SYGNUS

CREDIT INVESTMENTS

QUARTERLY REPORT

BREAKING BOUNDARIES

AS AT **DECEMBER 31, 2021**

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Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2021

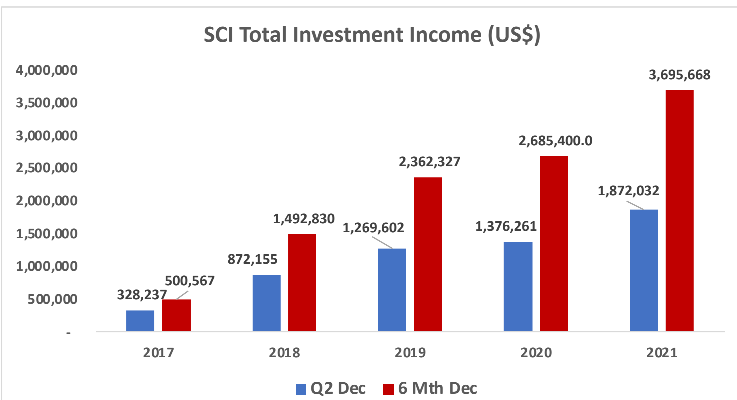
Castries, St Lucia | Monday, February 14, 2021

Sygnus Credit Investments Ltd ("SCI" or 'the Company") is pleased to report on the unaudited financial results for the six months ended December 31, 2021. The unaudited results are accompanied by a summary management discussion and analysis ("MD&A"), which is to be read in conjunction with the unaudited financial statements. The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Sygnus Credit Investments Limited reported record core revenues of US$3.70 million and record net profits of US$2.46 million for the 6 months ended December 31, 2021 ("6 Month 2021"). The Company raised net proceeds of US$26.96 million from the issuance of multi-series dual currency notes during the period, which pushed its total assets past the US$100 million threshold for the first time, to US$110.34 million. The capital raised was consistent with SCI's strategy to grow its private credit portfolio and expand its regional investment footprint across the Caribbean. On December 22, 2021, SCI announced that through its newly formed subsidiary SCI Puerto Rico Inc, it had entered into a stock purchase agreement to acquire a majority stake in Acrecent Financial Corporation ("AFC"), one of the largest private credit firms in the US territory of Puerto Rico, a Caribbean Island. SCI has since completed all regulatory filings and is now awaiting approval of the transaction by the Puerto Rican regulator. SCI's Board of Directors will meet to consider an interim dividend payment on February 22, 2022.



	Q2 Dec 2021	Q2 Dec 2020	6 Mth Dec 2021	6 Mth Dec 2020	FYE Jun 2021
Summary Results of Operations	**US$**	**US$**	**US$**	**US$**	**US$**
Interest Income	2,462,210	1,903,983	4,701,857	3,602,671	8,221,661
Interest Expense	(603,233)	(565,758)	(1,019,244)	(978,304)	(1,797,459)
Net Interest Income	1,858,977	1,338,225	3,682,613	2,624,367	6,424,202
Participation and Commitment Fees	13,055	38,036	13,055	61,033	62,786
Total Investment Income	**1,872,032**	**1,376,261**	**3,695,668**	**2,685,400**	**6,486,988**
Total Operating Expenses	716,999	539,507	1,412,787	1,009,634	2,726,931
Net Investment Income	**1,155,033**	**836,754**	**2,282,881**	**1,675,766**	**3,760,057**
Gain on Sale of Investments	-	-	-	-	24,175
Fair Value Gain (Loss)	(75,617)	(216,517)	373,148	(168,773)	1,416,793
Net Foreign Exchange Loss	(26,699)	(15,753)	(37,024)	(49,951)	(72,988)
Impairment Allowance on Fin. Assets	(96,884)	(141,728)	(126,032)	(196,446)	(69,710)
Profit for the Period	**955,833**	**462,756**	**2,492,973**	**1,260,596**	**5,058,327**
Taxation Charge	(1,899)	-	(32,122)	-	(30,010)
Profit Attributable to Shareholders	**953,934**	**462,756**	**2,460,851**	**1,260,596**	**5,028,317**
Earnings Per Share	**0.16¢**	**0.13¢**	**0.42¢**	**0.36¢**	**1.11¢**
Net Investment Income Per Share	**0.20¢**	**0.23¢**	**0.39¢**	**0.47¢**	**0.83¢**

The results for the 6-month period were underpinned by a larger portfolio of private credit investments relative to the similar period last year, increased net interest margin, continued disciplined investment origination and the structuring of investments with adequate downside protection to manage risk exposures. The impact of the global COVID-19 pandemic on the Caribbean region remains uncertain. However, SCI's private credit portfolio remains resilient and well positioned to navigate the ongoing volatility.

SCI's core revenues, or total investment income, grew by 37.6% or US$1.01 million to a record US$3.70 million for 6 Month 2021. This compares with US$2.69 million for the six months ended December 31, 2020 ("6 Month 2020"). For the second quarter ended December 31, 2021 ("Q2 2021"), total investment income grew by 36.0% or US$495.8 thousand to a record US$1.87 million. This compares with US$1.38 million reported for the second quarter ended December 31, 2020 ("Q2 2020"). This performance was driven by strong growth in net interest income from a larger private credit portfolio and a higher net interest margin.

Core earnings, or net investment income, grew by 36.2% or US$607.1 thousand to a record US$2.28 million for 6 Month 2021, vs US$1.68 million for 6 Month 2020. For Q2 2021, net investment income grew by 38.0% or US$318.3 thousand to US$1.16 million, vs US$837.8 thousand for Q2 2020.

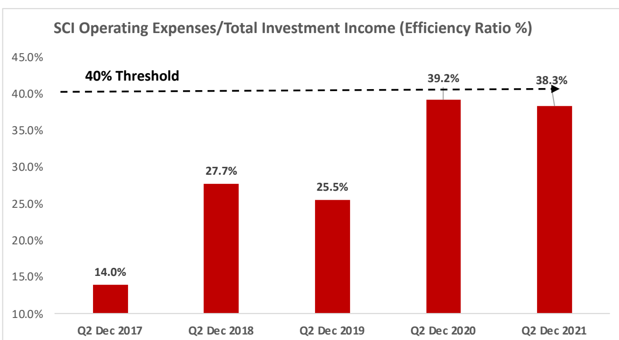
Net profit attributable to shareholders grew by 95.2% or US$1.20 million to a record US$2.46 million for 6 Month 2021, vs US$$1.26 million for 6 Month 2020. For Q2 2021, net profit grew by 106.1% or US$491.2 thousand to US$953.9 thousand vs US$462.8 thousand in Q2 Dec 2020. A combination of the record net investment income and fair value gains drove the profit performance for 6 Month 2021, while the performance of net investment income was the main driver of the Q2 2021 net profit. The annualized return on average equity for 6 Month 2021 was 9.3%.

Earnings per share (EPS) was 0.42 US cents for 6 Month 2021 vs 0.36 US cents for 6 Month 2020, and 0.16 US cents for Q2 2021 vs 0.13 US cents for Q2 2020. Net investment income per share (NIIPS) was 0.39 US cents for 6 Month 2021 vs 0.47 US cents for 6 Month 2020, and 0.20 US cents for Q2 2021 vs 0.23 US cents for Q2 2020.

Total Operating Expenses

Total operating expenses increased to US$1.41 million for 6 Month 2021 vs US$1.00 million for 6 Month 2020, and US$717.0 thousand for Q2 2021 vs US$539.5 thousand for Q2 2020. The 6 Month 2021 and Q2 2021 reported numbers were 39.9% and 32.9% higher than 6 Month 2020 and Q2 2020 respectively, driven primarily by higher management fees and higher corporate services fees related to larger assets under management and performance fees related to unadjusted amounts from the June 2021 audited financial year end results. Management fees and corporate services fees were a combined 73.8% (76.2% 6 Month 2020) and 72.8% (75.7% Q2 2020) of operating expenses for 6 Month 2021 and Q2 2021 respectively. The performance fees were US$50.8 thousand or 3.6% of operating expenses for the 6 Month 2021.

Excluding management fees, corporate services fees and performance fees, operating expenses were US$319.8 thousand for 6 Month 2021, up US$80.0 thousand or 33.4% and US$195.0 thousand for Q2 2021, up US$53.8 thousand or 48.6%. These increases were primarily driven by: higher irrecoverable taxes from taxable short-term cash and equivalents; higher professional fees related to consultancy costs; and higher registration fees due to a larger number of shares listed on the Jamaica Stock Exchange, from its additional public offering in January 2021.



Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 38.3% for the end of Q2 2021 and was within the threshold level of 40%. The efficiency ratio is measured by total operating expenses to total investment income. SCI's management expense ratio (MER) was 2.6% for the end of Q2 2021, within the threshold level of 2.85%. The MER is defined as total operating expenses as a percentage of total assets under management.

Fair Value Gains or Losses

Fair value gains on profit sharing private credit investments were US$373.1 thousand for 6 Month 2021 (losses of US$168.8 thousand for Q2 2021) vs losses of US$75.6 thousand for 6 Month 2020 (losses of US$216.5 thousand for Q2 2020). The unrealized gains for 6 Month 2021 reflected the addition of new fair value instruments during period, primarily during the first quarter. Adverse movement in interest rates resulted in the Q2 2021 losses. Interest rate movements may cause material fluctuations in fair value losses or gains from period to period. SCI had US$23.3 million in fair value private credit investments vs US$10.4 million in the prior year.

Net Foreign Exchange Gains or Losses

Net foreign exchange losses of US$37.0 thousand for 6 Month 2021 was lower than the loss of US$50.0 thousand reported for 6 Month 2020. For Q2 2021, SCI reported a loss of US$26.7 thousand vs a loss of US$15.8 thousand for Q2 2020. The movement in foreign exchange gains and losses generally reflected realized gains or losses on FX transactions and SCI's net exposure to Jamaican dollar assets, which fluctuate based on movements in the JMD/USD exchange rate. SCI's net balance sheet exposure to JMD at the end of December 2021 was negative (negative Q1 2021) vs positive at the end of December 2020 (positive Q1 2020). SCI does not have a foreign currency trading business.

Change in Impairment Allowance on Financial Assets (IAFA)
The change in impairment allowance on financial assets for 6 Month 2021 was an increase of US$126.0 thousand vs an increase of US$196.4 thousand for 6 Month 2020, and an increase of US$96.9 thousand for Q2 2021 vs an increase of US$141.7 thousand for Q2 2020. SCI's impairment allowance is a non-cash unrealized charge, and reverses if an investment is exited without any realized credit losses or charge-offs. The smaller increase in impairment allowance for 6 Month 2021 was driven by a combination of some recovery in the underlying global COVID-19 pandemic conditions relative to last year, and investments that were successfully exited which carried higher impairment allowances relative to new investments that were added to the balance sheet during the period.

Note: SCI has US$1.0 million in exposure to a Portfolio Company that was declared bankrupt post 6 Month 2021. However, SCI's investment, though unsecured from the standpoint of the Portfolio Company, was structured with an external guarantee supported by a charge over real estate asset. The discounted value of the real estate asset was 1.85x the value of SCI's investment exposure. Thus, SCI recorded nil impairment charge for this investment reflective of the design of the downside protection that was structured into the private credit investment.

Total Revenues and Total Expenses
Total revenues were comprised of core revenues, or total investment income (interest income plus participation and commitment fees), plus the non-core revenue items of fair value gains, net foreign exchange gains and gain on sale of investments. Total revenues were US$4.07 million and US$1.80 million for 6 Month 2021 and Q2 2021 respectively, vs US$2.52 million and US$1.16 million for 6 Month 2020 and Q2 2020 respectively.

Similarly, SCI's total expenses were comprised of core operating expenses, plus the non-core items of net foreign exchange loss, fair value loss, change in impairment allowance on financial assets and loss on sale of investments. Total expenses were US$1.58 million and US$840.6 thousand for 6 Month 2021 and Q2 2021 respectively, vs US$1.26 million and US$697.0 thousand for 6 Month 2020 and Q2 2020 respectively. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

Acquisition of Majority Stake in Acrecent Financial Corporation (AFC)
SCI is awaiting regulatory approval of the transaction, having completed all required regulatory filings. The proposed acquisition is aligned with SCI's strategy of providing alternative financing to middle-market businesses across the Caribbean region, as AFC is one of the largest private credit firms in Puerto Rico, a US$100 billion US territory. The management team which is very experienced across the USA, Puerto Rican and Latin American markets, will remain partners with SCI.

Dividends
The Board of Directors will consider the payment of an interim dividend at a meeting to be held on February 22, 2022. An interim dividend of US$0.00262 was paid on October 15, 2021, vs US$0.00249 paid on October 16, 2020.

Private Credit Investment (PCI) Activity
At the end of Q2 2021, SCI's investment in Portfolio Companies grew by 31.3% to US$88.01 million vs US$67.04 million in Q2 2020. The number of Portfolio Company investments fell to 29 from 33 in the previous year, as there were more investment exits than new investment commitments, owing to the timing of the net inflows of US$26.96 million from the multi-series dual currency capital raise, the bulk of which became accessible towards the middle of Q2 2021. Portfolio Company investments include finance lease receivables on the balance sheet.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2021

	Q2 Dec 2021	Q2 Dec 2020	FYE Jun 2021
Summary of Investment Activity	**US$**	**US$**	**US$**
Fair Value of Investment in Portfolio Companies	88,007,733	67,040,103	82,797,478
New Investment Commitments During Period	4,968,000	10,510,936	41,095,316
Dry Powder to be Deployed*	17,977,782	1,629,152	1,029,391
Number of Portfolio Company Investments (#)	29	33	31
Average Investment per Portfolio Company	3,034,749	2,031,518	2,670,886
Weighted Average Term of Portfolio Company Investments (years)	1.8	1.8	2.0
Weighted Average Fair Value Yield on Portfolio Companies (%)	12.9%	11.9%	12.7%
Non Performing Portfolio Company Investments (NPI)	3	1	2
Non-performing Investments Ratio**	6.2%	2.1%	2.8%

** Does not include undrawn credit lines of US$7.0M nor additional debt financing of at least US$10M equivalent*
*** Reflects 1 additonal investment amounting to US$3.4M added to non-performing on Nov 05, 2021 as reported in Q1 Sep 2021*

Portfolio Company Investment Commitments and Origination
SCI financed new investment commitments valued at US$4.97 million during Q2 2021 vs US$10.51 million during Q2 2020. Following the end of the quarter, as of January 31, 2022, SCI originated and deployed US$15.0 million in commitments, US$10.0 million of which will be short term in nature. The Company continues to see great demand for private credit investments, especially with regards to acquisition financing, as recovery from the COVID-19 pandemic gathers pace with several Caribbean territories reopening their borders. SCI's investment origination is expanding across industries and territories as the Company prepares to embark on its next phase of growth and expansion.

Weighted Average Investment Tenor and Investment Yield
At the end of Q2 2021, the weighted average tenor of Portfolio Company investments remained constant at 1.8 years. The weighted average fair value yield on Portfolio Companies declined increased to 12.9% vs 11.9% last year.

Non-performing Investments (NPI) Ratio
SCI added one investment valued at US$3.4 million to non-performing investment status on November 5, 2021, which was reported in the prior quarter ending September 30, 2021. This non-performing investment ("NPI") is fully collateralized and negotiations on restructuring the financing terms are expected to be advanced in the coming quarter. This NPI moved from a Stage 2 asset to Stage 3 in SCI's impairment model due to the Covid-19 induced protracted closed borders of the country in which the investment is located, despite a vaccination rate in excess of 85%. The country reopened its borders during November 2021 but still has stringent rules for visitor entry.

In total, SCI has US$5.62 million in non-performing investments from 3 Portfolio Companies, all of which are collateralized. SCI's non-performing investment rate for 6 Month 2021 was 6.2% of its total private credit investment portfolio, vs 2.1% for 6 Month 2020, primarily driven by the NPI of US$3.4 million. The NPI ratio is expected to be reduced to below SCI's 5.0% target threshold level in coming quarters after the completion of restructured financing terms and or reclassification of some non-performing assets.

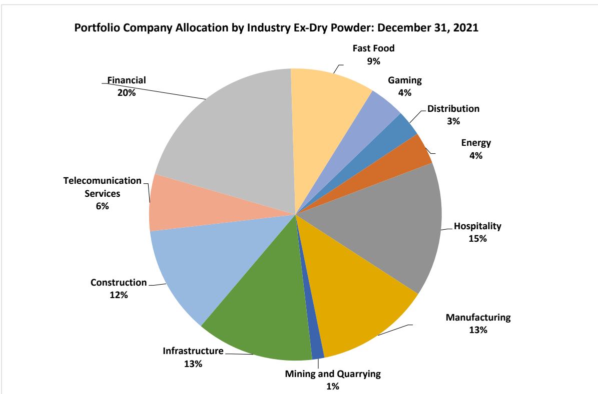
Note: SCI has US$1.0 million in exposure to a Portfolio Company that was declared bankrupt post 6 Month 2021, which is included as part of the US$5.62 million in non-performing investments. However, SCI's investment, though unsecured from the standpoint of the Portfolio Company, was structured with an external guarantee supported by a charge over real estate asset. The discounted value of the real estate asset was 1.85x the value of SCI's investment exposure, resulting in nil expected credit losses.

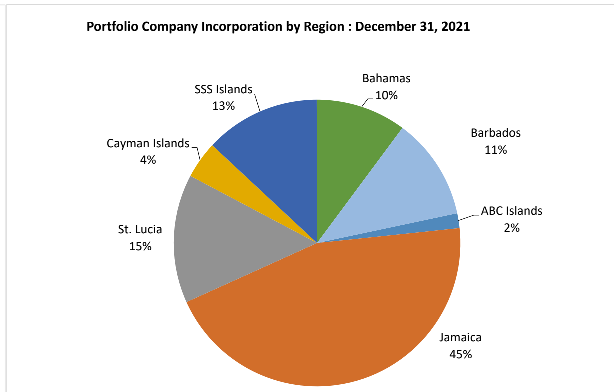
All of SCI's remaining portfolio investments are classified as Stage 1 assets, except for a partial investment of US$102.7 thousand classified as Stage 2, which was successfully exited after the end of the quarter following full repayment. Realized credit losses remained at nil for an 18th consecutive quarter since inception.

Allocation by Industry and Region

Portfolio Companies were diversified across 11 major industries and 7 regions within the Caribbean in Q2 2021, the same as Q2 2020. Excluding dry powder, the top four industry allocations were Financial: 20% (down vs 25% Q1 Sep 2021), Hospitality: 15% (same as Q1 Sep 2021), Infrastructure: 13% (same as Q1 Sep 2021) and Manufacturing: 13% (same as Q1 Sep 2021). Exposure to the Construction industry doubled to 12% vs 6% in Q1 Sep 2021.

Portfolio companies from Jamaica accounted for the highest allocation of SCI's Portfolio with 45%, followed by St Lucia with 15%, the Dutch Caribbean Islands of Saba, St Eustatius and St Martin (SSS islands) with 13%, Barbados with 11% and the Bahamas with 10%. SCI's exposure to the Bahamas more than doubled from 4% in the preceding Q1 Sep 2021.





Liquidity, Capital Resources and Additional Public Offering

Dry powder on the Company's balance sheet was US$17.87 million, comprising short term instruments and cash. The dry powder reflected the net proceeds from its successful multi-series, dual currency capital raise. In addition, the Company had undrawn revolving credit lines of approximately US$7.0 million equivalent and a further minimum of US$10.0 million equivalent from additional notes being issued as at the end of the quarter. Further, the Directors of SCI, at a Board meeting held on Friday February 11th, approved SCI to raise additional debt capital to fund its expansion and growth up to a threshold of 1.15x debt to equity.

The proceeds of these capital raises will primarily be used to scale SCI's growth across the Caribbean region, including deployment into new territories and industries, given robust demand for flexible debt capital as economies begin recovering from the COVID-19 pandemic.

Balance Sheet Summary

At the end of Q2 2021, SCI had a record US$110.34 million in total assets, an increase of US$38.65 million or 53.9% over the similar period last year. This was mainly comprised of US$88.01 million in private credit investments, US$17.98 million in dry powder and US$3.88 million in interest income receivable. The growth in SCI's total assets was financed by capital raised through an additional public offering of shares in January 2021 and its multi-series dual currency notes. Total shareholders' equity increased by US$29.59 million or 77.7% to a record US$67.65 million. SCI's debt to equity was 0.61x, substantially below management's target threshold of 1.25x and below a limit of 2.0x, while debt to total assets was 0.38x which was below its threshold level of 0.50x. Both these ratios were reflective of a lowly leveraged balance sheet in keeping with global best practices for private credit companies. The balance sheet was further enhanced by an asset coverage ratio of 1.94x, which was above the minimum target threshold level of 1.50x, again in keeping with global standards.

Covid-19 Impact, Risk Management and Opportunities

The Caribbean region continues to feel the effects of the global COVID-19 pandemic, with varying degrees of impact on the economies in which SCI's Portfolio Companies operate. Significant progress has been made in vaccination with more persons across the region becoming more open to vaccines, and vaccines becoming more accessible to Governments and the private sector. Despite near-term challenges navigating the COVID-19 pandemic, the bridge to normalcy appears to be a combination of strong vaccination programs and enforcement of COVID-19 protocols, which is likely to occur at varying speeds across Caribbean territories. A less severe mutated form of the virus, which the Omicron variant appears to be, may also play a key role in returning the world economy to some semblance of normalcy. Importantly, many Caribbean economies have begun to reopen their borders to international travel, with increasing airlift and cruise ships calling on regional ports. In addition, many Caribbean islands continued to report a recovery of sorts in their growth prospects during the September 2021 quarters, from the depths of the unprecedented economic rout that occurred during the similar quarter in 2020, when nearly all borders were completely closed.

While the assessment of the overall impact of COVID-19 is ongoing, SCI continues to rely on the deep knowledge, experienced team and proven investment philosophy that has been developed by its Investment Advisor and Investment Manager.

SCI continues to focus on three key priorities during this COVID-19 period.

- proactively managing the risk of its private credit portfolio, that is, minimizing “realized” credit losses, versus “expected credit losses”, as the latter will fluctuate based on market conditions, but the former is permanent loss of shareholder value
- maintaining ample liquidity and a flexible capital structure to support existing Portfolio Companies while playing offense its robust pipeline of investment opportunities across the Caribbean
- deepening current partnerships and building new relationships across the Caribbean to widen its regional footprint and grow the business well beyond the duration of the COVID-19 pandemic.

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Financial Position
December 31, 2021
(Expressed in United States Dollars)

	Unaudited 31-Dec-21 $	Unaudited 31-Dec-20 $	Audited 30-Jun-21 $
ASSETS			
Cash and cash equivalents	16,658,032	1,629,152	1,029,391
Certificates of deposit	519,751	-	-
Securities purchased under resale agreements	799,998	-	-
Interest receivable	3,879,062	2,956,147	3,232,954
Other receivables	471,381	41,314	197,229
Due from related parties	2,036	2,250	613,395
Lease receivables	1,947,703	1,933,897	2,287,083
Investments	86,060,030	65,106,206	80,510,395
Deferred tax assets	-	18,416	-
	110,337,993	**71,687,382**	**87,870,447**
LIABILITIES			
Accounts payable and accrued liabilities	258,269	714,900	1,174,870
Due to related parties	547,846	553,265	510,647
Dividends payable	320,409	281,103	247,582
Interest payable	64,792	164,169	50,862
Taxation payable	22,816	-	2,348
Deferred tax liability	9,755	-	-
Notes payable	41,465,535	14,823,318	14,670,025
Loans and borrowings	-	17,089,390	4,478,037
	42,689,422	**33,626,145**	**21,134,371**
EQUITY			
Share capital	60,883,532	35,107,673	60,883,532
Retained earnings	6,765,039	2,953,564	5,852,544
	67,648,571	**38,061,237**	**66,736,076**
TOTAL LIABILITIES AND EQUITY	**110,337,993**	**71,687,382**	**87,870,447**

Director
Dr. Ike Johnson

Director
Linval Freeman

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Six Months ended December 31, 2021
(Expressed in United States Dollars)

	Unaudited Three months ended 31-Dec-21 $	Unaudited Three months ended 31-Dec-20 $	Unaudited Six months ended 31-Dec-21 $	Unaudited Six months ended 31-Dec-20 $	Audited Year Ended 30-Jun-21 $
Income					
Interest income calculated using the effective interest method	2,462,210	1,903,983	4,701,857	3,602,671	8,221,661
Interest expense	(603,233)	(565,758)	(1,019,244)	(978,304)	(1,797,459)
	1,858,977	1,338,225	3,682,613	2,624,367	6,424,202
Fair value gains from financial instruments at FVTPL	(75,617)	(216,517)	373,148	(168,773)	1,416,793
Gain on sale of investments	-	-	-	-	24,175
Other income	13,055	38,036	13,055	61,033	62,786
	1,796,415	**1,159,744**	**4,068,816**	**2,516,627**	**7,927,956**
Expenses					
Management fees	444,612	344,798	887,487	647,802	1,456,937
Performance fees	-	-	50,939	-	349,514
Corporate service fees	77,406	63,482	154,583	122,037	265,663
Net foreign exchange loss	26,699	15,753	37,024	49,951	72,988
Impairment allowance on financial assets	96,884	141,728	126,032	196,446	69,710
Other expenses	194,981	131,227	319,778	239,795	654,817
	840,582	**696,988**	**1,575,843**	**1,256,031**	**2,869,629**
Profit before taxation	**955,833**	**462,756**	**2,492,973**	**1,260,596**	**5,058,327**
Tax charge	(1,899)	-	(32,122)	-	(30,010)
Profit for the period, being total comprehensive income	**953,934**	**462,756**	**2,460,851**	**1,260,596**	**5,028,317**
Earnings per stock unit (cents)	**0.16**	**0.13**	**0.42**	**0.36**	**1.11**

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Changes in Equity
Six Months ended December 31, 2021
(Expressed in United States Dollars)

	Share capital $	Retained earnings $	Total $
Balance as at 30 June 2020	35,107,673	2,564,686	37,672,359
Profit, being total comprehensive income for the period	-	1,260,596	1,260,596
Transaction with owners			
Dividends declared	-	(871,718)	(871,718)
Balance as at 31 December 2020	35,107,673	2,953,564	38,061,237
Balance as at 30 June 2021	60,883,532	5,852,544	66,736,076
Profit, being total comprehensive income for the period	-	2,460,851	2,460,851
Transaction with owners			
Dividends declared	-	(1,548,356)	(1,548,356)
Balance as at 31 December 2021	60,883,532	6,765,039	67,648,571

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Cash Flows
Six Months ended December 31, 2021
(Expressed in United States Dollars)

	Unaudited Six months ended 31-Dec-21 $	Unaudited Six months ended 31-Dec-20 $	Audited Year ended 30-Jun-21 $
Cash flows from operating activities			
Profit for the period	2,460,851	1,260,596	5,028,317
Adjustments for:			
Interest income	(4,701,857)	(3,602,671)	(8,221,661)
Interest expense	1,019,244	978,304	1,797,459
Impairment allowance on financial assets	126,032	196,446	69,710
Taxation	32,122	-	30,010
Amortisation of transaction costs on notes issued	158,615	84,319	167,791
Fair value (gains)/loss	(373,148)	168,773	(1,416,793)
	(1,278,141)	(914,233)	(2,545,167)
Changes in operating assets and liabilities:			
Other receivables	(274,152)	(8,008)	(163,923)
Due from related parties	611,359	(2,250)	(613,395)
Accounts payable and other accrued liabilities	(1,238,848)	(794,217)	(571,012)
Due to related parties	(16,451)	342,205	299,587
	(2,196,233)	(1,376,503)	(3,593,910)
Taxation paid	(1,899)	-	(9,246)
Net cash used in operating activities	(2,198,132)	(1,376,503)	(3,603,156)
Cash flows from investing activities			
Purchase of investments	(16,266,756)	(32,268,090)	(56,602,971)
Encashment of investments	10,964,240	18,342,624	28,985,821
Lease receivables, net	339,380	115,870	(237,519)
Purchase of certificates of deposit	(519,752)	-	-
Purchase of securities purchased under resale agreements	(800,000)	(2,084,980)	(7,084,980)
Encashment of securities purchased under resale agreements	-	4,584,980	9,584,980
Interest income received	4,055,749	2,532,692	6,874,875
Net cash used in investing activities	(2,227,139)	(8,776,904)	(18,479,794)
Cash flows from financing activities			
Dividends paid	(1,475,529)	(809,420)	(1,711,682)
Proceeds from issuance of shares	-	-	27,102,262
Transaction costs associated with shares issued	-	-	(1,326,403)
Loans and borrowings, net	(4,424,387)	10,575,828	(2,035,525)
Proceeds from the issue of notes, net of transaction costs	26,959,142	-	-
Interest paid	(1,005,314)	(989,846)	(1,922,308)
Net cash provided by financing activities	20,053,912	8,776,562	20,106,344
Net increase/(decrease) in cash and cash equivalents	15,628,641	(1,376,845)	(1,976,606)
Cash and cash equivalents at beginning of period	1,029,391	3,005,997	3,005,997
Cash and cash equivalents at end of period	**16,658,032**	**1,629,152**	**1,029,391**

1. Identification

Sygnus Credit Investments Limited (the "Company") was incorporated in Saint Lucia on January 13, 2017 under the International Business Companies Act as an International Business Company ("IBC"). The Company is domiciled in Saint Lucia with its registered office at McNamara Corporate Services Inc., 20 Micoud Street, Castries, Saint Lucia.

The Company is a specialty credit investment company, dedicated to providing non-traditional financing to medium-sized firms across the Caribbean region. Non-traditional forms of credit are more customized and flexible than traditional financing. The Company offers an alternative channel through which medium-sized firms, which are typically underserved by traditional forms of financing, can access capital to drive their expansion and growth.

The investment portfolio of the Company is managed and administered by Sygnus Capital Limited ("SCL"), a related company incorporated in Jamaica.

The Company has a wholly owned subsidiary Sygnus Credit Investments Jamaica Limited, which was incorporated in Jamaica on May 7, 2019. The Company and its subsidiary are collectively referred to as "the Group" in these condensed financial statements.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended December 31, 2021 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended June 30, 2021. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since its last audited financial statements.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended June 30, 2021 which were prepared in accordance with International Financial Reporting Standards (IFRS).

<u>New standards effective in the current year</u>

There are new standards and amendments to published standards that came into effect during the current financial year. No significant impact to the interim consolidated financial statements has been determined from the adoption of these standards.

2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation

The interim consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value. All financial information has been presented in United States dollars, which is the functional currency of the Group.

3. Significant accounting policies

(a) Basis of consolidation

The interim consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary presented as a single economic entity. Balances and transactions between companies within the Group, and any unrealized gains and losses arising from those transactions, are eliminated.

(b) Securities purchased under resale agreements

Securities purchased under resale agreements are short-term transactions whereby securities are bought with simultaneous agreements to resell the securities on a specified date at a specified price. Resale agreements are accounted for as short-term collateralized lending and measured at amortised cost.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) Classification and measurement

The classification of financial assets is determined based on the business model under which the financial asset is held, as well as the contractual cash flow characteristics of the financial asset. In applying IFRS 9, the Group classified its financial assets as fair value through profit or loss (FVTPL) or amortised cost.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as FVPTL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Impairment

The Group recognizes allowances for expected losses (ECLs) on the financial instruments measured at amortised cost. Under IFRS 9, there is a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition:

Stage 1 - financial instruments that are not credit impaired are included in Stage 1. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months.

Stage 2 - when there is a significant increase in credit risk since initial recognition, but the financial instrument is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 - a financial asset is credit impaired and included in Stage 3 when one or more events that have a detrimental impact on the estimated future cash flows of the financial instrument has occurred. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

4. Net foreign exchange gains and losses

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the United States dollar. The currency giving rise to this risk is the Jamaica dollar and for the six months ended December 31, 2021 an overall net foreign exchange loss was incurred by the Group. The average foreign exchange rate moved from J$146.7234 to US$1 as at the financial year ended June 30, 2021 to J$153.9200 to US$1 as at December 31, 2021.

5. Dividends

On September 10, 2021 the Board of Directors approved the payment of an interim dividend of US$0.00262 per share amounting to $1,548,356 to be paid to shareholders on record as at September 30, 2021. For the comparative period last year, the dividend approved was $871,718 (US$0.00249 per share).

6. Earnings per share

Earnings per stock unit is calculated by dividing the profit attributable to stockholders, by the weighted average number of ordinary stock units in issue. The Group does not have any instrument that has a dilutive effect on its basic earnings per share.

	31-Dec-21	31-Dec-20
Profit attributable to stockholders ($)	2,460,851	1,260,596
Weighted average number of ordinary stock units in issue	590,975,463	350,087,563
Basic earnings per stock unit	0.42¢	0.36¢

7. Notes payable

This balance represents unsecured J$ and US$ fixed rate debt issued in tranches and bearing interest rates ranging from 4.00% to 6.50% per annum, payable on a quarterly basis. The notes currently mature between April 2022 and October 2026. Proceeds of US$22.5 Million were received from a bond raise which was concluded during the quarter.

8. Loans and borrowings

This represents net borrowings which include bank credit lines.

9. Related party transactions

Investment management services are provided to the Group under a separate Investment Management Agreement, for which management and performance fees of $887,487 (2020: $647,802) and $50,939 (2020: $NIL) respectively, were expensed over the six-month period.

Corporate and accounting services are also provided to the Group under a governing Corporate Services Agreement. An amount totaling $154,583 (2020: $122,037) was expensed for the three-month period in respect of services that have been provided under this agreement.

10. Business Acquisition

During the quarter, the Company entered into a Stock Purchase Agreement to acquire a majority interest in Acrecent Financial Corporation ("AFC"), one of the largest private credit companies in Puerto Rico. The proposed acquisition is aligned with the overall strategy of providing alternative financing to middle-market businesses ("Portfolio Companies") across the Caribbean region. Completion of the acquisition is subject to approval by the Puerto Rican regulator, the Office of the Commissioner of Financial Institutions (OCFI).

11. Impact assessment of Coronavirus (COVID-19)

Management continues to evaluate the impact of COVID-19 on financial performance, primarily in the assessment of security values and the probability of default in performing expected credit loss calculations. The Group maintains a well-diversified portfolio of investments that is expected to cushion the impact of the crisis, however, Management continues to monitor the turn of events closely, and is actively working on implementing the necessary strategic actions to mitigate the effect on business activities.

Top Ten Shareholders			
No	**Shareholders**	**Shareholdings**	**% Holdings**
1	ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	27,271,991	4.6%
2	SJIML A/C 3119	25,425,700	4.3%
3	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	24,818,691	4.2%
4	NATIONAL INSURANCE FUND	20,000,000	3.4%
5	JMMB Fund Managers Ltd T1 - Equities Fund	19,460,000	3.3%
6	Wildelle Limited	18,199,900	3.1%
7	MF&G Trust & Finance Ltd	18,080,418	3.1%
8	Sagicor Pooled Equity Fund	12,729,600	2.2%
9	Sagicor JPS Employees Pension Plan	11,418,700	1.9%
10	Heart Trust/NTA Pension Scheme	10,801,500	1.8%
	Subtotal	**188,206,500**	**31.8%**
	Total	**590,975,463**	**100.0%**

Shareholdings of Directors, Senior Managers & Connected Parties				
No	**Director**	**Shareholdings**	**Connected Parties**	**% Holdings**
1	Ian Williams	998,835	Ladesa Williams	0.17%
			Zane Williams	
2	Hope Fisher	0	N/A	0.00%
3	Damian Chin	0	N/A	0.00%
4	Peter Thompson	0	N/A	0.00%
5	Dr Ike J. Johnson	95,300	N/A	0.02%
6	Linval Freeman	200,000	Donna Freeman	0.03%
			Kristifer Freeman	
			Kimberly Freeman	
	Subtotal	**1,294,135**	**N/A**	**0.22%**
Shareholdings of Connected Parties				
1	Sygnus Capital Group Limited	6,581,100	Dr Ike J Johnson	1.11%
	Total	**590,975,463**	**N/A**	**100.0%**