

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

Interim results for the six months ended 31 October 2022

Best of the Best plc (LSE: BOTB), the provider of online competitions to win cars and other prizes, is pleased to report its interim results for the half year ended 31 October 2022 (the “Period”).

Financial highlights:

- Revenue of £13.65 million (H1 2021 £19.12m), significantly greater than the £7.60 million delivered pre-pandemic in H1 2020, the most appropriate comparative period
- Profit before tax of £2.71 million (H1 2021: £3.04 million), again greater than the £1.38 million generated in H1 2020
- Earnings per share 27.95p (H1 2021: 27.26p)
- Following the normal attrition profile of the very large cohort of customers acquired during the pandemic, player numbers have now stabilised and the business is well placed for a return to steady growth
- Strong financial position with cash balances of £5.26 million as at 31 October 2022 (H1 2021: £8.34million), following the return of £6.75 million to shareholders via a tender offer and dividend in the Period. The Group is debt free.

William Hindmarch, Chief Executive, said:

“I am pleased that the business has stabilised following both the unusual pandemic period and subsequent post-Covid trading as the world has returned to normal, albeit with inflationary pressures and the consumer spending squeeze. The very large cohort of customers acquired during the pandemic period has exhibited the normal attrition profile, and with this comparative headwind behind us, player numbers are well placed for a to return to growth.

As previously reported, we have refocused our competition line-up after a successful trial in the summer to address shifting consumer behaviour, which has had the intended effect of reducing revenue but enhancing our already strong profit margins. Revenue for the period was nevertheless almost double the pre-pandemic level.

Trading since the period end has continued in line with our expectations. BOTB is underpinned by solid financials, a large and loyal customer base, and a proven business model. We are excited by the business development opportunities resulting from the Globe Invest relationship and look forward to the future with confidence.”

Enquiries:

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Chief Executive's Statement

Interim Results

Revenue for the six months ended 31 October 2022 was £13.65 million (H1 2021: £19.12 million) and profit before tax was £2.71 million (H1 2021: £3.04 million). Earnings per share were 27.95p (H1 2021: 27.26p).

BOTB remains strongly cash generative. Net assets at 31 October 2022 stood at £3.73 million underpinned by cash balances at the period end of £5.26 million (H1 2021: £8.34m) following the return of £6.75 million to shareholders via a tender offer in July 2022 and an ordinary dividend in October 2022. The Group is debt free.

Strategy, Competitions & GIL Investment

As previously reported, in order to put the business in a better position for the reduced levels of revenue post-pandemic we have made changes to the product line-up, re-balancing our three principal weekly competitions - to two enhanced ones with an additional 'Friday Fun' competition under trial. We are pleased with the results of these changes, which have enhanced margins and make the business better operationally geared for future increases in revenue.

Our principal competitions are now the flagship Weekly Dream Car and Midweek Lifestyle Competitions, the latter being a combination of our previous Midweek Car and Lifestyle competitions. Both competitions offer the opportunity to win brand new cars, with the former operating via Spot the Ball and the latter via a skill-based question.

During the Period we progressed trials to gain customer insights into frequency and LTV, including variable pricing structures, large cash prizes and bundled prizes. This data contributed to our varied weekly marketing schedule that keeps the competitions fresh, interesting and relevant to our loyal customer base.

As already announced Globe Invest Limited ("GIL") acquired a 29.9% strategic shareholding in BOTB on 8 September 2022. Since the successful transformation of BOTB from a bricks and mortar operator to an online pureplay in the skill-based competition space, the Board of BOTB was actively considering its options for international expansion and delivering its product set to a wider audience. After much consideration, the Board concluded that the most effective way to deliver and achieve this next level of growth, and therefore the most efficient way to create value for shareholders, was by way of a partnership agreement with an established global operator. GIL has a number of affiliated entities which have an extensive international presence covering content, digital marketing and software development sectors in particular, as well as a proven track record of growing global B2C and B2B businesses.

Following the current period of information sharing and close collaboration, BOTB and GIL intend to enter into a Licensing and Distribution Agreement and a Marketing and Collaboration Agreement through which GIL will provide the business with the operational expertise and reach to execute a global strategy, whilst further leveraging BOTB's existing database and building upon the strong foundations that we have created. This is a great opportunity and further updates on the progress with GIL will be made in due course, when the Licensing and Distribution Agreement and a Marketing and Collaboration Agreement has been finalised and the optimal structure has been decided.

Marketing and CRM

With an addressable marketing database of 1.9m, the business continues to offer a diverse promotional schedule featuring a variety of prizes to engage existing and reactivate lapsing players. The weekly selection caters to all player cohorts with a wide range of ticket prices and includes prize bundles such as a car plus luxury watch, bills paid for a year and cash sums.

The new CRM platform is now fully integrated, providing a single customer view and allowing appropriate communications via email and push messaging, as well as personalised on-site content and retargeting campaigns on Meta and Google channels.

App uptake has continued to grow and now accounts for 25% of weekly players and revenue. We expect this number to increase moving forward with the ease and speed of play facilitated by the multiple-choice question entry mechanic in both the Midweek Lifestyle and 'Friday Fun' competitions, as well as wider promotion of both iOS and Android apps across all of our marketing, including incentives to download.

Customer acquisition during the Period focused on the best-performing digital channels, complemented by traditional TV media and the PR coverage generated by our winner surprises. We continue to see the benefits of our ongoing SEO marketing, with improving organic results allowing us to reduce spend on paid search to drive traffic to the website.

More recently, CPMs on Meta channels have started to return towards pre-Covid levels, allowing for more efficient player acquisition, particularly for the Midweek Lifestyle Competition where the wide-ranging prize offering is attracting a broader pool of players.

Looking ahead, a new TV commercial is launching in February 2023, a bespoke tracking and optimisation platform developed by GIL is being road-tested and we continue to explore new channels to market – TikTok in particular is a focus.

Outlook

Whilst successive lockdowns and the unusual pandemic period set a high bar for comparing our recent performance, I am pleased that following a period of pandemic cohort attrition and subsequent stabilisation, revenues are running at twice the level of that when we exited our last physical retail site and completed the transformation to a fully online business. We have also shown how quickly we can as a business respond to changes in the market and shifting revenue trends with careful cost control and discipline to preserve margins and cash generation.

Having exhibited the benefits of BOTB's operational gearing during the financial year ended April 2021, the Board remains fully focused on re-harnessing this opportunity by focusing on only the most efficient channels of customer acquisition, through product development and by seeking additional revenue streams as a result of the developing relationship with GIL and its associated group companies.

We look to the medium and long term with confidence as we push towards a return to steady growth and trading since the period end has continued in line with our expectations.

The Board is excited about the opportunities that lie ahead for BOTB, in particular the collaboration with GIL and all the benefits, experience and international exposure that this will bring.

I look forward to updating shareholders in due course.

William Hindmarch
Chief Executive

BEST OF THE BEST PLC

Unaudited Income Statement For the Six Months Ended 31 October 2022

	Notes	Six Months Ended 31/10/22 Unaudited £'000	Six Months Ended 31/10/21 Unaudited £'000	Year Ended 30/04/22 Audited £'000
Revenue	2	13,646	19,118	34,682
Cost of sales		<u>(5,488)</u>	<u>(8,267)</u>	<u>(15,272)</u>
GROSS PROFIT		8,158	10,851	19,410
Administrative expenses		(5,461)	(7,813)	(14,271)
OPERATING PROFIT		<u>2,697</u>	<u>3,038</u>	<u>5,139</u>
Finance income		<u>12</u>	<u>-</u>	<u>2</u>
PROFIT BEFORE TAX		2,709	3,038	5,141
Tax	3	<u>(266)</u>	<u>(472)</u>	<u>(877)</u>
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		<u>2,443</u>	<u>2,566</u>	<u>4,264</u>
Profit and total comprehensive income attributable to: Owners of the parent		<u>2,443</u>	<u>2,566</u>	<u>4,264</u>
Profit on earnings per share expressed in pence per share:				
Basic from continuing operations	4	27.95	27.26	45.30
Diluted from continuing operations		27.65	27.06	44.37

BEST OF THE BEST PLC**Unaudited Statement of Financial Position
As at 31 October 2022**

	Six Months Ended 31/10/22 Unaudited £'000	Six Months Ended 31/10/21 Unaudited £'000	Year Ended 30/04/22 Audited £'000
ASSETS			
NON-CURRENT ASSETS			
Development costs	126	120	107
Property, plant and equipment	<u>1,057</u>	<u>1,087</u>	<u>1,075</u>
	1,183	1,207	1,182
CURRENT ASSETS			
Trade and other receivables	261	420	184
Cash and cash equivalents	<u>5,262</u>	<u>8,346</u>	<u>10,818</u>
	5,523	8,766	11,002
TOTAL ASSETS	<u>6,706</u>	<u>9,973</u>	<u>12,184</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	418	471	471
Share premium	277	277	277
Capital redemption reserve	289	236	236
Foreign exchange reserve	35	29	35
Retained earnings	<u>2,706</u>	<u>5,341</u>	<u>7,041</u>
TOTAL EQUITY	<u>3,725</u>	<u>6,354</u>	<u>8,060</u>
LIABILITIES			
CURRENT LIABILITES			
Trade and other payables	2,506	3,122	3,625
Tax payable	451	483	475
Provision	<u>24</u>	<u>14</u>	<u>24</u>
TOTAL LIABILITIES	<u>2,981</u>	<u>3,619</u>	<u>4,124</u>
TOTAL EQUITY AND LIABILITIES	<u>6,706</u>	<u>9,973</u>	<u>12,184</u>

BEST OF THE BEST PLC

**Unaudited Statement of Changes in Equity
For the Six Months Ended 31 October 2022**

	Notes	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2021		471	7,953	277
Dividends		-	(5,178)	-
Transactions with owners		-	(5,178)	-
Profit for the year		-	4,264	-
Exchange differences arising on translating foreign operations		-	2	-
Total comprehensive income		-	4,266	-
Balance at 30 April 2022		471	7,041	277
Effect of share re-purchase	7	(53)	(6,276)	-
Dividends		-	(502)	-
Transactions with owners		(53)	(6,778)	-
Profit for the period		-	2,443	-
Total comprehensive income		-	2,443	-
Balance at 31 October 2022		418	2,706	277
		Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
Balance at 1 May 2021		236	27	8,964
Dividends		-	-	(5,178)
Transactions with owners		-	-	(5,178)
Profit for the year		-	-	4,264
Exchange differences arising on translating foreign operations		-	8	10
Total comprehensive income		-	-	4,274
Balance at 30 April 2022		236	35	8,060
Share re-purchase		53	-	(6,276)
Dividends		-	-	(502)
Transactions with owners		53	-	(6,778)
Profit for the period		-	-	2,443
Total comprehensive income		-	-	2,443
Balance at 31 October 2022		289	35	3,725

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Unaudited Statement of Changes in Equity For the Six Months Ended 31 October 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2021	<u>471</u>	<u>7,953</u>	<u>277</u>
Dividends	-	(5,178)	-
Transactions with owners	-	-	-
Profit for the period	-	2,566	-
Total comprehensive income	-	<u>2,566</u>	-
Balance at 31 October 2021	<u>471</u>	<u>5,341</u>	<u>277</u>

	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
Balance at 1 May 2021	<u>236</u>	<u>27</u>	<u>8,964</u>
Dividends	-	-	(5,178)
Transactions with owners	-	-	-
Profit for the period	-	2	2,568
Total comprehensive income	-	-	<u>2,568</u>
Balance at 31 October 2021	<u>236</u>	<u>29</u>	<u>6,354</u>

BEST OF THE BEST PLC

Unaudited Cash Flow Statement For the Six Months Ended 31 October 2022

		Six Months Ended 31/10/22 Unaudited	Six Months Ended 31/10/21 Unaudited	Year Ended 30/04/22 Audited
Cash flows from operating activities	Notes	£'000	£'000	£'000
Cash generated from operations	6	1,548	3,023	5,905
Tax paid		<u>(289)</u>	<u>(1,307)</u>	<u>(1,707)</u>
Net cash from operating activities		1,259	1,716	4,198
Cash flows from investing activities				
Purchase of intangible fixed assets		(45)	-	-
Purchase of tangible fixed assets		(4)	(6)	(18)
Interest received		<u>12</u>	<u>-</u>	<u>2</u>
Net cash from investing activities		(37)	(6)	(16)
Cash flows from financing activities				
Share re-purchase		(6,276)	-	-
Equity dividends paid		<u>(502)</u>	<u>(5,178)</u>	<u>(5,178)</u>
Net cash from financing activities		<u>(6,778)</u>	<u>(5,178)</u>	<u>(5,178)</u>
Decrease in cash and cash equivalents		(5,556)	(3,468)	(996)
Cash and cash equivalents at beginning of period		<u>10,818</u>	<u>11,814</u>	<u>11,814</u>
Cash and cash equivalents at end of period		<u>5,262</u>	<u>8,346</u>	<u>10,818</u>

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Six Months Ended 31 October 2022

1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2022. They have been prepared with regard to the requirements of International Financial Reporting Standards as adopted by the UK. 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 2022.

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 2022.

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. TAX

Analysis of the tax charge

	Six Months Ended 31/10/22 Unaudited £'000	Six Months Ended 31/10/21 Unaudited £'000	Year Ended 30/04/22 Audited £'000
Current tax:			
Current period charge	451	472	865
Overprovision in prior period	(185)	-	-
Deferred tax	-	-	12
Total tax charge in income statement	<u>266</u>	<u>472</u>	<u>877</u>

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Six Months Ended 31 October 2022

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.

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 31/10/22 Unaudited	Six Months Ended 31/10/21 Unaudited	Year Ended 30/04/22 Audited
Profit and basic and diluted earnings attributable to the owners of the parent	2,443	2,566	4,264
Weighted average number of ordinary shares	8,744,226	9,412,901	9,412,901
Basic earnings per share	27.95p	27.26p	45.30p
Adjusted weighted average number of ordinary shares	8,838,578	9,483,360	9,532,901
Diluted earnings per share	27.65p	27.06p	44.37p

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.

5. DIVIDENDS

An Ordinary Dividend of 6 pence per ordinary share was paid on 30 September 2022 to shareholders on the register at the close of business on 16 September 2022.

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Six Months Ended 31 October 2022

6. CASH GENERATED FROM OPERATIONS

	Six Months Ended 31/10/22 Unaudited £'000	Six Months Ended 31/10/21 Unaudited £'000	Year Ended 30/04/22 Audited £'000
Profit before income tax	2,709	3,038	5,145
Depreciation and amortisation charges	48	63	99
Finance income	(12)	-	(2)
Exchange differences	-	-	8
(Increase) / decrease in trade and other receivables	(77)	(149)	86
(Decrease) / increase in trade and other payables	(1,120)	71	569
	<u>1,548</u>	<u>3,023</u>	<u>5,905</u>

7. SHARE RE-PURCHASE

On 6 July 2022, subject to a circular dated 16 June 2022, shareholders approved a proposed tender offer by finnCap Ltd to purchase Ordinary shares in the Company up to approximately 11% of the issued share capital at a price of 600 pence per share.

1,045,877 Ordinary shares of £0.05 per share were re-purchased by the company and subsequently cancelled. An amount equal to the nominal value of the Ordinary shares has been transferred to the capital redemption reserve. The amount paid per share was £6.00. The difference between the amount paid and the nominal value of the shares re-purchased has been deducted from the retained earnings reserve.

8. 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 2022.

The statutory accounts for the financial year ended 30 April 2022 were prepared under IFRS and in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. 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.