

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



Dolphin Cove limited
Report to Stockholders
Three months ended March 31, 2024

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, 2024.

OPERATIONS

OPERATIONS							
	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023	% var	LTM Ended March 31, 2024	LTM Ended March 31, 2023	% var	Year Ended December 31, 2023
	<u>Unaudited</u>	<u>Audited</u>		<u>Unaudited</u>	<u>Audited</u>		<u>Audited</u>
Overall Revenue (US\$m)	\$4.9	\$4.9	0%	\$17.1	\$17.4	-2%	\$17.1
Profit after taxation (US\$m)	\$1.4	\$1.6	-13%	\$2.9	\$3.7	-23%	\$3.1
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\$)	\$0.0035	\$0.0040		\$0.0070	\$0.0100		\$0.0080
Dividends declared per share (JD\$)	\$0.0060	\$0.0040		\$0.0180	\$0.0800		\$0.0160

Dolphin Cove ended the first quarter of the year with solid financial results, the Company produced US\$4.9 million in revenue, same amount compared to Q1-2023, but 26% above Q1-2019. Unfortunately, our revenue generation in this quarter was affected by unusual weather conditions mainly during January and February, causing 30 cancelled cruise ship calls, representing an estimated revenue loss of US\$250,000. On the other hand, the resumption of all inclusive in some of our tours and the addition of branded products in our shops led to a slight increase in our variable cost.

The expenditure incurred this quarter was 12% higher than in the first quarter of 2023. This increase is attributable to a larger operational structure resulting from investments made to accommodate a greater number of visitors to our parks and disbursements allocated to promotional campaigns abroad. Finally, certain expenditures, such as security services and insurance, have experienced significant price increases compared to the previous year.

The combination of these factors has resulted in the group generating US\$1.4 million in after tax profit, 13% below Q1-2023, but \$537,000 greater than pre-pandemic time in Q1-2019.

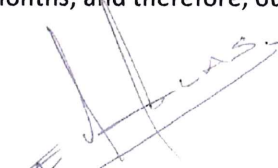
The unusual severe weather caused damages in several properties across the north coast including the Cruise Ship pier in Ocho Rios that according to the Port Authority, will remain closed at least for the next 6 months, and therefore, our team has been working on different strategies for other sales channels to minimize the effect.



Noel Ley
Director



Sergio Jacome
Director



Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



FINANCIAL POSITION

FINANCIAL POSITION					
	As at March 31, 2024 <u>Unaudited</u>	As at March 31, 2023 <u>Audited</u>	% var	As at December 31, 2023 <u>Audited</u>	% var
Working Capital (US\$mn)	\$2.5	\$3.7	-32%	\$2.4	4%
Fixed Assets (US\$mn)	\$29.9	\$25.1	19%	\$30.0	0%
Net Assets (US\$mn)	\$31.8	\$28.7	11%	\$31.9	0%
Debt to Equity ratio	0.03:1	0.03:1		0.03:1	
Net assets per share (US\$)	\$0.08	\$0.07	11%	\$0.08	0%
Market price (J\$)	\$18.94	\$15.00	26%	\$17.61	8%
Market price (US\$)*	\$0.12	\$0.10	26%	\$0.11	8%
Market/Book value	1.51	1.32	14%	1.40	8%

* Exchange rate 155 JMD / USD

Dolphin Cove's financial health is strong, with high liquidity and solid cash flow from operations. In the first three months of the year, the company generated US\$2 million in cash from operating activities. This allowed the Company to accommodate the payment of a dividend of US\$1.5 million. The Company anticipates the declaration of quarterly dividends subject to the financial results.

Update on GCT Assessment

In regards to the GCT assessment as referred to in Note 13(a) of the audited financial statements for the year ended December 2023, Dolphin Cove has recognized a liability of \$1,131,474 (J\$177,641,413), inclusive of interest and penalties.

After several deliberations, the Board resolved to accept the terms and conditions offered by the Revenue Authority which included a significant reduction in the interest and penalties and proceed with the settlement. As of the date of this report, the settlement is being finalized.

Dolphin Cove Limited

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Three months ended March 31, 2024



DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At March 31, 2024

	DCL March 31, 2024 <u>Unaudited</u> <u>US\$</u>	DCL March 31, 2023 <u>Unaudited</u> <u>US\$</u>	DCL December 31, 2023 <u>Audited</u> <u>US\$</u>
CURRENT ASSETS			
Cash and cash equivalents	2,084,371	1,666,253	1,851,957
Investments	2,665	1,005,119	2,665
Trade and Other receivables	1,969,515	1,589,949	1,717,644
Taxation recoverable	285,165	459,059	39,441
Due from related companies	782,365	836,406	1,210,182
Due from parent company	898,606	1,111,793	934,306
Inventories	544,872	428,374	378,131
	<u>6,567,558</u>	<u>7,096,953</u>	<u>6,134,326</u>
NON-CURRENT ASSETS			
Property, plant and equipment	26,341,033	21,293,341	26,373,300
Rights of use asset	390,294	344,199	418,926
Live Assets	3,538,038	3,789,357	3,581,109
Advance to related company	1,110,012	1,110,012	1,110,012
	<u>31,379,377</u>	<u>26,536,909</u>	<u>31,483,347</u>
TOTAL ASSETS	<u>37,946,935</u>	<u>33,633,862</u>	<u>37,617,673</u>
CURRENT LIABILITIES			
Bank overdrafts	616,288	970,707	468,758
Current portion of lease liabilities	192,518	132,371	192,518
Accounts payable	3,157,362	2,014,146	2,893,341
Due to other related parties	7,356	7,356	7,356
Current portion of long-term liabilities	-	4,544	-
Taxation Payable	117,559	239,152	159,295
	<u>4,091,083</u>	<u>3,368,276</u>	<u>3,721,268</u>
NON-CURRENT LIABILITY			
Deferred tax liability	1,587,546	1,192,285	1,515,851
Lease liabilities	478,744	380,837	471,562
	<u>2,066,289</u>	<u>1,573,122</u>	<u>1,987,413</u>
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	11,617,256	13,241,662	11,736,686
	<u>31,789,562</u>	<u>28,692,464</u>	<u>31,908,992</u>
TOTAL EQUITY AND LIABILITIES	<u>37,946,935</u>	<u>33,633,862</u>	<u>37,617,673</u>

Noel Ley
Director

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



DOLPHIN COVE LIMITED
Group Interim Statement of Profit & Loss
Three months ended March 31, 2024

	3 Months Ended March 31, 2024 <u>Unaudited</u> <u>US\$</u>	3 Months Ended March 31, 2023 <u>Audited</u> <u>US\$</u>	Year Ended December 31, 2023 <u>Audited</u> <u>US\$</u>
OPERATING REVENUE:			
Dolphin Attraction Revenue	2,589,238	2,633,869	8,746,329
Ancillary Services Revenue	<u>2,315,385</u>	<u>2,219,766</u>	<u>8,367,418</u>
Overall Revenue	4,904,622	4,853,635	17,113,747
Less: Direct Costs	<u>(553,505)</u>	<u>(539,696)</u>	<u>(2,391,045)</u>
Gross Profit	4,351,118	4,313,940	14,722,702
Gain / (loss) on disposal of property, plant & equipment	-	10,275	(120,585)
Gain / (loss) on disposal of live assets	-	-	-
Other income	<u>876</u>	<u>180</u>	<u>(24,828)</u>
	<u>4,351,994</u>	<u>4,324,395</u>	<u>14,577,289</u>
OPERATING EXPENSES:			
Selling	(1,061,004)	(931,198)	(2,721,403)
Other operations	(985,917)	(847,094)	(3,824,207)
Administrative	<u>(678,181)</u>	<u>(646,949)</u>	<u>(3,840,293)</u>
	<u>(2,725,101)</u>	<u>(2,425,241)</u>	<u>(10,385,903)</u>
(Increase)/decrease in allowance for impairment loss on trade receivables	<u>136,544</u>	<u>19,588</u>	<u>81,740</u>
Profit before finance income and costs	1,763,437	1,918,741	4,273,125
Finance income	48,737	44,926	170,016
Finance costs	<u>(136,386)</u>	<u>(189,809)</u>	<u>(489,012)</u>
Profit Before taxation	1,675,788	1,773,858	3,954,130
Taxation	<u>(295,499)</u>	<u>(201,830)</u>	<u>(896,271)</u>
Profit for the period	<u>1,380,289</u>	<u>1,572,028</u>	<u>3,057,859</u>
Earnings per stock unit	US 0.0035	US 0.004	US 0.0078

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



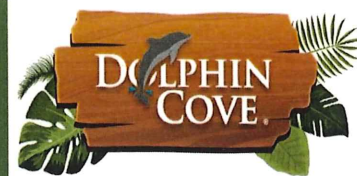
DOLPHIN COVE LIMITED
Group Interim Statement of Cash Flow
Three months ended March 31, 2024

	3 Months Ended March 31, 2024 Unaudited US\$	3 Months Ended March 31, 2023 Audited US\$	Year Ended December 31, 2023 Audited US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,380,289	1,572,028	3,057,859
Adjustments for:			
Depreciation and amortization	251,804	247,334	1,287,481
Loss /(Gain) on disposal of property, plant and equipment	-	(10,275)	120,585
Loss on disposal of live assets	-	-	-
Loss on lease modification	-	-	148,270
Interest income	(672)	(255)	(59,191)
Interest expense	44,858	26,852	102,894
Impairment losses	(136,544)	(19,588)	(81,740)
Taxation	292,712	201,830	896,271
Operating profit before changes in working capital	1,832,447	2,017,927	5,472,429
Accounts receivable	(251,871)	(233,242)	(590,405)
Inventories	(166,742)	(29,649)	20,595
Accounts payable	264,021	(73,532)	1,113,670
Due from related parties	427,818	(87,496)	(458,072)
Cash generated from operations	2,105,673	1,594,009	5,558,217
Interest paid	(44,858)	(26,852)	(102,894)
Income tax paid	(508,477)	(595,414)	(952,364)
Net cash provided by operating activities	1,552,338	971,743	4,502,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	672	255	24,812
Additions to property, plant and equipment	(88,874)	(80,599)	(1,002,082)
Proceeds from disposal of property, plant and equipment	-	10,275	12,369
Additions to live assets	(1,592)	-	(3,001)
Advances to parent company	(664,300)	(400,000)	(1,450,100)
Repayment by parent company	700,000	427,408	1,689,374
Investments	-	(2,987)	999,467
Net cash provided/(used) by investing activities	(54,094)	(45,648)	270,839
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans	-	(830)	(5,374)
Payment of lease liabilities	7,182	(242)	(164,940)
Drawdowns of bank overdraft	3,771,087	2,801,462	3,009,411
Repayment of bank overdraft	(3,544,380)	(2,676,984)	(3,386,882)
Dividend Paid	(1,499,719)	(1,021,204)	(4,012,013)
Net cash (used)/provided by financing activities	(1,265,830)	(897,798)	(4,559,798)
Net increase in cash resources	232,415	28,296	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	2,084,371	1,666,253	1,851,957

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Three months ended March 31, 2024

	3 Months Ended March 31, 2024 <u>Unaudited</u>	3 Months Ended March 31, 2023 <u>Unaudited</u>	Year Ended December 31, 2023 <u>Audited</u>
Balances at beginning of period	31,908,992	28,141,641	28,141,641
Transactions with owners of the company:			
Dividends	(1,499,719)	(1,021,204)	(4,012,013)
Total comprehensive income:			
Profit for the period	1,380,289	1,572,028	3,057,859
Other comprehensive income:			
Surplus on revaluation of assets, net of taxes	-	-	4,721,505
Balance at end of period	<u>31,789,562</u>	<u>28,692,464</u>	<u>31,908,992</u>

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2024



Selected Explanatory Notes

Three months ended March 31, 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:

Dolphin Cove Limited

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Three months ended March 31, 2024



Selected Explanatory Notes

Three months ended March 31, 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.

Dolphin Cove Limited

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Selected Explanatory Notes

Three months ended March 31, 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 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.