



30th March 2023

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 hereby announces that on the 30th March 2023, the Board of Directors has approved the FSFs for the financial year starting 1st December 2022 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



Busy Bee
FINANCE PLC

**FINANCIAL SUSTAINABILITY
REPORT**

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 period ending 30 November 2023 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 27 March 2023 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 Companies Act (Chapter 386, Laws of Malta).

Significant macro-economic assumptions

The impact of the COVID-19 pandemic has left its mark, impacting results. The focus on recovering ground lost during such time is crucial, ensuring the sustainability of the business. Albeit the setbacks, revenue has increased also with the introduction of a new outlet in Sliema, signifying that the brand is constantly sought out by consumers.

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:

- Given the elimination of all restrictions with respect to COVID-19, the Company will continue to leverage on its brand presence in the local market and will continue to enjoy the confidence of its customers and bankers throughout the Forecasted period presented,
- The rate of inflation will be in line with published economic forecasts which for 2023 is estimated at 4.5%.
- 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 Forecasted period.

Other significant assumptions

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

1. Revenue

In December 2021, the group has inaugurated its third flagship coffee shop in Sliema, increasing revenue by 41%, year on year. The focus in 2023 will be to improve operational efficiency notwithstanding the challenges in recruiting talent at the right cost, and fluctuating costs particularly that of raw materials.

The Group is set on monitoring its cost base to ensure proper control of resources as well as setting its sights on potentially expanding in the retail sector once again.

The Group's revenue for the twelve months ending 30 November 2023 is projected to reach € 6.728 million. Revenue growth will be predominately driven by continuous efforts to improve the effectiveness of the product mix in the coffee shops, improved margins, and increasing the current catchment area through new outlets using the same business formula. In outside catering, revenue will be driven by new contracts entered with new business partners.

2. Cost of Sales

Cost of sales is projected as the difference between revenue and gross profit together with direct wages and salaries expenditure. 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. Administration expenses

Administration expenses include mainly administration salaries, utilities, bond costs, marketing, professional fees and other general or corporate overheads. These costs are based on historical trends and agreements, and adjusted for inflation, which, for the purposes of these Forecasts is assumed to stand at 4.5%.

5. Other income

Other income mainly consists of rental and royalty income, as this previously also included the Government COVID wage supplement, which is no longer being granted by the Government of Malta.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. Borrowings

The projected debt relates to:

- €5m bond issue, net of deferred bond issue costs,
- €0.47m worth of bank financing outstanding as at end 2022, and
- €0.59m worth of obligations under operating lease as at end 2022 in relation to land under emphyteutic lease in accordance with IFRS 16

12. Capital expenditure

Capital expenditure includes:

- No costs in this respect are anticipated, as such costs have been incurred in prior periods, which benefits expected to be reaped in the current period.
- 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 2023.

13. 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 2021 EUR 000s	Audited 2022 EUR 000s	Forecasted 2023 EUR 000s
Revenue	4,399	5,848	6,728
Cost of sales	(3,086)	(4,560)	(5,277)
Gross profit	1,313	1,288	1,451
Administrative expenses	(1,173)	(1,129)	(1,023)
Other operating income	796	631	618
Operating profit	936	790	1,045
Movement in fair value of investment property	270	525	-
EBITDA	1,206	1,315	1,045
Finance costs	(320)	(315)	(315)
Depreciation	(345)	(546)	(514)
Net profit/(loss) before taxation	541	453	216
Taxation	(484)	53	(87)
Profit/(loss) for the year	57	506	129

Consolidated Statement of Financial Position as at the years ending 30 November:

 Busy Bee <small>EST. 1933</small>	Audited 2021 EUR 000s	Audited 2022 EUR 000s	Forecasted 2023 EUR 000s
Assets			
Non-current assets			
Property, plant and equipment	7,135	6,722	6,242
Intangibles	1,587	1,579	1,555
Right-of-use asset	560	551	542
Investment property	3,885	4,410	4,410
Deferred taxation	1,454	1,509	1,738
Loans and receivables	40	51	187
Total non-current assets	14,661	14,822	14,674
Current assets			
Inventories	750	789	733
Trade and other receivables	136	231	291
Amount due from related parties	821	1,075	1,929
Cash and cash equivalents	262	316	458
Total current assets	1,969	2,411	3,411
Total assets	16,630	17,233	18,085
Equity			
Called up issued share capital	50	50	50
Share premium	51	51	51
Revaluation reserve	2,238	2,238	2,238
Retained earnings	2,125	2,631	2,760
Shareholders' capital contribution	4,330	4,331	4,331
Total equity	8,794	9,301	9,430
Liabilities			
Non-current			
Long-term borrowings	6,065	6,020	5,554
Total non-current liabilities	6,065	6,020	5,554
Current			
Trade and other payables	1,478	1,834	1,278
Amounts due to related parties	193	-	632
Short-term borrowings	98	78	80
Indirect taxes	-	-	101
Deferred tax liability	-	-	516
Current tax liability	2	-	15
Lease liability	-	-	479
Total current liabilities	1,771	1,912	3,101
Total liabilities	7,836	7,932	8,655
Total equity and liabilities	16,630	17,233	18,085

Consolidated Statement of Cash Flows as at the years ending 30 November:

 Busy Bee <small>EST. 1933</small>	Audited 2021 EUR 000s	Audited 2022 EUR 000s	Forecasted 2023 EUR 000s
Cash flow from operating activities			
Receipts from customers	3,626	6,093	5,893
Payments from suppliers	(3,827)	(5,658)	(5,375)
Other income:	796	(2)	-
Cash generated from operating activities	595	433	518
Tax paid	-	-	-
Interest paid	(25)	(25)	(25)
Net cash generated from operating activities	570	408	493
Cash generated from investing activities			
Acquisition of property, plant and equipment	(41)	(0)	-
Acquisition of intangible assets	(49)	-	-
Net cash generated from investing activities	(90)	(0)	-
Cash generated from financing activities			
Movement in bank loans	(65)	(66)	(64)
Bond interest payment	(250)	(250)	(250)
Increase in shareholders' contribution	(27)	-	-
Movement in other related party loans	-	-	-
Payments under operating lease obligations	(39)	(37)	(37)
Net cash generated from financing activities	(381)	(353)	(351)
Net movement in cash and cash equivalents	99	55	142
Cash and cash equivalents at the beginning of the year	147	246	301
Cash and cash equivalents at the end of the year	246	301	442