

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

Interim results for the six months ended 31 October 2019

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

Financial Highlights:

- Total revenue for the six months up by 6.7% to £7.60 million (2018: £7.12 million)
- Online revenues representing 99% of the total, increased by 13.3% to £7.52 million
- Profit before tax increased by 27.8% to £1.38 million (2018 adjusted: £1.08 million)
- Earnings per share increased by 37.3% to 12.40p (2018 adjusted: 9.03p)
- Net assets of £2.26 million, substantially underpinned by property and cash
- Cash balances of £3.24 million at 31 October 2019, with current cash balances in excess of £4.3 million
- Special dividend of 14.0p per share declared

Operational Highlights:

- Revenues are now entirely online, having completed the strategic move away from a lower margin, capital intensive retail estate comprising up to 26 sites
- Competitions, pricing and marketing strategies are now tailored exclusively for our growing and increasingly diversified online customers
- Recently celebrated 500th Dream Car winner and 100th Lifestyle winner milestones
- Continued growth in online marketing investment to increase player acquisition is delivering encouraging results

William Hindmarch, Chief Executive, said:

“I am pleased to announce strong profit growth and cash generation as the business has completed its transition to a wholly online operation, from its historic presence in airports and retail sites. Our growth strategy is now exclusively focused on driving digital sales and our ‘Dream Car’ competition and newer ‘Lifestyle’ competition both recently reached milestones, celebrating their 500th and 100th winner respectively.

Sales momentum since the period end has been encouraging, and we now expect pre-tax profits for the full year to be ahead of current market forecasts. We look forward to updating shareholders with further progress in due course.”

Enquiries:

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014
Please visit www.botb.com for further information

Chief Executive's Statement

Over the past few years the Company has actively reduced the estate of physical sites upon which it was established nearly 20 years ago. Having traded from twenty-six airport and shopping centre locations over the past decade, the business has completed its evolution and now operates entirely online. The financial results for the first half reflect the benefits of this transition with both increased operating margins and much improved capital efficiency. I am pleased with the smooth and measured way in which this transition has been executed, with no loss of overall revenue or unwelcome exceptional costs.

With the transition completed, the Company has a very effective platform from which it can continue to leverage its proprietary systems, software and the database it has built, whilst continuing to grow its investment in new customer acquisition, and to improve the products and experience it offers existing players.

Interim Results

Revenue for the six months ended 31 October 2019 increased by 6.7% to £7.60 million (2018: £7.12 million). Online revenues represented 99% of this total at £7.52 million and increased by 13.3% over the period. Profit before tax rose by 27.8% to £1.38 million (2018 adjusted: £1.08 million) with earnings per share increasing by 37.3% to 12.40p (2018 adjusted: 9.03p).

A total of £1.36 million of cash flow was generated from operations during the period. Net assets at 31 October 2019 stood at £2.26 million underpinned by cash balances at the period end of £3.24 million and our 967-year leasehold office properties in London, valued at £0.95 million. Current cash balances stand in excess of £4.3 million.

CRM and Strategy

Both our 'Dream Car' and 'Lifestyle' competitions delivered encouraging results during the period and we have also recently marked the exciting milestones of celebrating both our 500th Dream Car and our 100th Lifestyle winners.

BOTB's principal competition is the weekly Dream Car, which continued to perform well. It has benefited from the improvements made to the overall user experience, including price points, choice of cars and the 'Spot the Ball' mechanic, which has helped to drive both revenues and customer engagement.

The Lifestyle Competition, which features luxury watches, motorbikes, holidays, other gadgets/technology and cash prizes, has also performed in line with expectations. While there is a meaningful overlap with players of our Dream Car competitions, the range of prizes in the Lifestyle competition, with entry prices starting at just 15p, has significantly broadened our addressable market.

The weekly 'In The Headlights' edits, our YouTube and other social channels and our 'Supercharged' Loyalty Club continue to provide additional benefits and valuable engagement with regular players.

With over 75% of new visits and 50% of revenue now coming via mobile devices, there has been a deliberate strategy to keep the core offering simple and focused to maximise conversion. This approach is yielding results and BOTB has built a substantial and valuable database of players, which not only supports its existing competitions, but also offers interesting opportunities for new products and partnerships.

New player acquisition

We have continued to invest strongly to attract new customers, resulting in a 13.3% rise in online sales compared to the same period last year. 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 metrics.

Social media continues to be a core marketing channel, driving both customer acquisition and brand awareness. We now have a Facebook following of over 260,000 alongside 99,000 Instagram users. An increasing proportion of our marketing budget is directed at Social Influencers who introduce, educate and promote BOTB on their various YouTube channels. This activity is complemented by promotional campaigns executed on traditional media to maximise the Company's exposure to a wide range of ages and demographics, including our 'traditional' airport customer. Investment in print and public relations has secured frequent coverage of weekly winners and is working well to positively promote the brand.

All marketing investment is calibrated on the cost per acquisition of a new customer, versus their predicted lifetime value. This metric, which is tracked and analysed in considerable detail across the various channels, is the primary determinant for where and how we continue to grow our marketing budget in the year ahead.

IT development

The vast majority of our website visits and over half of our revenue are now from mobile devices. As a result, our business, like many others, is becoming increasingly ‘mobile first’ in its approach to IT development, and we expect to launch native iOS and Android apps within the next quarter to better capitalise on this shift to mobile devices. We intend to significantly simplify and improve the mobile registration, playing and payment experience, which in turn will assist both conversion and frequency of play.

We have also materially invested in the user experience on our mobile optimised website, for customers who are new, infrequent or who do not wish to use the app. This has included making improvements to the registration, entry, checkout and loyalty areas where we seek, where possible, to mimic the apps, whilst maintaining the full functionality of the desktop site.

Dividends

As previously announced, a dividend of 2.0p per ordinary share was paid to shareholders on 27 September 2019. As the Company continues to be profitable, cash generative and benefits from a robust balance sheet, the Board is also pleased to declare the return of approximately £1.31 million to shareholders by way of a special dividend (the “Special Dividend”) of 14.0p per ordinary share.

The Special Dividend will be paid on 21 February 2020 to shareholders on the register at the close of business on 7 February 2020. The ex-dividend date is 6 February 2020. Following the payment of the Special Dividend the Company will retain working capital cash balances in excess of £3.0 million, which the Directors consider to be sufficient working capital to fund the Company’s activities over the next 12 month period.

Outlook

The first half of the year has delivered encouraging sales and profits growth, and importantly, we also completed the transition to an online-only business. This momentum has continued since the period end and, as a result, the Board now expects full year pre-tax profits to exceed current market expectations.

With the Group well-positioned for the remainder of the financial year and beyond, we expect to increase our marketing investment to support further revenue and profit growth. I look forward to updating shareholders with further progress in due course.

William Hindmarch
Chief Executive

30 January 2020

BEST OF THE BEST PLC

Unaudited Consolidated Income Statement For the Six Months Ended 31 October 2019

	Notes	Six Months Ended 31/10/19 Unaudited £'000	Six Months Ended 31/10/18 Unaudited £'000	Year Ended 30/04/19 Audited £'000
Revenue	2	7,604	7,123	14,807
Cost of sales		<u>(3,033)</u>	<u>(3,171)</u>	<u>(6,542)</u>
GROSS PROFIT		4,571	3,952	8,265
Administrative expenses		(3,192)	(2,873)	(6,158)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		<u>1,379</u>	<u>1,079</u>	<u>2,107</u>
Exceptional income	3	-	4,495	4,598
Exceptional expense	3	-	(1,994)	(2,024)
OPERATING PROFIT		1,379	3,580	4,681
Finance income		<u>4</u>	<u>5</u>	<u>18</u>
PROFIT BEFORE TAX		1,383	3,585	4,699
Tax		<u>(220)</u>	<u>(647)</u>	<u>(858)</u>
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		<u><u>1,163</u></u>	<u><u>2,938</u></u>	<u><u>3,841</u></u>
Profit and total comprehensive income attributable to: Owners of the parent		<u>1,163</u>	<u>2,938</u>	<u>3,841</u>
Profit on earnings per share expressed in pence per share:	4			
Basic from continuing operations		12.40	29.09	38.54
Diluted from continuing operations		12.39	29.08	38.52
Adjusted from continuing operations		12.40	9.03	17.62
Adjusted diluted from continuing operations		12.39	9.03	17.61

BEST OF THE BEST PLC**Unaudited Consolidated Statement of Financial Position
As at 31 October 2019**

	Six Months Ended 31/10/19 Unaudited £'000	Six Months Ended 31/10/18 Unaudited £'000	Year Ended 30/04/19 Audited £'000
Notes			
ASSETS			
NON-CURRENT ASSETS			
Development costs	70	110	9
Property, plant and equipment	1,106	1,120	1,117
Investments	-	-	-
Deferred tax	3	21	13
	<u>1,179</u>	<u>1,251</u>	<u>1,139</u>
CURRENT ASSETS			
Trade and other receivables	111	150	160
Cash and cash equivalents	3,238	6,944	2,545
	<u>3,349</u>	<u>7,094</u>	<u>2,705</u>
TOTAL ASSETS	<u>4,528</u>	<u>8,345</u>	<u>3,844</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	469	505	469
Share premium	199	199	199
Capital redemption reserve	237	201	237
Foreign exchange reserve	26	26	26
Retained earnings	1,327	2,947	352
	<u>2,258</u>	<u>3,878</u>	<u>1,283</u>
TOTAL EQUITY	<u>2,258</u>	<u>3,878</u>	<u>1,283</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2,061	3,784	1,793
Tax payable	209	627	408
Provisions	-	56	360
	<u>2,270</u>	<u>4,467</u>	<u>2,561</u>
TOTAL LIABILITIES	<u>2,270</u>	<u>4,467</u>	<u>2,561</u>
TOTAL EQUITY AND LIABILITIES	<u>4,528</u>	<u>8,345</u>	<u>3,844</u>

BEST OF THE BEST PLC

**Unaudited Consolidated Statement of Changes in Equity
For the Six Months Ended 31 October 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2018	<u>505</u>	<u>615</u>	<u>199</u>
Dividends	-	(606)	-
Effect of share buy back	(36)	(3,498)	-
Transactions with owners	<u>(36)</u>	<u>(4,104)</u>	<u>-</u>
Profit for the year	-	3,841	-
Total comprehensive income	<u>-</u>	<u>3,841</u>	<u>-</u>
Balance at 30 April 2019	<u>469</u>	<u>352</u>	<u>199</u>
Dividends	-	(188)	-
Transactions with owners	<u>-</u>	<u>(188)</u>	<u>-</u>
Profit for the period	-	1,163	-
Total comprehensive income	<u>-</u>	<u>1,163</u>	<u>-</u>
Balance at 31 October 2019	<u>469</u>	<u>1,327</u>	<u>199</u>
	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
Balance at 1 May 2018	<u>201</u>	<u>26</u>	<u>1,546</u>
Dividends	-	-	(606)
Effect of share buy back	36	-	(3,498)
Transactions with owners	<u>36</u>	<u>-</u>	<u>(4,104)</u>
Profit for the year	-	-	3,841
Total comprehensive income	<u>-</u>	<u>-</u>	<u>3,841</u>
Balance at 30 April 2019	<u>237</u>	<u>26</u>	<u>1,283</u>
Dividends	-	-	(188)
Transactions with owners	<u>-</u>	<u>-</u>	<u>(188)</u>
Profit for the period	-	-	1,163
Total comprehensive income	<u>-</u>	<u>-</u>	<u>1,163</u>
Balance at 31 October 2019	<u>237</u>	<u>26</u>	<u>2,258</u>

BEST OF THE BEST PLC

Unaudited Consolidated Statement of Changes in Equity For the Six Months Ended 31 October 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2018	<u>505</u>	<u>615</u>	<u>199</u>
Dividends	-	(606)	-
Transactions with owners	-	(606)	-
Profit for the period	-	2,938	-
Total comprehensive income	-	2,938	-
Balance at 31 October 2018	<u>505</u>	<u>2,947</u>	<u>199</u>

	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total Equity £'000
Balance at 1 May 2018	<u>201</u>	<u>26</u>	<u>1,546</u>
Dividends	-	-	(606)
Transactions with owners	-	-	(606)
Profit for the period	-	-	2,938
Total comprehensive income	-	-	2,938
Balance at 31 October 2018	<u>201</u>	<u>26</u>	<u>3,878</u>

BEST OF THE BEST PLC**Unaudited Consolidated Cash Flow Statement
For the Six Months Ended 31 October 2019**

		Six Months Ended 31/10/19 Unaudited £'000	Six Months Ended 31/10/18 Unaudited £'000	Year Ended 30/04/19 Audited £'000
Cash flows from operating activities	Notes			
Cash generated from operations	6	1,362	5,243	4,764
Tax paid		<u>(410)</u>	<u>(103)</u>	<u>(526)</u>
Net cash from operating activities		952	5,140	4,238
Cash flows from investing activities				
Purchase of intangible fixed assets		(63)	(27)	(9)
Purchase of tangible fixed assets		(12)	(94)	(129)
Sale of tangible fixed assets		-	204	209
Interest received		<u>4</u>	<u>5</u>	<u>18</u>
Net cash from investing activities		(71)	88	89
Cash flows from financing activities				
Share re-purchase		-	-	(3,498)
Equity dividends paid		<u>(188)</u>	<u>(606)</u>	<u>(606)</u>
Net cash from financing activities		<u>(188)</u>	<u>(606)</u>	<u>(4,104)</u>
Increase in cash and cash equivalents		693	4,622	223
Cash and cash equivalents at beginning of period		<u>2,545</u>	<u>2,322</u>	<u>2,322</u>
Cash and cash equivalents at end of period		<u>3,238</u>	<u>6,944</u>	<u>2,545</u>

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Six Months Ended 31 October 2019

1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2019. 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 2019.

The Group is listed on the AIM market 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 2019.

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 was recognised as exceptional income in the interim period ended 31 October 2018 and the financial year ended 30 April 2019. 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 was recognised as an exceptional cost in the interim period ended 31 October 2018 and the financial year ended 30 April 2019, 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.

	Six Months Ended 31/10/19 Unaudited	Six Months Ended 31/10/18 Unaudited	Year Ended 30/04/19 Audited
Profit and basic and diluted earnings attributable to the owners of the parent	£1,163,137	£2,937,830	£3,841,154
Weighted average number of ordinary shares	9,377,253	10,098,580	9,965,495
Basic earnings per share	12.40p	29.09p	38.54p
Adjusted basic earnings per share	12.40p	9.03p	17.62p
Adjusted weighted average number of ordinary shares	9,386,867	10,103,865	9,971,206
Diluted earnings per share	12.39p	29.08p	38.52p
Adjusted diluted earnings per share	12.39p	9.03p	17.61p

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Six Months Ended 31 October 2019

5. DIVIDENDS

A final dividend of 2.0 pence per ordinary share for the full year ending 30 April 2019 was paid on 27 September 2019 to shareholders on the register at 13 September 2019.

A Special Dividend of 14.0 pence per ordinary share will be paid on 21 February 2020 to shareholders on the register at the close of business on 7 February 2020. The ex-dividend date is 6 February 2020.

6. CASH GENERATED FROM OPERATIONS

	Six Months Ended 31/10/19 Unaudited £'000	Six Months Ended 31/10/18 Unaudited £'000	Year Ended 30/04/19 Audited £'000
Profit before income tax	1,383	3,585	4,699
Depreciation and amortisation charges	25	60	207
Profit on disposal of fixed assets	-	(101)	(133)
Finance income	(4)	(5)	(18)
Decrease / (increase) in trade and other receivables	49	-	(8)
Increase / (decrease) in trade and other payables	269	1,855	(136)
(Decrease) / increase in provisions	(360)	(151)	153
	<u>1,362</u>	<u>5,243</u>	<u>4,764</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 2019, payments were made to him totalling £6,000 (£6,000 for the six months ended 31 October 2018) 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, by virtue of his controlling shareholding at the statement of financial position 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 2019.

The statutory accounts for the financial year ended 30 April 2019 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.