



## **DISCLOSURE OF MATERIAL INFORMATION**

### **IMPACT OF THE COVID-19 PANDEMIC ON EARNINGS AND LIQUIDITY**

The declaration by the World Health Organisation of a pandemic due to the spread of COVID-19 around the world suddenly and unexpectedly has caused Dolphin Cove, like others in the industry, to now face a period of no income and declining cash resources. We have taken the steps indicated as events unfolded in 2020:

- In February: There was a decline in the number of visitors to our parks as the Ports Authority imposed strict disembarkation rules which resulted in long delays for passengers to start their tours and some ships were not allowed to land in Jamaica. Eventually all ship arrivals ceased.
- On 10 March: The government declared the first case of coronavirus on the island and Dolphin Cove operated under enhanced safety measures for the following 2 weeks with reduced staff to honor the few reservations made by our guests.
- On 20 March: Following the social distancing recommendation, we closed all of our parks and put into effect our contingency plan to ensure the well-being of our live assets and security.
- On 21 March: Jamaica closed its international airports, effectively shutting down the tourism industry. All resorts and visitor attractions are now closed.
- In April: We have experienced extreme difficulty in collecting amounts due from customers given their own liquidity issues.

Even with our parks closed we need make expenditures for animal welfare, security, insurance, utilities, accounts payable and taxes.

We have had to furlough some team members and others are working on a rotation plan with reduced working hours. We are also assisting staff to apply to the BEST Cash program launched by the government.

Dolphin Cove has applied for the Tourism Grant under the CARE program and is complying with the information needs.

Management has been working closely with the directors and senior members of the cruise lines and largest tour operators to have an idea of the expected times for reactivation of the industry in Jamaica.

It is possible that we could gradually open our parks in mid-July with a 20% of occupancy based on the following:

- Some of the largest airlines in Canada and USA are expecting to restart flights in July. However, stopover visitors would still be well below normal levels. Local tour operators expect there to be 40% of the normal level of arrivals from August to October and 55% to 60% from the US Thanksgiving weekend until the end of the year.
- Cruise lines are expected to start departures in the first week of August and the expectation is to reach 30% of the calls budgeted for September to December.
- Our commercial team is preparing some strategies to attract the local market when we reopen.

This is contingent on when and to what extent the government will allow visitors to enter the Island and the willingness of people to travel and face expected higher transportation costs.

We have done projections to determine the extent to which we will need to access additional cash resources assuming there is no resumption of operations in 2020. Fortunately Dolphin Cove is debt free with a large base of tangible assets and a track record of profitable operations and we anticipate being able to ride out this crisis and resume operations in due course.

Yours sincerely

*Rhonda Goodison*  
For Stafford Burrowes  
**Chairman**  
**Board of Directors**  
**Dolphin Cove Limited**