

## **Best of the Best plc**

**("Best of the Best", "BOTB" or the "Company")**

### **Trading Update**

Best of the Best PLC (LSE: BOTB), the online organiser of weekly competitions to win cars and other lifestyle prizes, provides the following trading update for the 15 weeks ended 8 August 2021.

At the time of the Company's Preliminary Results announcement on 16 June 2021, we indicated that trading had softened since the COVID lockdown ended on 12 April 2021.

Below we outline what has happened to the three customer cohorts since that update:

1. Existing customers, signed up prior to May 2020 remain loyal and engaged but with their newfound freedoms, the distractions of major sporting events and ability to travel, they are generating revenues c.6% lower than during the final 15 weeks of the financial year ended 30 April 2021. Despite this, revenues generated by these existing customers remain higher than in the 12 months pre-pandemic, and now form c.50% of the total.
2. Customers signed up between May 2020 and Apr 2021 (during the Pandemic), representing c.40% of total revenue have performed well and in line with our normal models and expected behaviour.
3. In line with many other businesses, the cost of acquiring new customers has significantly increased in recent months with the cost per thousand impressions (CPM) on social media platforms - which account for two-thirds of BOTB's marketing spend, increasing by up to 60% compared to previous levels. Combined with the aforementioned reduced levels of engagement post-lockdown, our variable marketing investment has therefore not yet increased in line with our budgeted forecasts but has cautiously remained in-line with the prior period. As a result, new customer revenues (registered within the last 15 weeks) are c.40% lower (accounting for a 9% fall in total revenue) than during the final 15 weeks of the prior financial year. Importantly, new customers acquired in recent months have performed in-line with previous customers, but we have simply registered fewer of them for the same levels of marketing investment. We are monitoring our marketing costs and returns very closely and remain ready to increase investment as soon as market conditions improve.

In combination, these factors have resulted in a c.15% reduction in average weekly sales for the first 15 weeks of the new financial year, compared to the final 15 weeks of the prior financial year ended 30 April 2021. It is worth noting that the summer months are typically a low point and there is a seasonal lull in customer engagement and revenue generation, which we expect to improve over the coming months.

With our substantially fixed cost model, this will have a disproportionate impact on margins, profitability and earnings for the financial year ending 30 April 2022. Whilst still substantially higher than the pre-COVID comparative and the results delivered in FY 2020, these are now anticipated to be c.57% lower than what was reported for FY 2021. The new guidance the Board is providing today for the year ending 30 April 2022 is c.62% below current market forecasts with a commensurate impact on the following financial year. However, should revenue trends improve, it can be expected that the reverse would occur and margins and profitability would increase materially due to the nature of the business model and the operational gearing.

We are hopeful that the cost of acquiring new players will normalise before too long and our flexible model means we are able to adjust to a higher cost of new player acquisition if necessary. Notwithstanding this, we remain focused on our growth strategy which together with new initiatives, the

ongoing engagement of our large and loyal database, and a return to more normal patterns of customer behaviour should allow for profitability to increase and for margins to recover.

We remain excited by the growth opportunities for BOTB which include new partnerships and additional competitions such as our 'One Ticket, Four Prizes' competition launched this week. The Company's revenue is c.2.5 times higher than the corresponding period in FY 2020, the pre-Covid comparative year.

The Company is profitable, cash generative and has a very strong balance sheet with cash balances at 12<sup>th</sup> August 2021 in excess of £6 million. The management team is fully focused on delivering long-term growth and we look forward to updating shareholders in due course.

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR. Please visit [www.botb.com](http://www.botb.com) for further information