



**▶ UNAUDITED
FINANCIAL STATEMENTS**
For the Three Months Ended
December 31, 2022





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Shorty Bread



BEST BREAD
SINCE SLICE BREAD!



Honey Bun (1982) LIMITED
 Unaudited Financial Statements
 For the Three Months December 31, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

	DECEMBER 2022	DECEMBER 2021
NET PROFIT	\$69,286,183	\$45,507,554
EARNINGS PER SHARE	\$0.15C	\$0.10C
TOTAL ASSEST	\$1,646,852,314	\$1,369,471,455
CASH & CASH EQUIVALENT	\$357,996,633	\$408,175,001

The first quarter ending December 31, 2022 saw the company earning net profits of \$69.2m or 52% above the prior comparative period amounting to \$45.5m. Gross revenues for the quarter was \$817.4m or 23% more than prior comparative period. Gross profit for the quarter came in at \$357.6m or 35% over prior comparative period, whilst the gross profit ratio closed at 43.8% compared to 39.8%. Increases in gross revenues and net profit are attributable to management’s focus on island wide distribution and improving efficiencies.

We are pleased to announce the opening of the Old Harbour outlet in the first quarter of the financial year, bringing the total wholesale outlets across the island to nine (9).

For the comparative quarter ending December 31, 2022, an additional \$95.2m was invested in property plant and equipment and right-of-use assets increased by \$57.6m closing at \$60.2m. Significant to the increases in fixed assets is the purchasing of equipment to further automate production and improve efficiency. In addition, the delivery fleet increased with the leasing of trucks in support of our island wide distribution strategy.

Further to our sales and distribution drive and as a hedge against the negative impact against current and future supply chain disruptions, inventory increased by \$95.7m to close at \$217.7m and payables increased by 30% closing at \$251.0m. The growth in revenue has also resulted in an increase in receivables of 64% or \$77.5m to close at \$198.5m. Included in receivables are prepayments to suppliers of \$32.8m compared to \$50.8m a decrease of \$18.0m.

The company continues to maintain a healthy bank balance with cash and cash equivalents closing at \$357.0m, a 12% decrease in cash when compared with the previous comparative period of \$408.2m.

The company celebrates 40 years of business in the year 2022. Honey Bun continues to grow and positively impacting its community and country through its foundation. The Honey Bun Foundation has embarked on a path of building Jamaica, through capacity building of small and medium enterprises (SMEs). Through their Advisory Committee Model, they have partnered SMEs with a group of advisors for 12 months in completing a one year strategic plan. The model enables the SMEs to grow and learn through the guidance of knowledgeable advisors in such areas as finance, marketing and sales, experts these small companies would not otherwise have access to. During this first quarter, The Honey Bun Foundation graduated its first cohort of nine (9) SMEs, and also enrolled its 2023 cohort of seven (7) companies.

We take this opportunity to thank our loyal customers, directors, employees and other stakeholders for their continued support.

Michelle Chong
 Chief Executive Officer





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RIGHT SIZE • JUST THE RIGHT



Taste the mmmmk!

HONEYBUNJA



STATEMENT OF COMPREHENSIVE INCOME

HONEY BUN (1982) LIMITED

Statement of profit or loss and other Comprehensive Income
For the Three months ended December 31, 2022
(Expressed in Jamaican Dollars except otherwise stated)

	UNAUDITED THREE MONTHS ENDED DECEMBER 2022	UNAUDITED THREE MONTHS ENDED DECEMBER 2021
Gross operating revenue	817,403,436	664,699,391
Cost of operating revenue	(459,766,442)	(400,112,593)
Gross profit	357,636,994	264,586,798
Other gains/(losses)	703,150	7,321,470
	358,340,144	271,908,268
Administrative, selling and distribution expenses	43.8%	39.8%
Administrative	156,532,196	119,151,597
Selling & distribution costs	110,160,918	96,549,012
	266,693,114	215,700,608
Movement on impairment losses on financials	-	-
Operating profit before finance costs and taxation	91,647,030	56,207,659
Finance income- interest	3,409,428	767,961
Finance costs	(1,522,275)	(345,066)
	93,534,183	56,630,554
Increase/(Decrease) in value of investments classified as fair value through profit or loss	-	-
Profit before taxation	93,534,183	56,630,554
Taxation	(24,248,000)	(11,123,000)
Net profit for the period	69,286,183	45,507,554
Total comprehensive income for the period	69,286,183	45,507,554
Earnings Per Share	0.15	0.10
Fully paid up Share Capital	471,266,950	471,266,950



STATEMENT OF FINANCIAL POSITION

HONEY BUN (1982) LIMITED

Statement of Financial Position
as at December 31, 2022

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited December 2022	Unaudited December 2021	Audited September 2022
NON-CURRENT ASSETS			
Property, plant and equipment	698,221,396	603,062,134	665,708,575
Right-of-Use Asset	60,200,019	2,577,728	56,093,973
Investments	98,987,111	100,260,301	98,347,867
Intangible assets	<u>7,671,032</u>	<u>8,342,183</u>	<u>7,485,525</u>
Total non-current assets	<u>865,079,558</u>	<u>714,242,347</u>	<u>827,635,940</u>
CURRENT ASSETS			
Inventories	217,673,840	121,992,739	179,346,068
Receivables	198,511,768	121,026,726	166,351,636
Taxation recoverable	7,590,515	4,034,642	6,765,770
Cash & cash equivalents	<u>357,996,633</u>	<u>408,175,001</u>	<u>346,916,144</u>
Total current assets	<u>781,772,757</u>	<u>655,229,108</u>	<u>699,379,618</u>
CURRENT LIABILITIES			
Trade and other payables	250,958,522	193,182,672	225,373,964
Taxation Payable	35,109,416	30,832,046	13,874,773
Current Portion of Long Term Loans	3,192,158	3,017,202	3,147,491
Current Portion of Lease Liability	<u>7,446,264</u>	<u>2,810,633</u>	<u>13,804,039</u>
	<u>296,706,359</u>	<u>229,842,553</u>	<u>256,200,266</u>
Net current assets	<u>485,066,397</u>	<u>425,386,555</u>	<u>443,179,352</u>
Total assets less current liabilities	<u>1,350,145,955</u>	<u>1,139,628,902</u>	<u>1,270,815,292</u>
NON-CURRENT LIABILITIES			
Long term loans	11,381,667	14,573,825	12,196,653
Lease liability	53,605,294	(-)	42,743,947
Deferred tax liabilities	<u>56,561,843</u>	<u>50,674,475</u>	<u>56,561,843</u>
Total non-current liabilities	<u>121,548,803</u>	<u>65,248,299</u>	<u>111,502,442</u>
EQUITY			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	53,818,788	53,818,788	53,818,788
Retained earnings	<u>1,128,263,594</u>	<u>974,047,044</u>	<u>1,058,979,291</u>
Total equity	<u>1,228,597,152</u>	<u>1,074,380,602</u>	<u>1,159,312,850</u>
Total non-current liabilities and equity	<u>1,350,145,955</u>	<u>1,139,628,902</u>	<u>1,270,815,292</u>

Approved for issue by the Board of Directors on January 30, 2022 and signed on its behalf by:


Herbert Chong (Chairman)


Charles Heholt (Director)



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HONEY BUN (1982) LIMITED

Statement of Changes in Equity
For the Three months ended December 31, 2022
(Expressed in Jamaican Dollars except otherwise stated)

	Share Capital	Capital Reserve	Retained Earnings	Totals
	\$	\$	\$	\$
Balances as at September 30, 2021	46,514,770	53,818,788	928,539,491	1,028,873,049
Total comprehensive income for the period	-	-	45,507,553	45,507,553
Dividends	-	-	-	-
Balances as at December 31, 2021	46,514,770	53,818,788	974,047,044	1,074,380,602
Balances as at September 30, 2022	46,514,770	53,818,788	1,058,979,291	1,159,312,850
Total comprehensive income for the period	-	-	69,286,183	69,286,183
Adjustment	-	-	(1,881)	(1,881)
Dividends	-	-	-	-
Balances as at December 31, 2022	46,514,770	53,818,788	1,128,263,594	1,228,597,152



STATEMENT OF CASHFLOWS

HONEY BUN (1982) LIMITED

Statement of Cashflow

For the period ended December 31, 2022

(Expressed in Jamaican Dollars except otherwise stated)

	Three months ended December 2022	Three months ended December 2021
CASH FROM OPERATING ACTIVITIES		
Net Profit	69,286,183	45,507,553
Adjustments for items not affecting cash:		
Depreciation	24,545,523	20,774,279
Right of Use Depreciation	1,491,779	644,432
Amortization	330,063	285,553
Loss/(gain) on disposal of property, plant and equipment	-	-
Revaluation of Quoted Securities	-	-
Retained earnings adjustment	(1,881)	
Interest income	(3,409,428)	(767,961)
Interest expense	237,659	279,879
Taxation expense	24,248,000	11,123,000
	116,727,899	77,846,735
Changes in non-cash working capital components:		
Inventories	(38,327,771)	(593,660)
Trade and other receivables	(32,160,133)	(13,273,342)
Trade and other payables	25,584,559	(2,589,688)
Tax paid	(3,838,102)	(8,629,884)
Net cash (used in)/provided by operating activities:	<u>67,986,452</u>	<u>52,760,161</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment		
Additions to property, plant and equipment	(57,058,343)	(39,965,252)
Additions to Right of Use assets	(5,597,826)	-
Additions to intangible assets	(515,570)	(3,301,857)
Investments, net	(639,245)	(5,040,390)
Interest received	3,409,428	767,961
Net cash used in investing activities	<u>(60,401,556)</u>	<u>(47,539,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(770,319)	(728,099)
Lease Liabilities	4,503,571	(670,661)
Dividends paid	-	-
Interest Paid	(237,659)	(279,879)
Net cash (used)/provided by financing activities	<u>3,495,593</u>	<u>(1,678,639)</u>
Net increase in cash and cash equivalents	11,080,489	3,541,984
Cash and cash equivalents at beginning of year	346,916,144	404,633,018
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>357,996,633</u>	<u>408,175,001</u>



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Honey Bun (1982) Limited (the "Company") is a limited liability company incorporated under the laws of Jamaica. Its principal activities comprise the manufacture and distribution of baked products to the local and export markets. The Company operates within Jamaica from its registered office located at 26 Retirement Crescent, Kingston 5.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on 3 June 2011.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, Interim financial reporting.

The condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 30 September 2021, which have been prepared in accordance with IFRSs and comply with the provisions of the Jamaican Companies Act.

3 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these un-audited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2021.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2020.

(i) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation.



USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(ii) Depreciation:

Depreciation is recognized on profit or loss on the straight line basis, over the estimated useful lives of property, plant and equipment.

(iii) Borrowings:

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

(iv) Impairment:

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

5 SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Company’s revenue streams, operating profits are usually expected to be higher in the first half of the year. The Christmas and Easter holidays fall within the first nine months of the financial year when sale of the Company’s products reflect uneven revenue.

6 EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature that are non-recurring are highlighted separately in the income statement. The separate reporting of exceptional items helps provide a better picture of the Company’s underlying performance.

7 EARNINGS PER STOCK UNIT

The Earnings per Stock Unit (EPS) is computed by dividing the profit for the period by the number of shares in issue for the period of 471,266,950.

8 SHARE CAPITAL

	Dec-22	Dec-21
Authorized:		
487,500,000 shares (2020-97,500,000 shares)		
Issued and fully paid:		
471,266,950 shares(2020-94,253,390 shares)	<u>46,514,770</u>	<u>46,514,770</u>



INFORMATION REGARDING SHAREHOLDERS

As at December 31, 2022

TEN LARGEST SHAREHOLDERS

	No. of Stock Units
Next Incorporated	258,447,977
Herbert Chong	54,091,000
Michelle Chong	51,691,000
JMMB Securities Ltd	14,459,000
Mayberry Managed Clients' Account	11,282,479
Cal's Manufacturing	6,644,122
Argyle Industries Inc	4,000,000
Sagicor Select Fund	3,780,227
QWI Investments	3,484,492
Jamaica Money Market Brokers	3,173,878

SHAREHOLDINGS OF DIRECTORS

Herbert Chong	54,091,000
Michelle Chong	51,691,000
Daniel Chong	2,689,335
Paul Moses	2,000,000
Charles Heholt	260,000
Yaneek Page	0
Wayne Wray	110,000

SHAREHOLDINGS OF SENIOR OFFICERS

Herbert Chong	54,091,000
Michelle Chong	51,691,000
Daniel Chong	2,689,335
Dustin Chong	2,479,035
Paula Graham-Haynes	0
Paula Cameron	8,629.00



In late December The Honey Bun Foundation signed a Memorandum of Understanding with The Montego Bay Chamber of Commerce and Industry to offer its Advisory Committee to chamber members. The model developed by the Foundation in 2021, pair qualified SMEs with three advisors to work on their one year Strategic Roadmap -a template developed by the foundation.



▶ **Cross Roads**
Shop #5 1-3 & 5 Old Hope Road
Kingston 5
Tel: 876 855 0902

▶ **Half Way Tree**
Shop #2 Park Plaza
8 Constant Spring Road

▶ **Retirement crescent**
22-26 Retirement Crescent
Kingston 5
Tel: 876 960 9851

▶ **Papine**
Shop #1A, 4 Papine Market Place
Mona and Papine Estate, St. Andrew
Tel: 876 564 0274

▶ **Pineapple Place**
Shop 4 Pineapple Shopping
Complex
Ocho Rios, St. Ann
Tel: 876 579 7836

▶ **Spanish Town**
Spanish Town Taxi and Bus Park
Burke Road, Spanish Town
St. Catherine

▶ **Old Harbour**
Shop #3, 16 East Street, Old Harbour
St Catherine (Beside KFC)
Tel: 876 442 6601

▶ **Princess Street**
92-92a Princess Street
Downtown, Kingston
Tel: 876 579 8337

▶ **East Street**
85 East Street
Downtown, Kingston
Tel: 876 371 0199



www.honeybunja.com

Honey Bun (1982) Limited, 22-26 Retirement Crescent, Kingston 5

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