



tTech Limited
69 ½ Harbour Street, Kingston, JAMAICA
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www.ttech.com.jm

Report to Shareholders For the 3 Months Ended June 30, 2021

tTech Limited is pleased to submit the unaudited results for the quarter ended June 30, 2021.

Financial Performance

For the period, tTech recorded revenues of \$107.9 million, an increase of 30.4% above the corresponding period in 2020 (\$82.7 million). Expenses for the period were \$70 million, an increase of 34.9% compared to the same period in 2020 (\$51.9 million). Net Profit for the period was \$3.8 million a decrease of \$0.6 million or (15.0%) compared to the same period in 2020 (\$4.5 million). Total Comprehensive Income for the period was \$7.5 million. This represents a 11.7% decrease compared to the same period in 2020 (\$ 8.5 million). This decrease is due in large part to our new tax position explained below.

tTech has now entered phase two of the Junior Market incentive scheme where 50% of the normal tax rate equivalent to 12.5%, now applies to our profits during the second five years of listing on the Junior Market of the Jamaica Stock Exchange; after which the normal rate of 25% will apply. We are eligible for the Employment Tax Credit which will further reduce the rates payable to 8.75% for the next 5 years and 17.5% thereafter.

Highlights

During the period under review, tTech continued to benefit from the momentum in Q1 with the addition of several Cybersecurity related projects to our roster. This is because we have been relentless in our Cybersecurity awareness activities which has driven some entities to act. We also continued our Data Protection as a Service campaign which has strengthened our pipeline. Also contributing positively was our highly successful business technology event, TechCon, that was held virtually this year on May 18-19.

TechCon by tTech 2021

This is fast becoming a very important Information Technology & Digital Transformation event on the Jamaican business calendar where we inform and educate our customers and the market. TechCon by tTech is also the place for growth mindset leadership from thriving organizations that share the following characteristics: IT is strategic to them; they are willing to look outside of their companies to solve IT problems; they are willing to outsource what is not core to them; and they are not looking for the lowest cost vendor. These leaders benefited from sessions covering the following topics:

- Cyber Security - IT Problem or a Business Problem?
- Putting a price on Data Protection; What your exposure could cost you.
- Understanding the Data Protection Act and where to start as an organization
- No, we don't want your job - External IT Support can we a win-win for all!
- A shift towards a cashless society
- Digital Transformation: A meaningless buzzword or a key strategic advantage? Lessons from our Customers

COVID-19

Our team at tTech continues to operate a hybrid on-premise/remote working environment and we are still focused on adhering to all the safety protocols while delivering the expected IT services to our customers, regardless of where we work from.



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Summary

tTech is working aggressively to fulfill our promise of delivering insanely good IT services to our valued clients and we are grateful for the opportunities we receive weekly. On behalf of the 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, consisting of several overlapping loops and a long horizontal stroke at the end.

G. Christopher Reckord
Chief Executive Officer

tTech Limited

Financial Statements

For the six months ended 30 June 2021

(Unaudited)

tTech Limited

FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

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tTech Limited


STATEMENT OF FINANCIAL POSITION

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

Expressed in \$'000	Notes	As at 30-Jun-21	As at 30-Jun-20	Audited 31-Dec-20
Current assets				
Cash and cash equivalents	2c	27,241	37,479	23,577
Government securities purchased under resale agreements		93,944	94,670	99,572
Accounts receivable		86,140	65,322	71,789
Other receivables	2d	19,613	17,527	33,761
Inventory		43,944	31,737	18,710
		<u>270,882</u>	<u>246,735</u>	<u>247,409</u>
Current liabilities				
Accounts payable		60,619	49,923	43,334
Contract liabilities	2e	1,684	8,239	5,252
Taxation payable	2f	910	-	-
Lease liability (current portion)		1,572	1,180	1,536
		<u>64,785</u>	<u>59,342</u>	<u>50,122</u>
Net current assets		<u>206,096</u>	<u>187,392</u>	<u>197,287</u>
Non-current assets				
Investments		31,919	31,303	30,987
Right-of-use asset		23,768	26,835	25,302
Property and equipment		12,453	12,034	12,898
Intangibles		576	786	650
Deferred tax		1,559	-	-
		<u>70,276</u>	<u>70,958</u>	<u>69,837</u>
Non-current liabilities				
Long-term lease liability		27,144	28,880	27,900
Net non-current assets		<u>43,132</u>	<u>42,078</u>	<u>41,937</u>
Total net assets		<u>249,228</u>	<u>229,470</u>	<u>239,224</u>
Financed by:				
Shareholders' equity:				
Share capital		51,727	51,727	51,727
Unappropriated profit		197,501	177,743	187,497
		<u>249,228</u>	<u>229,470</u>	<u>239,224</u>

Approved and authorised by the Board of Directors on July 29, 2021 and signed on its behalf by:



Director



Director

tTech Limited

STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

Expressed in \$'000	Notes	Qtr Ended 30-Jun-21	Qtr Ended 30-Jun-20	YTD 30-Jun-21	YTD 30-Jun-20	Audited Y/E 31-Dec-20
Revenue		107,970	82,726	204,340	170,277	359,481
Cost of Sales		(34,884)	(26,707)	(66,276)	(53,680)	(113,993)
Gross Profit		73,087	56,019	138,065	116,597	245,488
Other income		1,874	597	1,891	664	904
Administrative expenses		(62,655)	(46,759)	(117,957)	(98,402)	(206,526)
Other operating expenses		(7,426)	(5,189)	(12,218)	(13,030)	(30,213)
Operating profit		4,880	4,668	9,781	5,829	9,653
Finance income		508	519	992	1,085	1,726
Finance cost		(576)	(601)	(1,158)	(1,208)	(2,393)
Profit before taxation		4,812	4,586	9,615	5,706	8,986
Taxation	2f	(914)	-	(997)	-	-
Net profit		3,898	4,586	8,618	5,706	8,986
Other comprehensive income						
Unrealised gain/(loss) on investments		3,675	3,992	7,004	7,021	13,495
Total comprehensive income		7,573	8,578	15,622	12,727	22,481
Net profit attributable to owners		7,573	8,578	15,622	12,727	22,481
Earnings per share	2g	\$0.07	\$0.08	\$0.15	\$0.12	\$0.21

tTech Limited

STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

Expressed in \$'000	Share Capital	Unappropriated Profit	Total
Balance at 31 December 2019	51,727	165,016	216,743
Net profit being total comprehensive income	-	12,727	12,727
Balance at 30 June 2020	51,727	177,743	229,470
Balance at 31 December 2020	51,727	187,497	239,224
Net profit being total comprehensive income	-	15,622	15,622
Dividends	-	(5,618)	(5,618)
Balance at 30 June 2021	51,727	197,501	249,228

tTech Limited

COMPANY STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

Expressed in \$'000	YTD Ended 30-Jun-21	YTD Ended 30-Jun-20	Audited 31-Dec-20
SOURCES/(USES) OF CASH			
Cash Flows From operating activities			
Net profit being total comprehensive income	15,622	12,727	22,481
Adjustments for:			
Allowance for expected credit losses	69	79	4,845
Depreciation - Right-of-use asset	1,533	1,533	3,067
Depreciation	2,576	2,254	4,480
Amortization	73	168	304
Loss on disposal of equipment	-	-	-
Dividend income	(46)	(39)	(112)
Foreign exchange gain	(6,304)	(8,359)	(14,607)
Depreciation in fair value of equity investments	(700)	1,338	1,112
Interest Income	(992)	(1,085)	(1,726)
Interest expense	1,158	1,208	2,393
Operating cash flows before movements in working capital	12,989	9,824	22,237
Accounts receivable	(14,351)	(22,186)	(33,478)
Other receivables	14,148	21,019	4,617
Inventories	(25,234)	(15,581)	(2,554)
Accounts payable	17,285	8,198	1,609
Contract liabilities	(3,568)	4,569	1,582
Tax payable	738	-	-
Deferred tax	(1,559)	-	-
	448	5,843	(5,987)
Dividend received	46	39	112
Interest received	932	1,042	1,831
Interest paid - lease liability	(1,158)	(1,208)	(2,393)
Net cash flows provided by operating activities	268	5,716	(6,437)
Cash flows from investing activities			
Additions to property, plant and equipment	(2,220)	(1,004)	(4,276)
Additions to intangibles	-	-	-
Securities purchased	(10,303)	(12,827)	-
Investments	(11,084)	(12,969)	(2,070)
Cash (used in)/provided by investing activities	(23,607)	(26,800)	(6,346)
Cash flows from financing activities			
Payment of lease liability - principal portion	(718)	(538)	(1,163)
Dividends paid	(5,618)	-	-
Cash (used in)/provided by financing activities	(6,336)	(538)	(1,163)
Increase in cash and cash equivalents	(29,674)	(20,414)	(13,946)
Effect of exchange rate on cash and cash equivalents	4,060	(1,208)	14,607
Cash and cash equivalents at beginning of the year	116,265	115,194	115,604
Net cash and cash equivalents at end of the period	90,651	93,572	116,265

Comprised of:

Cash and bank balances	27,241	37,479	23,916
Short term investments	63,410	56,093	92,349
Net cash and cash equivalents at end of the period	<u>90,651</u>	<u>93,572</u>	<u>116,265</u>

tTech Limited

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2021

(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 2021, 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 2020.

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 2020, 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) Net Cash & Cash Equivalents

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

	YTD Ended 30-Jun-21	YTD Ended 30-Jun-20
Reverse repurchase agreements - classified as cash and cash equivalents	63,410	56,093
Reverse repurchase agreements - other	30,534	38,577
Securities purchased	93,944	94,670

(d) Other receivables

Other receivables include withholding tax, prepayments and procurement - amounts recoverable from customers for purchases of renewal licenses made on their behalf.

(e) 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 2021

(Unaudited)

(f) Taxation

tTech Limited has entered Phase two of the Junior Market incentive scheme where 50% of income taxes will be remitted by the Minister of Finance during the second five years of listing on the Junior Market of the Jamaica Stock Exchange.

(g) 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 (2020 - 106,000,000).

3. SHAREHOLDERS' INFORMATION AT JUNE 30, 2021

(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	8,367,479
Mayberry Jamaican Equities Limited	5,737,927
GraceKennedy (2009) Pension Plan	1,604,893
Marcelle Smart	1,002,009
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	8,367,479
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	8,367,479
Hortense Althea Gregory-Nelson (Janelle Nelson)	734,523
Gillian Thorpe-Murray	240,909
Lesley Cousins (Wade Brown)	50,000