

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2023



Dolphin Cove limited Report to Stockholders

Three months ended March 31, 2023

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, 2023.

OPERATIONS

OPERATIONS							
	3 Months Ended March 31, 2023	3 Months Ended March 31, 2022	% var	LTM Ended March 31, 2023	LTM Ended March 31, 2022	% var	Year Ended December 31, 2022
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>
Overall Revenue (US\$mn)	\$4.9	\$2.6	88%	\$17.4	\$9.5	84%	\$15.1
Profit after taxation (US\$mn)	\$1.6	\$0.8	100%	\$3.8	\$2.3	65%	\$3.0
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\$)	\$0.0040	\$0.0020		\$0.0100	\$0.0060		\$0.0080
Dividends declared per share (JD\$)	\$0.0040	\$0.0040		\$0.0080	\$0.0080		\$0.0080

The Company's total revenue reached US\$4.9 million, representing a remarkable 88% increase from the figure recorded in Q1 of 2022, and a 25% surge from the pre-Covid revenue of Q1 2019. This result was mainly driven by a higher number of park visitors, which was further supported by the generation of ancillary services. In-park sales alone accounted for 32% of the year-over-year increase in revenue.

In Q1, the number of stopover visitors to Jamaica remained stable compared to pre-pandemic times, while the introduction of new "Mega Ships" significantly improved cruise passenger arrivals, providing Dolphin Cove with meaningful sales growth. Although the increase in park visitors compared to Q1 2022 can be partly attributed to the pandemic's lingering effects, it is worth noting that the number of guests in these three months was 21% higher than in pre-pandemic Q1 2019.

This impressive performance was made possible by our professional and experienced team in park management and marketing, as well as our rigorous cost management and strategic capital investment. As a result, the group achieved a remarkable after-tax profit of US\$1.6 million in the quarter, twice that of Q1 2022.

Dolphin Cove Limited

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FINANCIAL POSITION

FINANCIAL POSITION					
	As at March 31, 2023 <u>Unaudited</u>	As at March 31, 2022 <u>Unaudited</u>	% var	As at December 31, 2022 <u>Audited</u>	% var
Working Capital (US\$mn)	\$3.7	\$2.0	85%	\$3.1	19%
Fixed Assets (US\$mn)	\$25.1	\$25.1	0%	\$25.1	0%
Net Assets (US\$mn)	\$28.7	\$27.0	6%	\$28.1	2%
Debt to Equity ratio	0.03:1	0.04:1		0.03:1	
Net assets per share (US\$)	\$0.07	\$0.07	6%	\$0.07	2%
Market price (J\$)	\$15.00	\$21.10	-29%	\$15.30	-2%
Market price (US\$)*	\$0.10	\$0.14	-33%	\$0.10	-2%
Market/Book value	1.32	2.10	-37%	1.38	-4%

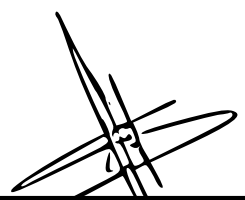
* Exchange rate 155 JMD / USD

Dolphin Cove's financial position remains robust, with a substantial amount of available liquidity and cash flow generation. In Q1 2023, working capital increased by US\$1.7 million, representing an 85% surge from Q1 2022 and a US\$600,000 rise from December 2022. Despite a dividend payment of US\$1 million and the payment of nearly US\$600,000 in income tax, cash and cash equivalents remain at the same level as the end of 2022.


Furthermore, the company's cash flow from operating activities was US\$1.6 million in Q1 2023, which is three times higher than the cash generated in Q1 2022. This validates the significant investments made over the last 12 months, such as facility renovations and new attractions at the Yaaman adventure park, including the "Fly High" five-station zip line.



Stafford Burrowes
Chairman



Sergio Jacome
Director



Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2023



DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At March 31, 2023

	DCL March 31, 2023 <u>Unaudited</u> US\$	DCL March 31, 2022 <u>Unaudited</u> US\$	DCL December 31, 2022 <u>Audited</u> US\$
CURRENT ASSETS			
Cash and cash equivalents	1,666,253	2,339,137	1,637,957
Investments	1,005,119	2,132	1,002,132
Trade and Other receivables	1,589,949	1,309,945	1,356,708
Taxation recoverable	459,059	355,246	39,441
Due from related companies	836,406	1,070,307	748,910
Due from parent company	1,111,793	618,200	1,139,200
Inventories	428,374	256,203	398,726
	<u>7,096,953</u>	<u>5,951,169</u>	<u>6,323,074</u>
NON-CURRENT ASSETS			
Property, plant and equipment	21,293,341	21,347,919	21,361,944
Rights of use asset	344,199	448,735	378,080
Live Assets	3,789,357	3,767,638	3,834,021
Advance to related company	1,110,012	1,110,012	1,110,012
	<u>26,536,909</u>	<u>26,674,304</u>	<u>26,684,057</u>
TOTAL ASSETS	<u><u>33,633,862</u></u>	<u><u>32,625,473</u></u>	<u><u>33,007,131</u></u>
CURRENT LIABILITIES			
Bank overdrafts	970,707	1,101,491	846,229
Current portion of lease liabilities	132,371	178,428	109,900
Accounts payable	2,014,146	1,624,339	2,087,678
Dividend Payable	-	999,812	-
Due to other related parties	7,356	7,356	7,356
Current portion of long-term liabilities	4,544	5,374	5,374
Taxation Payable	239,152	-	176,331
	<u>3,368,276</u>	<u>3,916,800</u>	<u>3,232,868</u>
NON-CURRENT LIABILITY			
Deferred tax liability	1,192,285	1,259,691	1,229,072
Lease liabilities	380,837	473,280	403,550
Long-term liabilities	-	6,467	-
	<u>1,573,122</u>	<u>1,739,439</u>	<u>1,632,622</u>
SHAREHOLDERS' EQUITY			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserves	11,796,412	12,291,412	11,796,412
Retained Earnings	13,241,662	11,023,433	12,690,839
	<u>28,692,464</u>	<u>26,969,235</u>	<u>28,141,640</u>
TOTAL EQUITY AND LIABILITIES	<u><u>33,633,862</u></u>	<u><u>32,625,473</u></u>	<u><u>33,007,131</u></u>

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2023



DOLPHIN COVE LIMITED
Group Interim Statement of Profit & Loss
Three months ended March 31, 2023

	3 Months Ended March 31, 2023 <u>Unaudited</u> US\$	3 Months Ended March 31, 2022 <u>Unaudited</u> US\$	Year Ended December 31, 2022 <u>Audited</u> US\$
OPERATING REVENUE:			
Dolphin Attraction Revenue	2,633,869	1,316,102	7,719,723
Ancillary Services Revenue	2,219,766	1,246,740	7,394,041
Overall Revenue	<u>4,853,635</u>	<u>2,562,842</u>	<u>15,113,764</u>
Less: Direct Costs	<u>(539,696)</u>	<u>(269,715)</u>	<u>(1,729,256)</u>
Gross Profit	4,313,940	2,293,128	13,384,508
Gain / (loss) on disposal of property, plant & equipment	10,275	-	-
Gain / (loss) on disposal of live assets	-	-	(146,667)
Other income	180	36,741	125,975
	<u>4,324,395</u>	<u>2,329,868</u>	<u>13,363,816</u>
OPERATING EXPENSES:			
Selling	(931,198)	(511,058) *	(3,153,680)
Other operations	(847,094)	(737,225)	(4,717,962)
Administrative	(646,949)	(297,866)	(1,302,804)
	<u>(2,425,241)</u>	<u>(1,546,148) *</u>	<u>(9,174,446)</u>
(Increase)/decrease in allowance for impairment loss on trade receivables	<u>19,588</u>	<u>24,318</u> *	<u>(81,539)</u>
Profit before finance income and costs	1,918,741	808,037	4,107,831
Finance income	44,926	29,465	82,352
Finance costs	<u>(189,809)</u>	<u>(56,360)</u>	<u>(607,492)</u>
Profit Before taxation	1,773,858	781,143	3,582,691
Taxation	<u>(201,830)</u>	<u>14,411</u>	<u>(614,919)</u>
Profit for the period	<u>1,572,028</u>	<u>795,554</u>	<u>2,967,772</u>
Earnings per stock unit	US 0.004	US 0.002	US 0.0076

(*) Reclassified, see Note 3a

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2023



DOLPHIN COVE LIMITED
Company Interim Statement of Cash Flow
Three months ended March 31, 2023

	3 Months Ended March 31, 2023 Unaudited US\$	3 Months Ended March 31, 2022 Unaudited US\$ *Restated	Year Ended December 31, 2022 Audited US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,572,028	795,554	2,967,772
Adjustments for:			
Depreciation and amortization	247,334	257,483	1,822,059
Loss /(Gain) on disposal of property, plant and equipment	(10,275)	-	-
Loss on disposal of live assets	-	-	146,667
Interest income	(255)	(260)	(972)
Interest expense	26,852	20,522	118,407
Impairment loss on trade receivables	(19,588)	(24,318)	(194,750)
Taxation	201,830	(14,411)	614,919
Operating profit before changes in working capital	2,017,927	1,034,571	5,474,102
Accounts receivable	(233,242)	(330,751)	(215,764)
Inventories	(29,649)	5,553	(136,970)
Accounts payable	(73,532)	252,984	716,323
Due from related parties	(87,496)	(552,800)	(231,403)
Cash generated from operations	1,594,009	409,557	5,606,288
Interest paid	(26,852)	(20,522)	(118,407)
Income tax paid	(595,414)	(268,316)	(436,130)
Net cash provided by operating activities	971,743	120,719	5,051,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	255	260	972
Additions to property, plant and equipment	(80,599)	(184,629)	(789,927)
Proceeds from disposal of property, plant and equipment	10,275	-	-
Additions to live assets	-	(13,096)	(53,111)
Due from parent company	(400,000)	(33,000)	(2,000,000)
Repayment by parent company	427,408	-	379,000
Investments	(2,987)	-	(1,000,000)
Net cash provided/(used) by investing activities	(45,648)	(230,465)	(3,463,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term liabilities	(830)	(1,160)	(7,626)
Payment of lease liabilities	(242)	39,196	(99,063)
Drawdowns of bank overdraft	2,801,462	1,613,759	3,243,200
Repayment of bank overdraft	(2,676,984)	(1,622,970)	(3,507,673)
Dividend Paid	(1,021,204)	-	(1,999,625)
Net cash (used)/provided by financing activities	(897,799)	28,825	(2,370,787)
Net increase in cash resources	28,296	(80,922)	(782,102)
Cash resources at beginning of the period	1,637,957	2,420,059	2,420,059
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,666,253	2,339,137	1,637,957

(*) Restated, see Note 3b

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2023



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Three months ended March 31, 2023

	3 Months Ended March 31, 2023 <u>Unaudited</u>	3 Months Ended March 31, 2022 <u>Unaudited</u>	Year Ended December 31, 2022 <u>Audited</u>
Balances at beginning of period	28,141,640	27,173,494	27,173,494
Transactions with owners of the company:			
Dividends	(1,021,204)	(999,813)	(1,999,625)
Total comprehensive income:			
Profit for the period	1,572,028	795,554	2,967,772
Other comprehensive income:	-	-	-
Balance at end of period	<u>28,692,464</u>	<u>26,969,235</u>	<u>28,141,640</u>

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Three months ended March 31, 2023



Selected Explanatory Notes

Three months ended March 31, 2023

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 IFRS compliant audited financial statements for the year ended 31 December 2022 as set out in Note 2 thereof. During the prior year, the Company discovered that the classification or presentation of some items in the statements of profit or loss and other comprehensive income and cash flows were not in line with the requirements of the applicable financial reporting framework. The nature of the reclassifications are as follows:

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Selected Explanatory Notes

Three months ended March 31, 2023

3. Accounting policies (continued)

- (a) Statement of profit or loss: As required by IAS1.82(ba), movement in ECL is required to be shown separately on the face of the statement of profit or loss and other comprehensive income. During the prior period, ECL movement on trade receivables was presented as part of 'operating expenses – selling'.
- (b) Statement of cash flows: IAS 7 requires an entity applying IFRS to present its cash flows from operating, investing and financing activities in a manner which is most appropriate to its business. The reclassifications were:
- Due from related parties, in the corresponding figures, was reclassified from investing activities to operating activities as the balance resulted from ordinary trading activities.
 - Bank overdraft was previously presented as a component of cash and cash equivalents. As this overdraft was not deemed to form an integral part of the Group and Company's cash management, overdraft is included in financing activities – split between inflows and outflows.

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" This represents the remaining balance of advances granted during the year, and is unsecured, interest free and repayable on demand.

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.

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Selected Explanatory Notes

Three months ended March 31, 2023

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.