Dolphin Cove Limited
Report to Stockholders
Nine months ended September 30, 2024

Dolphin Cove limited
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Nine months ended September 30, 2024

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 September 30, 2024.

OPERATIONS

OPERATIONS										
	9 Months Ended September 30, 2024 Unaudited	9 Months Ended September 30, 2023 Unaudited	% var	3 Months Ended September 30, 2024 Unaudited	3 Months Ended September 30, 2023 Unaudited	% var	LTM Ended September 30, 2024 Unaudited	LTM Ended September 30, 2023 Unaudited	% var	Year Ended December 31, 2023 Audited
Overall Revenue (US$**mn**)	$12.0	$13.2	-9%	$3.2	$3.9	-18%	$15.9	$17.1	-7%	$17.1
Profit after taxation (US$**mn**)	$2.3	$3.7	-38%	$0.2	$1.0	-80%	$1.7	$3.7	-54%	$3.1
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,376		392,426,376	392,426,376		392,426,376
Earnings per share after tax (US$)	$0.0054	$0.0090		$0.0010	$0.0030		$0.0040	$0.0090		$0.0080
Dividends declared per share (JD$)	$0.0120	$0.0080		$0.0040	$0.0040		$0.0200	$0.0120		$0.0160

In the third quarter of 2024, our parks welcomed approximately 40,000 visitors, reflecting a 19% decrease compared to the same period in 2023. This decline was primarily driven by unusually bad weather conditions, including the arrival of Hurricane Beryl in early July, traditionally our most critical month. Due to adverse weather conditions, our parks were forced to close for 5 to 8 days, and visitor numbers were low both before and after the parks closed. In connection with weather impact, Montego Bay Airport received 12% fewer flights during the summer compared to 2023, with key U.S. markets such as New York, Orlando, and Miami experiencing notable declines.

The quarterly revenue generated was $3.2 million, 18% lower than Q3 2023. The year-to-date revenue reached $12 million a 9% reduction when compared to 2023.

Given the performance on the top line, the management focused this quarter on reducing direct costs and operating expenses to mitigate the impact on profitability. Despite this, direct costs rose by US$16,000 or 4 %, primarily due to higher prices for fish food for dolphins and retail products for shops. Operating expenses increased by US$136,000 or 6% compared to Q3 2023, driven mainly by higher insurance premiums and professional fees related to the GCT assessment.

As of September, our accumulated overhead costs totaled $7.4 million, a 7% increase year-over-year, 4.5% of which is attributable to the effect of inflation pressures in key items of our operation and 1.5% associated with repairs needed due to damages caused by unusual bad weather issues.

As a result, Dolphin Cove concluded the first nine months of 2024 with an accumulated net profit of $2.3 million, representing a 37% decrease compared to the same period in 2023.

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

FINANCIAL POSITION

FINANCIAL POSITION					
	As at September 30, 2024 Unaudited	As at September 30, 2023 Unaudited	% var	As at December 31, 2023 Audited	% var
Working Capital (US$mn)	$2.5	$4.4	-43%	$2.4	4%
Fixed Assets (US$mn)	$29.9	$25.4	18%	$30.0	0%
Net Assets (US$mn)	$31.2	$29.8	5%	$31.9	-2%
Debt to Equity ratio	0.05:1	0.03:1		0.03:1	
Net assets per share (US$)	$0.08	$0.08	5%	$0.08	-2%
Market price (J$)	$22.26	$16.34	36%	$17.61	26%
Market price (US$)*	$0.14	$0.11	36%	$0.11	26%
Market/Book value	1.80	1.39	30%	1.40	29%

*** Exchange rate 155 JMD / USD**

Dolphin Cove continues to show a very strong financial position with a solid base of profitable assets. Net working capital increased by US$100,000. as a result of the reduction in accounts payable, increased inventories and slight increase in related party balances, nevertheless, has remained consistent with year-end 2023 levels. The Company maintains a low debt-to-equity ratio in spite of the 3-year loan for the GCT assessment.

Despite the lower-than-expected performance for the reasons given earlier, the Company has been able to accommodate dividend payment of US$3 million and Capital expenditures of US$521,706.

Dolphin Cove Limited
Report to Stockholders
Nine months ended September 30, 2024

DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At September 30, 2024

	DCL September 30, 2024 Unaudited US$	DCL September 30, 2023 Unaudited US$	DCL December 31, 2023 Audited US$
CURRENT ASSETS			
Cash and cash equivalents	1,532,481	1,712,247	1,851,957
Investments	2,665	1,019,735	2,665
Trade and Other receivables	1,237,181	1,513,378	2,028,853
Taxation recoverable	420,535	39,441	39,441
Due from related companies	1,263,564	1,422,131	1,206,982
Due from parent company	942,743	2,076,934	934,305
Inventories	586,148	519,078	378,131
	5,985,317	8,302,945	6,442,334
NON-CURRENT ASSETS			
Property, plant and equipment	26,462,248	21,714,629	26,373,300
Rights of use asset	333,024	248,851	418,926
Live Assets	3,448,711	3,701,688	3,581,109
Advance to related company	1,110,012	1,110,012	1,110,012
	31,353,995	26,775,180	31,483,346
TOTAL ASSETS	37,339,312	35,078,124	37,925,680
CURRENT LIABILITIES			
Bank overdrafts	728,569	925,008	468,758
Current portion of lease liabilities	192,518	132,371	192,518
Accounts payable	1,842,715	1,556,806	3,201,348
Dividend Payable	-	1,012,713	-
Due to other related parties	7,356	7,356	7,356
Current portion of long-term liabilities	474,896	1,516	-
Taxation Payable	252,875	257,386	159,295
	3,498,929	3,893,155	4,029,275
NON-CURRENT LIABILITY			
Deferred tax liability	1,547,525	1,109,839	1,515,851
Lease liabilities	388,308	292,648	471,562
Long-term liabilities	677,594	-	-
	2,613,426	1,402,487	1,987,413
SHAREHOLDERS' EQUITY			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserves	16,517,917	11,796,412	16,517,917
Retained Earnings	11,054,650	14,331,680	11,736,685
	31,226,957	29,782,482	31,908,992
TOTAL EQUITY AND LIABILITIES	37,339,312	35,078,124	37,925,680

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited
Report to Stockholders
Nine months ended September 30, 2024

DOLPHIN COVE LIMITED
Group Interim Statement of Profit & Loss
Nine months ended September 30, 2024

	9 Months Ended September 30, 2024 Unaudited US$	9 Months Ended September 30, 2023 Unaudited US$	3 Months Ended September 30, 2024 Unaudited US$	3 Months Ended September 30, 2023 Unaudited US$	Year Ended December 31, 2023 Audited US$
OPERATING REVENUE:					
Dolphin Attraction Revenue	5,952,983	6,854,392	1,474,813	1,927,672	8,746,329
Ancillary Services Revenue	5,999,864	6,353,699	1,706,235	2,007,608	8,367,418
Overall Revenue	11,952,847	13,208,090	3,181,048	3,935,280	17,113,747
Less: Direct Costs	(1,472,882)	(1,356,866)	(373,877)	(358,285)	(2,391,045)
Gross Profit	10,479,965	11,851,224	2,807,171	3,576,995	14,722,702
Gain / (loss) on disposal of property, plant & equipment	(22,659)	10,275	-	-	(120,585)
Other income	2,152	259	780	-	(24,828)
	10,459,458	11,861,758	2,807,951	3,576,995	14,577,289
OPERATING EXPENSES:					
Selling	(2,684,116)	(2,570,305)	(741,311)	(751,342)	(2,721,403)
Other operations	(3,170,343)	(3,117,887)	(1,201,005)	(1,672,747)	(3,824,207)
Administrative	(1,613,178)	(1,314,006)	(395,736)	222,485	(3,840,293)
	(7,467,637)	(7,002,198)	(2,338,052)	(2,201,604)	(10,385,903)
(Increase)/decrease in allowance for impairment loss on trade receivables	182,941	(139,882)	42,387	(77,912)	81,740
Profit before finance income and costs	3,174,763	4,719,679	512,287	1,297,479	4,273,125
Finance income	55,955	83,688	(51,703)	25,706	170,016
Finance costs	(449,248)	(367,089)	(193,196)	(52,000)	(489,012)
Profit Before taxation	2,781,470	4,436,277	267,388	1,271,185	3,954,130
Taxation	(448,138)	(758,839)	(60,608)	(318,223)	(896,271)
Profit for the period	2,333,331	3,677,438	206,780	952,962	3,057,859
Earnings per stock unit	**US 0.0059**	**US 0.0094**	**US 0.0005**	**US 0.0024**	**US 0.0078**

DOLPHIN COVE LIMITED
Group Interim Statement of Cash Flow
Nine months ended September 30, 2024

	9 Months Ended September 30, 2024 Unaudited US$	9 Months Ended September 30, 2023 Unaudited US$	Year Ended December 31, 2023 Audited US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	2,333,331	3,677,438	3,057,859
Adjustments for:			
Depreciation and amortization	755,413	750,943	1,287,481
Loss /(Gain) on disposal of property, plant and equipment	22,659	(10,275)	120,585
Loss on disposal of live assets	-	-	-
Loss on lease modification	-	-	148,270
Interest income	(55,947)	(31,606)	(59,191)
Interest expense	174,659	76,182	102,894
Impairment losses	(182,941)	139,882	(81,740)
Taxation	445,351	758,839	896,271
Operating profit before changes in working capital	3,492,525	5,361,403	5,472,429
Accounts receivable	791,672	(156,670)	(590,405)
Inventories	(208,017)	(120,352)	20,595
Accounts payable	(1,358,633)	(530,872)	1,113,670
Due from related parties	(56,582)	(673,221)	(458,072)
Cash generated from operations	2,660,966	3,880,288	5,558,217
Interest paid	(174,659)	(76,182)	(102,894)
Income tax paid	(701,191)	(797,017)	(952,364)
Net cash provided by operating activities	1,785,116	3,007,089	4,502,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	55,947	31,606	24,812
Additions to property, plant and equipment	(521,706)	(983,044)	(1,002,082)
Proceeds from disposal of property, plant and equipment	(22,659)	10,275	12,369
Additions to live assets	(1,592)	(1,658)	(3,001)
Advances to parent company	(1,857,000)	(1,365,067)	(1,450,100)
Repayment by parent company	1,848,562	427,408	1,689,374
Investments	-	(17,603)	999,467
Net cash provided/(used) by investing activities	(498,448)	(1,898,083)	270,839
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans net	1,152,490	(3,858)	(5,374)
Payment of lease liabilities	(83,254)	(88,431)	(164,940)
Drawdowns of bank overdraft	5,564,461	7,345,711	3,009,411
Repayment of bank overdraft	(5,224,473)	(7,266,933)	(3,386,882)
Dividend Paid	(3,015,367)	(1,021,204)	(4,012,013)
Net cash (used)/provided by financing activities	(1,606,144)	(1,034,715)	(4,559,798)
Net increase in cash resources	(319,476)	74,291	214,000
Cash resources at beginning of the period	1,851,957	1,637,956	1,637,956
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,532,481	1,712,247	1,851,957

DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders´ Equity
Nine months ended September 30, 2024

	9 Months Ended September 30, 2024 Unaudited	9 Months Ended September 30, 2023 Unaudited	Year Ended December 31, 2023 Audited
Balances at beginning of period	31,908,992	28,141,640	28,141,641
Transactions with owners of the company:			
Dividends	(3,015,367)	(2,036,597)	(4,012,013)
Total comprehensive income:			
Profit for the period	2,333,331	3,677,438	3,057,859
Other comprehensive income:			
Surplus on revaluation of assets, net of taxes	-	-	4,721,505
Balance at end of period	31,226,957	29,782,482	31,908,992

Selected Explanatory Notes
Nine months ended September 30, 2024

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 2023 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:

Selected Explanatory Notes
Nine months ended September 30, 2024

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.

Selected Explanatory Notes
Nine months ended September 30, 2024

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 October 2023. These valuations are conducted by independent professional valuators, 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.