



30th March 2022

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.

Quote

Approval of Financial Sustainability Forecasts

The Company makes reference to Company Announcement Ref. No. BSB30, wherein the Company announced that a continuation meeting has been scheduled for Wednesday 30th March 2022 to consider, and if appropriate, approve the Company’s Financial Sustainability Forecasts (‘FSFs’).

The Company hereby announces that during the said meeting, the Board of Directors has approved the FSFs for the financial year starting 1st December 2021 which are being enclosed herewith.

A copy of the FSFs 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 2022 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 29 March 2022 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

The instability brought about by the COVID-19 pandemic and the constant changes in restrictions throughout 2021, continued to impact performance with regards to consumer and business activities. Nonetheless, general public sentiment was positive, which led to an increase in customer confidence which translated into higher sales within the context of the pandemic.

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,
- All restrictions will be lifted by end of June 2022,
- The rate of inflation will be in line with published economic forecasts which for 2022 is estimated at 2%,
- 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

The effects of the pandemic remain prevalent, although the business has managed to increase its revenue by 16%. This comes as a result of the curbing of restrictive measures coupled with an improvement in activity in the area of outside catering services. With the introduction of the new outlet in Sliema and restrictions imposed by the Health authorities reduced when compared to prior year, revenue is expected to continue to grow at approximately 40%.

Such expectations are based on the strategy for organic growth through strengthening of existing revenue streams and venturing into new projects using the same business formula, which has been tried and tested as outlined below:

- 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 will increase as a result of the new outlet in Sliema launched in December 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 new outlet and adjusted for the current costs to date.

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 April 2022.

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 brand) 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,
- €0.54m worth of bank financing outstanding as at end 2021, and
- €0.59m worth of obligations under operating lease as at end 2021 in relation to land under emphyteutic lease in accordance with IFRS 16

13. Capital expenditure

Capital expenditure includes:

- Continued investment in ICT to maintain technology enhancements required by the Group especially those which have already been implemented.
- Capital expenditure for the new outlet, has been financed by an entity outside the group and is expected to decrease as no new major expenditure is envisaged during 2022.

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:

 Busy Bee <small>EST. 1933</small>	Audited 2020 EUR 000s	Audited 2021 EUR 000s	Forecasted 2022 EUR 000s
Revenue	3,783	4,399	6,168
Cost of Sales	(2,612)	(3,086)	(4,030)
Gross profit	1,171	1,313	2,138
Selling and distribution expenses	(165)	(156)	(171)
Administrative expenses	(1,007)	(1,017)	(1,035)
Other operating income	481	796	269
Operating profit	480	936	1,201
Movement in FV of Investment Property	-	270	-
EBITDA	480	1,206	1,201
Finance costs	(320)	(320)	(321)
Depreciation	(503)	(345)	(545)
Net profit/(loss) before income tax	(343)	541	335
Income tax	1,456	(484)	(127)
Profit/(loss) for the year	1,113	57	208

Consolidated Statement of Financial Position as at the years ending:

	Audited	Actual	Forecasted
	2020	2021	2022
	EUR 000s	EUR 000s	EUR 000s
Assets			
Non-current assets			
Property, plant and equipment	6,909	7,135	6,313
Intangibles	1,500	1,587	1,500
Right-of-use asset	570	560	551
Investment property	3,615	3,885	3,615
Deferred taxation	2,100	1,454	2,193
Loans and receivables	27	40	49
Total non-current assets	14,721	14,661	14,221
Current assets			
Inventories	698	750	698
Trade and other receivables	54	136	140
Amounts due from related parties	347	821	849
Cash and cash equivalents	237	262	617
Total current assets	1,336	1,969	2,304
Total assets	16,057	16,630	16,525
Equity			
Called up issued share capital	50	50	50
Share Premium	51	51	51
Revaluation reserve	1,680	2,238	1,680
Retained earnings	2,068	2,125	2,412
Shareholders' capital contribution	4,357	4,331	4,357
Total equity	8,206	8,795	8,550
Liabilities			
Non-current liabilities			
Long-term borrowing	6,105	6,065	6,025
Total non-current liabilities	6,105	6,065	6,025
Current liabilities			
Trade and other payables	779	1,254	1,044
Amounts due to related parties	397	193	397
Short-term borrowings	84	81	79
Indirect taxes	278	122	278
VAT payable	116	102	141
Bank overdraft	90	16	-
Current Tax Liability	2	2	11
Total current liabilities	1,746	1,770	1,950
Total liabilities	7,851	7,835	7,975
Total equity and liabilities	16,057	16,630	16,525

Consolidated Statement of Cash Flows for the years ending:

 Busy Bee <small>EST. 1933</small>	Actual 2020 EUR 000s	Actual 2021 EUR 000s	Forecasted 2022 EUR 000s
Cash flow from operating activities:			
Receipts from customers:	3,528	3,626	6,038
Payments from suppliers:	(3,750)	(3,827)	(5,333)
Other income:	481	796	269
Cash generated from operating activities	259	595	974
Tax paid	-	-	(5)
Interest paid	(25)	(25)	(26)
Net cash generated from operating activities	234	570	943
Cash flow from investing activities:			
Movement re business combination	-	-	-
Acquisition of property, plant and equipment	(219)	(41)	(219)
Acquisition of intangible assets	(59)	(49)	-
Acquisition of investment property	-	-	-
Net cash used in investing activities	(278)	(90)	(219)
Cash flow from financing activities:			
Movement in bank loans	(32)	(65)	(63)
Increase in debt securities in issue	-	-	-
Bond interest payment	(250)	(250)	(250)
Increase in shareholders' contribution	176	(27)	-
Movement in other related party loans	275	-	-
Issue of share capital	-	-	-
Payments under operating lease obligations	(42)	(39)	(40)
Net cash generated from/(used in) financing activities	127	(381)	(353)
Net movement in cash and cash equivalents	83	99	371
Cash and cash equivalents at the beginning of the period/year	64	147	246
Cash and cash equivalents at the end of the period/year	147	246	617