

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



Dolphin Cove limited

Report to Stockholders

Three months ended March 31, 2022

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the three months ended March 31, 2022.

OPERATIONS

OPERATIONS							
	3 Months Ended March 31, 2022	3 Months Ended March 31, 2021	% var	LTM Ended March 31, 2022	LTM Ended March 31, 2021	% var	Year Ended December 31, 2021
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>
Total Revenue (US\$mn)	\$2.3	\$0.7	229%	\$8.4	\$1.7	394%	\$6.8
Profit after taxation (US\$mn)	\$0.8	-\$0.2	500%	\$2.5	-\$2.0	-225%	\$1.5
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,376		392,426,376
Earnings per share after tax (US\$)	\$0.0020	\$0.0010		\$0.0064	-\$0.0050		\$0.0038
Dividends declared per share (JD\$)	\$0.0040	\$0.0000		\$0.0080	\$0.0000		\$0.0040

The Group generated US\$2.3 million in revenue in Q1 2022, 3x times greater than Q1-2021. However, the number of visitors to our parks, due to the Omicron variant of the Covid pandemic, was still far below what we consider to be normal as this volume was only 58% of the attendance in Q1 2019, the year before the pandemic. In terms of the LTM (last twelve months) figures to March 31, 2022, revenue increased fivefold.

Profitability has been enhanced by the strict management of our costs and in Q1 we incurred only US\$1.5 million of expenses, a decline of almost US\$1 million compared to the normal times of Q1-2019 reflecting permanent efficiencies that have been put in place. We closed Q1-2022 with a net profit of some US\$795,000, while a loss of US\$154,000 was reported in Q1-2021. The profit generated in Q1-2022, represents 94% of the result achieved in Q1-2019 even though the volume of visitors in Q1 of 2022 was only 58% of the norm. Revenue per visitor was also increased as investments were made in the variety and quality of the products even in these difficult times.

Your directors are pleased with the performance of management and the resilience demonstrated by your company over such a difficult period. In March 2022, a dividend of J\$0.40 per share, equivalent to some US\$1 million, was declared given our confidence in the recovery of the industry, bringing total dividends paid in the last twelve months to approximately US\$2 million.

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



FINANCIAL POSITION


FINANCIAL POSITION					
	As at March 31, 2022 <u>Unaudited</u>	As at March 31, 2021 <u>Unaudited</u>	% var	As at December 31, 2021 <u>Audited</u>	% var
Working Capital (US\$mn)	\$2.0	\$0.9	122%	\$2.3	-13%
Fixed Assets (US\$mn)	\$25.1	\$25.5	-2%	\$25.1	0%
Net Assets (US\$mn)	\$27.0	\$26.5	2%	\$27.2	-1%
Debt to Equity ratio	0.04:1	0.01:1		0.04:1	
Net assets per share (US\$)	\$0.07	\$0.07	2%	\$0.07	-1%
Market price (J\$)	\$22.38	\$8.10	176%	\$15.33	46%
Market price (US\$)*	\$0.14	\$0.05	176%	\$0.10	46%
Market/Book value	2.10	0.80	163%	1.43	47%

* Exchange rate 155 JMD / USD

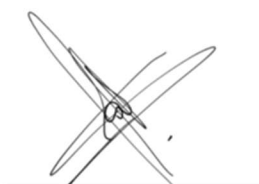
The Group continues to show a strong balance sheet and a solid net asset base. Despite the slight reduction of the working capital due to the dividend, the Cash and cash equivalents remain at the same level as December 2021.

The Company continued to fulfil its obligations with its own resources, in these three months Dolphin Cove generated US\$962,000 from operating activities.


Our appeal in relation to the GCT assessment referred to in the audited financial statements for the year ended 31 December 2021 was heard on April 21, 2022 by The Revenue Appeals Division and at the hearing the TAJ withdrew two important claims. The tribunal heard submissions from both TAJ and ourselves in relation to the remaining claims and the decision will be handed down after further written submissions are made by the parties. The matter is now sub judice pending the handing down of the decision of The Revenue Appeals Division.



Stafford Burrowes
Chairman



Sergio Jacome
Director



Emmanuel Islas
Financial Controller

Dolphin Cove Limited


Report to Stockholders

Three months ended March 31, 2022




DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At March 31, 2022


	DCL March 31, 2022 <u>Unaudited</u> <u>US\$</u>	DCL March 31, 2021 <u>Unaudited</u> <u>US\$</u>	DCL December 31, 2021 <u>Audited</u> <u>US\$</u>
CURRENT ASSETS			
Cash and cash equivalents	2,339,137	326,655	2,420,059
Investments	2,132	2,130	2,132
Trade and Other receivables	1,276,945	757,453	946,194
Taxation recoverable	355,246	323,367	140,585
Due from related companies	1,070,307	824,013	517,507
Due from parent company	651,200	532,400	618,200
Inventories	256,203	258,953	261,756
	<u>5,951,169</u>	<u>3,024,972</u>	<u>4,906,433</u>
NON-CURRENT ASSETS			
Property, plant and equipment	21,347,919	21,539,701	21,325,865
Rights of use asset	448,735	543,205	472,351
Live Assets	3,767,638	3,967,762	3,801,517
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>26,674,304</u>	<u>27,160,680</u>	<u>26,709,745</u>
TOTAL ASSETS	<u><u>32,625,473</u></u>	<u><u>30,185,652</u></u>	<u><u>31,616,178</u></u>
CURRENT LIABILITIES			
Bank overdrafts	1,101,491	638,166	1,110,702
Current portion of lease liabilities	178,428	100,304	99,063
Accounts payable	1,624,339	1,309,385	1,371,355
Dividend Payable	999,812	-	-
Due to other related parties	7,356	22,302	7,356
Current portion of long-term liabilities	5,374	5,374	5,374
	<u>3,916,800</u>	<u>2,075,531</u>	<u>2,593,850</u>
NON-CURRENT LIABILITY			
Deferred tax liability	1,259,691	978,603	1,327,758
Lease liabilities	473,280	612,513	513,450
Long-term liabilities	6,467	11,083	7,626
	<u>1,739,439</u>	<u>1,602,199</u>	<u>1,848,834</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	11,023,433	10,562,120	11,227,692
	<u>26,969,235</u>	<u>26,507,922</u>	<u>27,173,494</u>
TOTAL EQUITY AND LIABILITIES	<u><u>32,625,473</u></u>	<u><u>30,185,652</u></u>	<u><u>31,616,178</u></u>



 Stafford Burrowes
 Chairman



 Sergio Jacome
 Director



 Emmanuel Islas
 Financial Controller

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



DOLPHIN COVE LIMITED

Group Interim Statement of Profit & Loss

Three months ended March 31, 2022

	3 Months Ended March 31, 2022 <u>Unaudited</u> <u>US\$</u>	3 Months Ended March 31, 2021 <u>Unaudited</u> <u>US\$</u>	Year Ended December 31, 2021 <u>Audited</u> <u>US\$</u>
OPERATING REVENUE:			
Dolphin Attraction Revenue	1,316,102	373,824	3,866,013
Ancillary Services Revenue	1,246,740	365,331	3,774,286
Overall Revenue	<u>2,562,842</u>	<u>739,155</u>	<u>7,640,299</u>
Less: Direct Costs	<u>(269,715)</u>	<u>(144,190)</u>	<u>(888,202)</u>
Gross Profit	2,293,128	594,965	6,752,097
Gain on disposal of property, plant & equipment	-	(199)	(267)
Live assets retired	-	-	(11,664)
Other income	36,741	42,302	246,737
	<u>2,329,868</u>	<u>637,068</u>	<u>6,986,903</u>
OPERATING EXPENSES:			
Selling	(486,740)	(219,496)	(1,235,539)
Other operations	(737,225)	(488,338)	(2,742,617)
Administrative	(297,866)	(174,689)	(760,586)
	<u>(1,521,831)</u>	<u>(882,523)</u>	<u>(4,738,742)</u>
Profit before finance income and costs	808,037	(245,455)	2,248,160
Finance income	29,465	96,864	218,686
Finance costs	<u>(56,360)</u>	<u>(31,663)</u>	<u>(449,211)</u>
Profit Before taxation	781,143	(180,255)	2,017,635
Taxation	<u>14,411</u>	<u>25,866</u>	<u>(506,210)</u>
Profit for the period	<u>795,554</u>	<u>(154,389)</u>	<u>1,511,426</u>
Earnings per stock unit	US 0.002	US -0.0004	US 0.0039

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



DOLPHIN COVE LIMITED
Company Interim Statement of Cash Flow
Three months ended March 31, 2022

	3 Months Ended March 31, 2022 Unaudited US\$	3 Months Ended March 31, 2021 Unaudited US\$	Year Ended December 31, 2021 Audited US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	795,554	(154,389)	1,511,426
Adjustments for:			
Depreciation and amortization	257,483	233,527	1,146,586
Loss /(Gain) on disposal of property, plant and equipment	-	(199)	267
Loss on disposal of live assets	-	-	11,664
Interest income	(260)	(138)	(453)
Interest expense	20,522	8,295	134,617
Impairment loss on trade receivables	(24,318)	23,831	(161,697)
Taxation	(14,411)	(25,866)	506,210
Operating profit before changes in working capital	1,034,571	85,061	3,148,620
Accounts receivable	(330,751)	21,148	17,935
Inventories	5,553	(914)	(3,716)
Accounts payable	252,984	(339,735)	(219,095)
Due to other related parties	-	-	(14,946)
Cash generated from operations	962,357	(234,440)	2,928,798
Interest paid	(20,522)	(8,295)	(134,617)
Income tax paid	(268,316)	68	(71)
Net cash provided by operating activities	673,519	(242,667)	2,794,110
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	260	138	453
Additions to property, plant and equipment	(184,629)	21,703	(444,778)
Proceeds from disposal of property, plant and equipment	-	-	199
Additions to live assets	(13,096)	(13,092)	(80,134)
Due from related parties	(552,800)	(56,722)	249,784
Due from parent company	(33,000)	(46,200)	(132,000)
Investments, net	-	-	(2)
Net cash provided/(used) by investing activities	(783,265)	(94,173)	(406,478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term liabilities	(1,160)	(758)	(4,215)
Lease Liabilities, net	39,196	11,283	629
Other income-rent concession	-	-	(89,650)
Dividend Paid	-	-	(999,843)
Net cash (used)/provided by financing activities	38,036	10,525	(1,093,079)
Net increase in cash resources	(71,711)	(326,315)	1,294,553
Cash resources at beginning of the period	1,309,358	14,804	14,804
CASH RESOURCES AT END OF PERIOD	1,237,647	(311,511)	1,309,358
Comprising:			
Cash and cash equivalents	2,339,137	326,655	2,420,059
Bank overdrafts	(1,101,491)	(638,166)	(1,110,702)
	1,237,647	(311,511)	1,309,358

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity Three months ended March 31, 2022

	3 Months Ended March 31, 2022 <u>Unaudited</u>	3 Months Ended March 31, 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	795,554	(154,389)	1,511,426
Other comprehensive income:	-	-	-
Balance at end of period	<u>26,969,235</u>	<u>26,507,922</u>	<u>27,173,494</u>

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



Selected Explanatory Notes

Three months ended March 31, 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.

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2022



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.