</u>	<u>749</u>	<u>2,237</u>

### 7. RELATED PARTY DISCLOSURES

M W Hindmarch is considered to be a related party as he is a Non-Executive Director of the Company. During the six months ended 31 October 2018, payments were made to him totalling £6,000 (£6,000 for the six months ended 31 October 2017) in respect of consultancy services provided.

### 8. ULTIMATE CONTROLLING PARTY

The ultimate controlling party at the end of this interim period was W S Hindmarch, the Chief Executive Officer of the Company, who owns 50.4% of the issued share capital at the balance sheet date.

### 9. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in sections 434 of the Companies Act 2006. All information is unaudited apart from that included for the year ended 30 April 2018.

The statutory accounts for the financial year ended 30 April 2018 were prepared under IFRS as adopted by the EU. These accounts, upon which the auditor issued an unqualified opinion, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under 498(2) or (3), (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006, have been delivered to the Registrar of Companies.

This interim statement will be made available at the Company's registered office at 2 Plato Place, 72-74 St. Dionis Road, London SW6 4TU and will be available on the Company's website: [www.botb.com](http://www.botb.com).