

**Schedule 2**  
**FORM ECSRC – OR**

(Select One)

☐ **QUARTERLY FINANCIAL REPORT** for the period ended July 31, 2022

**Pursuant to Section 98(2) of the Securities Act, 2001**

**OR**

☐ **TRANSITION REPORT**

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Pursuant to Section 98(2) of the Securities Act, 2001**

*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: **TDC081098KN**

**St Kitts Nevis Anguilla Trading and Development Company Limited**

(Exact name of reporting issuer as specified in its charter)

**Saint Christopher and Nevis**

(Territory or jurisdiction of incorporation)

**Fort Street, Basseterre, St Kitts**

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): **1-869-465-2511**

Fax number: **1-869-465-1099**

Email address: earle.kelly@tdcgrouppltd.com; maritza.bowry@tdcgrouppltd.com

\_\_\_\_\_  
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. \_\_\_\_\_

CLASS	NUMBER
Ordinary Shares of EC\$1.00	52,000,000

## SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Earle A. Kelly


  
Signature

19-12-2022

Date

Name of Director:

Nicolas N. Menon

  
Signature

19/12/2022

Date

Name of Chief Financial Officer:

Maritza S. Bowry

  
Signature

19/12/2022

Date

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-OR**

### **1. Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

### **2. Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

- 1. The quality of earnings;
- 2. The likelihood that past performance is indicative of future performance; and
- 3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and nonfinancial indicators.

### *General Discussion and Analysis of Financial Condition*

The report below provides an overview of the economic conditions that existed during the period 1 February 2022 to 31 July 2022 and an analysis of the results and operations for the TDC Group. The report should be read in conjunction with the consolidated financial statements and the corresponding notes to the consolidated financial statements.

#### **Economic Overview**

2021 was another turbulent year for the world economy and for global markets. Output rebounded strongly, if unevenly, after the sharp Covid-related declines of 2020. However, surging demand, triggered by significant fiscal and monetary stimulus, gave rise to widespread labour shortages, supply bottlenecks and soaring energy costs, stoking significant inflationary pressures.

The economic impact of the pandemic remained a major risk to global financial stability. In the second half of 2021, cases of the highly transmissible Delta variant of COVID-19 increased sharply and remained elevated in some economies. Though the pandemic has somewhat loosened its stranglehold on the world, people around the globe and across nearly every industry continue to feel its impact. Despite the pandemic's persistent global threat, the world's economy is still managing to grow with the emergence of new businesses. Global growth has been estimated at 6.1% in 2021 compared to a contraction of 4.9% in 2020. *Source: IMF World Economic Outlook Update July 2022*

Global GDP growth for 2022 expected to be 3.2%. In the ECCU area the economy is forecasted to grow by 6.7% in 2022. This will depend on growth in the construction and further recovery in the hotel and restaurants sectors. Risks include the downside to the Russian war with Ukraine such as elevated fuel costs. Tourism activity in St Kitts and Nevis is anticipated to improve as global travel protocols and requirements for entry into the Federation ease. Activity in the construction sector is expected to accelerate as infrastructural and housing projects continue. The Federation of St Kitts and Nevis will continue to be affected by rising commodity prices stemming from geopolitical tensions, supply chain disruptions and lower than expected inflows from the Citizenship by Investment Programme.

#### **Eastern Caribbean Currency Union (ECCU)**

The ECCU realized average real economic growth of 3.8 per cent per annum over the period 2004- 2008 (pre-global crisis); -0.9 per cent over the period 2009-2011 (global crisis); and 2.3 per cent per annum over the 2012-2016 period (post global crisis). Economic growth post-crisis was below rates seen before the international crisis reflecting the altered global economic and financial landscape, where the region's main trading partners also faced low growth trajectories.

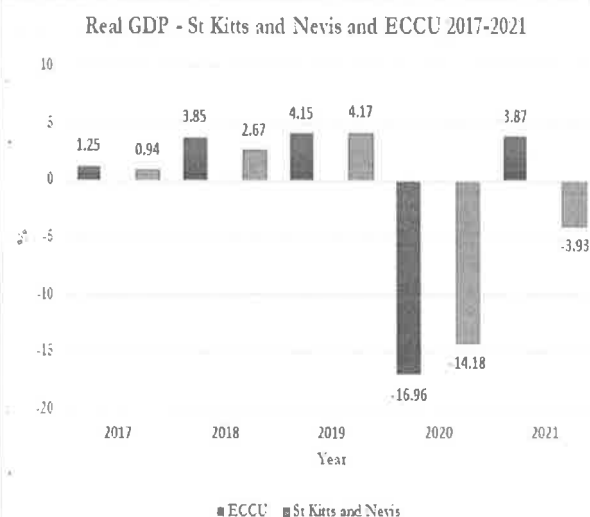
The ECCU contracted by 16.96% in 2020 compared to 4.15% growth in 2019. Economic activity in the ECCU is estimated to have rebounded in 2021, recording growth of 3.87%. The reversal was influenced

by the resurgence of activity within the tourism sector that registered growth of 18.23%. Seven of the eight the member countries reported positive growth. Growth ranged between 0.74% in St Vincent and the Grenadines to 11.09% in Anguilla.

### St Kitts and Nevis

The economy of St Kitts and Nevis contracted by an estimated 3.93% in 2021. The value added in the hotel and restaurants sector declined by 23.46%. Periodic pandemic-induced disruptions hampered economic recovery especially in tourism dependent countries. Total visitor arrivals in St Kitts and Nevis for the 2021 calendar year was 122,455 compared to 300,686 in 2020: (2019 - 1,181,854 visitors). Gross visitor expenditure was \$76.83 million in 2021 compared to \$122.92 million in 2020; significantly lower than the receipts prior to the pandemic; (2019 - \$509.74 million). The impact of the pandemic on the tourism sector has had a domino effect across the economy. Contractions of 15.95% and 2.68% respectively were also recorded in the transport, storage and communication, and wholesale and retail trade sectors. The reduced activity in the sectors above was offset by growth in the fishing; agriculture, livestock and forestry sectors that are estimated to have increased by 25% and 8.3% respectively. Marginal growth of 0.25% was recorded in the construction sector.

The graph below depicts Real GDP for the ECCU and St Kitts and Nevis for the past 5 years.



Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

### TDC Group of Companies

TDC seeks to achieve greater profitability, visibility, and client affinity by becoming an even more cohesive entity. While comprised of several businesses, TDC has a shared strategic outlook, vision and mission that empowers our customers to live gracefully and be optimistic that their financial dreams are achievable.

The draft Net Income Before Tax for the period 1 February 2022 to 31 July 2022 from continuing operations was \$4,415,913 compared to \$1,323,214 during the prior period, 1 February 2021 to 31 July 2021. The loss from discontinued operations, (Ocean Terrace Inn and St Kitts Bottling Company) was \$248,727 compared to a profit of \$12,966 during the prior financial year.

## Key Financial Indicators

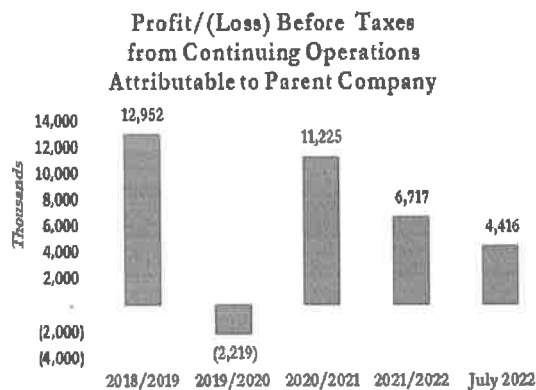
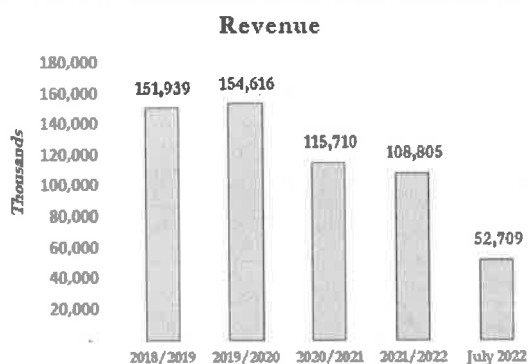
We define our financial framework as:

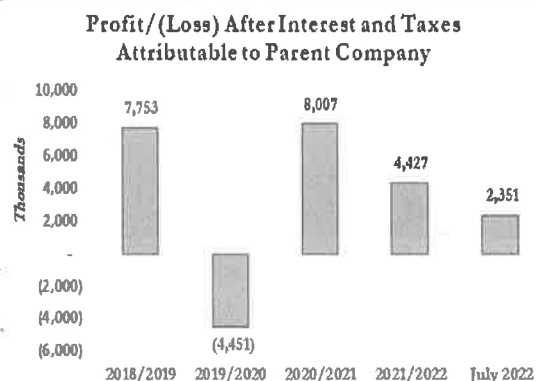
- strategic capital allocation
- strong and efficient growth
- consistent operating discipline

Our strategic capital allocation includes improving our customer-facing initiatives in stores and creating a seamless omni-channel experience for our customers. As such, we continue to allocate more capital to supply chain, omni-channel initiatives, technology, and store remodels.

As we execute our financial framework, we believe our return on capital will improve over time. We measure return on capital with our return on assets, return on investment and free cash flow metrics. Trends in ROI can fluctuate over time as management balances long-term strategic initiatives with possible short-term impacts.

The bar graphs below show the Revenue, Profit/(Loss) Before Taxes from Continuing Operations Attributable to Parent Company and Profit/(Loss) After Interest and Taxes Attributable to Parent Company.





## Consolidated Statement of Income

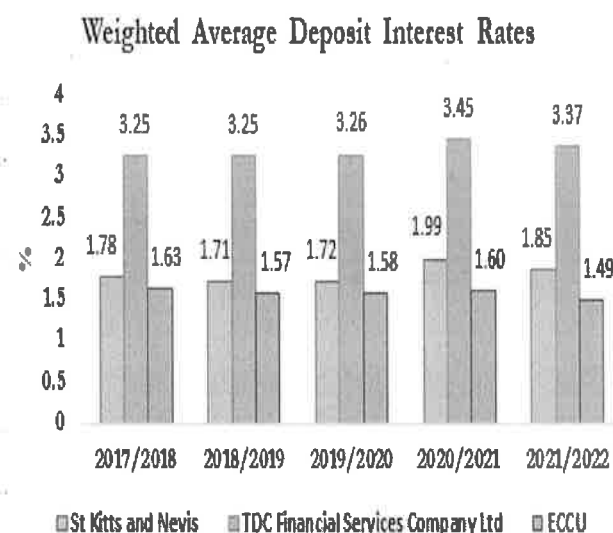
### Revenue

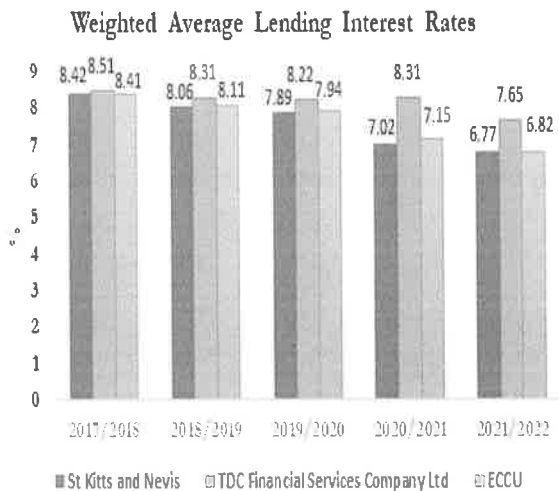
Revenue for the TDC Group increased to \$52,708,566 during the period 1 February 2022 to 31 July 2022 from \$45,349,565 during comparative period in the prior year, an increase of \$7,359,001 or 16.23%. Details are shown in note 26.

**Gross Margin** - while top-line growth remains one of the main priorities, margin progression is also an important component of value creation. Gross Margin (Gross Profit as a percentage of sales) increased slightly to 28.53% compared to 27.19% for the similar period in the prior year.

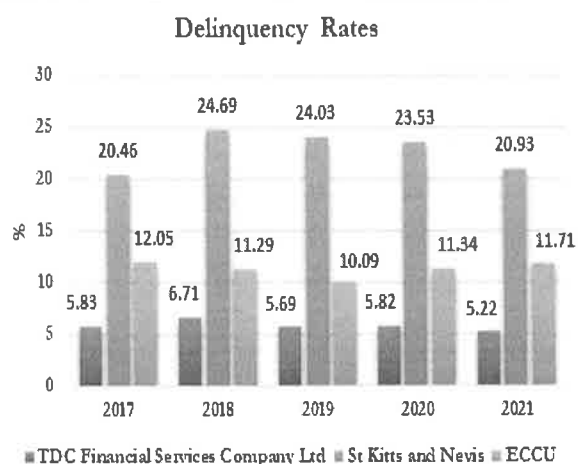
**Net Interest Income** - Investment income increased to \$4,181,936 during the period 1 February 2022 to 31 July 2022 compared to \$3,940,765 for the prior period.

The graphs below show the weighted average lending and deposit rates for the Federation of St Kitts and Nevis and those for TDC Financial Services for the past 5 years.





The delinquency rate was 5.22% at 31 January 2022 compared to 5.82% at 31 January 2021. The table below shows the delinquency rates at the end of the past 5 financial years for TDC Financial Services, the Federation of St Kitts and Nevis and the ECCU. The ECCB's guidelines has established a prudential benchmark of 5%. The delinquency rate for the ECCU area was 11.71% at the end of 2021 compared to 11.34% in the prior year. The delinquency rate for St Kitts and Nevis was 20.93% in 2021 compared to 25.53% in 2020. The ECCB provided regulatory forbearance to the members of the ECCU Bankers Association in support of the extension of a range of banking sector measures to support customers during the pandemic. These measures included loan repayment moratoria for an initial period of six months and the waiver of late fees and charges. In September 2020, the ECCU Bankers Association's members extended the current moratoria to 12 months and thereafter a further six months up to March 2022. These measures helped to mitigate the adverse impact of the pandemic on borrowers. TDC Financial Services offered the moratoria to customers who applied for the relief and were not in more than 90-days in arrears at the time of the application.



## Expenses



We operate with discipline by managing expenses, optimizing the efficiency of how we work and creating an environment in which we have sustainable lowest cost to serve. We invest in technology and process improvements to increase productivity, manage inventory, and reduce costs.

Operating Expenses increased from \$19,322,474 for the first six-month period in 2021 to \$20,891,197 for the period under review, an increase of \$1,568,723 or 8.12%. The primary categories of operating expenses include employee costs, general and administrative expenses, depreciation, and amortization.

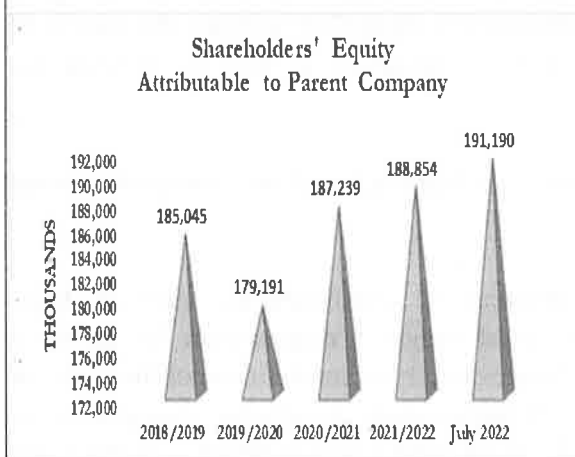
**Employee Costs**, \$11,348,535, which represents 54.33% of operating expenses, increased by \$704,424 or 6.62%. In 2020 in response to the Covid-19 pandemic and related mitigation measures, we commissioned an internal Covid-19 pandemic team to review and assess the evolving environment and began implementing changes. These included salary cuts for the management team (10% - 15% of the base salary) and the change of the payment structure for non-management and employees who do not provide specialist services. The contracts for most employees were amended to hourly based pay from fixed salaries. These changes took effect during the second quarter of 2020. In October 2021 the salary cuts were reinstated. Additionally, employees received new uniforms and bonus payments in 2021.

**General and Administrative Expenses** increased by \$1,132,386 or 17.93% from \$6,316,544 during the first six month period in 2021 to \$7,448,930 during the quarter under review. Details are reflected in note 30.

**Depreciation and Amortization** - As a percentage of operating expenses for the TDC Group, depreciation and amortization was 10.03% during the second quarter.

**Finance and Interest Charges** declined by \$136,621 or 7.66%.

One of the most widely used metric to assess performance by shareholders is Shareholders Equity. The graph below shows the movement over the past five years.



### Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable

such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

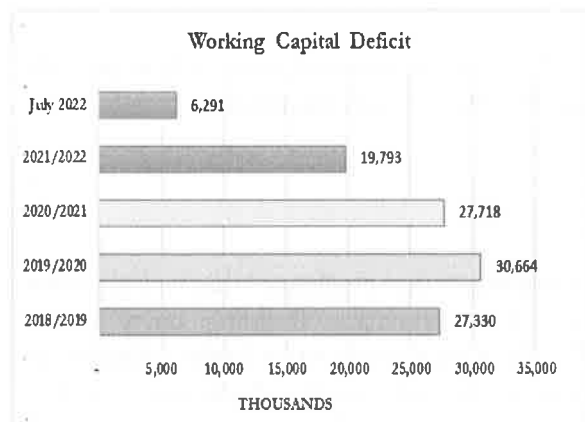
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

#### *Discussion of Liquidity and Capital Resources*

#### **Consolidated Statement of Financial Position**

The working capital deficit was \$6,291,399 at 31 July 2022 compared to \$19,792,852 at 31 January 2022.

The graph below shows the movement in the working capital. We continue to work assiduously to improve the TDC Group's working capital position.



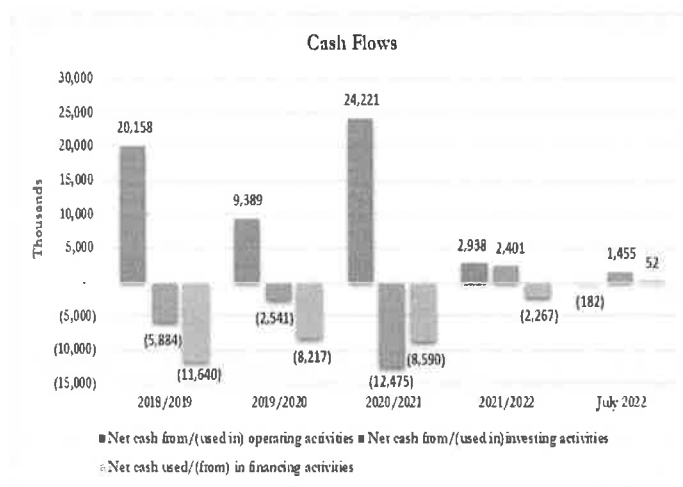
## Liquidity and Capital Resources

**Operating activities** – Cash flows provided by operating activities supplemented with our long-term and short-term borrowings have been sufficient to fund our operations while allowing us to invest in activities that support the long-term growth of our operations. Operating cash flow result mainly from cash received from customers, offset by cash payments for products and services, compensation and operations. Cash provided by or used in operating activities is also impacted by changes in working capital that is subject to many variables, including seasonality, inventory management, timing of cash receipts and payments.

The TDC Group used \$182,467 net cash from operating activities for the six month of the financial year 2022.

The TDC Group has not raised Capital through the issuance of shares for over twenty years. We have utilized debt financing to lower our overall cost of capital and increase our return on Shareholders' Equity.

The graph below shows the movement of cashflows the past five years.



**Cash and cash equivalents** were \$26,911,669 at 31 July 2022. We maintained more cash to provide us with enhanced flexibility due to the uncertainties related to the Covid19 pandemic.

## Outlook

We anticipate moderate growth in our markets while continuing to face challenges that include labor constraints, material shortages, inflation, and geopolitical uncertainties. Building on a strong foundation, TDC is well-positioned for success in 2022. We have proven to be highly effective at executing against our strategic goals and nimble in navigating through ongoing challenges. Our top priorities remain ensuring the safety and wellbeing of our employees, offering new products and solutions for our customers, leveraging our operational excellence and financial strength to drive performance improvement.

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

### Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

#### *Overview of Results of Operations*

### **TRANSFORMATION**

In 2019, a review of the TDC Group was completed with a view to embark on an exercise to transform and improve its operations.

We are about to enter a more aggressive, ramped up phase of the transformation exercise, which involves the ongoing project to review and improve the Human Resources Department and engagements to review Information Technology and Data Analytics offerings within the Group. Service providers have been retained to work alongside management in these areas.

Innovation starts and ends with our employees, who are fundamental to the vibrancy and success of the TDC Group. Our accomplishments depend on creating an environment that is engaging and supportive and enables employees to perform to their potential. We intend to develop a robust and comprehensive talent management strategy that spans from talent attraction to performance management, career development and retention of our top talent and, ultimately, to succession planning across our organization. We continually strive to cultivate and support a highly engaged and productive workforce.

Technology continues to move forward at a blistering pace, changing the way people live, work — and shop. The pandemic presented challenges to shoppers and retailers alike. Same day in-store pickup and curbside delivery became a necessity. Fortunately, our ecommerce team was developing curbside integration before the need became clear. While recent ecommerce enhancements have moved us into a better position to sell online and in-store, we recognize that they are just the first steps in a much longer journey. There is more meaningful progress to be made to strengthen competitiveness and relevance in today's ever-changing sales environment.

In 2022, we continued to accelerate our Digital Transformation agenda, implementing a clear framework to expand TDC's digital capabilities. The online shopping solution, which can be accessed via [www.shoptdc.com](http://www.shoptdc.com) allows customers to purchase merchandise and pay online using a debit or credit card. Shoppers can opt to collect their online orders in-store or curb side, or have it delivered to their doorsteps. TDC has a well-defined roadmap for the rollout of exciting digital products.

### **3. Disclosure about Risk Factors.**

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

We remained proactive with the risk management activities across our Group, which included enhanced monitoring and evaluation of internal and external risks, with focus on the control indicators related to processes in our business units. TDC's risk governance system is based on several committees and management processes, which bring together reports on the management of risk at various levels within the organization. Our risk governance process is supported by regular risk assessments and reviews of existing and new strategic initiatives. These consider the risk exposure and appetite of the Group. The unwavering recognition of the critical value of risk management and internal controls for the success of the business, has provided appropriate assurance. Risk assessment also assists with better decision making, as the Board operates as 'gate keepers', ensuring the continued viability of the TDC Group. Risk boundaries are set to align with our risk appetite, strategy, values, policies, and corporate directives.

Risk management is integral to TDC's strategy and to the achievement of TDC's long-term goals. Our success as an organisation depends on our ability to identify and exploit the opportunities generated by our business and in our markets. In doing this, we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board agenda, which is where we believe it should be our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated. The Board has overall accountability for the management of risk and for reviewing the effectiveness of TDC's risk management and internal control systems.

The TDC Group is committed to having a strong governance and risk management framework as a solid foundation which supports growth and innovation objectives. Our goal is to improve the risk maturity to facilitate the management of threats and opportunities that risks bring in a decisive and proactive manner. Enterprise Risk Management Department (ERM) co-ordinates risk management activity throughout the Company, consolidating the output from various functions into meaningful management information to:

- Better inform the Board about decision-making, accountabilities, and responsibilities for managing risk;
- Ensure that risk is managed in a way that is consistent throughout the Company and is aligned with the Board's direction and Company's objectives.'

The ERM function within TDC Group of Companies began in December 2016. The program was implemented as a pilot at TDC Insurance and has expanded to include TDC Financial Services Company Ltd, June 2018, and East Caribbean Reinsurance Company Ltd, July 2019. Over the past four years the ERM programme has evolved to include:

- A governance framework - policies and procedures, board subcommittees
- Technological software where risks can be documented, scored, and analysed.
- Increased staff awareness of risk management
- Integration into Internal Audit and Compliance Plans
- Stress testing and other analytical tools to meet regulatory requirements.
- Standardized control scores to improve transparency and objectiveness of risk assessments.

### **Strategic Risks**



**General or macro-economic factors, both domestically and internationally, may materially adversely affect our financial performance.**

General economic conditions and other economic factors, globally may adversely affect our financial performance. Higher interest rates, lower or higher prices of petroleum products, including gasoline, and diesel fuel, higher costs for electricity, weaknesses in the housing market, inflation, deflation, increased costs of essential services, such as medical care and utilities, higher levels of unemployment, decreases in consumer disposable income, higher consumer debt levels, changes in consumer spending and shopping patterns, fluctuations in currency exchange rates, higher tax rates, imposition of new taxes or other changes in tax laws, changes in healthcare laws, other regulatory changes, the imposition of tariffs or other measures that create barriers to or increase the costs associated with international trade, overall economic slowdown or recession and other economic factors could adversely affect consumer demand for the products we sell.

The economic factors that affect our operations may also adversely affect the operations of our suppliers, which can result in an increase in costs or in more extreme cases, certain suppliers not producing goods in the volume quantities typically available for sale.

**Operational Risks**

**Natural disasters, changes in climate, and geo-political events and catastrophic events could materially adversely affect our financial performance.**

The occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, fires, earthquakes and tsunamis; weather conditions such as major droughts whether as a result of climate change or otherwise; severe changes in climate; geo-political events; epidemics or pandemics or other contagious outbreaks such as the coronavirus (COVID-19) outbreak; and catastrophic events, such as war, civil unrest, terrorist attacks or other acts of violence, including active shooter situations, in countries where our suppliers are located, could adversely affect our operations and financial performance.

**Risks associated with our suppliers could materially adversely affect our financial performance**

The products we sell are sourced from a wide variety of international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including labor, safety, anti-corruption and environmental laws.

Political and economic instability, as well as other impactful events and circumstances in the countries in which our suppliers and their manufacturers are located (such as the recent coronavirus outbreak which could result in potential disruptions or delays to our global supply chain), the financial instability of suppliers, labor problems experienced by our suppliers and their manufacturers, the availability of raw materials to suppliers, merchandise safety and quality issues, disruption or delay in the transportation of merchandise from the suppliers and manufacturers to stores, including of labor slowdowns at any ports at which the of merchandise we purchase enters.

**We rely extensively on information systems to process transactions, summarize results and manage our business. Disruptions in our systems could harm our ability to conduct our operations.**

Our information systems are subject to interruption from computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches through cyber-attacks from cyber-attackers and sophisticated organizations, catastrophic events such as fires, earthquakes and hurricanes.

**Any failure to maintain the security of the information relating to our company, customers, employees, whether as a result of cybersecurity attacks on our information systems or otherwise, could damage our reputation, result in litigation or other legal actions against us, cause us to incur substantial additional costs, and materially adversely affect our business and operating results.**

Cyber threats are rapidly evolving and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly increasingly sophisticated. Cyber threats and cyber-attackers can be sponsored by countries or sophisticated criminal organizations or be the work of hackers with a wide range of motives and expertise.

Any compromise of our data security systems or of those of businesses with which we interact, which results in confidential information being accessed, obtained, damaged, modified, lost or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions, customer attrition, remediation expenses, and claims from customers which could materially and adversely affect our business operations, financial condition and results of operations.

**Failure to attract and retain qualified associates, increases in wage and benefit costs, changes in laws and other labor issues could materially adversely affect our financial performance.**

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified associates globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant, is generally subject to numerous external factors, including the availability qualified persons in the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations.

### **Market Risk**

The investments held by the various subsidiaries within the TDC Group are exposed to market risk, that is risk of loss in financial instruments on the Balance Sheet due to adverse movements in market factors such as interest rates, prices, spreads, volatilities and/or correlations. For example, the TDC Group held cash and fixed deposits at the Caribbean Commercial Bank (Anguilla) Ltd and the National Bank of Anguilla. Both banks were placed in conservatorship in August 2013.

TDC Insurance Company Ltd and East Caribbean Reinsurance Company Ltd (ECRC) – risk of loss due to catastrophe claims, pricing and underwriting.

4.

#### **Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings that had a material effect on the Company.

#### **5. Changes in Securities and Use of Proceeds.**

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

There were no changes in securities or use of proceeds that occurred in this period.

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer

N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

6.

**Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There was no default in the payment of any security in the period.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

**7. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

N/A

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

8.

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

**Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A