

**SYGNUS**

CREDIT INVESTMENTS

**QUARTERLY  
REPORT**



**BREAKING BOUNDARIES**

**AS AT MARCH 31, 2022**

Castries, St Lucia | Tuesday, May 31, 2022



The poster features a dark, starry background with a red paper airplane flying upwards and to the right. In the lower right, there is a pile of confetti. The SYGNUS logo is in red, and CREDIT INVESTMENTS is in white. The main title 'Q3 Earnings Call' is prominently displayed in the center. Below the title, the date and time are listed in a grid format. At the bottom, a red banner contains the text 'JOIN US VIA ZOOM' in white, spaced-out letters.

**SYGNUS** | CREDIT INVESTMENTS

**Q3 Earnings Call**

THURSDAY	JUNE	2	2022	@12:00PM
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Registration Link: [https://us02web.zoom.us/webinar/register/WN\\_kOY4OMR2SxSXUVw8cBw60g](https://us02web.zoom.us/webinar/register/WN_kOY4OMR2SxSXUVw8cBw60g)

# Sygnus Credit Investments Limited

## Unaudited Results for the 9 Months Ended March 31, 2022

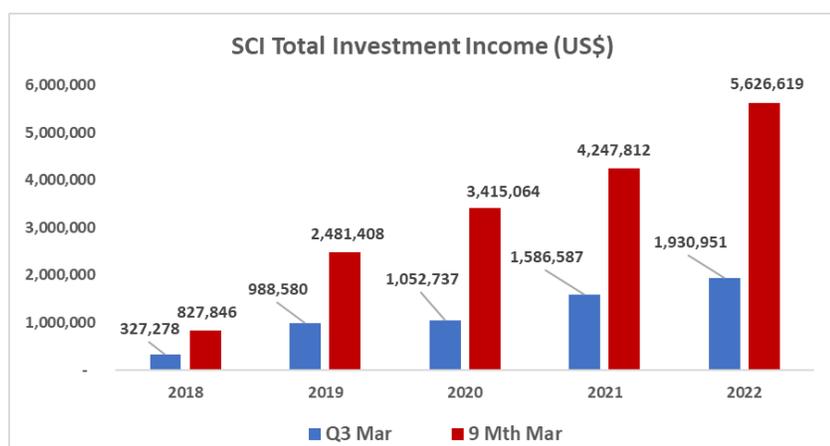
Castries, St Lucia | Tuesday, May 31, 2022

Sygnus Credit Investments Ltd (“SCI” or “the Company”) is pleased to report on the unaudited financial results for the nine months ended March 31, 2022. 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 completed the acquisition of a 93.7% stake in Acrecent Financial Corporation (“AFC”) through its subsidiary SCI Puerto Rico Inc (“SCI PR Inc.”) on February 28, 2022. This investment in Puerto Rico gives SCI access to a Spanish-speaking private credit market in a US\$100.7 billion US territory within the Caribbean region, exposure to industries not accessible in the English-speaking Caribbean and exposure to a fundamentally stronger set of portfolio companies. At the end of March 31, 2022, AFC had a private credit investment portfolio of US\$77.19 million plus US\$74.19 million in serviced private credit assets off-balance sheet. AFC is not consolidated all the way up to SCI, but the integration of AFC into SCI is expected to be completed by July 2022. SCI reported record core revenues of US\$5.63 million and record net profits of US\$2.83 million for the 9 months ended March 31, 2022 (“9 Month 2022”). During the third quarter, the Company raised US\$17.88 million from the issuance of multi-series USD and JMD notes, which was used to finance growth in total assets to a record US\$135.06 million. SCI has begun discussions with international financing partners to secure large credit lines that will enable the launch of new private credit solutions and the creation of new sources of revenue for the business. On February 22, 2022, SCI’s Board of Directors approved an interim dividend payment of US\$1.55 million to shareholders on record as at March 23, 2022, which was subsequently paid on April 05, 2022.



The results for the 9-month period were underpinned by a larger portfolio of private credit investments relative to the similar period last year, the recognition of one month’s “income” from the investment in Puerto Rico, and the continued disciplined investment origination and structuring of investments with adequate downside protection to manage risk exposures. The impact of the global COVID-19 pandemic on the Caribbean region subsided significantly at the end of March 2022, as many borders were fully reopened, while restrictions were lifted. However, the region faced new challenges driven by geopolitical risk, which has spurred inflationary pressures that could threaten the nascent economic recovery from COVID-19. SCI’s private credit investment portfolio remains resilient and well positioned to navigate the ongoing volatility.

	Q3 Mar 2022	Q3 Mar 2021	9 Mth Mar 2022	9 Mth Mar 2021	FYE June 2021
	US\$	US\$	US\$	US\$	US\$
<b>Summary Results of Operations</b>					
Interest Income	2,542,078	2,022,054	7,243,935	5,624,725	8,221,661
Interest Expense	(920,352)	(475,745)	(1,939,596)	(1,454,049)	(1,797,459)
Net Interest Income	1,621,726	1,546,309	5,304,339	4,170,676	6,424,202
Participation and Commitment Fees	5,000	40,278	18,055	77,136	62,786
Puerto Rico Credit Fund Investment Income	304,225	-	304,225	-	-
<b>Total Investment Income</b>	<b>1,930,951</b>	<b>1,586,587</b>	<b>5,626,619</b>	<b>4,247,812</b>	<b>6,486,988</b>
Total Operating Expenses	741,969	620,090	2,154,756	1,629,724	2,726,931
<b>Net Investment Income</b>	<b>1,188,982</b>	<b>966,497</b>	<b>3,471,863</b>	<b>2,618,088</b>	<b>3,760,057</b>
Gain on Sale of Investments	-	-	-	24,175	24,175
Fair Value Gain (Loss)	(8,350)	124,544	364,798	(44,229)	1,416,793
Net Foreign Exchange Gain (Loss)	(288,562)	(32,506)	(325,586)	(82,457)	(72,988)
Impairment Allowance on Financial Assets	(521,404)	(27,573)	(647,436)	(224,019)	(69,710)
<b>Profit for the Period</b>	<b>370,666</b>	<b>1,030,962</b>	<b>2,863,639</b>	<b>2,291,558</b>	<b>5,058,327</b>
Taxation Charge	-	-	(32,122)	-	(30,010)
<b>Profit Attributable to Shareholders</b>	<b>370,666</b>	<b>1,030,962</b>	<b>2,831,517</b>	<b>2,291,558</b>	<b>5,028,317</b>
Earnings Per Share	0.06c	0.20c	0.48c	0.56c	1.11c
Net Investment Income Per Share	0.15c	0.18c	0.53c	0.64c	0.83c

US\$344.4 thousand to US\$1.93 million. This compares with US\$1.59 million reported for the third quarter ended March 31, 2021 (“Q3 2021”).

## Sygnus Credit Investments Limited

### Unaudited Results for the 9 Months Ended March 31, 2022

This performance was driven primarily by growth in net interest income, along with the recognition of US\$304.2 thousand from the investment in Puerto Rico, referred to as Puerto Rico Credit Fund (“PRCF”) investment income on a go-forward basis. This amount was formally carried on the income statement as part of fair value gains and is an initial estimation. The business in Puerto Rico will generate two main sources of income when it is integrated: (i) net interest income from the assets on the balance sheet and (ii) upfront gains on true sales, which are off-balance sheet.

SCI utilized debt capital it had raised to fund the PRCF investment, which generated increased interest expense, without any apparent offsetting interest income, since there is no consolidation at the SCI level (hence the apparent shrinking of net interest income during Q3 2022 relative to previous periods). The value coming from PRCF via investment income substitutes for this absence of interest income from the investment. However, since AFC was acquired on February 28, 2022, PRCF investment income was only recognized for one month in March 2022 and will continue to reflect a timing difference with interest expense at least until the AFC integration into SCI is completed. To be clear, AFC is an internally managed private credit company with its own staff and operations, while SCI is an externally managed private credit investment company with a pure private credit balance sheet and zero staff. Thus, the full integration of AFC into SCI will involve streamlining the investment management structure to reflect that of SCI, slated for completion by July 2022.

Core earnings, or net investment income, grew by 32.6% or US\$853.8 thousand to a record US\$3.47 million for 9 Month 2022, vs US\$2.62 million for 9 Month 2021. For Q3 2022, net investment income grew by 23.0% or US\$222.5 thousand to US\$1.19 million, vs US\$966.5 thousand for Q3 2021.

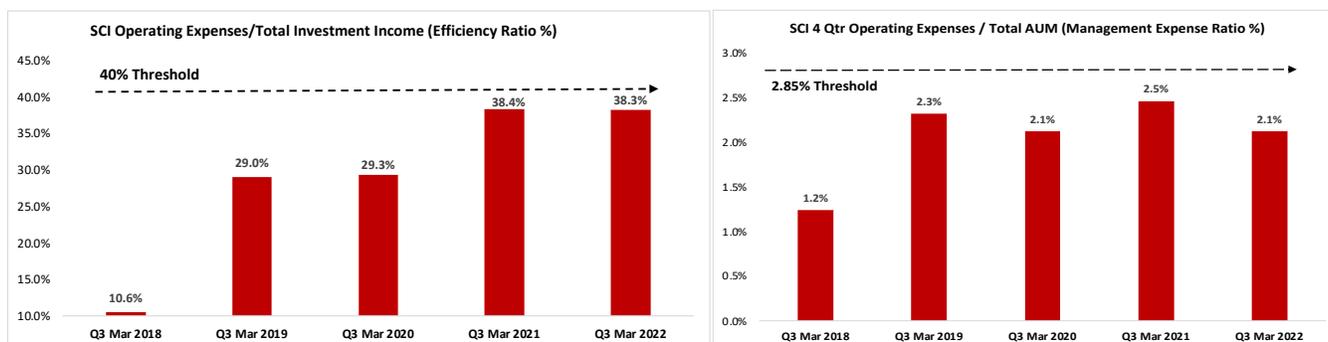
Net profit attributable to shareholders grew by 23.6% or US\$540.0 thousand to a record US\$2.83 million for 9 Month 2022, vs US\$2.29 million for 9 Month 2021. For Q3 2022, net profit declined by 64.0% or US\$660.3 thousand to US\$370.67 thousand vs US\$1.03 million in Q3 2021. The performance of the Q3 2022 was largely due to the recognition of foreign exchange losses in relation to USD indexed notes that were raised during the period of US\$288.6 thousand and higher impairment allowance on financial assets during the period of US\$521.4 thousand.

Earnings per share (EPS) was 0.48 US cents for 9 Month 2022 vs 0.56 US cents for 9 Month 2021, and 0.06 US cents for Q3 2022 vs 0.20 US cents for Q3 2021. Net investment income per share (NIIPS) was 0.53 US cents for 9 Month 2022 vs 0.64 US cents for 9 Month 2021, and 0.15 US cents for Q3 2022 vs 0.18 US cents for Q3 2021. This was primarily due to the higher weighted average number of shares relative to the comparative period due to an additional public offering (APO) in January 2021.

#### Total Operating Expenses

Total operating expenses increased to US\$2.15 million for 9 Month 2022 vs US\$1.63 million for 9 Month 2021, and US\$742.0 thousand for Q3 2022 vs US\$620.1 thousand for Q3 2021. The 9 Month 2022 and Q3 2022 reported numbers were 32.2% and 19.7% higher than 9 Month 2021 and Q3 2021 respectively. This was 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 76.3% (76.1% 9 Month 2021) and 81.0% (75.8% Q3 2021) of operating expenses for 9 Month 2022 and Q3 2022 respectively. The performance fees were US\$50.9 thousand or 2.4% of operating expenses for the 9 Month 2022.

Excluding management fees, corporate services fees and performance fees, operating expenses were US\$511.7 thousand for 9 Month 2022, up US\$121.9 thousand or 31.3% and US\$141.0 thousand for Q3 2022, down US\$9.0 thousand or 6.0%. The increase over the 9-month period was primarily driven by: higher irrecoverable taxes from taxable short-term cash and



## Sygnus Credit Investments Limited

### Unaudited Results for the 9 Months Ended March 31, 2022

equivalents, higher registration fees due to a larger number of shares listed on the Jamaica Stock Exchange (2021 APO) and higher other miscellaneous costs.

#### Efficiency Ratio and Management Expense Ratio

SCI's core activities generated an efficiency ratio of 38.3% for the period ending Q3 2022, which was within the threshold level of 40.0%. The efficiency ratio is measured by total operating expenses to total investment income. SCI's management expense ratio (MER) was 2.1% for the period ending Q3 2022, which was 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\$364.8 thousand for 9 Month 2022 (losses of US\$8.4 thousand for Q3 2022) vs losses of US\$44.2 thousand for 9 Month 2021 (gain of US\$124.5 thousand for Q3 2021). The unrealized gains for 9 Month 2022 reflected the addition of new fair value instruments during period, largely during the first quarter 2022. Adverse movement in interest rates resulted in the Q3 2022 losses. Interest rate movements may cause material fluctuations in fair value gains or losses from period to period. SCI had US\$23.3 million in fair valued private credit investments vs US\$10.5 million in the prior year.

#### Net Foreign Exchange Gains or Losses

Net foreign exchange losses of US\$325.6 thousand for 9 Month 2022 was higher than the loss of US\$82.5 thousand reported for 9 Month 2021. For Q3 2022, SCI reported a loss of US\$288.6 thousand vs a loss of US\$32.5 thousand for Q3 2021. The movement in foreign exchange gains and losses reflected realized and unrealized 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. During Q3 2022, unrealized gains from SCI's net USD assets were offset by one-time upfront recognition of losses relating to the liability side of the balance sheet, in particular USD indexed notes. SCI's net balance sheet exposure to JMD at the end of March 2022 was negative (negative Q3 2022) similar to a negative position at the end of March 2021 (Negative Q3 2021). 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 9 Month 2022 was an increase of US\$647.4 thousand vs an increase of US\$224.0 thousand for 9 Month 2021, and an increase of US\$521.4 thousand for Q3 2022 vs an increase of US\$27.6 thousand for Q3 2021. 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 or becomes permanent if the investment cannot be exited. ***The increase in impairment allowance was driven by a worsening credit outlook for 1 specific Stage 3 Portfolio Company that was issued with demand letters by its senior and junior creditors and placed in receivership after a creditor filed a petition to wind up the company for non-payment of monies owed. The portfolio company has been given a 3-month window to secure external financing to refinance its debts and stop the wind-up petition from going ahead.*** The collateral coverage for SCI's junior position was adjusted downwards, resulting in a US\$576.1 thousand impairment charge on the balance sheet for the Portfolio Company up to May 31, 2022. The total change in balance sheet ECL goes through the income statement, thus resulting in the reported impairment allowance for 9 Month 2022 and Q3 2022. Excluding this Stage 3 asset, the increase in impairment allowance was lower for the 9 Month and negative for the 3 Month periods respectively.

#### Total Revenues and Total Expenses

Total revenues were comprised of core revenues, or total investment income (net 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\$5.99 million and US\$1.92 million for 9 Month 2022 and Q3 2022 respectively, vs US\$4.23 million and US\$1.71 million for 9 Month 2021 and Q3 2021 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\$3.13 million and US\$1.55 million for 9 Month 2022 and Q3 2022 respectively, vs US\$1.94 million and US\$680.2 thousand for 9 Month 2021 and Q3 2021 respectively. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

#### **Dividends**

The Board of Directors approved the payment of an interim dividend at a meeting held on February 22, 2022. The interim dividend of US\$0.00262 was paid on April 5, 2022 vs US\$0.00147 paid on April 1, 2021.

## Sygnus Credit Investments Limited

### Unaudited Results for the 9 Months Ended March 31, 2022

#### Private Credit Investment (PCI) Activity

On February 28, 2022, SCI completed the acquisition of a 93.7% stake in AFC, via SCI PR Inc, a subsidiary company, which is not consolidated all the way up to SCI. This investment in the Puerto Rico Credit Fund or PRCF, is included in the value of SCI's investments on the balance sheet, with a fair value of US\$23.51 million at the end of Q3 March 2022, inclusive of the purchase price of US\$21.23 million paid upon closing the acquisition. At the end of Q3 Mar 2022, SCI's investment in Portfolio Companies excluding PRCF grew by 37.5% to a record US\$101.20 million vs US\$73.58 million in Q3 2021. The number of Portfolio Company investments remained flat at 30 when compared to the previous year. Including PRCF, total investment in Portfolio Companies grew to a record US\$124.71 million, 69.5% higher than last year. Portfolio Company investments include finance lease receivables on the balance sheet. AFC had US\$77.19 million invested in 136 portfolio company investments at the end of Q3 Mar 2022.

	Q3 Mar 2022	Q3 Mar 2021	FYE Jun 2021
Summary of Investment Activity	US\$	US\$	US\$
Fair Value of Investment in Portfolio Companies	124,706,891	73,584,808	82,797,478
Excluding PRCF	101,199,607	73,584,808	82,797,478
New Investments Commitments During Period	35,223,591	11,200,000	41,095,316
Excluding PRCF	14,000,000	11,200,000	41,095,316
Dry Powder to be Deployed*	3,646,803	8,202,769	1,029,391
Number of Portfolio Company Investments(#)	30	30	31
Average Investment per Portfolio Company	3,373,320	2,452,827	2,670,886
Weighted Average Term of Portfolio Company Investments (Yrs.)	1.5	2.1	2.0
Weighted Average Fair Value Yield on Portfolio Companies	13.0%	11.8%	12.7%
Non-Performing Investments (NPI)	3	2	2
Non-Performing Investments Ratio (NIR)	4.9%	3.1%	2.8%
<i>All the calculated metrics exclude investment in Puerto Rico Credit Fund (PRCF) of US\$23.5M on the balance sheet</i>			
<i>*Does not include undrawn credit lines of US\$3.4M</i>			

#### Portfolio Company Investment Commitments and Origination

SCI financed new investment commitments valued at US\$35.22 million during Q3 2022 vs US\$11.2 million during Q3 2021. This included the US\$21.22 million PRCF acquisition price. Excluding PRCF, new investments amounted to US\$14.00 million, a Q3 record. In Puerto Rico, AFC generated an all-time high quarterly volume of credit deployment in excess of US\$20.00 million, a portion of which represented true sales that were sold off the balance sheet to generate upfront gains. Overall, SCI continues to see great demand for private credit investments, especially with regards to acquisition financing, as recovery from the COVID-19 pandemic gathers pace and several Caribbean territories have reopened their borders and reduced restrictions. SCI's investment origination is expanding across industries and territories as the Company leverages the increase in visibility and relationships formed through its Puerto Rico Credit Fund investment.

#### Weighted Average Investment Tenor and Investment Yield

At the end of Q3 2022, the weighted average tenor of Portfolio Company investments declined marginally to 1.5 years relative to 2.1 years in the Q3 2021 period and slightly lower than the 1.8 years in the Q2 December 2021 period. This reduction was attributable mainly to a large new investment made during Q3 2022 which had a maturity of less than a year. The weighted average fair value yield on Portfolio Companies increased to 13.0% vs 11.8% last year. In Puerto Rico, AFC's weighted average yield was just north of 10.0% with an average tenor of less than 3 years.

#### Non-performing Investments (NPI) Ratio

In total, SCI had US\$4.98 million in non-performing investments from 3 Portfolio Companies, with a non-performing investment rate of 4.9% at the end of Q3 Mar 2022 vs 3.1% at the end of Q3 Mar 2021, and lower than the 6.9% reported in the Q2 December 2021 period. SCI's NPI threshold is 5.0%. All of SCI's remaining portfolio investments were classified as Stage 1 assets. In Puerto Rico, AFC's NPI was less than 2.0%, excluding legacy assets which were "ring-fenced" and being closed out from territories external to Puerto Rico.

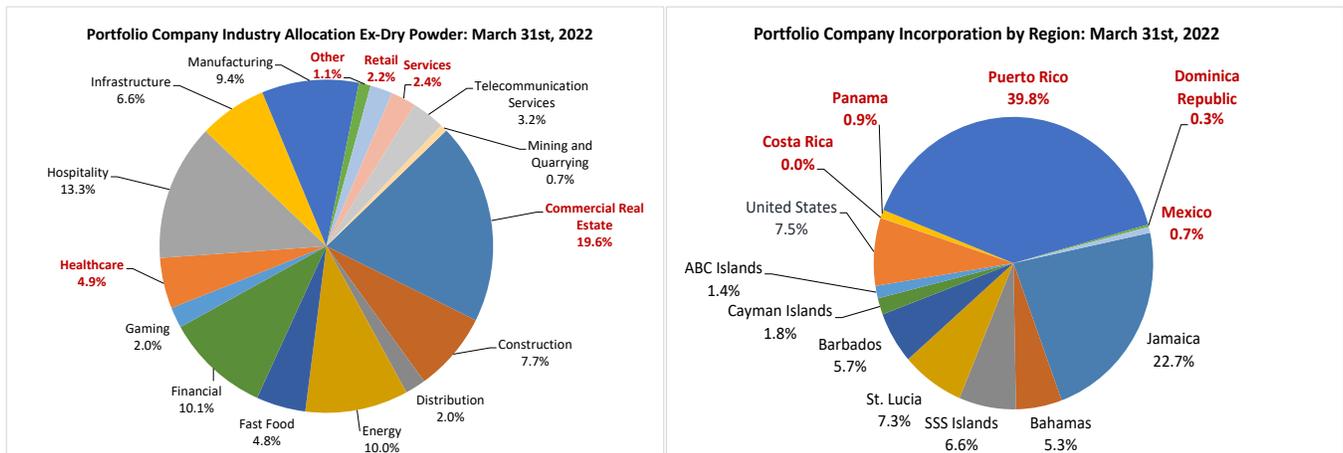
# Sygnus Credit Investments Limited

## Unaudited Results for the 9 Months Ended March 31, 2022

### Allocation by Industry and Region

Following the PRCF investment, Portfolio Companies were diversified across 16 major industries and 13 regions in Q3 2022, vs 11 industries and 7 regions in Q2 December 2021. Excluding dry powder, the top four industry allocations were Commercial Real Estate: 19.6%, Hospitality: 13.3%, Financial: 10.1%, and Energy: 10.0%. Through the investment in Puerto Rico, SCI added 5 new industry allocations, namely Commercial Real Estate, Services, Retail, Healthcare and Other, which was mainly comprised of logistics and warehouse assets.

Portfolio companies from Puerto Rico now account for the highest allocation of SCI's Portfolio with 39.8%, followed by Jamaica with 22.7%, the United States at 7.5%, and St. Lucia at 7.3%. Jamaica previously had the largest allocation with 45.0% in Q2 Dec 2021. The allocation to the United States was added during Q3 2022 by SCI and represented acquisition financing for a Caribbean asset by a US holding company. Note that assets from Costa Rica, Panama, Dominican Republic and Mexico are legacy assets that were "ring-fenced" during the acquisition and are being closed out.



### Liquidity and Capital Resources

Dry powder on the Company's balance sheet was US\$3.65 million, comprising short term instruments and cash. The dry powder reflected the net proceeds from its successful multi-series debt capital raise during Q3 2022. The Company also had undrawn revolving credit lines of approximately US\$3.44 million equivalent and is planning a preference share issue of up to US\$14.7 million equivalent prior to the end of June 2022. SCI has embarked upon major discussions with international financing partners for a large credit facility that would facilitate substantial growth and expansion of the business, including the launching of new private credit financing solutions for businesses across the Caribbean region.

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 and the general rise in cost of capital from traditional sources due the rising interest rate environment.

### Balance Sheet Summary

At the end of Q3 2022, SCI had a record US\$135.06 million in total assets, an increase of US\$49.84 million or 58.5% over the similar period last year. This was mainly comprised of US\$124.71 million in total private credit investments including US\$23.51 million investment in Puerto Rico Credit Fund or PRCF, US\$3.64 million in dry powder and US\$4.62 million in investment income receivable. The growth in SCI's total assets was financed by capital raised through its multi-series debt instruments. Total shareholders' equity increased by US\$2.47 million or 3.9% to US\$66.47 million. SCI's debt to equity was 0.93x, well below management's target threshold of 1.25x and substantially below the limit of 2.0x, while debt to total assets was 0.46x which was below its threshold level of 0.50x. These two 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 2.07x, which was above the minimum target threshold level of 1.50x, again in keeping with global standards.

**Sygnus Credit Investments Limited**  
**Unaudited Results for the 9 Months Ended March 31, 2022**

	Q3 Mar 31, 2022	Q3 Mar 31, 2021	FYE Jun 30, 2021
Summary Balance Sheet Information	US\$	US\$	US\$
Cash and Cash Equivalents	3,646,803	8,202,769	1,029,391
Repurchase Agreements	-	-	-
<b>Un-deployed Cash / Dry Powder</b>	<b>3,646,803</b>	<b>8,202,769</b>	<b>1,029,391</b>
Investment in Puerto Rico Credit Fund	23,507,284	-	-
Investments Measured at FV through P&L	23,281,904	10,450,574	
Investments Measured at Amortised Cost	76,106,966	61,108,357	40,909,992
Finance Lease Measured at Amortised Cost	1,810,736	2,025,877	2,049,728
<b>Investment in Portfolio Companies</b>	<b>101,199,606</b>	<b>73,584,808</b>	<b>53,595,750</b>
<b>Total Investment in Portfolio Companies</b>	<b>124,706,890</b>	<b>73,584,808</b>	<b>53,595,750</b>
	<b>128,353,693</b>	<b>81,787,577</b>	<b>59,101,723</b>
Other Assets:			
Investment Income Receivable	4,622,264	3,342,331	1,886,168
Other Receivables	517,125	69,193	33,306
Due From Related Parties	1,562,970	-	-
Deferred Tax Asset	-	18,416	18,416
<b>Total Assets</b>	<b>135,056,052</b>	<b>85,217,517</b>	<b>61,039,613</b>
<b>Share Capital</b>	<b>60,883,532</b>	<b>60,883,759</b>	<b>35,107,673</b>
<b>Retained Earnings</b>	<b>5,587,350</b>	<b>3,115,785</b>	<b>2,564,686</b>
<b>Total Shareholders' Equity</b>	<b>66,470,882</b>	<b>63,999,544</b>	<b>37,672,359</b>

**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 life after 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 levels across the 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 completely reopened their borders to international travel, with increasing airlift and cruise ships calling on regional ports, and completely removed emergency restrictions on movement. In addition, many Caribbean islands have reported a recovery in their growth prospects during the March 2022 quarter, from the depths of the unprecedented economic rout that had occurred since 2020 when the virus surfaced.

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

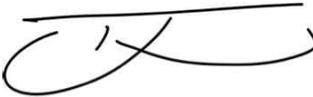
SCI continues to focus on three key priorities during this COVID-19 period.

- 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  
 March 31, 2022

(Expressed in United States Dollars)

	Unaudited 31-Mar-22 \$	Unaudited 31-Mar-21 \$	Audited 30-Jun-21 \$
<b>ASSETS</b>			
Cash and cash equivalents	3,124,997	8,202,769	1,029,391
Certificates of deposit	521,806	-	-
Interest receivable	4,622,264	3,342,331	3,232,954
Other receivables	517,125	69,193	197,229
Due from related parties	1,562,970	-	613,395
Lease receivables	1,810,736	2,025,877	2,287,083
Investments	122,896,118	71,558,931	80,510,395
Deferred tax assets	-	18,416	-
	<u><b>135,056,016</b></u>	<u><b>85,217,517</b></u>	<u><b>87,870,447</b></u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,638,906	1,167,292	1,174,870
Due to related parties	531,026	203,418	510,647
Dividends payable	1,860,098	571,871	247,582
Interest payable	227,748	36,589	50,862
Taxation payable	22,816	-	2,348
Deferred tax liability	9,755	-	-
Notes payable	59,345,338	14,713,742	14,670,025
Loans and borrowings	2,949,447	4,525,061	4,478,037
	<u><b>68,585,134</b></u>	<u><b>21,217,973</b></u>	<u><b>21,134,371</b></u>
<b>EQUITY</b>			
Share capital	60,883,532	60,883,759	60,883,532
Retained earnings	5,587,350	3,115,785	5,852,544
	<u><b>66,470,882</b></u>	<u><b>63,999,544</b></u>	<u><b>66,736,076</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>135,056,016</b></u>	<u><b>85,217,517</b></u>	<u><b>87,870,447</b></u>

  
 \_\_\_\_\_ Director

Dr. Ike Johnson

  
 \_\_\_\_\_ Director

Linval Freeman

SYGNUS CREDIT INVESTMENTS LIMITED  
Consolidated Statement of Profit or Loss and Other Comprehensive Income  
Nine Months ended March 31, 2022  
*(Expressed in United States Dollars)*

	Unaudited Three months ended 31-Mar-22	Unaudited Three months ended 31-Mar-21	Unaudited Nine months ended 31-Mar-22	Unaudited Nine months ended 31-Mar-21	Audited Year Ended 30-Jun-21
<b>Income</b>					
Interest income calculated using the effective interest method	2,542,078	2,022,054	7,243,935	5,624,725	8,221,661
Interest expense	(920,352)	(475,745)	(1,939,596)	(1,454,049)	(1,797,459)
Fair value gains on investments	1,621,726	1,546,309	5,304,339	4,170,676	6,424,202
Other income	295,875	124,544	669,023	(44,229)	1,416,793
	5,000	40,278	18,055	101,311	62,786
	<b>1,922,601</b>	<b>1,711,131</b>	<b>5,991,417</b>	<b>4,227,758</b>	<b>7,927,956</b>
<b>Expenses</b>					
Management fees	515,479	399,136	1,402,966	1,046,938	1,456,937
Performance fees	-	-	50,939	-	349,514
Corporate service fees	85,518	70,980	240,101	193,017	265,663
Net foreign exchange loss	288,562	32,506	325,586	82,457	72,988
Impairment allowance on financial assets	521,404	27,573	647,436	224,019	69,710
Other expenses	140,972	149,974	460,750	389,789	654,817
	<b>1,551,935</b>	<b>680,169</b>	<b>3,127,778</b>	<b>1,936,200</b>	<b>2,869,629</b>
<b>Profit before taxation</b>	<b>370,666</b>	<b>1,030,962</b>	<b>2,863,639</b>	<b>2,291,558</b>	<b>5,058,327</b>
Tax charge	-	-	(32,122)	-	(30,010)
<b>Profit for the period, being total comprehensive income</b>	<b>370,666</b>	<b>1,030,962</b>	<b>2,831,517</b>	<b>2,291,558</b>	<b>5,028,317</b>
<b>Earnings per stock unit (cents)</b>	<b>0.06</b>	<b>0.20</b>	<b>0.48</b>	<b>0.56</b>	<b>1.11</b>

SYGNUS CREDIT INVESTMENTS LIMITED  
Consolidated Statement of Changes in Equity  
Nine Months ended March 31, 2022  
*(Expressed in United States Dollars)*

	Share capital \$	Retained earnings \$	Total \$
<b>Balance as at 30 June 2020</b>	35,107,673	2,564,686	37,672,359
Profit, being total comprehensive income for the period	-	2,291,558	2,291,558
<b>Transaction with owners</b>			
Issue of ordinary shares	25,776,086	-	25,776,086
Dividends declared	-	(1,740,459)	(1,740,459)
<b>Balance as at 31 March 2021</b>	<u>60,883,759</u>	<u>3,115,785</u>	<u>63,999,544</u>
<b>Balance as at 30 June 2021</b>	60,883,532	5,852,544	66,736,076
Profit, being total comprehensive income for the period	-	2,831,517	2,831,517
<b>Transaction with owners</b>			
Dividends declared	-	(3,096,711)	(3,096,711)
<b>Balance as at 31 March 2022</b>	<u>60,883,532</u>	<u>5,587,350</u>	<u>66,470,882</u>

SYGNUS CREDIT INVESTMENTS LIMITED  
Consolidated Statement of Cash Flows  
Nine Months ended March 31, 2022  
(Expressed in United States Dollars)

	Unaudited Nine months ended 31-Mar-22 \$	Unaudited Nine months ended 31-Mar-21 \$	Audited Year ended 30-Jun-21 \$
<b>Cash flows from operating activities</b>			
Profit for the period	2,831,517	2,291,558	5,028,317
Adjustments for:			
Interest income	(7,243,935)	(5,624,725)	(8,221,661)
Interest expense	1,939,596	1,454,049	1,797,459
Impairment allowance on financial assets	647,436	224,019	69,710
Taxation	32,122	-	30,010
Amortisation of transaction costs on notes issued	363,213	126,227	167,791
Fair value (gain)/loss	(669,023)	44,229	(1,416,793)
	<u>(2,099,074)</u>	<u>(1,484,643)</u>	<u>(2,545,167)</u>
Changes in operating assets and liabilities:			
Other receivables	(319,896)	(35,887)	(163,923)
Due from related parties	(949,575)	-	(613,395)
Accounts payable and other accrued liabilities	484,604	(493,309)	(571,012)
Due to related parties	20,379	(7,642)	299,587
	<u>(2,863,562)</u>	<u>(2,021,481)</u>	<u>(3,593,910)</u>
Taxation paid	(1,899)	-	(9,246)
	<u>(1,899)</u>	<u>-</u>	<u>(9,246)</u>
Net cash used in operating activities	<u>(2,865,461)</u>	<u>(2,021,481)</u>	<u>(3,603,156)</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	(30,760,897)	(43,986,928)	(56,602,971)
Share acquisition	(21,223,591)	-	-
Encashment of investments	11,599,810	23,710,223	28,985,821
Lease receivables, net	476,347	19,375	(237,519)
Purchase of certificates of deposit	(521,832)	-	-
Purchase of securities purchased under resale agreements	(800,000)	(7,084,980)	(7,084,980)
Encashment of securities purchased under resale agreements	800,000	9,584,980	9,584,980
Interest income received	5,854,625	4,168,562	6,874,875
	<u>(34,575,538)</u>	<u>(13,588,768)</u>	<u>(18,479,794)</u>
Net cash used in investing activities	<u>(34,575,538)</u>	<u>(13,588,768)</u>	<u>(18,479,794)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	(1,484,195)	(1,387,393)	(1,711,682)
Proceeds from issuance of shares	-	27,102,262	27,102,262
Transaction costs associated with shares issued	-	(1,326,176)	(1,326,403)
Loans and borrowings, net	(1,528,590)	(1,988,501)	(2,035,525)
Proceeds from the issue of notes, net of transaction costs	44,312,100	-	-
Interest paid	(1,762,710)	(1,593,171)	(1,922,308)
	<u>39,536,605</u>	<u>20,807,021</u>	<u>20,106,344</u>
Net cash provided by financing activities	<u>39,536,605</u>	<u>20,807,021</u>	<u>20,106,344</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>2,095,606</u>	<u>5,196,772</u>	<u>(1,976,606)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,029,391</u>	<u>3,005,997</u>	<u>3,005,997</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>3,124,997</u></u>	<u><u>8,202,769</u></u>	<u><u>1,029,391</u></u>

## 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 the following subsidiaries, which together with the Company are collectively referred to as “the Group” in these condensed financial statements:

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Percentage Ownership</u>
Sygnus Credit Investments Jamaica Limited	Jamaica	Finance raising	100%
SCI PR Holdings Limited	Saint Lucia	Holding company	100%
SCI PR Inc.	Puerto Rico	Holding company	100%

## 2. Statement of compliance and basis of preparation

### (a) Statement of compliance

These condensed consolidated interim financial statements for the nine months ended March 31, 2022 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.

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

### **(a) Statement of compliance (continued)**

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).

#### New standards effective in the current year

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.

### **(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 subsidiaries 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.

### 3. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (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).

##### (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 nine months ended March 31, 2022 an overall net foreign exchange loss was incurred by the Group.

#### 4. Net foreign exchange gains and losses (continued)

The average foreign exchange rate moved from J\$146.7234 to US\$1 as at the financial year ended June 30, 2021 to J\$153.3059 to US\$1 as at March 31, 2022.

#### 5. Dividends

On February 22, 2022 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 March 23, 2022. For the nine-month period ended March 31, 2022 total dividend declared was \$3,096,711 (2021: US\$1,740,459) and the dividend per share was US\$0.00524 (US\$0.00396 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-Mar-22	31-Mar-21
Profit attributable to stockholders (\$)	<u>2,831,517</u>	<u>2,291,558</u>
Weighted average number of ordinary stock units in issue	<u>590,975,463</u>	<u>407,232,503</u>
Basic earnings per stock unit	<u>0.48¢</u>	<u>0.56¢</u>

#### 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 December 2022 and October 2026.

#### 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 \$1,402,966 (2021: \$1,046,938) and \$50,939 (2021: \$NIL) respectively, were expensed over the period. The performance fee represented an uncorrected amount in respect of last year.

Corporate and accounting services are also provided to the Group under a governing Corporate Services Agreement. An amount totaling \$240,101 (2021: \$193,017) has been incurred in respect of services that have been provided under this agreement.

## 10. Share acquisition

On February 28, 2022 the Company completed the acquisition of the outstanding shares in Acrecent Financial Corporation through its subsidiary, SCI PR Inc.

The purchase consideration on the date of acquisition comprised an initial payment of US\$21.2 Million and a contingent consideration of US\$1.98 Million. The contingent consideration is dependent on the achievement of certain financial targets and is payable once these targets are attained.

The acquisition accounting is still ongoing for the valuation of certain assets and liabilities based on specific considerations that existed at the acquisition date. The amounts recognized for the acquisition in these interim consolidated financial statements have therefore been determined provisionally as allowed under *IFRS 3, Business Combinations*.

## 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.

**Sygnus Credit Investments Limited**  
**Unaudited Results for the 9 Months Ended March 31, 2022**

<b>Top Ten Shareholders</b>			
<b>No</b>	<b>Shareholders</b>	<b>Shareholdings</b>	<b>% Holdings</b>
1	ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	27,271,991	4.61%
2	SJIML A/C 3119	25,425,700	4.30%
3	JCS D TRUSTEE SERVICES LTD - SIGMA EQUITY	24,268,691	4.11%
4	NATIONAL INSURANCE FUND	20,000,000	3.38%
5	JMMB Fund Managers Ltd T1 - Equities Fund	19,460,000	3.29%
6	Wildelle Limited	18,199,900	3.08%
7	MF&G Trust & Finance Ltd	18,080,418	3.06%
8	Sagicor Pooled Equity Fund	12,729,600	2.15%
9	Sagicor JPS Employees' Pension Plan	11,418,700	1.93%
10	Heart Trust/NTA Pension Scheme	10,801,500	1.83%
	<b>Subtotal</b>	<b>187,656,500</b>	<b>31.75%</b>
	<b>Total</b>	<b>590,975,463</b>	<b>100%</b>

<b>Shareholdings of Directors, Senior Managers &amp; Connected Parties</b>				
<b>No</b>	<b>Director</b>	<b>Shareholdings</b>	<b>Connected Parties</b>	<b>% Holdings</b>
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	
	<b>Subtotal</b>	<b>1,294,135</b>	<b>N/A</b>	<b>0.22%</b>
<b>Shareholdings of Connected Parties</b>				
1	Sygnus Capital Group Limited	6,481,100	Dr Ike J Johnson	1.10%
	<b>Total</b>	<b>590,975,463</b>	<b>N/A</b>	<b>100%</b>