HONEY BUN (1982) LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2025

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30 SEPTEMBER 2025

I N D E X

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
Honey Bun (1982) Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Honey Bun (1982) Limited (the company) set out on pages 6 to 48, which comprise the statement of financial position as at 30 September 2025, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 September 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
Expected credit losses in relation to financial assets. See notes 3(k)(iv), 5(d)(ii) and 18 to the financial statements for management's related policies and disclosures. Trade receivables amounted to $181.1 million at 30 September 2025 and the expected credit loss provision totalled $65.5 million. Management makes judgement regarding the collectability of receivables by making certain assumptions and judgements in arriving at the provision for impairment. The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.	The company's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard. We focused on this area due to the number of significant judgements made by management in relation to future economic scenarios. Our audit procedures in response to this matter included the following: • We updated our understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple. • We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. • We assessed the adequacy of disclosures in the financial statements. Based on the results of the procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Karen Heron.

BDO

Chartered Accountants

19 December 2025

HONEY BUN (1982) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2025

	Note	2025 $	2024 $
REVENUE	6	4,180,689,195	3,844,719,653
COST OF SALES	8	(2,248,441,898)	(2,091,360,779)
GROSS PROFIT		1,932,247,297	1,753,358,874
Other operating income	7	898,045	2,017,393
		1,933,145,342	1,755,376,267
EXPENSES:			
Administrative		(1,066,697,765)	(805,511,826)
Selling and distribution		(720,802,413)	(630,873,150)
	8	(1,787,500,178)	(1,436,384,976)
Movement on impairment losses on financial assets	8	(17,072,105)	(21,743,768)
OPERATING PROFIT		128,573,059	297,247,523
Finance income – interest on deposits		2,674,187	17,883,984
Finance costs	10	(13,265,396)	(41,900,659)
		117,981,850	273,230,848
Decrease in value of investments classified as fair value through profit or loss		(1,590,914)	(114,867)
PROFIT BEFORE TAXATION		116,390,936	273,115,981
Taxation	11	(7,167,703)	(43,042,185)
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME		109,223,233	230,073,796
EARNINGS PER STOCK UNIT	12	0.23	0.49

HONEY BUN (1982) LIMITED

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2025

	Note	2025 $	2024 $
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	1,594,849,875	772,741,285
Investments	14	49,131,761	51,145,425
Intangible assets	15	13,705,282	14,695,538
Right-of-use assets	16	608,034,946	784,354,848
		2,265,721,864	1,622,937,096
CURRENT ASSETS:			
Inventories	17	238,859,508	236,269,172
Receivables	18	212,394,931	363,469,367
Taxation recoverable		48,779,705	13,937,571
Cash and cash equivalents	19	193,371,131	382,211,339
		693,405,275	995,887,449
		2,959,127,139	2,618,824,545
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	46,514,770	46,514,770
Capital reserve	21	53,818,788	53,818,788
Retained earnings		1,423,010,095	1,370,338,896
		1,523,343,653	1,470,672,454
NON-CURRENT LIABILITIES:			
Deferred taxation	22	50,892,425	43,724,722
Long term loan	23	307,086,479	-
Lease liabilities	16	628,312,822	744,406,680
		986,291,726	788,131,402
CURRENT LIABILITIES:			
Payables	24	350,542,811	256,092,958
Taxation payable		-	31,139,222
Current portion of long term loan	23	17,500,000	-
Current portion of lease liabilities	16	81,448,949	72,788,509
		449,491,760	360,020,689
		2,959,127,139	2,618,824,545

Approved for issue by the Board of Directors on 19 December 2025 and signed on its behalf by:

Herbert Chong - Chairman

Wayne Wray - Director

HONEY BUN (1982) LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2025

	Note	Share Capital $	Capital Reserve $	Retained Earnings $	Total $
BALANCE AT 30 SEPTEMBER 2023		46,514,770	53,818,788	1,215,667,812	1,316,001,370
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	230,073,796	230,073,796
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(75,402,712)	(75,402,712)
BALANCE AT 30 SEPTEMBER 2024		46,514,770	53,818,788	1,370,338,896	1,470,672,454
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	109,223,233	109,223,233
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(56,552,034)	(56,552,034)
BALANCE AT 30 SEPTEMBER 2025		46,514,770	53,818,788	1,423,010,095	1,523,343,653

HONEY BUN (1982) LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2025

	Note	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		109,223,233	230,073,796
Items not affecting cash resources:			
Depreciation	13	133,556,631	116,928,132
Adjustment to property, plant and equipment	13	2,579,276	(24,513)
Amortisation – intangible assets	8	990,256	1,418,454
Amortisation – right-of-use assets	8	131,721,354	26,434,980
Adjustment for right-of-use assets	16	-	(3,133,732)
Effect of exchange rate translation		(185,481)	(2,260,171)
Gain on lease termination		-	(177,154)
Interest income		(2,674,187)	(17,883,984)
Interest expense	10	66,168,248	468,512
Interest expense – right-of-use assets	10	11,533,443	41,432,147
Fair value movement on investments		1,590,914	114,867
Impairment losses on financial assets	8	17,072,105	21,743,768
Taxation expense	11	7,167,703	43,042,185
		478,743,495	458,177,287
Changes in operating assets and liabilities:			
Inventories		(2,590,336)	(33,954,247)
Receivables		132,884,971	(242,031,670)
Payables		96,143,219	(23,257,923)
		705,181,349	158,933,447
Taxation paid		(65,981,356)	(47,168,316)
Cash provided by operating activities		639,199,993	111,765,131
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	19	(893,808,202)	(153,866,201)
Additions to intangible assets	15	-	(8,966,738)
Investments	19	422,750	67,692,951
Interest received		3,903,435	22,548,669
Cash used in investing activities		(889,482,017)	(72,591,319)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	25	(56,552,034)	(75,402,712)
Interest paid	19	(64,033,981)	(468,512)
Long term loan received	23	324,586,479	-
Repayment of long-term loan		-	(12,196,653)
Lease payments	16	(142,712,997)	(36,003,079)
Cash provided by/(used in) financing activities		61,287,467	(124,070,956)
Decrease in cash and cash equivalents		(188,994,557)	(84,897,144)
Exchange effect on foreign cash balances		154,349	2,326,083
Cash and cash equivalents at beginning of year		382,211,339	464,782,400
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	193,371,131	382,211,339

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES**:

(a) Honey Bun (1982) Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 26 Retirement Crescent, Kingston 5, Jamaica. The company is listed on the Junior Market of the Jamaica Stock Exchange since 3 June 2011. Next Incorporated, a company registered under the Belize IBC Act 2000, owns 56.5% of the issued shares of the company.

(b) The principal activities of the company are the manufacturing and distribution of baked products to the local and export markets.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the company’s functional and presentation currency.

3. **MATERIAL ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standard Board (IASB) and Interpretations (collectively IFRS Accounting Standards) and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendments are relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities, (effective for accounting periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of Financial Statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments did not have a material impact on the company.

Amendments to IAS 1, 'Non-current Liabilities with Covenants', (effective for accounting periods beginning on or after 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The adoption of these amendments did not have a material impact on the company.

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (effective for accounting periods beginning on or after 1 January 2024). In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers. The adoption of these amendments did not have a material impact on the company.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendment to IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2024). Regarding the manner in which an entity accounts for a sale and leaseback after the date of the transaction, this amendment specifies that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. The adoption of this amendment did not have a material impact on the company.

New standards, amendments and interpretations not yet effective and not early adopted

The following new standard and amendments to standards, which are not effective and have not been adopted early in these financial statements will or may have an effect on the company's financial statements:

Amendments to IAS 7, 'Statement of Cash Flows', (effective for accounting periods beginning on or after 1 January 2027). The amendments require all companies to use the operating profit subtotal as defined in IFRS 18 as the starting point for the indirect method of reporting cash flows from operating activities. Additionally, the presentation alternatives for cash flows related to interest and dividends paid and received will be removed.

Amendments to IAS 21, 'Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability, (effective for accounting periods beginning on or after 1 January 2025). The amendments specify when a currency is exchangeable into another currency and when it is not as well as how an entity determines the exchange rate to apply when a currency is not exchangeable. A currency is exchangeable when there is an ability to obtain the other currency and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments also require the disclosure of additional information that would enable users of the financial statements of an entity to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The adoption of these amendments is not expected to have a material impact on the company.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

IFRS 18, 'Presentation and Disclosure in Financial Statements', (effective for accounting periods starting not earlier than 1 January 2027). The standard sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information, as well as disclosures related to management defined performance measures. The standard will replace IAS 1 Presentation of Financial Statements and aims to improve comparability and transparency of the company's performance reporting. The company is still assessing the impact the adoption of this new standard will have on its financial statements.

Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (effective for accounting periods commencing on or after 1 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. They provide additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion and introduce new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets). There are also updated disclosure requirements for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D)**

(c) **Property, plant and equipment**

Items of property, plant and equipment are measured at cost, except for certain freehold land and buildings and plant and machinery which are measured at deemed cost, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Bakery fixtures	2 to 5 years
Computers and accessories	4 years
Motor vehicles	5 years
Plant and machinery	10 years
Leasehold improvements	Shorter of the useful life or lease term

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in capital reserve relating to those assets are transferred to retained earnings.

(d) **Inventories**

Inventories are stated at the lower of cost and fair value less costs to sell. Cost is determined as follows:

Finished goods	-	Cost of product plus all indirect costs to bring the item to a saleable condition.
Raw material	-	Cost of product plus duty and related cost in bringing the inventories to their present location.
Goods-in-transit	-	Cost of goods converted at the year end exchange rate.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(e) **Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(f) **Revenue recognition**

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over goods sold to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15.
Sale of baked products	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognized at that point in time. Invoices are usually payable within 30 days.	Revenue is recognised when the goods are delivered and have been accepted by the customers.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets, that is, after deduction of ECL.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(g) **Impairment of non-current assets**

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed over the period of the borrowings.

(i) **Current and deferred income taxes**

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(j) **Intangible assets**

Goodwill:

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination. It reflects the anticipated future economic benefits arising from assets that cannot be individually identified and separately recognized, such as brand value, customer relationships, and synergies from the acquisition.

Goodwill is reported as an intangible asset on the statement of financial position and is not amortized. Instead, it is tested for impairment annually or more frequently if events or circumstances indicate a potential impairment. The impairment testing compares the carrying value of goodwill to its recoverable amount, determined as the higher of fair value less costs to sell or value in use.

Any impairment losses identified are recognized immediately in the statement of profit or loss and cannot be reversed in subsequent periods.

Computer software:

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of three (3) years on a straight line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

(k) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) **Recognition and derecognition**

Financial assets are initially recognized on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(k) **Financial instruments (cont'd)**

Financial assets (cont'd)

(ii) **Classification**

The company classifies its financial assets as amortised cost and fair value through profit or loss. The company classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost and fair value through profit or loss (FVTPL).

(iii) **Measurement**

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, receivables and due from related companies.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

Fair value through profit or loss (FVTPL)

Financial assets classified at fair value through profit or loss are measured at fair value, with gains or losses recognised in profit or loss in the period in which they arise.

These typically include investments in equity instruments that are not held for long-term strategic purposes. The company's financial assets measured at FVTPL include investment securities presented in the statement of financial position.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(k) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iv) **Impairment**

Financial assets carried at amortised cost are assessed on a forward looking basis for the expected credit losses (ECL) associated with these instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

Equity instruments at FVTPL are not subject to an impairment assessment.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following were classified as financial liabilities: long term loans, payables and lease liabilities.

The company derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

(l) **Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(l) **Segment reporting (cont'd)**

The company's activities are limited to the manufacture and distribution of baked products to Jamaican and overseas consumers. Overseas revenue is less than 10% of gross operating revenue and not considered a separate segment. No additional segment information is provided.

(m) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(n) **Earnings per share**

Earnings per share is calculated by dividing the operating results for the year by the weighted average number of ordinary shares in issue.

(o) **Dividend distribution**

Dividend distribution to the company's shareholders is recorded as a reduction from equity and recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognized when declared by the directors.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

(p) **Leases**

All leases are accounted for by recognizing a right-of-use asset and a lease liability, except for leases of low value and leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(p) **Leases (cont'd)**

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognized where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

Interest on lease liabilities is recognised using the effective interest method. Interest that is directly attributable to the construction of leasehold improvements is capitalised as part of the cost of those assets during the construction period. All other lease interest is recognised in profit or loss.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(q) **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case the company).

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(c) A related party transaction is a transfer of resources, services or obligations between a related parties, regardless of whether a price is charged.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

Certain assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

Level 1 Quoted prices in active markets for identical assets or liabilities. (unadjusted)

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

Transfers of items between levels are recognised in the period they occur.

The company measures financial investments at fair value – (note 14)

The fair value of financial instruments traded in active markets, such as equity investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is based on the spread between the bid and ask prices. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

Other investments are included in level 2 as they are measured using observable inputs other than quoted prices.

(ii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of income through impairment or adjusted depreciation provisions.

(iv) **Net realizable value of inventories**

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(v) **Measurement of the expected credit loss allowance**

Allowances are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the company segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual loss experience over the last 12 months and analysis of future default, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. **FINANCIAL RISK MANAGEMENT:**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Investments
- Payables
- Long term loans
- Lease liabilities

(b) **Financial instruments by category**

Financial assets

	Amortised cost		Fair value through profit or loss	
	2025	2024	2025	2024
	$	$	$	$
Cash and cash equivalents	193,371,131	382,131,339	-	-
Receivables	161,841,500	117,252,592	-	-
Investments	331,401	910,147	48,800,360	50,235,278
Total financial assets	355,544,032	500,294,078	48,800,360	50,235,278

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category (cont'd)**

Financial liabilities

	Amortised cost	
	2025	2024
	$	$
Payables	299,182,901	195,787,741
Long term loans	324,586,479	-
Lease liabilities	709,761,772	817,195,189
Total financial liabilities	1,333,531,152	1,012,982,930

(c) **Financial instruments measured at fair value**

The following table shows the fair values of financial assets including their levels in the fair value hierarchy. The tables do not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of their fair value.

	2025			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets at fair value through profit or loss:				
Investments -				
Quoted equities	16,411,105	-	-	16,411,105
Income and growth fund	-	32,389,255	-	32,389,255
	16,411,105	32,389,255	-	48,800,360

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial Instruments measured at fair value (cont'd)**

	2024			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss:				
Investments -				
Quoted equities	17,223,968	-	-	17,223,968
Income and growth fund	-	33,011,310	-	33,011,310
	17,223,968	33,011,310	-	50,235,278

(d) **Financial risk factors**

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US Dollar denominated investments. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding net foreign currency assets.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk

The company's exposure to foreign currency risk was as follows:

	2025 $	2024 $
Cash and cash equivalents	22,805,448	118,740,058
Investments	149,687	107,702
Receivables	15,684,530	23,526,453
Payables	(8,377,689)	(9,870,425)
	30,261,976	132,503,788

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balance, short term and long term investments, accounts receivable balances and accounts payable balances, and adjusts their translation at the year-end for 3.5% (2024 – 4%) depreciation and a 1% (2024 – 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2025	Effect on Profit before Tax 30 September 2025 $	% Change in Currency Rate 2024	Effect on Profit before Tax 30 September 2024 $
Currency:				
USD	-3.5	1,059,169	-4	5,300,152
USD	+1.0	(302,620)	+1	(1,325,038)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to price risk arising from its holding in financial assets at fair value through profit or loss. A 2.5% (2024: 8%) increase in the price of equity stocks will result in a $1,220,009 (2024: $4,018,822) increase and a 1% (2024: 2%) decrease in the price of equity stocks will result in a $488,004 (2024: $1,004,705) decrease in net results or stockholders' equity.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

Short term investments, fixed deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments and fixed deposits are due to mature and re-price respectively, within three months to one year of the reporting date and the company's borrowings are fixed for a period and then revised.

Interest rate sensitivity

There is no exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no exposure to interest rate risk on borrowings as borrowings is at a fixed rate of interest throughout the term of the loan.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, investments, and cash and cash equivalents.

Cash and cash equivalents and investments

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables, investments and cash and cash equivalents in the statement of financial position.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables expected credit losses

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables.

Trade receivables impairment provision

The following table provides information about the ECLs for the trade receivables at 30 September 2025:

Aging	Gross Carrying Amount $	Default Rate %	Lifetime ECL Allowance $
0 -30 days	117,204,212	8.76	10,273,201
31 - 60 days	3,347,045	26.69	893,426
61 – 90 days	9,061,635	32.78	2,970,211
Over 91 days	51,843,323	100.00	51,843,323
	181,456,215		65,980,161

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables impairment provision (cont'd)

The following table provides information about the ECLs for the trade receivables at 30 September 2024:

Aging	Gross Carrying Amount $	Default Rate %	Lifetime ECL Allowance $
0 -30 days	105,259,351	5.37	5,654,132
31 - 60 days	18,874,299	15.92	3,004,746
61 – 90 days	2,205,721	19.40	427,900
Over 91 days	39,821,278	100.00	39,821,278
	166,160,649		48,908,056

Movements in the provision for expected credit losses are as follows:

	2025 $	2024 $
At 1 October	48,908,056	27,164,288
Provision for expected credit losses	17,072,105	21,743,768
At 30 September	65,980,161	48,908,056

The creation and release of provision for expected credit losses have been included in expenses in profit or loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(iii) **Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	2025			
	Within 1 Year $	2 to 5 Years $	Over 5 years $	Total $
Payables	299,182,901	-	-	299,182,901
Long term loan	61,842,799	357,194,812	-	419,037,611
Lease liabilities	140,645,029	456,456,496	399,158,915	996,260,440
Total financial liabilities (contractual maturity dates)	501,670,729	813,651,308	399,158,915	1,714,480,952

	2024			
	Within 1 Year $	2 to 5 Years $	Over 5 years $	Total $
Payables	195,787,741	-	-	195,787,741
Lease liabilities	147,726,522	381,401,758	673,567,201	1,202,695,481
Total financial liabilities (contractual maturity dates)	343,514,263	381,401,758	673,567,201	1,398,483,222

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans, lease liability and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt. The gearing ratios at the year-end based on these calculations were as follows:

	2025 $	2024 $
Debt	1,034,348,251	817,195,189
Equity	1,523,343,653	1,470,672,454
Total capital	2,557,691,904	2,287,867,643
Gearing ratio	40.44%	35.72%

6. **REVENUE:**

Revenue represents the price of goods sold and transferred to customers at a point in time, after discounts and allowances.

	2025 $	2024 $
Retail	2,730,099,161	2,427,721,835
Wholesale	1,450,590,034	1,416,997,818
	4,180,689,195	3,844,719,653

7. **OTHER OPERATING INCOME:**

	2025 $	2024 $
Dividends received	898,045	2,017,393

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. **EXPENSES BY NATURE:**

Total administrative, selling and other expenses:

	2025 $	2024 $
COST OF SALES		
Depreciation	39,393,003	33,819,280
Other costs of operating revenue	50,983,408	41,629,586
Raw materials and consumables	1,605,078,406	1,551,408,622
Staff costs (note 9)	411,572,025	345,014,393
Utilities	141,415,056	119,488,898
	2,248,441,898	2,091,360,779
ADMINISTRATIVE		
Staff costs (note 9)	486,068,553	384,874,571
Directors' emoluments		
- Fees	3,605,998	3,393,500
- Management remuneration (note 9)	38,274,934	38,057,736
Auditors' remuneration – current year	5,250,000	4,800,000
- prior year	1,054,491	(4,000)
Repairs and maintenance	86,847,289	71,870,723
Depreciation	94,163,628	83,108,852
Amortisation – right-of-use assets	131,721,354	26,434,980
Amortisation - intangible assets	990,256	1,418,454
Security	22,878,759	19,494,498
Utilities	25,652,506	19,153,462
General insurance	22,710,194	19,651,701
Public company expenses	7,935,136	7,049,761
Payroll services	15,305,087	15,328,182
Rates and taxes	16,202,184	14,944,034
Bank charges	19,187,656	13,506,789
Foreign exchange losses	1,450,049	5,868,957
Other administrative expenses	87,399,691	76,559,626
	1,066,697,765	805,511,826
SELLING AND DISTRIBUTION		
Advertising and promotion	43,121,032	52,271,888
Property rental	18,743,098	11,949,838
Other distribution costs	285,576,765	273,146,318
Staff costs (note 9)	320,617,724	241,794,283
Other expenses	52,743,794	51,710,823
	720,802,413	630,873,150
Total administrative and selling and distribution	1,787,500,178	1,436,384,976

Included in other operating expenses are expense categories amounting to less than $5 million.

	2025 $	2024 $
Impairment losses on financial assets - Trade receivables (note 5(d)(ii))	17,072,105	21,743,768

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. **STAFF COSTS:**

	2025 $	2024 $
Salaries and wages	1,011,098,348	820,388,654
Employer's statutory contributions	119,987,556	98,856,719
Other staff costs	125,447,332	90,495,610
	1,256,533,236	1,009,740,983

Included in profit or loss as follows:

	2025 $	2024 $
Direct labour (note 8)	411,572,025	345,014,393
Administrative – staff (note 8)	486,068,553	384,874,571
Administrative – management (note 8)	38,274,934	38,057,736
Selling and distribution (note 8)	320,617,724	241,794,283
	1,256,533,236	1,009,740,983

The average number of persons employed by the company during the year was four hundred and ninety-eight (498), (2024 – four hundred and twenty (420)).

10. **FINANCE COSTS:**

	2025 $	2024 $
Finance costs recognised in profit or loss -		
Loan interest	1,707,414	443,973
Lease interest	11,533,443	41,432,147
Other	24,539	24,539
	13,265,396	41,900,659
Finance costs capitalised –		
Loan interest	9,675,793	-
Lease interest	54,760,502	-
Total interest capitalised	64,436,295	-
Total finance costs	77,701,691	41,900,659

During the year, the company capitalised borrowing costs and interest arising on lease liabilities that were directly attributable to the construction and fit-out of a qualifying asset. Borrowing costs were capitalised using an effective interest rate of 8.0%, while interest on lease liabilities was capitalised using the company's weighted average incremental borrowing rate of 8.5%. Capitalisation ceased when the asset became available for their intended use on 6 September 2025.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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11. **TAXATION EXPENSE:**

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	2025 $	2024 $
Current taxation	-	57,485,007
Deferred taxation (note 22)	7,167,703	(14,442,822)
Taxation charge in income statement	7,167,703	43,042,185

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2025 $	2024 $
Profit before taxation	116,390,936	273,115,981
Taxation calculated at 25%	29,097,734	68,278,995
Adjusted for the effects of:		
Depreciation and capital allowances	(49,172,619)	5,779,753
Net effect of other charges and allowances	27,242,588	(31,016,563)
Taxation charge in income statement	7,167,703	43,042,185

(c) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $146,072,101 (2024 - $Nil) available for set off against future taxable profits.

(d) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 3 June 2011. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100% (1 June 2011 – 31 May 2016)
Years 6 to 10	50% (1 June 2016 – 31 May 2021)

The financial statements have been prepared on the basis that the company will retain the full benefit of the utilized tax remissions.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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12. **EARNINGS PER SHARE:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year-end.

	2025 $	2024 $
Earnings per share	0.23	0.49

The number of shares in issue during the year was 471,266,950 (2024: 471,266,950).

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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13. **PROPERTY, PLANT AND EQUIPMENT:**

	Land & Buildings $	Leasehold Improvements $	Plant & Machinery $	Bakery Fixtures $	Motor Vehicles $	Furniture & Fixtures $	Computers & Accessories $	Total $
At cost/deemed cost:								
30 September 2023	365,094,407	13,508,487	461,683,894	210,447,760	213,709,838	37,997,303	56,249,892	1,358,691,581
Additions	9,794,681	1,397,891	57,180,623	44,268,246	6,430,000	16,926,855	17,867,905	153,866,201
Adjustments	1,970,000	-	9,389	-	(21,740)	(1,933,136)	-	24,513
30 September 2024	376,859,088	14,906,378	518,873,906	254,716,006	220,118,098	52,991,022	74,117,797	1,512,582,295
Additions	16,283,501	443,250,562	384,303,163	68,917,154	20,935,828	13,181,554	11,372,735	958,244,497
Adjustments	50,000	-	(2,989,120)	249,500	-	110,344	-	(2,579,276)
30 September 2025	393,192,589	458,156,940	900,187,949	323,882,660	241,053,926	66,282,920	85,490,532	2,468,247,516
Depreciation:								
30 September 2023	69,719,033	4,581,402	228,536,356	120,404,331	149,666,865	15,985,167	34,019,724	622,912,878
Charge for the year	7,337,699	1,065,624	33,819,280	38,979,769	25,031,401	3,676,526	7,017,833	116,928,132
30 September 2024	77,056,732	5,647,026	262,355,636	159,384,100	174,698,266	19,661,693	41,037,557	739,841,010
Charge for the year	7,648,566	2,103,123	39,393,003	45,168,338	23,296,556	5,517,983	10,429,062	133,556,631
30 September 2025	84,705,298	7,750,149	301,748,639	204,552,438	197,994,822	25,179,676	51,466,619	873,397,641
Net book value:								
30 September 2025	308,487,291	450,406,791	598,439,310	119,330,222	43,059,104	41,103,244	34,023,913	1,594,849,875
30 September 2024	299,802,356	9,259,352	256,518,270	95,331,906	45,419,832	33,329,329	33,080,240	772,741,285

(a) During the year ended 30 September 2010, the freehold land and buildings were revalued by the Directors at market value. The plant and machinery were revalued as at 12 April 2010 by Delano Reid & Associates Limited, Appraisers, Engineers and Management Consultants at Fair Market Value Installed. The company's plant and machinery acquired from a company in liquidation at fire sale values was revalued as noted. The surplus arising on the revaluation of the building and plant and machinery during 2010, were credited to capital reserves (see note 21). The assets are stated at deemed cost.

(b) Leasehold improvements comprise refurbishment and fit-out costs incurred in respect of leased premises. Additions in the current year include fit-out costs and directly attributable interest capitalised during the construction period (note 10). Capitalisation of interest ceased when the assets became available for use. The carrying amount includes estimated fit-out costs, as the final quantity surveyor's report had not been received at the date of authorisation of the financial statements. Any adjustments will be recognised on finalisation.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

14. **INVESTMENTS:**

	2025			2024		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
	$	$	$	$	$	$
Mayberry Investments Limited (US$)	-	1996	1996	-	1,277	1,277
Digicel Group 7.125% 2022 Bond (US$)	-	146,960	146,960	-	106,381	106,381
Jamaica Money Market Brokers	-	182,445	182,445	-	802,489	802,489
Jamaica Money Market Brokers - Income and Growth Fund	32,389,255	-	32,389,255	33,011,310	-	33,011,310
	32,389,255	331,401	32,720,656	33,011,310	910,147	33,921,457
Quoted shares -						
General Accident Insurance Company Jamaica Limited	494,212	-	494,212	617,319	-	617,319
Eppley Caribbean Property Fund	46,500	-	46,500	-	-	-
Pan Jam Investments Limited	2,675,189	-	2,675,189	2,631,883	-	2,631,883
NCB Financial Group Limited	1,102,877	-	1,102,877	1,429,753	-	1,429,753
Caribbean Cement Company Limited	1,382,233	-	1,382,233	1,060,873	-	1,060,873
JMMB Group Limited	366,734	-	366,734	510,066	-	510,066
Wisynco Group Limited	3,697,605	-	3,697,605	3,890,430	-	3,890,430
Seprod Limited	4,478,920	-	4,478,920	4,939,380	-	4,939,380
Kingston Properties Limited	2,166,835	-	2,166,835	2,144,264	-	2,144,264
	16,411,105	-	16,411,105	17,223,968	-	17,223,968
	48,800,360	331,401	49,131,761	50,235,278	910,147	51,145,425

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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15. **INTANGIBLE ASSETS**:

	Computer Software $	Goodwill $	Total $
Cost:			
30 September 2023	29,506,323	-	29,506,323
Addition	-	8,966,738	8,966,738
30 September 2024 and 2025	29,506,323	8,966,738	38,473,061
Amortisation:			
30 September 2023	22,359,069	-	22,359,069
Change for the year	1,418,454	-	1,418,454
30 September 2024	23,777,523	-	23,777,523
Change for the year	990,256	-	990,256
30 September 2025	24,767,779	-	24,767,779
Carrying value:			
30 September 2025	4,738,544	8,966,738	13,705,282
30 September 2024	5,728,800	8,966,738	14,695,538

Goodwill arose on the purchase of the brand and assets of Swirls, a meal to go restaurant on 1 June 2024. Goodwill is tested annually for impairment in accordance with IAS 36. Based on management's impairment assessment, the recoverable amount of the relevant cash-generating unit(s) exceeded the carrying amount at the reporting date. Accordingly, no goodwill impairment was recognised during the period.

16. **LEASES:**

(a) **Right-of-use assets**

	Land and Buildings $	Motor Vehicles $	Total $
1 October 2023	30,273,387	21,398,119	51,671,506
Additions	720,963,842	38,475,956	759,439,798
Disposal	(1,498,018)	-	(1,498,018)
Amortisation	(10,933,330)	(15,501,650)	(26,434,980)
Elimination on disposal	665,786	-	665,786
Adjustment	1,382,457	(871,701)	510,756
At 30 September 2024	740,854,124	43,500,724	784,354,848
Amortisation	(109,357,804)	(22,363,551)	(131,721,355)
Adjustment	(44,598,547)	-	(44,598,547)
At 30 September 2025	586,897,773	21,137,173	608,034,946

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

16. **LEASES (CONT'D):**

(b) **Lease liabilities**

	Land and Buildings $	Motor Vehicles $	Total $
At 1 October 2023	33,515,539	22,443,146	55,958,685
Additions	718,772,592	36,412,465	755,185,057
Disposal	(1,009,386)	-	(1,009,386)
Interest expense	34,928,780	6,503,367	41,432,147
Lease payments	(16,115,757)	(19,887,322)	(36,003,079)
Adjustments	2,011,540	(379,775)	1,631,765
At 30 September 2024	772,103,308	45,091,881	817,195,189
Interest expense	5,636,385	5,897,058	11,533,443
Interest capitalised	54,760,512	-	54,760,512
Lease payments	(115,443,049)	(27,269,948)	(142,712,997)
Adjustment	(41,568,914)	-	(41,568,914)
Exchange adjustment loss	10,554,548	-	10,554,548
At 30 September 2025	686,042,780	23,718,991	709,761,771
Less: current portion	(63,738,344)	(17,710,605)	(81,448,949)
	622,304,436	6,008,386	628,312,822

The company leases premises for its operations under long-term lease agreements ranging from three to ten years.

The current year adjustment represents a reduction in the lease liability of a property lease following a reassessment of the CPI assumption used in its initial measurement, to better align with the indexation terms of the lease agreement. The adjustment represents a change in accounting estimate and, in accordance with IFRS 16 Leases and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, was recognised prospectively, with a corresponding reduction in the right-of-use asset. There was no immediate impact on profit or loss as a result of this adjustment.

On 1 April 2024, the company entered into a 10-year lease agreement to develop a bakery plant in Angels, St Catherine. The lease includes a seven-month rent-free period during which no lease payments were required. In accordance with IFRS 16 Leases, the lease liability accrued interest at 8.5 percent during this period. Consistent with IAS 23 Borrowing Costs, lease interest incurred during the fit-out period was capitalised and will be amortised over the lease term.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2025

16. **LEASES (CONT'D):**

(c) Amounts recognised in the statement of profit or loss:

The statement of profit or loss shows the following amount relating to leases:

	2025 $	2024 $
Gain on lease termination	-	(177,154)
Amortisation of right-of-use assets	131,721,355	26,434,980
Interest on lease liability (note 10)	11,533,443	41,432,147
Expense relating to short term leases	18,743,098	11,949,838
	161,997,896	79,639,811

(d) Contractual undiscounted cash flows maturity analysis

The contractual undiscounted cash flows maturity analysis is disclosed under liquidity risk in the financial risk management note 5(d)(iii).

17. **INVENTORIES:**

	2025 $	2024 $
Raw materials	195,104,029	187,852,891
Finished goods	6,908,789	6,606,808
Goods in transit	-	-
	202,012,818	194,459,699
Machinery spare parts	36,846,690	41,809,473
	238,859,508	236,269,172

18. **RECEIVABLES:**

	2025 $	2024 $
Trade receivables	181,456,215	166,160,649
Provision for expected credit losses	(65,980,162)	(48,908,057)
Net trade receivables	115,476,053	117,252,592
Prepayments	2,470,201	1,869,919
Deposit on equipment	-	125,684,090
Other receivables	94,448,677	118,662,766
	212,394,931	363,469,367

Included in trade receivables is $152,304 (2024: $349,884) due from a related party in the ordinary course of business (see note 26).

HONEY BUN (1982) LIMITED

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19. CASH AND CASH EQUIVALENTS:

	2025 $	2024 $
Cash and bank balances –		
Cash in hand	798,707	579,998
Bank balances	191,215,871	191,542,407
	192,014,578	191,122,405
Short term deposits	1,356,553	190,088,934
	193,371,131	382,211,339

(a) Reconciliation of movements in cash flows from investing activities:

(i) Amounts represent investments at fair value through profit or loss and amortised cost.

	2025 $	2024 $
1 October	51,145,425	118,896,545
(Decrease)/increase of investments	(422,750)	(69,916,509)
Fair value movements	(1,590,914)	1,844,503
Foreign exchange gain	-	(1,775,583)
Interest	-	2,096,469
	49,131,761	51,145,425

(ii) Additions to property, plant and equipment

	2025 $	2024 $
Additions (note 13)	958,244,497	153,866,201
Capitalized finance costs (note 10)	(64,436,295)	-
Cash outflow from investing activity	893,808,202	153,866,201

(b) Reconciliation of movements in cash flows from financing activities:

	2025 $	2024 $
Finance cost (note 10)		
Loan interest	1,707,414	443,973
Other interest	24,539	24,539
Interest capitalised	64,436,295	-
Interest payable	(2,134,267)	-
Cash outflow from financing activity	64,033,981	468,512

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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20. SHARE CAPITAL:

	2025 $	2024 $
Authorised - 487,500,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 471,266,950 ordinary shares of no par value	46,514,770	46,514,770

21. CAPITAL RESERVE:

	2025 $	2024 $
Revaluation surplus:		
Property, plant and equipment – 2009	33,000	33,000
Property, plant and equipment – 2010	50,109,435	50,109,435
Property, plant and equipment – 2010	21,615,949	21,615,949
Deferred tax on revaluation at 25%	(17,939,596)	(17,939,596)
	53,818,788	53,818,788

Capital reserve comprises revaluation surplus on certain property, plant and equipment (see note 13).

22. DEFERRED TAXATION:

Deferred taxation are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	2025 $	2024 $
Deferred tax liability	50,892,425	43,724,722

The movement in deferred tax is as follows:

	2025 $	2024 $
Balance at start of year	43,724,722	58,167,544
Charged/(credited) to profit or loss (note 11)	7,167,703	(14,442,822)
Balance at end of year	50,892,425	43,724,722

HONEY BUN (1982) LIMITED

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22. **DEFERRED TAXATION (CONT'D):**

Deferred tax is due to the following temporary differences:

	2025 $	2024 $
Accelerated capital allowances	125,977,864	59,647,473
Interest receivable	67	307,379
Interest payable	(533,567)	-
Accrued vacation leave	(8,380,552)	(1,794,016)
Unrealised foreign exchange gain	46,370	565,043
Leases	(25,431,706)	(8,210,085)
Tax losses carried forward	(36,518,025)	-
Expected credit loss	(4,268,026)	(6,791,072)
	50,892,425	43,724,722

23. **LONG TERM LOAN:**

	2025 $	2024 $
The Bank of Scotia Jamaica Limited	324,586,479	-
Less: current portion	(17,500,000)	-
	307,086,479	-

The company received the initial disbursement of a $350,000,000 loan facility on 11 March 2025. The loan has a five-year term and bears interest at a fixed rate of 8% per annum.

The loan provides for a 12-month moratorium on principal repayments from initial disbursement, after which the loan is repayable in 48 equal monthly instalments, with a balloon payment due at maturity to settle the remaining balance.

The loan is recognised initially at fair value, net of transaction costs, and is subsequently measured at amortised cost using the effective interest method.

The loan is secured with a demand debenture creating a first fixed charge over commercial property located at 22-26 Retirement Crescent, Kingston 5 as well as assignment of peril insurance on the replacement value of the property.

HONEY BUN (1982) LIMITED

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30 SEPTEMBER 2025

24. **PAYABLES:**

	2025 $	2024 $
Trade payables	251,901,580	189,490,373
Accrued staff vacation pay	33,522,209	23,579,029
Other payables	64,287,610	42,191,907
Distributors deposits	831,412	831,649
	350,542,811	256,092,958

25. **DIVIDENDS:**

	2025 $	2024 $
Declared and paid:		
First interim @ $0.09 (2024: $0.12) per share	42,414,025	61,264,703
Final @ $0.03 (2024: $0.04) per share	14,138,009	14,138,009
Total dividends to shareholders	56,552,034	75,402,712

By Board of Directors meeting dated 28 November 2024, dividend payment of $0.09 per share was approved by the Board of Directors.

By Board of Directors meeting dated 15 May 2025, dividend payment of $0.03 per share was approved by the Board of Directors.

26. **RELATED PARTY TRANSACTIONS AND BALANCES:**

The statements of financial position and profit or loss and other comprehensive income include balances and transactions arising in the ordinary course of business during the year, with related parties as follows:

	2025 $	2024 $
Transactions during the year		
Purchase of goods -		
Next Incorporation Limited	-	2,894,381
Donations -		
Honey Bun Foundation	6,250,000	6,250,000
Year end balances		
With related company -		
Due from -		
Next Incorporation Limited	-	197,580
Dreamy Rhythms Limited	152,304	152,304
	152,304	349,884

The amounts due from related parties are interest free with no specific repayment terms.

The related companies share common directorship with one or more directors of the company.

HONEY BUN (1982) LIMITED

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26. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

Key management compensation

Key management compensation (included in staff cost – (note 9) Key Management includes directors, (executive and Senior managers) –		
Salaries and other short-term employee benefits	90,115,024	79,465,744
Directors' emoluments:		
Fees	-	3,393,500
Management remuneration (included above)	38,274,934	38,057,736

27. **IMPACT OF HURRICANE MELISSA:**

On 28 October 2025, Hurricane Melissa impacted sections of Jamaica, causing damage in various parishes along its path. The company's primary operations, including its head office and central production facilities located in Kingston, were not impacted by the event and continued normal operations. The company's retail outlets situated in areas directly affected by the hurricane sustained communication and electricity loss with minimal physical damages.

The company has mitigated the operational impact, which has allowed continued service to customers in the affected communities and maintained business continuity. As at the date of authorisation of these financial statements, the hurricane has not resulted in any material disruption to the company's overall operations, financial performance, or cash flows.

Management has concluded that this event is a non-adjusting subsequent event under IAS 10, as the conditions arose after the reporting period. Accordingly, no adjustments have been made to the amounts recognised in these financial statements. Disclosure is provided to inform users of the financial statements of the nature of the event and its estimated impact.