



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 September 30, 2020

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

Financial Performance

tTech is pleased to report another profitable quarter since listing on the Jamaica Stock Exchange in January 2016. This was achieved despite very challenging conditions as some customers reduced services and delayed projects because of the COVID-19 pandemic. Revenues for the quarter were \$92.3 million which is 12.1% below the corresponding period in 2019 (\$105.1 million). Expenses for the quarter were \$89.8 million, a decrease of 8.8% over the same period in 2019 (\$98.5million). Net Profit (Total Comprehensive Income) for the quarter was \$5.5 million, a 51.2% decrease over the same period in 2019 (\$11.3M).

Highlights – Opportunities from the crisis

Digitalization and Digital Transformation has become the most important topics in leadership circles with the pandemic being the biggest catalyst. tTech delivers value to its customers by allowing them to outsource infrastructure management that has become increasingly complex for organizations whose IT resources are stretched as a result of a growing demand for mission critical digital projects. During the quarter we successfully onboarded a number of new customers, while managing service improvement projects for several existing customers.

In July tTech had reopened its office in response to the government’s “back to office” call. However, as the number of COVID-19 cases spiked in August we reverted to working from home for the safety of our team members. Despite these changes, our support team managed to address support incidents very well, meeting and, in many cases, exceeding our customers’ service level agreements.

As more companies have their employees working from home rather than in office, the risks associated with Cybersecurity have increased. This has led to tTech reminding organizations of the Cybersecurity risks associated with remote work from home while offering services to mitigate the risks. During the quarter we also focused on educating the market about tools & technologies for Remote Work, Business Continuity as well as IT Security. For further information on these topics please visit our social media pages on Facebook, LinkedIn, Instagram and Twitter.

As a thought leader in the area of Information Technology support services in general, during this period we partnered with one of Jamaica’s leading daily newspapers to drive the “The Digital Life” message where we raise awareness on the issues, people and events related to IT for living and working in this new digital age.

Our major Corporate Social Responsibility activity in the quarter was starting a partnership with The City of Life Ministry’s Homeschool Project where we provided support to deliver internet access for the children in the communities of Parade Gardens, Tivoli Gardens and Waterhouse.



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COVID-19 Effect

As mentioned before the spike in COVID-19 cases resulted in tTech asking our team to return to the remote work mode shortly after they had come back into office, and these changes and the overall impact of the pandemic have increased stress levels among team members. The engagement, safety and wellbeing of all team members is of great importance to the company and supporting our team members at this time is a priority for the management team. The pandemic has made us truly understand that *“people are our greatest asset”*, particularly as tTech is a knowledge-based organization.

In this environment cash truly is king, and the management team has maintained a focus on managing tTech’s cash resources, particularly receivables. This has allowed the company to maintain a strong balance sheet and continue to be debt free.

Summary

We are fortunate to be in a business that is proving to be resilient despite the crisis created by the pandemic, and the organization continues to work aggressively on 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 NINE months ended 30 SEPTEMBER 2020

(Unaudited)

tTech Limited

FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2020

(Unaudited)

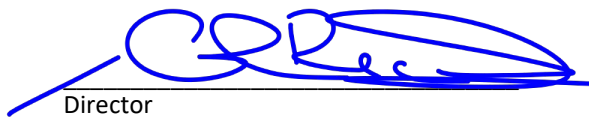
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tTech Limited

STATEMENT OF FINANCIAL POSITION
 NINE MONTHS ENDED 30 SEPTEMBER 2020
 (Unaudited)

Expressed in \$'000	Notes	As at 30-Sep-20	As at 30-Sep-19	Audited 31-Dec-19
Current assets				
Cash and cash equivalents		32,078	69,565	40,636
Government securities purchased under resale agreements	2c	95,702	54,360	81,843
Accounts receivable		70,098	67,421	43,136
Other receivables		23,010	19,745	38,546
Inventory		36,673	14,427	16,156
		<u>257,561</u>	<u>225,518</u>	<u>220,317</u>
Current liabilities				
Accounts payable		55,659	45,215	41,725
Contract liabilities	2d	10,643	6,700	3,670
Lease liability (current portion)		1,180	-	1,163
		<u>67,482</u>	<u>51,915</u>	<u>46,558</u>
Net current assets		<u>190,079</u>	<u>173,603</u>	<u>173,759</u>
Non-current assets				
Investments		33,416	33,077	29,995
Right-of-use asset		26,069	-	28,369
Property and equipment		13,310	12,148	13,102
Intangibles		702	1,142	954
		<u>73,497</u>	<u>46,367</u>	<u>72,420</u>
Non-current liabilities				
Long-term lease liability		28,571	-	29,436
Net non-current assets		<u>44,926</u>	<u>46,367</u>	<u>42,984</u>
Total net assets		<u>235,005</u>	<u>219,970</u>	<u>216,743</u>
Financed by:				
Shareholders' equity:				
Share capital		51,727	51,727	51,727
Unappropriated profit		183,278	168,243	165,016
		<u>235,005</u>	<u>219,970</u>	<u>216,743</u>

Approved and authorised by the Board of Directors on November 03, 2020 and signed on its behalf by:


 Director


 Director

tTech Limited

STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2020
(Unaudited)

Expressed in \$'000	Notes	Qtr Ended 30-Sep-20	Qtr Ended 30-Sep-19	YTD 30-Sep-20	YTD 30-Sep-19	Audited Y/E 31-Dec-19
Revenue		92,353	105,168	262,630	262,082	340,365
Cost of Sales		(30,569)	(40,241)	(84,249)	(74,873)	(95,171)
Gross Profit		61,784	64,927	178,381	187,209	245,194
Other income, gains and losses		3,060	4,358	10,745	9,485	6,294
Administrative expenses		(53,910)	(49,140)	(152,312)	(141,757)	(184,882)
Other operating expenses		(5,345)	(9,178)	(18,375)	(28,055)	(40,931)
Operating profit		5,589	10,967	18,439	26,882	25,675
Finance income		541	380	1,626	1,103	1,554
Finance cost		(595)	-	(1,803)	-	(2,471)
Net profit		5,535	11,347	18,262	27,985	24,758
Net profit being						
total comprehensive income		5,535	11,347	18,262	27,985	24,758
Net profit attributable to owners		5,535	11,347	18,262	27,985	24,758
Earnings per share	2e	\$0.05	\$0.11	\$0.17	\$0.26	\$0.23

tTech Limited

STATEMENT OF CHANGES IN EQUITY
 NINE MONTHS ENDED 30 SEPTEMBER 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	-	27,985	27,985
Dividends	-	(6,890)	(6,890)
Balance at 30 SEPTEMBER 2019	51,727	168,243	219,970
Balance at 31 December 2019	51,727	165,016	216,743
Net profit being total comprehensive income	-	18,262	18,262
Balance at 30 SEPTEMBER 2020	51,727	183,278	235,005

tTech Limited

COMPANY STATEMENT OF CASH FLOWS
 NINE MONTHS ENDED 30 SEPTEMBER 2020
 (Unaudited)

Expressed in \$'000	YTD Ended 30-Sep-20	YTD Ended 30-Sep-19	Audited 31-Dec-19
SOURCES/(USES) OF CASH			
Cash Flows From operating activities			
Net profit being total comprehensive income	18,262	27,985	24,758
Adjustments for:			
Allowance for expected credit losses	286	11	205
Depreciation - Right-of-use asset	2,300	-	3,067
Depreciation	3,405	3,080	4,271
Amortization	236	-	403
Loss on disposal of equipment	-	-	113
Dividend income	(60)	(91)	(158)
Foreign exchange gain	(11,419)	(7,864)	(4,971)
Depreciation in fair value of equity investments	1,365	(1,030)	(778)
Interest Income	(1,626)	(1,103)	(1,554)
Interest expense	1,803	-	2,471
Operating cash flows before movements in working capital	14,552	20,988	27,827
Accounts receivable	(26,962)	(16,032)	8,192
Other receivables	15,536	(5,514)	(24,315)
Inventories	(20,517)	(6,970)	(8,699)
Accounts payable	13,934	8,604	5,114
Contract liabilities	6,973	(8,072)	(11,102)
	3,516	(6,996)	(2,983)
Dividend received	60	91	158
Interest received	1,577	1,073	1,554
Interest paid - lease liability	(1,803)	-	(2,471)
Net cash flows provided by operating activities	3,350	(5,832)	(3,742)
Cash flows from investing activities			
Additions to property, plant and equipment	(3,512)	(5,722)	(7,153)
Additions to intangibles	-	-	(1,042)
Securities purchased	(32,374)	29,147	21,046
Investments	(3,421)	(5,296)	(1,443)
Cash provided/(used in) by investing activities	(39,307)	18,129	11,408
Cash flows from financing activities			
Payment of lease liability - principal portion	(848)	-	(837)
Dividends paid	-	(6,890)	(6,855)
Net cash provided by financing activities	(848)	(6,890)	(7,692)
Increase in cash and cash equivalents	(36,805)	5,407	(26)
Effect of exchange rate on cash and cash equivalents	9,884	7,864	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	88,273	123,924	115,194

Comprised of:

Cash and bank balances	32,078	69,565	40,636
Short term investments	56,491	54,360	74,558
Net cash and cash equivalents at end of the period	88,569	123,924	115,194

tTech Limited

NOTES TO THE FINANCIAL STATEMENTS NINE MONTHS ENDED 30 SEPTEMBER 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 September 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-Sep-20	YTD Ended 30-Sep-19
Reverse repurchase agreements - classified as cash and cash equivalents	56,491	27,181
Reverse repurchase agreements - other	39,210	27,179
Securities purchased	<u>95,701</u>	<u>54,360</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)

NINE MONTHS ENDED 30 SEPTEMBER 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 SEPTEMBER 30, 2020

(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	5,414,228
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
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	-