



24<sup>th</sup> March 2021

## Company Announcement

The following is a Company Announcement issued by Busy Bee Finance Plc (the “Company”) bearing company registration number C87631, in terms of the rules of Prospects MTF, a market regulated as a multi-lateral trading facility and operated by the Malta Stock Exchange, pursuant to Rule 4.11.03 and 4.11.12 of the Prospects MTF Rules.

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## Quote

### Approval of Financial Sustainability Forecasts

The Company makes reference to Company Announcement Ref. No. BSB21, wherein the Company announced that during the Board of Directors’ meeting held on the 23<sup>rd</sup> March 2021, the Board of Directors resolved to approve the Company’s Annual Report and the Audited Financial Statements for the year ended 30<sup>th</sup> November 2020.

The Company hereby announces that during the said meeting, the Board of Directors has approved the FSFs for the financial year starting 1<sup>st</sup> December 2020 which are being enclosed herewith.

A copy of the Financial Sustainability Forecasts can be found at:  
<https://busybee.com.mt/investor-relations/>.

## Unquote

Jean C. Farrugia  
Company Secretary

# Summary of Significant Assumptions and Accounting Policies

## A. Introduction

The forecast statement of financial position, the forecast statement of profit or loss, and the forecast statement of cash flows (hereafter “the Forecasts”) of the Issuer for the periods ending 30 November 2021 have been prepared to provide financial information for the purposes of the announcement of Financial Sustainability Forecasts. The assumptions set out below are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions which the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. We draw your attention to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecasts relates.

The Forecasts are not intended to and do not provide all the disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

These Forecasts were formally approved on 23 March 2021 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the Forecasts are described in Section B below.

## B. Basis of preparation and significant assumptions

### Basis of Preparation

The Forecasts show the projected financial performance and position of Busy Bee Finance plc (“the Company”) in accordance with International Financial Reporting Standards as adopted by the European Union (“EU-IFRS”) except that, due to the nature of Forecast Financial Information, the Forecasts do not include all the disclosure requirements under EU-IFRS and other laws or securities regulations, including but not limited to the Maltese Companies Act (Cap. 386).

### Significant macro-economic assumptions

In the first half of 2020, the global economy was severely impacted by the unprecedented restrictions imposed on activity to counter the spread of the COVID-19 pandemic. Measures put in place by the Government of Malta to limit the transmission of the virus coupled with a collapse in consumer and business confidence in general have inevitably led to a steep contraction in economic activity.

Macro-economic assumptions relating to the environment in which the Company operates which are exclusively outside the influence of the Directors and which underlie the forecasts, are the following:

- Despite the reduction in revenue relating to COVID-19, the Company will continue to enjoy the confidence of its customers and bankers throughout the Forecasts period presented,
- There will be no major lockdown imposed by the Government of Malta,
- Restrictions imposed to-date are assumed to be withdrawn during the latter half of 2021, following the introduction and dissemination procedures of the COVID-19 vaccines by the Government of Malta during the end of December 2020,
- The rate of inflation will be in line with historic trends,
- The basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the Forecast Financial Information,
- The Company will enjoy good relations with its employees throughout the Forecasts period.

#### Other significant assumptions

Other assumptions taken by the Directors, which underlie the Forecasts are the following:

##### 1. Revenue

In the light of the macro-economic assumptions explained earlier, it is assumed that revenues derived from outside catering and cafeterias are expected to recover to pre-COVID-19 levels (2019) over a two-year period as restrictions are projected to be withdrawn only in the latter half of 2021. Revenue is expected to increase by 13% in 2021 over 2020 figures.

Factors facilitating recovery include growth in revenues in the following areas:

- Existing Cafeterias - revenue growth is predominately driven by continuous efforts of the Directors with the help of management to improve the effectiveness of the product mix, profit margins and the efficient use of the cafeterias' available space.
- Outside catering - revenue growth is predominately driven by new contracts entered with new business partners.
- New Cafeterias – revenue is also expected to increase as a result of a new cafeteria scheduled to be opened towards the end of 2021.

##### 2. Cost of Sales

Cost of sales is projected as the difference between revenue and gross profit. The assumptions underlying the gross profit calculation is explained in Note 3 below.

### 3. Gross profit

Gross profit is projected using actual gross margins reported by the company. The historical average gross margin has been applied for the opening of a new cafeteria as explained earlier.

### 4. Selling and distribution expenses

Selling and distribution expenses mainly include wages and advertising expenses. These costs are based on historical trends and agreements as adjusted for inflation, which for the purposes of these Forecasts is assumed to stand at 2%.

### 5. Administration expenses

Administration expenses include mainly wages, utilities and professional fees and other general or corporate overheads. These costs are based on historical trends and agreements as adjusted for inflation, which for the purposes of these Forecasts is assumed to stand at 2%.

### 6. Other income

Other income mainly consists of the Government COVID wage supplement. It is assumed that the COVID wage supplement will be granted by the Government of Malta till December 2021.

### 7. Finance costs

Finance charges include bond interest payable at an interest rate of 5%, finance costs on lease agreements in accordance with IFRS 16 and interest payable on bank facilities.

### 8. Depreciation/Amortisation

Depreciation is provided on a straight-line basis and at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

|                          |       |
|--------------------------|-------|
| Long Leasehold buildings | 1-2%  |
| Office equipment         | 20%   |
| Plant and machinery      | 7%    |
| Furniture and fittings   | 10%   |
| Fixtures and fittings    | 5-10% |

Amortisation costs relate to the amortisation of the right of use asset on lease agreements over the term of the lease.

### 9. Income tax

Income tax is composed of current and deferred tax. Current taxation is provided at 35% of chargeable income for the period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the forecasts and the corresponding projected tax bases in the computation of taxable profit.

### 10. Working Capital

The Company's working capital mainly comprises the net impact of trade receivables, inventory and trade payables and is based on historical trends.

### *11. Intangibles/Right-of-use asset*

Intangibles include Intellectual Property Rights (Busy Bee trademark) purchased in the year ended 30 November 2019. The right of use asset is in relation to land under emphyteutic lease in accordance with IFRS 16.

### *12. Borrowings*

The projected debt relates to:

- €5m bond issue, net of deferred bond issue costs,
- €0.6m worth of bank financing outstanding as at end 2020, and
- €0.58m worth of obligations under operating lease as at end 2020 in relation to land under emphyteutic lease in accordance with IFRS 16

### *13. Capital expenditure*

Capital expenditure includes:

- Investments in ICT to maintain technology enhancements required by the Group.
- Capital expenditure in relation to the investment in a new cafeteria will be provided by a related entity outside the group.

### *14. Dividends*


No dividends are projected to be distributed during the Forecasts period.

## *C. Conclusion*


The Directors believe that the assumptions on which the Forecasts are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Company will be sufficient for the carrying on of its business.

## Financial Sustainability Forecasts


Consolidated Statement of Comprehensive income for the years ending 30 November:

| <br><b>Busy Bee</b><br><small>EST. 1933</small> | Audited<br>2019 | Audited<br>2020 | Forecasted<br>2021 |
|--|-----------------|-----------------|--------------------|
|  | EUR 000s        | EUR 000s        | EUR 000s           |
| Revenue  | 3,928           | 3,783           | 4,272              |
| Cost of Sales  | (2,727)         | (2,612)         | (2,989)            |
| <b>Gross profit</b>  | <b>1,201</b>    | <b>1,171</b>    | <b>1,283</b>       |
| Selling and distribution expenses  | (206)           | (165)           | (168)              |
| Administrative expenses  | (938)           | (1,007)         | (1,027)            |
| Other operating income   | 1,254           | 481             | 684                |
| <b>Operating profit</b>  | <b>1,311</b>    | <b>480</b>      | <b>772</b>         |
| Movement in FV of Investment Property  | 2,015           | -               | -                  |
| <b>EBITDA</b>  | <b>3,326</b>    | <b>480</b>      | <b>772</b>         |
| Finance costs  | (199)           | (320)           | (321)              |
| Depreciation   | (407)           | (503)           | (521)              |
| <b>Net profit/(loss) before income tax</b>   | <b>2,720</b>    | <b>(343)</b>    | <b>(70)</b>        |
| Income tax   | (85)            | 1,456           | 205                |
| <b>Profit/(loss) for the year</b>  | <b>2,635</b>    | <b>1,113</b>    | <b>135</b>         |

**Consolidated Statement of Financial Position as at the years ending:**

| <br><b>Busy Bee</b><br><small>EST. 1933</small> | Audited       | Audited       | Forecasted    |
|--|---------------|---------------|---------------|
|  | 2019          | 2020          | 2021          |
|  | EUR 000s      | EUR 000s      | EUR 000s      |
| <b>Assets</b>  |               |               |               |
| <b>Non-current assets</b>  |               |               |               |
| Property, plant and equipment  | 7,124         | 6,909         | 6,630         |
| Intangibles  | 1,500         | 1,500         | 1,500         |
| Right-of-use asset   | -             | 570           | 560           |
| Investment property  | 3,615         | 3,615         | 3,615         |
| Deferred taxation  | 642           | 2,100         | 2,309         |
| Loans and receivables  | -             | 27            | 39            |
| <b>Total non-current assets</b>  | <b>12,881</b> | <b>14,721</b> | <b>14,653</b> |
| <b>Current assets</b>  |               |               |               |
| Inventories  | 625           | 698           | 698           |
| Trade and other receivables  | 86            | 54            | 79            |
| Amounts due from related parties   | 288           | 347           | 616           |
| Cash and cash equivalents  | 318           | 237           | 308           |
| <b>Total current assets</b>  | <b>1,317</b>  | <b>1,336</b>  | <b>1,701</b>  |
| <b>Total assets</b>  | <b>14,198</b> | <b>16,057</b> | <b>16,354</b> |
| <b>Equity</b>  |               |               |               |
| Called up issued share capital   | 50            | 50            | 50            |
| Share Premium  | 51            | 51            | 51            |
| Revaluation reserve  | 1,680         | 1,680         | 1,680         |
| Retained earnings  | 956           | 2,068         | 2,204         |
| Shareholders' capital contribution   | 4,181         | 4,357         | 4,357         |
| <b>Total equity</b>  | <b>6,918</b>  | <b>8,206</b>  | <b>8,342</b>  |
| <b>Liabilities</b>   |               |               |               |
| <b>Non-current liabilities</b>   |               |               |               |
| Long-term borrowing  | 5,539         | 6,105         | 6,064         |
| <b>Total non-current liabilities</b>   | <b>5,539</b>  | <b>6,105</b>  | <b>6,064</b>  |
| <b>Current liabilities</b>   |               |               |               |
| Trade and other payables   | 1,114         | 779           | 818           |
| Amounts due to related parties   | 174           | 397           | 397           |
| Short-term borrowings  | 82            | 84            | 81            |
| Indirect taxes   | 47            | 278           | 278           |
| VAT payable  | 70            | 116           | 97            |
| Bank overdraft   | 254           | 90            | 272           |
| Current Tax Liability  | -             | 2             | 5             |
| <b>Total current liabilities</b>   | <b>1,741</b>  | <b>1,746</b>  | <b>1,948</b>  |
| <b>Total liabilities</b>   | <b>7,280</b>  | <b>7,851</b>  | <b>8,012</b>  |
| <b>Total equity and liabilities</b>  | <b>14,198</b> | <b>16,057</b> | <b>16,354</b> |

**Consolidated Statement of Cash Flows for the years ending:**

|  <b>Busy Bee</b><br><small>EST. 1993</small> | Actual         | Actual       | Forecasted   |
|---|----------------|--------------|--------------|
|   | 2019           | 2020         | 2021         |
|   | EUR 000s       | EUR 000s     | EUR 000s     |
| <b>Cash flow from operating activities:</b>   |                |              |              |
| Receipts from customers:  | 3,623          | 3,528        | 3,966        |
| Payments from suppliers:  | (3,384)        | (3,750)      | (4,146)      |
| Other income:   | 50             | 481          | 684          |
| <b>Cash generated from operating activities</b>   | <b>289</b>     | <b>259</b>   | <b>504</b>   |
| Tax paid  | -              | -            | (2)          |
| Interest paid   | (93)           | (25)         | (26)         |
| <b>Net cash generated from operating activities</b>   | <b>196</b>     | <b>234</b>   | <b>476</b>   |
| <b>Cash flow from investing activities:</b>   |                |              |              |
| Movement re business combination  | (6,130)        | -            | -            |
| Acquisition of property, plant and equipment  | (274)          | (219)        | (232)        |
| Acquisition of intangible assets  | (900)          | (59)         | -            |
| Acquisition of investment property  | (1,600)        | -            | -            |
| <b>Net cash used in investing activities</b>  | <b>(8,904)</b> | <b>(278)</b> | <b>(232)</b> |
| <b>Cash flow from financing activities:</b>   |                |              |              |
| Movement in bank loans  | 636            | (32)         | (66)         |
| Increase in debt securities in issue  | 5,000          | -            | -            |
| Bond interest payment   | -              | (250)        | (250)        |
| Increase in shareholders' contribution  | 2,931          | 176          | -            |
| Movement in other related party loans   | 155            | 275          | -            |
| Issue of share capital  | 50             | -            | -            |
| Payments under operating lease obligations  | -              | (42)         | (39)         |
| <b>Net cash generated from/(used in) financing activities</b>   | <b>8,772</b>   | <b>127</b>   | <b>(355)</b> |
| <b>Net movement in cash and cash equivalents</b>  | <b>64</b>      | <b>83</b>    | <b>(111)</b> |
| <b>Cash and cash equivalents at the beginning of the period/year</b>  | <b>-</b>       | <b>64</b>    | <b>147</b>   |
| <b>Cash and cash equivalents at the end of the period/year</b>  | <b>64</b>      | <b>147</b>   | <b>36</b>    |