

Dolphin Cove Limited

Report to Stockholders

Nine months ended September 30, 2021



Dolphin Cove limited
Report to Stockholders
Nine months ended September 30, 2021

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the nine months ended September 30, 2021.

OPERATIONS

OPERATIONS										
	9 Months Ended September 30, 2021	9 Months Ended September 30, 2020	% var	3 Months Ended September 30, 2021	3 Months Ended September 30, 2020	% var	LTM Ended September 30, 2021	LTM Ended September 30, 2020	% var	Year Ended December 31, 2020
	Unaudited	Unaudited		Unaudited	Unaudited		Unaudited	Unaudited		Audited
Total Revenue (US\$mn)	\$4.8	\$3.0	60%	\$2.3	\$0.2	100%	\$5.4	\$5.6	-4%	\$13.0
Profit after taxation (US\$mn)	\$2.1	-\$0.9	333%	\$1.0	-\$0.6	267%	\$3.4	\$0.7	386%	\$1.6
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,376		392,426,376	392,426,376		392,426,376
Earnings per share after tax (US\$)	\$0.0054	-\$0.0022	345%	\$0.0026	-\$0.0015	273%	\$0.0087	\$0.0018	386%	\$0.0041
Dividends declared per share	\$0.0000	\$0.0030		\$0.0000	\$0.0000		\$0.0000	\$0.0050		\$0.0300

The company made a profit of US\$1 million in Q3 2021. This performance was achieved through our commercial strategies to reach out to a considerable number of guests and our experience in the market by creating synergies between our parks and keeping our expenses under strict control. Despite the imposition of “no movement days” by the government, which caused a reduction in operating capacity, Dolphin Cove welcomed nearly 30,000 guests and generated sales of \$2.3 million. This demonstrates our resilience and capacity to deliver great financial results even under the current trying circumstances.

After 16 months of pause, the Cruise Line Industry resumed operations in Jamaica on August 16th, with the arrival of the Carnival Sunrise ship at the port of Ocho Rios and, on September 21st, MSC Cruise Lines also resumed operations in Jamaica. Within Q3, Jamaica received 6 arrivals of cruises and Dolphin Cove hosted nearly 1,000 guests from cruise ships. We expect to have a gradual increase in the arrivals in the following 6 months and, as of the date of signing this report, we have 46 calls confirmed for Q4 2021.

Our financial results are expected to continue to improve as more and more of the tourism subsectors recover in the remainder of 2021 and we hope for a more normal 2022.

Dolphin Cove Limited

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FINANCIAL POSITION


FINANCIAL POSITION					
	As at September 30, 2021	As at September 30, 2020	% var	As at December 31, 2020	% var
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>	
Working Capital (US\$mn)	\$3.5	\$1.4	150%	\$0.9	289%
Fixed Assets (US\$mn)	\$25.4	\$26.0	-2%	\$25.7	-1%
Net Assets (US\$mn)	\$28.9	\$26.9	7%	\$26.7	8%
Debt to Equity ratio	0.04:1	0:1		0.01:1	
Net assets per share (US\$)	\$0.07	\$0.07	7%	\$0.07	8%
Market price (J\$)	\$8.10	\$6.04	34%	\$8.78	-8%
Market price (US\$)*	\$0.05	\$0.04	34%	\$0.06	-8%
Market/Book value	0.74	0.61	21%	0.86	-15%

* Exchange rate 150 JMD / USD

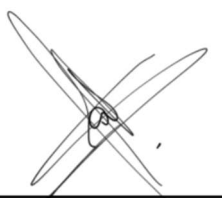
The Group continues to show a solid net assets base and strong balance sheet. The working capital increased by 150% over the level at December 2020.

To date the Company has utilized US\$1 million from the credit line equivalent to US\$2 million from Sagicor Bank, with US\$200,000 of the facility being used to increase our capacity at Yaaman park by acquiring 8 brand new Buggies and 3 ATVs to meet demand.


Dolphin Cove generated US\$1.8 million in cash from operating activities in the nine months, and ended the third quarter of the year with a net increase in cash resources of US\$1 million.



Stafford Burrowes
Chairman



Sergio Jacome
Director



Emmanuel Islas
Financial Controller

Dolphin Cove Limited

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DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At September 30, 2021

	DCL September 30, 2021 <u>Unaudited</u> <u>US\$</u>	DCL September 30, 2020 <u>Unaudited</u> <u>US\$</u>	DCL December 31, 2020 <u>Audited</u> <u>US\$</u>
CURRENT ASSETS			
Cash and cash equivalents	2,032,883	472,650	381,395
Investments	2,130	2,129	2,130
Trade and Other Receivables	1,571,149	1,146,116	802,432
Trade Receivables from related Companies	1,106,568	707,224	767,291
Taxation recoverable	323,401	95,907	323,435
Due from parent company	624,800	424,600	486,200
Inventories	409,412	217,303	258,040
	<u>6,070,343</u>	<u>3,065,929</u>	<u>3,020,923</u>
NON-CURRENT ASSETS			
Property, plant and equipment	21,455,326	21,805,506	21,665,070
Right of use assets	495,969	621,312	566,822
Live Assets	3,900,927	4,189,863	4,001,645
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>26,962,235</u>	<u>27,726,694</u>	<u>27,343,549</u>
TOTAL ASSETS	<u>33,032,578</u>	<u>30,792,623</u>	<u>30,364,472</u>
CURRENT LIABILITIES			
Bank overdrafts	1,013,300	2,841	366,591
Current portion of lease liabilities	22,684	77,640	89,021
Accounts payable	1,545,485	1,407,469	1,590,450
Taxation payable	-	133,155	-
Due to other related companies	7,326	28,156	22,302
Current portion of long term liabilities	5,374	21,862	5,374
	<u>2,594,170</u>	<u>1,671,123</u>	<u>2,073,738</u>
NON-CURRENT LIABILITY			
Deferred tax liability	1,043,982	1,489,971	1,004,469
Lease liabilities	612,513	683,955	612,513
Long term liabilities	8,780	13,725	11,841
	<u>1,665,274</u>	<u>2,187,651</u>	<u>1,628,823</u>
SHAREHOLDERS' EQUITY			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserves	12,291,412	12,291,412	12,291,412
Retained Earnings	12,827,332	10,988,047	10,716,109
	<u>28,773,134</u>	<u>26,933,849</u>	<u>26,661,911</u>
TOTAL EQUITY AND LIABILITIES	<u>33,032,578</u>	<u>30,792,623</u>	<u>30,364,472</u>

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Nine months ended September 30, 2021



DOLPHIN COVE LIMITED
Group Interim Statement of Profit or Loss and Other Comprehensive Income
Nine Months Ended September 30, 2021

	9 Months Ended September 30, 2021 <u>Unaudited</u> US\$	9 Months Ended September 30, 2020 <u>Unaudited</u> US\$	3 Months Ended September 30, 2021 <u>Unaudited</u> US\$	3 Months Ended September 30, 2020 <u>Unaudited</u> US\$	Year Ended December 31, 2020 <u>Audited</u> US\$
OPERATING REVENUE:					
Dolphin Attraction Revenue	2,705,255	1,947,010	1,262,310	158,751	2,241,991
Ancillary Services Revenue	<u>2,736,582</u>	<u>1,662,921</u>	<u>1,307,403</u>	<u>161,003</u>	<u>2,036,176</u>
Overall Revenue	5,441,837	3,609,930	2,569,713	319,755	4,278,167
Less: Direct Costs	<u>(620,969)</u>	<u>(725,210)</u>	<u>(268,236)</u>	<u>(166,244)</u>	<u>(782,081)</u>
Gross Profit	4,820,868	2,884,721	2,301,476	153,510	3,496,086
Gain on disposal of property, plant & equipment	(199)	-	-	-	-
Loss on disposal of live assets	-	-	-	-	(81,190)
Other income	<u>208,967</u>	<u>151,795</u>	<u>61,867</u>	<u>43,640</u>	<u>367,295</u>
	<u>5,029,636</u>	<u>3,036,516</u>	<u>2,363,343</u>	<u>197,151</u>	<u>3,782,191</u>
OPERATING EXPENSES:					
Selling	(555,952)	(716,015)	(367,873)	54,432	(1,664,574)
Other operations	(1,693,558)	(2,111,681)	(670,631)	(475,170)	(2,612,809)
Administrative	<u>(684,198)</u>	<u>(699,841)</u>	<u>(272,596)</u>	<u>(127,385)</u>	<u>(820,717)</u>
	<u>(2,933,707)</u>	<u>(3,527,536)</u>	<u>(1,311,099)</u>	<u>(548,123)</u>	<u>(5,098,100)</u>
Profit before finance income and costs	2,095,928	(491,020)	1,052,244	(350,972)	(1,315,909)
Finance income	295,543	103,198	80,520	38,988	51,782
Finance costs	<u>(215,442)</u>	<u>(96,294)</u>	<u>(71,903)</u>	<u>(36,830)</u>	<u>(169,866)</u>
Profit Before taxation	2,176,029	(484,116)	1,060,860	(348,813)	(1,433,993)
Taxation	<u>(64,806)</u>	<u>(379,798)</u>	<u>(32,403)</u>	<u>(241,660)</u>	<u>305,219</u>
Profit for the period	<u>2,111,223</u>	<u>(863,914)</u>	<u>1,028,458</u>	<u>(590,473)</u>	<u>(1,128,774)</u>
Earnings per stock unit	US 0.0054	US -0.0022	US 0.0026	US -0.0015	US -0.0029

Dolphin Cove Limited

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Nine months ended September 30, 2021



DOLPHIN COVE LIMITED
Group Interim Statement of Cash Flow
Nine Months Ended September 30, 2021

	9 Months Ended September 30, 2021 Unaudited US\$	9 Months Ended September 30, 2020 Unaudited US\$	Year Ended December 31, 2020 Audited US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the period	2,111,223	(863,914)	(1,128,774)
Adjustments for:			
Depreciation and amortization	700,582	818,183	1,123,843
Loss /(Gain) on disposal of property, plant and equipment	(199)	-	-
Loss on disposal of live assets	-	-	81,190
Interest income	(297)	(652)	(861)
Interest expense	69,127	1,066	68,572
Impairment loss on trade receivables	(408,428)	130,272	346,485
Taxation	64,806	379,798	(305,219)
Operating profit before changes in working capital	<u>2,536,814</u>	<u>464,752</u>	<u>185,236</u>
Accounts receivable	(178,088)	634,613	559,635
Inventories	(151,372)	48,688	7,951
Accounts payable	(216,536)	(752,065)	(508,321)
Due from parent company	(138,600)	(136,400)	(198,000)
Due from related parties	(14,976)	93,838	(61,136)
Cash generated from operations	<u>1,837,243</u>	<u>353,426</u>	<u>(14,635)</u>
Interest paid	(69,127)	(1,066)	(68,572)
Income tax paid	(25,259)	(138,138)	(102,280)
Net cash provided by operating activities	<u>1,742,857</u>	<u>214,222</u>	<u>(185,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	297	652	861
Additions to property, plant and equipment	(209,744)	(201,782)	(207,263)
Additions to live assets	(40,206)	(75,383)	(56,088)
Due from related parties	(339,278)	-	33,771
Investments, net	-	-	(1)
Net cash provided/(used) by investing activities	<u>(588,930)</u>	<u>(276,514)</u>	<u>(228,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term liabilities, net	(3,061)	(3,478)	(21,850)
Change on lease liabilities	(66,337)	-	(4,140)
Other income - rent concession	(79,750)	-	(73,500)
Dividends paid	-	(857,974)	(865,052)
Net cash (used)/provided by financing activities	<u>(149,148)</u>	<u>(861,452)</u>	<u>(964,542)</u>
Net increase in cash resources	1,004,779	(923,744)	(1,378,749)
Cash resources at beginning of the period	14,804	1,393,553	1,393,553
CASH RESOURCES AT END OF PERIOD	<u><u>1,019,583</u></u>	<u><u>469,809</u></u>	<u><u>14,804</u></u>
Comprising:			
Cash and cash equivalents	2,032,883	472,650	381,395
Bank overdrafts	(1,013,300)	(2,841)	(366,591)
	<u>1,019,583</u>	<u>469,809</u>	<u>14,804</u>

Dolphin Cove Limited

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Nine months ended September 30, 2021



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity

Nine Months Ended September 30, 2021

	9 Months Ended September 30, 2021 <u>Unaudited</u>	9 Months Ended September 30, 2020 <u>Unaudited</u>	Year Ended December 31, 2020 <u>Audited</u>
Balances at beginning of period	26,661,911	28,655,737	28,655,737
Adjustment on initial application of IFRS 16	-	-	-
Transactions with owners of the company:			
Dividends	-	(857,974)	(865,052)
Total comprehensive income:			
Profit for the period	2,111,223	(863,914)	(1,128,774)
Other comprehensive income:			
	-	-	-
Balance at end of period	<u>28,773,134</u>	<u>26,933,849</u>	<u>26,661,911</u>

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Selected Explanatory Notes

Nine months ended September 30, 2021

1. Corporate structure and principal activities

(a) Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica, W.I.

The principal activities of the company are the operation of marine parks and ancillary operations such as adventure programs, restaurants, gift shops and photography at several locations in Jamaica.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010.

(b) The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as "the Group".

(i) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I. and it owns the real estate in Hanover which is now leased to the company.

(ii) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which the company operates.

(iii) Cheshire Hall Limited was incorporated on June 22, 2012 as a St. Lucian International Business Company (IBC), controlled by the company through a deed. Its wholly-owned subsidiary, DCTCI Limited was incorporated in the Turks and Caicos Islands and owns land on which the Group intends to develop an attraction.

(iv) Balmoral Dolphins Limited is a St. Lucian IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.

(v) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucian IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia and purchased land in St. Lucia on which the Group intends to develop an attraction.

(c) Effective January 8, 2016, World of Dolphins Inc. holds 79.99% of shares issued by Dolphin Cove Limited. World of Dolphins, Inc., a company incorporated and domiciled in Barbados, is a subsidiary of Controladora Dolphin SA de C.V. (intermediate holding company), which is in turn a subsidiary of Dolphin Capital Company, S. de RL de C.V. (ultimate holding company), referred to as "The Dolphin Company" or "the Wider Group". Both companies are incorporated and domiciled in Mexico.

2. Statement of compliance and basis of preparation

These unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and comply with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The condensed interim financial information should be read in conjunction with the annual audited financial statements of the Group and the company. The statements are expressed in United States dollars which is the functional currency of the Group.

Property, Plant and equipment and live assets are included in the balance sheet at revalued amounts from time to time.

3. Accounting policies

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2020 as set out in Note 2 thereof.

4. Seasonality of operations

The Group earns revenues mainly from visitors to the country the number of which is higher in the winter months of the Northern hemisphere. Accordingly, the results of the first portions of the calendar year cannot be taken to be indicative of the likely performance of the entire year. As a result, the Group has adopted the practice recommended in IAS 34 that the results of operations should also

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be disclosed on a rolling twelve-month basis as well as disclosing the calendar quarterly and year to date results in the summary information in Operations.

5. Related parties

Due from

This amount represents amounts collected by the Wider Group and payable to the Group for bookings of visitors to the Group's parks.

The amount as "Due from Parent Company" represents transactions in respect of animals being cared for in Jamaica that belong to other group companies as a result of their temporary relocation due to hurricanes in September 2017, to date the recovery of the damaged facilities in those destinations has not been as fast as expected and the contract has been extended for one more year.

The amount in non-current assets represented a deposit paid to the Wider Group in respect of a construction project in St. Lucia on behalf of the Group which has been deferred.

Due to

The amount included in current liabilities represents accrued fees unpaid in respect of central services provided to the group by the Wider Group that have been approved by a committee of the board of directors comprised of the independent directors.

6. Earnings per share

The calculation of the earnings per share is based on the net profit and the 392,426,376 shares in issue during all of the periods.

7.- Asset revaluations.

Fair value of land and buildings

Land and buildings are revalued periodically to fair market value, last valuation done was in April 2020. These valuations are conducted by independent professional valuers, using recent selling prices of comparable properties.

However, as no two properties are exactly alike, adjustments are made to reflect differences between properties. Consequently, the determination of fair market value of the property requires that the valuers analyze the differences in relation to age and physical condition, time of sale, land to building ratio, the advantages and disadvantages of the location and other functional gains to be derived from the property, and make necessary adjustments.

Fair value of dolphins

All dolphins are carried at fair value. The fair values are determined based on the market price of dolphins similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.