

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

Interim results for the six months ended 31 October 2021

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

**Operational gearing, higher customer acquisition costs and increased prizes have reduced margins on broadly stable revenues**

**Key Financials:**

- Total revenue for the six months £19.12 million (2020: £22.09 million), in line with management’s expectations
- Profit before tax £3.04 million (2020: £6.80 million), in line with management’s expectations
- Earnings per share 27.26p (2020: 59.84p)
- Net assets of £6.35 million (2020: £6.75 million), substantially underpinned by property and cash
- Strong financial position with cash balances of £8.34 million (2020: £11.18 million) and no borrowings

**Outlook:**

- Following a period of stabilisation (albeit at a significantly higher level than pre Covid), the cost of acquiring players increased by a further c. 37% in November and December 2021 compared to the prior six month average, resulting in fewer customer registrations for similar levels of marketing investment.
- Early January 2022 indications suggest that marketing costs may be trending back towards levels experienced in the period under review, but reduced customer acquisition in November and December 2021, together with a cautious outlook means that we believe our revenues for the full 12 months will now be £34 - £35 million, with pre-tax profits expected to be £4.25 - £4.75 million.
- We are a profitable, cash generative business with no debt and a large and loyal customer base. We will be taking steps to reduce the bottom line impact of reduced revenues by maintaining a sharp focus on costs, and prioritising only the most efficient marketing channels.

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

“We are confident that the business, now operating purely online, is positioned to grow above the traditional growth rates experienced when operations were focused on bricks and mortar retail. Our very strong results last year were driven by material increases in our marketing budget, the addition of new competitions, prize enhancements and pricing changes, delivering significant quantities of new customers and traffic to our website, which our operationally geared business model converted into heightened levels of profitability. However, it is now also becoming apparent that the business benefitted more than originally assumed from a tailwind during the Covid period, whilst much of the country remained in lockdown with restricted movement, travel, entertainment and other retail opportunities.

Emerging out of lockdowns, we have been faced with very tough comparatives, however, 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.

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During the period under review, the business traded in line with market expectations as updated in August 2021 and, having exhibited the incredible benefits of operational gearing during the financial year ended April 2021, the Board remains fully focused on re-harnessing this opportunity by adjusting customer acquisition, through product development and by seeking additional revenue streams.

Whilst we are facing a new set of challenges, we remain a profitable, cash generative business with no debt and a large and loyal customer base which remains engaged. Understandably, we will be taking steps to reduce the bottom line impact of reduced revenues, by maintaining a sharp focus on costs, and prioritizing the most efficient marketing channels.

We recognise that there is potential volatility ahead, which is evident in our cautious short-term outlook, but look to the medium and long term with confidence as we push towards a return to steady growth and more normalised marketing costs.”

**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](http://www.botb.com) for further information

## Chief Executive's Statement

### Interim Results

Revenue for the six months ended 31 October 2021 was £19.12 million (2020: £22.09 million). Profit before tax was £3.04 million (2020: £6.80 million) with earnings per share of 27.26p (2020: 59.84p). Net assets at 31 October 2021 stood at £6.35 million underpinned by cash balances at the period end of £8.34 million and our 967-year leasehold office properties in London, valued at £0.95 million. The Group has no borrowings.

### Strategy, Competitions & CRM

With a principally fixed cost operating model and high levels of operational gearing, our strategy focuses on increasing revenues, player numbers and engagement by efficiently recruiting new customers through a variety of principally digital marketing channels, whilst innovating and improving our competitions and prizes. Our dedicated in-house marketing team also allocates significant resources towards CRM, via a range of communications channels and retention initiatives, to maximise customer LTVs and ROI.

BOTB's customer database and engagement with social media followers have developed significantly in recent years, supporting existing revenue streams and providing potential new monetisation opportunities in the future. The database now stands at 1.8 million contactable customers, with much of our CRM and customer service carried out via daily content updates on our social media accounts, mainly Facebook (420,000 followers) and Instagram (300,000 followers).

Our principal competitions are the Weekly Dream Car and Midweek Competitions. Both offer the opportunity to win brand new cars (from a choice of up to 200 models) combined with the ability to add up to £50,000 in cash with your prize. Ticket prices start from just 45p with our largest prizes valued at c. £250,000.

With tickets from just 25p, the Lifestyle Competition featuring motorbikes, luxury watches, holidays, top technology and cash prizes, continues to be popular, addressing a wider non-car market, as well as cross selling to our core automotive audience.

We take significant time, effort and resources to try and surprise all of our BOTB winners in person with the car they have won. Together with a film crew, our presenter Christian Williams travels the length and breadth of the UK to deliver these surprises, creating compelling and engaging video content, marketing assets, website and social content. Whilst this has been much harder to enact in line with Government advice during the various stages of lockdown and restricted movement, we are pleased to have continued to build upon our uniquely emotive library of material, whilst celebrating our 600<sup>th</sup> car winner and a number of other milestones.

### New player acquisition

As previously mentioned, the costs of acquiring new customers (CPA) during the period have increased significantly above pre-pandemic levels (see table below). This appears to have been driven by a number of market forces, including the trend that, upon exiting lockdown, most businesses across all sectors have sought to increase their online marketing budgets in order to drive market share and to speed up their transition away from traditional retail. This has, in our experience, enabled channels (e.g. Meta Group - Facebook & Instagram) to materially increase the cost of advertising impressions (CPM's) on their platforms.

Calendar Year	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
3 month average												
CPA (all-channels)	£22.65	£22.08	£17.74	£17.41	£14.77	£12.70	£13.22	£20.69	£21.43	£34.72	£41.29	£50.36
CPM (Facebook)	£2.97	£3.78	£4.47	£4.32	£3.33	£3.04	£3.72	£4.58	£4.31	£5.65	£6.07	£6.27

Furthermore, as widely acknowledged during the same period and in line with many online focused companies, the changes introduced by Apple's iOS14 operating system have undoubtedly reduced the accuracy of our targeting and thereby the efficiency of our marketing, albeit it is hard to precisely quantify the effects at this stage.

Whilst a smaller overall contributor to new players, we continue to use a multitude of other channels beyond social media to acquire customers such as Influencers, TV and other more traditional forms of advertising.

We are in early-stage discussions about working in partnership with larger media companies to diversify and broaden our acquisition channels, whilst we continue to explore possible overseas options and will report on both of these developments as they materialise. We recognise this to be an important area of focus in the year ahead and will be allocating resources accordingly.

### **IT development**

Our systems architecture, content management systems, websites and user experience have continued to benefit from incremental improvements aimed at both new and existing customers. Our in-house team of developers work to a fortnightly deployment schedule with new code being released regularly and consistently, to roll out new functionality. Most recently we have undertaken a major upgrade of our Umbraco CMS, allowing increased flexibility and automation of competition management, pricing, and new product development.

Our CRM is substantially driven by our email marketing program and during the period we successfully migrated to a new provider Emarsys, which affords us more sophisticated targeting, segmentation and content personalisation opportunities going forward. The iOS App is operating as expected, now accounting for approximately 13% of total revenues.

### **Outlook**

Emerging out of successive lockdowns and the Covid period, we have been faced with very tough comparatives, however, 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 are confident that the business, now operating purely online, is positioned to grow above the traditional growth rates experienced when operations were focused on bricks and mortar retail.

During the period under review, the business traded in line with the market expectations as updated in August 2021 and, having exhibited the incredible benefits of operational gearing during the financial year ended April 2021, the Board remains fully focused on re-harnessing this opportunity by adjusting customer acquisition, through product development and by seeking additional revenue streams.

Whilst we are facing a new set of challenges, we remain a profitable, cash generative business with no debt and a large and loyal customer base which remains engaged. Understandably, we will be taking steps to reduce the bottom line impact of reduced revenues, by maintaining a sharp focus on costs, and prioritizing the most efficient marketing channels.

We recognise that there is potential volatility ahead, which is evident in our cautious short term outlook, but look to the medium and long term with confidence as we push towards a return to steady growth.

I look forward to updating shareholders in due course.

William Hindmarch  
Chief Executive

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# BEST OF THE BEST PLC

## Unaudited Consolidated Income Statement For the Six Months Ended 31 October 2021

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	Notes	Six Months Ended 31/10/21 Unaudited £'000	Six Months Ended 31/10/20 Unaudited £'000	Year Ended 30/04/21 Audited £'000
Revenue	2	19,118	22,088	45,681
Cost of sales		<u>(8,267)</u>	<u>(8,206)</u>	<u>(17,410)</u>
<b>GROSS PROFIT</b>		10,851	13,882	28,271
Administrative expenses		(7,813)	(7,083)	(14,209)
<b>OPERATING PROFIT</b>		<u>3,038</u>	<u>6,799</u>	<u>14,602</u>
Finance income		<u>-</u>	<u>1</u>	<u>1</u>
<b>PROFIT BEFORE TAX</b>		3,038	6,800	14,063
Tax		<u>(472)</u>	<u>(1,188)</u>	<u>(2,569)</u>
<b>PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME</b>		<u>2,566</u>	<u>5,612</u>	<u>11,494</u>
Profit and total comprehensive income attributable to: Owners of the parent		<u>2,566</u>	<u>5,612</u>	<u>11,494</u>
Profit on earnings per share expressed in pence per share:				
Basic from continuing operations	3	27.26	59.84	122.52
Diluted from continuing operations		27.06	59.39	121.82

**BEST OF THE BEST PLC**

**Unaudited Consolidated Statement of Financial Position  
As at 31 October 2021**

	Notes	Six Months Ended 31/10/21 Unaudited £'000	Six Months Ended 31/10/20 Unaudited £'000	Year Ended 30/04/21 Audited £'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Development costs		120	157	160
Property, plant and equipment		1,087	1,098	1,103
Deferred tax		-	-	-
		<u>1,207</u>	<u>1,255</u>	<u>1,263</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables		420	105	271
Cash and cash equivalents		8,346	11,183	11,814
		<u>8,766</u>	<u>11,288</u>	<u>12,085</u>
<b>TOTAL ASSETS</b>		<u><u>9,973</u></u>	<u><u>12,543</u></u>	<u><u>13,348</u></u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital		471	469	471
Share premium		278	199	277
Capital redemption reserve		237	237	236
Foreign exchange reserve		27	20	27
Retained earnings		5,341	5,824	7,953
<b>TOTAL EQUITY</b>		<u><u>6,354</u></u>	<u><u>6,749</u></u>	<u><u>8,964</u></u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables		3,122	4,610	3,053
Tax payable		483	1,184	1,317
Provision		14	-	14
<b>TOTAL LIABILITIES</b>		<u><u>3,619</u></u>	<u><u>5,794</u></u>	<u><u>4,384</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,973</u></u>	<u><u>12,543</u></u>	<u><u>13,348</u></u>

**BEST OF THE BEST PLC**

**Unaudited Consolidated Statement of Changes in Equity  
For the Six Months Ended 31 October 2021**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 May 2020</b>	<b>469</b>	<b>2,369</b>	<b>199</b>
Issue of share capital	2	-	78
Dividends	-	(5,910)	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year	-	11,494	-
<b>Total comprehensive income</b>	<b>-</b>	<b>11,494</b>	<b>-</b>
<b>Balance at 30 April 2021</b>	<b>471</b>	<b>7,953</b>	<b>277</b>
Dividends	-	(5,178)	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1</b>
Profit for the period	-	2,566	-
<b>Total comprehensive income</b>	<b>-</b>	<b>2,566</b>	<b>-</b>
<b>Balance at 31 October 2021</b>	<b>471</b>	<b>5,341</b>	<b>278</b>

  

	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
<b>Balance at 1 May 2020</b>	<b>236</b>	<b>27</b>	<b>3,300</b>
Issue of share capital	-	-	80
Dividends	-	-	(5,910)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year	-	-	11,494
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>11,494</b>
<b>Balance at 30 April 2021</b>	<b>236</b>	<b>27</b>	<b>8,964</b>
Dividends	-	-	(5,178)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1</b>
Profit for the period	1	-	2,567
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2,566</b>
<b>Balance at 31 October 2021</b>	<b>237</b>	<b>27</b>	<b>6,354</b>

**BEST OF THE BEST PLC****Unaudited Consolidated Statement of Changes in Equity  
For the Six Months Ended 31 October 2021**

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	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Share premium £'000</b>
<b>Balance at 1 May 2020</b>	<u>469</u>	<u>2,369</u>	<u>199</u>
Dividends	-	(2,157)	-
<b>Transactions with owners</b>			
Profit for the period	-	5,612	-
<b>Total comprehensive income</b>	<u>-</u>	<u>5,612</u>	<u>-</u>
	-	-	-
<b>Balance at 31 October 2020</b>	<u>469</u>	<u>5,824</u>	<u>199</u>

  

	<b>Capital redemption reserve £'000</b>	<b>Foreign exchange reserves £'000</b>	<b>Total Equity £'000</b>
<b>Balance at 1 May 2020</b>	<u>237</u>	<u>26</u>	<u>3,300</u>
Dividends	-	-	(2,157)
<b>Transactions with owners</b>			
Profit for the period	-	(6)	5,606
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>5,606</u>
	-	-	-
<b>Balance at 31 October 2020</b>	<u>237</u>	<u>20</u>	<u>6,749</u>

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# BEST OF THE BEST PLC

## Unaudited Consolidated Cash Flow Statement For the Six Months Ended 31 October 2021

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		Six Months Ended 31/10/21 Unaudited	Six Months Ended 31/10/20 Unaudited	Year Ended 30/04/21 Audited
	Notes	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	5	3,022	8,697	14,270
Tax paid		<u>(1,307)</u>	<u>(455)</u>	<u>(1,686)</u>
Net cash from operating activities		1,715	8,242	12,584
<b>Cash flows from investing activities</b>				
Purchase of intangible fixed assets		-	(78)	(84)
Purchase of tangible fixed assets		(6)	(35)	(67)
Sale of tangible fixed assets		-	-	-
Interest received		<u>-</u>	<u>1</u>	<u>1</u>
Net cash from investing activities		(6)	(112)	(150)
<b>Cash flows from financing activities</b>				
Share issue		-	-	80
Equity dividends paid		<u>(5,177)</u>	<u>(2,157)</u>	<u>(5,910)</u>
Net cash from financing activities		<u>(5,177)</u>	<u>(2,157)</u>	<u>(5,830)</u>
<b>Increase in cash and cash equivalents</b>		(3,468)	5,973	6,604
<b>Cash and cash equivalents at beginning of period</b>		<u>11,814</u>	<u>5,210</u>	<u>5,210</u>
<b>Cash and cash equivalents at end of period</b>		<u><u>8,346</u></u>	<u><u>11,183</u></u>	<u><u>11,814</u></u>

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# BEST OF THE BEST PLC

## Notes to the Interim Financial Statements For the Six Months Ended 31 October 2021

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### 1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2021. 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 2021.

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 2021.

### 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. 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.

	<b>Six Months Ended 31/10/21 Unaudited</b>	<b>Six Months Ended 31/10/20 Unaudited</b>	<b>Year Ended 30/04/21 Audited</b>
Profit and basic and diluted earnings attributable to the owners of the parent	2,566	5,611	11,494
Weighted average number of ordinary shares	9,412,901	9,377,253	9,381,253
Basic earnings per share	27.26	59.84p	122.52
Adjusted weighted average number of ordinary shares	9,482,360	9,448,550	9,435,186
Diluted earnings per share	27.06	59.39p	121.82

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.

### 4. DIVIDENDS

A Special Dividend of 50.0 pence per ordinary share was paid on 2 July 2021 to shareholders on the register at the close of business on 1 July 2021.

A final dividend of 5.0 pence per ordinary share for the full year ending 30 April 2021 was paid on 01 October 2021 to shareholders on the register at 17 September 2021.

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# BEST OF THE BEST PLC

## Notes to the Interim Financial Statements For the Six Months Ended 31 October 2021

### 5. CASH GENERATED FROM OPERATIONS

	Six Months Ended 31/10/21 Unaudited £'000	Six Months Ended 31/10/20 Unaudited £'000	Year Ended 30/04/21 Audited £'000
Profit before income tax	3,038	6,800	14,063
Depreciation and amortisation charges	63	25	55
Finance income	-	(1)	(1)
Decrease / (increase) in trade and other receivables	(149)	270	105
Increase / (decrease) in trade and other payables	70	1,603	48
(Decrease) / increase in provisions	-	-	-
	<u>3,022</u>	<u>8,697</u>	<u>14,270</u>

### 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 2021.

The statutory accounts for the financial year ended 30 April 2021 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.