



tTech Limited
69 ½ Harbour Street, Kingston, JAMAICA
Tel: 876.656.8448 | Fax: 876.922.0569
www.ttech.com.jm

Report to Shareholders For the 3 Months Ended June 30, 2020

tTech Limited is pleased to submit the unaudited results for the quarter ended June 30, 2020.

Financial Performance

For the period which some refer to as the “COVID Quarter”, tTech recorded revenues of \$82.7 million which is 8.5% below the corresponding period in 2019 (\$90.5 million). Expenses for the period were \$78.6 million, a decrease of 4.6% over the same period in 2019 (\$82.5million). Net Profit (Total Comprehensive Income) for the period was \$8.6 million. This represents a 45.4% decrease over the same period in 2019 (\$ 15.7M). This was mainly due to several projects put on hold and postponed for later in the year by customers.

Highlights - tTech Operational Pivot

We are happy to report that during the quarter our team rose to the challenge of making the shift to work remotely from home while maintaining very high levels of service delivery. The Service Desk team in particular did an excellent job by consistently resolving the majority of the support issues raised by our customers in a timely manner while working remotely.

Our major marketing event, TechCon by tTech, had to be postponed, reimagined and delivered digitally via a series of webinars over the course of 9 weeks. The topics delivered in association with our business partners included: The Data Protection Act and tTech’s Role in IT Compliance for Privacy; How to Reduce your CyberSecurity Risks; Getting the Most out of Office 365; Business Case for Moving to the Cloud; Consumer Payment Behavior and How to Secure These Transactions; IT Industry 2020 Trends and What the Pandemic has Changed. Feedback has been very positive resulting in an increase in our prospect pool of potential revenue opportunities for tTech. Due to the high interest in the impact and ramifications of the new Data Protection Act (DPA), we repeated the webinar on that topic and we are receiving increased interest in our Data Privacy Solutions-As-A-Service.

During the first half of the year, our revenues grew over the same period last year and we expect this trend to get even better as we head into the second half of the year. Our pipeline is steadily growing, fueled by companies looking to enable a more flexible work environment for their employees, the need to remotely manage their IT environments, and the increasing importance of securing their devices, data and networks.

COVID-19 Effect

tTech's diversified portfolio of customers spared the company from the worst scenarios projected during the near-lockdown period between March and June. Some projects were put on hold by customers, but new opportunities presented themselves as more organizations realized that they needed assistance to move their IT operations to the cloud or to enable their staff to work remotely from home.



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As the Government of Jamaica issued the call to return to office on June 1, tTech implemented a phased approach by staggering team members, with some returning to the office and others continuing remote working from home.

All team members in office are required to sanitize and wear masks, a designated seating plan is in place for all employees to ensure we maintain social distancing and team members are required to complete a Health Screening questionnaire before approval is granted for entry into the office.

Outlook for the 3rd quarter, as restrictions are eased, is positive. We expect a few of the postponed projects to be restarted. Our online marketing activities have contributed to more prospective customers becoming interested in our services which has resulted in a healthy pipeline of real opportunities. We are very excited with the signing of new customers, both locally and regionally, for our managed IT services and looking forward to onboarding them shortly.

Summary

All things considered, we are grateful to be kept busy in this crisis and our organization is working aggressively on our promise of delivering insanely good IT Services to our valued clients. On behalf of the tTech board and management, I would like to thank our team of dedicated IT Professionals, and our valued customers who are becoming more like business partners by showing continued confidence in tTech and our services. Be Safe!

A handwritten signature in black ink, appearing to read 'G. Reckord', written over a horizontal line.

G. Christopher Reckord
Chief Executive Officer

tTech Limited

Financial Statements

For the six months ended 30 June 2020

(Unaudited)

tTech Limited

FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2020

(Unaudited)

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tTech Limited

STATEMENT OF FINANCIAL POSITION
 SIX MONTHS ENDED 30 JUNE 2020
 (Unaudited)

Expressed in \$'000	Notes	As at 30-Jun-20	As at 30-Jun-19	Audited 31-Dec-19
Current assets				
Cash and cash equivalents		37,479	75,738	40,636
Government securities purchased under resale agreements	2c	94,670	54,908	81,843
Accounts receivable		65,322	66,183	43,136
Other receivables		17,527	10,247	38,546
Inventory		31,737	16,332	16,156
		<u>246,735</u>	<u>223,408</u>	<u>220,317</u>
Current liabilities				
Accounts payable		49,923	46,279	41,725
Contract liabilities	2d	8,239	14,190	3,670
Lease liability (current portion)		1,180	-	1,163
		<u>59,342</u>	<u>60,469</u>	<u>46,558</u>
Net current assets		<u>187,392</u>	<u>162,939</u>	<u>173,759</u>
Non-current assets				
Investments		31,303	32,891	29,995
Right-of-use asset		26,835	-	28,369
Property and equipment		12,034	12,792	13,102
Intangibles		786	-	954
		<u>70,958</u>	<u>45,683</u>	<u>72,420</u>
Non-current liabilities				
Long-term lease liability		28,880	-	29,436
Net non-current assets		<u>42,078</u>	<u>45,683</u>	<u>42,984</u>
Total net assets		<u>229,470</u>	<u>208,622</u>	<u>216,743</u>
Financed by:				
Shareholders' equity:				
Share capital		51,727	51,727	51,727
Unappropriated profit		177,743	156,895	165,016
		<u>229,470</u>	<u>208,622</u>	<u>216,743</u>

Approved and authorised by the Board of Directors on August 07, 2020 and signed on its behalf by:

Director

Director

tTech Limited

STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 JUNE 2020
(Unaudited)

Expressed in \$'000	Notes	Qtr Ended 30-Jun-20	Qtr Ended 30-Jun-19	YTD 30-Jun-20	YTD 30-Jun-19	Audited Y/E 31-Dec-19
Revenue		82,726	90,446	170,277	156,914	340,365
Cost of Sales		(26,707)	(22,801)	(53,680)	(34,632)	(95,171)
Gross Profit		56,019	67,644	116,597	122,282	245,194
Other income, gains and losses		4,589	7,333	7,685	5,128	6,294
Administrative expenses		(46,759)	(48,571)	(98,402)	(92,618)	(184,882)
Other operating expenses		(5,189)	(11,092)	(13,030)	(18,877)	(40,931)
Operating profit		8,660	15,313	12,850	15,915	25,675
Finance income		519	401	1,085	723	1,554
Finance cost		(601)	-	(1,208)	-	(2,471)
Net profit		8,578	15,714	12,727	16,637	24,758
Net profit being						
total comprehensive income		8,578	15,714	12,727	16,637	24,758
Net profit attributable to owners		8,578	15,714	12,727	16,637	24,758
Earnings per share	2e	\$0.08	\$0.15	\$0.12	\$0.16	\$0.23

tTech LimitedSTATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2020
(Unaudited)

Expressed in \$'000	Share Capital	Unappropriated Profit	Total
Balance at 31 December 2018	51,727	147,148	198,875
Net profit being total comprehensive income	-	16,637	16,637
Dividends		(6,890)	(6,890)
Balance at 30 June 2019	<u>51,727</u>	<u>156,895</u>	<u>208,622</u>
Balance at 31 December 2019	51,727	165,016	216,743
Net profit being total comprehensive income	-	12,727	12,727
Dividends	-	-	-
Balance at 30 June 2020	<u>51,727</u>	<u>177,743</u>	<u>229,470</u>

tTech Limited

COMPANY STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2020

(Unaudited)

Expressed in \$'000	YTD Ended 30-Jun-20	YTD Ended 30-Jun-19	Audited 31-Dec-19
SOURCES/(USES) OF CASH			
Cash Flows From operating activities			
Net profit being total comprehensive income	12,727	16,637	24,758
Adjustments for:			
Allowance for expected credit losses	79	-	205
Depreciation - Right-of-use asset	1,533	-	3,067
Depreciation	2,254	1,747	4,271
Amortization	168	-	403
Loss on disposal of equipment	-	-	113
Dividend income	(39)	(48)	(158)
Foreign exchange gain	(8,359)	(5,955)	(4,971)
Depreciation in fair value of equity investments	1,338	(1,123)	(778)
Interest Income	(1,085)	(723)	(1,554)
Interest expense	1,208	-	2,471
Operating cash flows before movements in working capital	9,824	10,535	27,827
Accounts receivable	(22,186)	(14,794)	8,192
Other receivables	21,019	3,984	(24,315)
Inventories	(15,581)	(8,875)	(8,699)
Accounts payable	8,198	9,668	5,114
Contract liabilities	4,569	(582)	(11,102)
	5,843	(64)	(2,983)
Dividend received	39	48	158
Interest received	1,042	663	1,554
Interest paid - lease liability	(1,208)	-	(2,471)
Net cash flows provided by operating activities	6,924	647	(3,742)
Cash flows from investing activities			
Additions to property, plant and equipment	(1,004)	(2,298)	(7,153)
Additions to intangibles	-	-	(1,042)
Securities purchased	(12,827)	47,958	21,046
Investments	(12,969)	(52,338)	(1,443)
Cash provided/(used in) by investing activities	(26,800)	(6,678)	11,408
Cash flows from financing activities			
Payment of lease liability - principal portion	(538)	-	(837)
Dividends paid	-	(6,890)	(6,855)
Net cash provided by financing activities	(538)	(6,890)	(7,692)
Increase in cash and cash equivalents	(20,414)	(12,921)	(26)
Effect of exchange rate on cash and cash equivalents	(1,208)	5,955	4,567
Cash and cash equivalents at beginning of the year	115,194	110,653	110,653
Net cash and cash equivalents at end of the period	93,572	103,687	115,194

Comprised of:

Cash and bank balances	37,479	75,738	40,636
Short term investments	56,093	27,949	74,558
Net cash and cash equivalents at end of the period	<u>93,572</u>	<u>103,687</u>	<u>115,194</u>

tTech Limited

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2020

(Unaudited)

1. GENERAL INFORMATION

tTech Limited ("Company") is a limited liability company, which was incorporated under the Companies Act and is domiciled in Jamaica with registered office located at 69 1/2 Harbour Street, Kingston.

The principal activity of the Company is that of information technology service providers and consultants.

On January 7, 2016, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. ACCOUNTING POLICIES

(a) Statements of Compliance

These interim financial statements for the period ended 30 June 2020, have been prepared in accordance with IAS34, 'Interim Financial Reporting'. These interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

(b) Tax Status

The Company was listed on the Junior Market of the Jamaica Stock Exchange on 7 January 2016 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) Remission Notice, 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five years of listing on Junior Market (Phase one) of the Jamaica Stock Exchange and 50% of income taxes will be remitted by the Minister of Finance during the second five years of listing on the Junior Market (Phase two) of the Jamaica Stock Exchange.

(c) Government Securities

Cash & cash equivalents includes investments with settlement dates of 90 days or less.

	YTD Ended 30-Jun-20	YTD Ended 30-Jun-19
Reverse repurchase agreements - classified as cash and cash equivalents	56,093	27,673
Reverse repurchase agreements - other	38,577	26,959
Securities purchased	<u>94,670</u>	<u>54,632</u>

(d) Contract liabilities

Contract liabilities include short-term customer advances received to deliver equipment and to render services. This amount was reclassified from other payables in the prior year audit as a result of the adoption of IFRS 15.

tTech Limited

NOTES TO THE FINANCIAL STATEMENTS (Cont'n)

SIX MONTHS ENDED 30 JUNE 2020

(Unaudited)

(e) Earnings per Share

Earnings per stock unit have been calculated by dividing the 'Net Profit' by the total number of weighted average stock units at the end of the respective period 106,000,000 (2018 - 106,000,000).

3. SHAREHOLDERS' INFORMATION AT JUNE 30, 2019

(a) Top 10 Shareholders

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Auctus Holdings Inc.	15,628,500
Enqueue Inc.	15,391,566
Hugh O'Brian Allen	8,417,479
Mayberry Jamaican Equities Limited	5,437,228
GraceKennedy (2009) Pension Plan	1,604,893
Marcelle Smart	1,001,105
Douglas Orane	881,448
Ravers Limited	806,448
Ja. Credit Union Pension Fund	806,448

(b) Shareholding of Directors and Connected Parties

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Uriah Philip Alexander	267,965
Thomas J. Chin	100,000
Joan-Marie Powell	32,000
Tracy-Ann Spence	-
Justin Morin	-

(c) Shareholding of Senior Managers and Connected Parties

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Hortense Althea Gregory-Nelson (Janelle Nelson)	734,523
Omar St. Elmor Bell	240,909
Gillian Thorpe-Murray	240,909
Lesley Cousins (Wade Brown)	50,000
Nardia Puran	-