

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2022



Dolphin Cove limited
Report to Stockholders
Six months ended June 30, 2022

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the six months ended June 30, 2022.

OPERATIONS

OPERATIONS										
	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021	% var	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021	% var	LTM Ended June 30, 2022	LTM Ended June 30, 2021	% var	Year Ended December 31, 2021
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>
Total Revenue (US\$mn)	\$6.1	\$2.9	110%	\$3.8	\$2.1	81%	\$10.0	\$3.9	156%	\$6.8
Profit after taxation (US\$mn)	\$1.8	\$1.1	64%	\$1.0	\$1.2	-17%	\$2.2	\$0.2	1000%	\$1.5
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\$)	\$0.0047	\$0.0028		\$0.0027	\$0.0032		\$0.0056	\$0.0010		\$0.0038
Dividends declared per share (JD\$)	\$0.0040	\$0.0000		\$0.0040	\$0.0000		\$0.0080	\$0.0000		\$0.0040

Dolphin Cove generated US\$3.8 million in revenue during Q2-2022, 81% more YoY and we welcomed 120% more visitors than in Q2-2021. Our attendance YTD was 23% below Q2-2019 (in pre-pandemic times) but for Q2 attendance was 3% greater than for Q2-2019 and revenue was 6% greater. In terms of LTM figures up to June 30, 2022, the revenue increased 2.5 times. Revenue per visitor YTD increased 12% compared to pre-pandemic times.

Profits YTD increased from US\$1.1 million to \$1.8 million not only from increased revenue but also due to management of our costs and expenses, as during Q2 the Company spent 29% less than in pre-pandemic Q2-2019, due to some efficiencies that were put in place in 2020. The net profit at the end of Q2-2022 was also 7% greater than pre-pandemic Q2-2019.

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FINANCIAL POSITION

FINANCIAL POSITION					
	As at June 30, 2022 <u>Unaudited</u>	As at June 30, 2021 <u>Unaudited</u>	% var	As at December 31, 2021 <u>Audited</u>	% var
Working Capital (US\$mn)	\$3.2	\$2.4	33%	\$2.3	39%
Fixed Assets (US\$mn)	\$25.1	\$25.4	-1%	\$25.1	0%
Net Assets (US\$mn)	\$28.0	\$27.8	1%	\$27.2	3%
Debt to Equity ratio	0.04:1	0.03:1		0.04:1	
Net assets per share (US\$)	\$0.07	\$0.07	1%	\$0.07	3%
Market price (J\$)	\$15.53	\$8.10	92%	\$15.33	1%
Market price (US\$)*	\$0.10	\$0.05	92%	\$0.10	1%
Market/Book value	1.40	0.74	90%	1.43	-2%

* Exchange rate 155 JMD / USD

The Group continues to have a strong balance sheet. Working capital increased by US\$900,000. Cash & Cash equivalents are 32% (US\$856,000) greater than at December 2021 even though a dividend of US\$1 million was paid in the period.

Dolphin Cove generated a cash flow of US\$2.6 million from operating activities for the six months ended June 30, 2022 which was slightly less than the cash generated in the full year 2021. The stock of Dolphin Cove increased its value by 92% YOY.

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2022



DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At June 30, 2022

	DCL June 30, 2022 Unaudited US\$	DCL June 30, 2021 Unaudited US\$	DCL December 31, 2021 Audited US\$
CURRENT ASSETS			
Cash and cash equivalents	3,183,581	1,205,397	2,420,059
Investments	18,157	2,130	2,132
Trade and Other receivables	1,521,034	1,574,985	946,194
Taxation recoverable	5,681	953,991	140,585
Due from related companies	710,680	323,376	517,507
Due from parent company	684,200	578,600	618,200
Inventories	359,886	263,934	261,756
	6,483,219	4,902,413	4,906,433
NON-CURRENT ASSETS			
Property, plant and equipment	21,347,950	21,421,576	21,325,865
Rights of use asset	425,117	519,587	472,351
Live Assets	3,734,241	3,933,883	3,801,517
Due from Related company	1,110,012	1,110,012	1,110,012
	26,617,321	26,985,058	26,709,745
TOTAL ASSETS	33,100,540	31,887,471	31,616,178
CURRENT LIABILITIES			
Bank overdrafts	1,018,058	836,404	1,110,702
Current portion of lease liabilities	178,428	45,117	99,063
Accounts payable	2,106,134	1,589,231	1,371,355
Due to other related parties	7,356	7,326	7,356
Current portion of long-term liabilities	5,374	5,374	5,374
	3,315,350	2,483,453	2,593,850
NON-CURRENT LIABILITY			
Deferred tax liability	1,330,015	1,036,872	1,327,758
Lease liabilities	437,269	612,513	513,450
Long-term liabilities	4,892	9,957	7,626
	1,772,175	1,659,342	1,848,834
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	12,067,212	11,798,874	11,227,692
	28,013,014	27,744,676	27,173,494
TOTAL EQUITY AND LIABILITIES	33,100,540	31,887,471	31,616,178

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2022



DOLPHIN COVE LIMITED
Group Interim Statement of Profit & Loss
Six months ended June 30, 2022

	6 Months Ended June 30, 2022 <u>Unaudited</u> <u>US\$</u>	6 Months Ended June 30, 2021 <u>Unaudited</u> <u>US\$</u>	3 Months Ended June 30, 2022 <u>Unaudited</u> <u>US\$</u>	3 Months Ended June 30, 2021 <u>Unaudited</u> <u>US\$</u>	Year Ended December 31, 2021 <u>Audited</u> <u>US\$</u>
OPERATING REVENUE:					
Dolphin Attraction Revenue	3,460,307	1,442,945	2,144,204	1,069,121	3,866,013
Ancillary Services Revenue	<u>3,296,682</u>	<u>1,429,180</u>	<u>2,049,942</u>	<u>1,063,849</u>	<u>3,774,286</u>
Overall Revenue	6,756,989	2,872,124	4,194,146	2,132,970	7,640,299
Less: Direct Costs	<u>(643,939)</u>	<u>(352,733)</u>	<u>(374,225)</u>	<u>(208,543)</u>	<u>(888,202)</u>
Gross Profit	6,113,050	2,519,391	3,819,922	1,924,427	6,752,097
Gain on disposal of property, plant & equipment	-	(199)	-	-	(267)
Live assets retired	-	-	-	-	(11,664)
Other income	<u>40,156</u>	<u>147,100</u>	<u>3,415</u>	<u>104,798</u>	<u>246,737</u>
	<u>6,153,205</u>	<u>2,666,293</u>	<u>3,823,337</u>	<u>2,029,225</u>	<u>6,986,903</u>
OPERATING EXPENSES:					
Selling	(1,358,990)	(411,602)	(872,250)	(236,913)	(1,235,539)
Other operations	(1,710,048)	(1,022,927)	(972,823)	(534,589)	(2,742,617)
Administrative	<u>(582,511)</u>	<u>(188,079)</u>	<u>(284,646)</u>	<u>31,417</u>	<u>(760,586)</u>
	<u>(3,651,549)</u>	<u>(1,622,608)</u>	<u>(2,129,719)</u>	<u>(740,085)</u>	<u>(4,738,742)</u>
Profit before finance income and costs	2,501,656	1,043,684	1,693,618	1,289,139	2,248,160
Finance income	37,611	215,023	8,146	118,159	218,686
Finance costs	<u>(86,823)</u>	<u>(143,539)</u>	<u>(30,463)</u>	<u>(111,875)</u>	<u>(449,211)</u>
Profit Before taxation	2,452,444	1,115,169	1,671,301	1,295,423	2,017,635
Taxation	<u>(613,111)</u>	<u>(32,403)</u>	<u>(627,522)</u>	<u>(58,268)</u>	<u>(506,210)</u>
Profit for the period	<u>1,839,333</u>	<u>1,082,766</u>	<u>1,043,779</u>	<u>1,237,155</u>	<u>1,511,426</u>
Earnings per stock unit	US 0.0047	US 0.0028	US 0.0027	US 0.0032	US 0.0039

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2022



DOLPHIN COVE LIMITED
Company Interim Statement of Cash Flow
Six months ended June 30, 2022

	6 Months Ended June 30, 2022 Unaudited US\$	6 Months Ended June 30, 2021 Unaudited US\$	Year Ended December 31, 2021 Audited US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,839,333	1,082,766	1,511,426
Adjustments for:			
Depreciation and amortization	514,967	419,819	1,146,586
Loss /(Gain) on disposal of property, plant and equipment	-	(199)	267
Loss on disposal of live assets	-	-	11,664
Interest income	(453)	(205)	(453)
Interest expense	40,467	43,589	134,617
Impairment loss on trade receivables	33,593	(305,777)	(161,697)
Taxation	613,111	32,403	506,210
Operating profit before changes in working capital	<u>3,041,018</u>	<u>1,272,395</u>	<u>3,148,620</u>
Accounts receivable	(574,839)	(408,424)	17,935
Inventories	(98,131)	(5,894)	(3,716)
Accounts payable	734,779	(116,216)	(219,095)
Due to other related parties	-	(14,976)	(14,946)
Cash generated from operations	<u>3,102,828</u>	<u>726,885</u>	<u>2,928,798</u>
Interest paid	(40,467)	(43,589)	(134,617)
Income tax paid	(475,950)	59	(71)
Net cash provided by operating activities	<u>2,586,411</u>	<u>683,355</u>	<u>2,794,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	453	205	453
Additions to property, plant and equipment	(429,462)	21,703	(444,778)
Proceeds from disposal of property, plant and equipment	-	-	199
Additions to live assets	(26,674)	(26,187)	(80,134)
Due from related parties	(193,174)	(186,701)	249,784
Due from parent company	(66,000)	(92,400)	(132,000)
Investments, net	(16,025)	-	(2)
Net cash provided/(used) by investing activities	<u>(730,882)</u>	<u>(283,379)</u>	<u>(406,478)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term liabilities	(2,735)	(1,884)	(4,215)
Lease Liabilities, net	3,184	(43,904)	629
Other income-rent concession	-	-	(89,650)
Dividend Paid	(999,812)	-	(999,843)
Net cash (used)/provided by financing activities	<u>(999,364)</u>	<u>(45,788)</u>	<u>(1,093,079)</u>
Net increase in cash resources	856,166	354,188	1,294,553
Cash resources at beginning of the period	<u>1,309,358</u>	<u>14,804</u>	<u>14,804</u>
CASH RESOURCES AT END OF PERIOD	<u><u>2,165,523</u></u>	<u><u>368,992</u></u>	<u><u>1,309,358</u></u>
Comprising:			
Cash and cash equivalents	3,183,581	1,205,397	2,420,059
Bank overdrafts	<u>(1,018,058)</u>	<u>(836,404)</u>	<u>(1,110,702)</u>
	<u>2,165,523</u>	<u>368,992</u>	<u>1,309,358</u>

Dolphin Cove Limited

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Six months ended June 30, 2022



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity

Six months ended June 30, 2022

	6 Months Ended June 30, 2022 <u>Unaudited</u>	6 Months Ended June 30, 2021 <u>Unaudited</u>	Year Ended December 31, 2021 <u>Audited</u>
Balances at beginning of period	27,173,494	26,661,911	26,661,911
Transactions with owners of the company:			
Dividends	(999,812)	-	(999,843)
Total comprehensive income:			
Profit for the period	1,839,333	1,082,766	1,511,426
Other comprehensive income:	-	-	-
Balance at end of period	28,013,014	27,744,677	27,173,494

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Selected Explanatory Notes

Six months ended June 30, 2022

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 2021 as set out in Note 2 thereof.

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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 be disclosed on a rolling twelve-month ("LTM") 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, and the 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.