SYGNUS CREDIT INVESTMENTS

2022 ANNUAL REPORT

Five years of pioneering Caribbean Private Credit.

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Vision

To be the leader in the Caribbean private credit market.

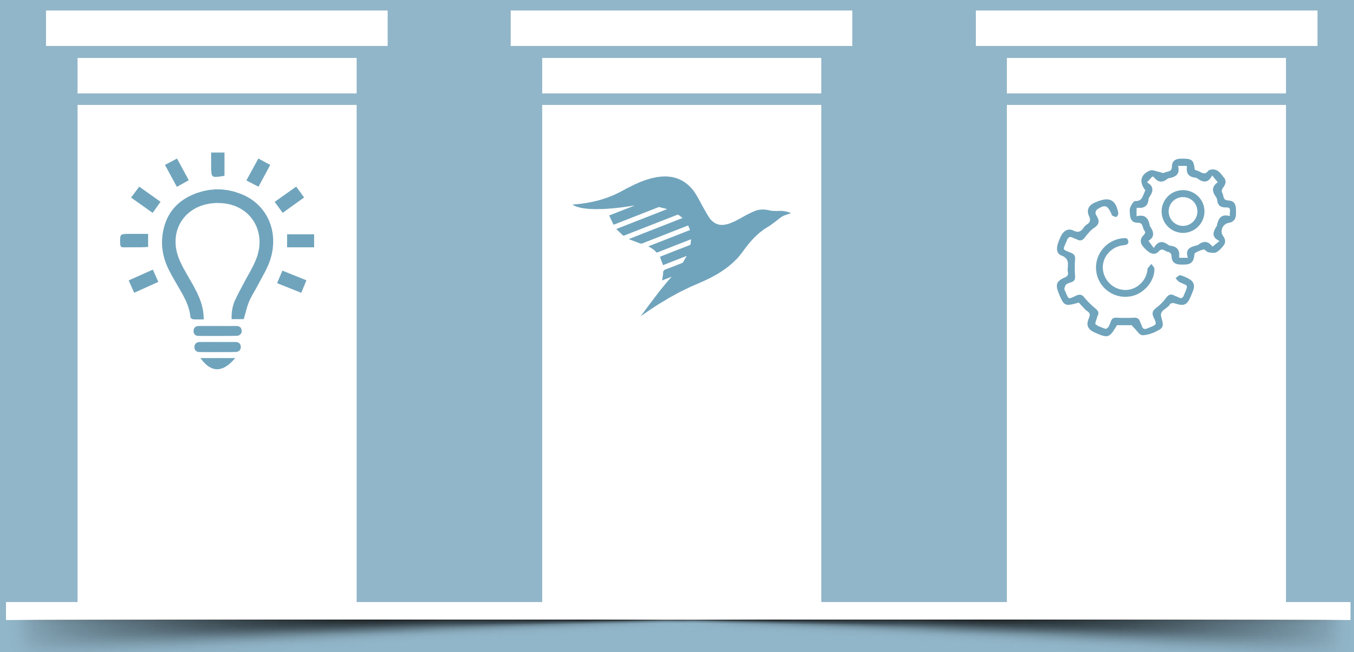
Mission

To provide innovative, non-traditional financing solutions to middle-market companies.

The 3i's Principle

Ensures your interests come first.

In taking a leadership role in the development of the regional private credit market, SCI is driven by three core principles:



INNOVATION

We constantly develop new ideas to provide middle-market firms with financing solutions that exceed their expectations.

INDEPENDENCE

We remain free of influences that are not aligned with putting the interests of Portfolio Companies and stakeholders first.

INTEGRITY

We are honest, reliable and ethical in all interactions with Portfolio Companies, stakeholders and the wider community.

Snapshot

Caribbean Leader in Private Credit

Private Credit Platform*

US$122.5M	30	11	9	English, Dutch and the Spanish-speaking Caribbean.
Investment Portfolio	Investments	Industries	Territories	

*** Includes the acquisition of Acrecent Financial Corporation but excludes its Private Credit portfolio.**

ACRECENT FINANCIAL CORPORATION

US$23.3M

93.66% Acquisition of **Acrecent Financial Corporation** in Puerto Rico.

US$136.8M

Total Assets up **55.7%**

US$8.2M
Record **Total Investment Income** up **27.1%**

US$5.3M
Record **Net Investment Income** up **40.1%**

US$3.8M
Net Profits down 24.0%

US$3.10M
Dividends Paid & Declared up **28.2%**

1 Notch Rating Upgrade:

jmBBB+ / Stable Outlook

CariBBB- / Stable Outlook

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of SYGNUS CREDIT INVESTMENTS LIMITED ("SCI") will be held on 18th day of January, 2023, at 11:00 a.m. at Bella Rosa Road, Gros Islet, Saint Lucia, in a hybrid format which includes a physical meeting and video conferencing, to consider and, if thought fit, pass the following resolutions:

1. Audited Company Accounts

Resolution No. 1

"THAT the Audited Company Accounts for the year ended June 30, 2022, and the Reports of the Directors and Auditors, circulated with the Notice convening the meeting, be and are hereby adopted."

2. To Ratify Interim Dividends and Declare them as Final

Resolution No. 2

"THAT the interim dividends per stock unit of US$0.00262 paid in April 2022 and the US$0.00262 paid in October 2022 be treated on the recommendation of the Directors as the final dividend for the financial year ended June 30, 2022."

3. Election of Directors

Resolution No. 3

(i) Articles 149 and 150 of the Company's Amended and Restated Articles of Association provide that one-third of the Board, other than the Managing Director (if one is appointed) and directors appointed by the holder of the Special Share, or if the number of members of the Board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under these Articles are Messrs. Damian Keith Chin and Peter St. George Thompson who, being eligible, offer themselves for re-election.

The proposed resolutions are as follows:

a) "THAT Mr. Damian Keith Chin, who retires by rotation in accordance with Articles 149 and 150 of the Company's Amended and Restated Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company"

b) "THAT Mr. Peter St. George Thompson, who retires by rotation in accordance with Articles 149 and 150 of the Company's Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company."

(ii) In accordance with Article 155 of the Company's Amended and Restated Articles of Association, Mr. Horace Messado, having been appointed as Director since the last Annual General Meeting, shall retire, and being eligible, offer himself for election:

c) "THAT Mr. Horace Messado, retiring pursuant to Article 155 of the Company's Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company."

4. To Approve Directors' Remuneration

Resolution No. 4

"THAT the amount shown in the Audited Accounts of the Company for the financial year ended June 30, 2022, as remuneration to the Directors for their services, be and is hereby approved."

5. To Appoint Auditors and Authorise the Directors to Fix their Remuneration

Resolution No. 5

"THAT KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be agreed by the Directors of the Company."

By Order of the Board

Dated the 27th day of October, 2022.

____

Secretary

Note to Members

1. A member may be represented at a meeting by a proxy who may speak and vote on behalf of the member. A proxy need not be a member of the Company.
2. If you are unable to attend the meeting in person, a Form of Proxy is enclosed for your convenience. The Form of Proxy should be delivered to the Registered Office of the Company or in respect of members resident in Jamaica, at Unit 28, 80 Lady Musgrave Road, Kingston 10, Saint Andrew, Jamaica, not less than 48 hours before the time appointed for the meeting. The Form of Proxy may also be emailed to sci@sygnusgroup.com.
3. A corporation may execute a Form of Proxy under the hand of a duly authorised officer or attorney of the company with the seal of the company affixed.
4. For members in Jamaica, the Form of Proxy shall bear the stamp duty of J$100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the proxy form.
5. For members in Jamaica, a satellite location will be at the Jamaica Pegasus Hotel, The Talk of the Town Suite, 81 Knutsford Boulevard, Kingston 5. The meeting will commence at 10:00 o'clock Jamaica time.
6. Given government-mandated social distancing guidelines, in-person participation may be restricted. As such, members who will be attending in person are encouraged to register prior to the date of the meeting. An email with the link for registration will be sent to members.

The Big 5

Most Notable Investments Over The Past 5 Years

#1

US$23.3M

Type: **93.7% acquisition by SCI** | Date: **Feb 2022**
Purpose: **Regional expansion** | Industry: **Financial**
Country: **Puerto Rico**

#2

US$12.2M

Type: **Medium term note** | Date: **Dec 2019**
Purpose: **Acquisition financing** | Industry: **Hospitality**
Country: **Cayman Islands**

#3

US$13.0M

Type: **Bridge notes** | Date: **Jan 2022**
Purpose: **Acquisition financing** | Industry: **Energy**
Country: **USA**

#4

US$5.0M › US$11.0M

Amount: Initial amount US$5.0M | upsized to US$11.0M
Type: **Medium term note facility** | Date: **Dec 2018 | July 2019**
Purpose: **Working capital** | Industry: **Telecommunication services**
Country: **Barbados**

#5

US$3.2M › US$9.0M

Initial amount US$3.2M | upsized to US$9.0M
Type: **Short term note** | Date: **Feb 2020 | Dec 2021**
Purpose: **Project refinancing** | Industry: **Construction**
Country: **Bahamas**

The Top 5

Largest Territory Deployment Over The Past 5 Years

1

JAMAICA

US$119.9M

INDUSTRIES
8

PORTFOLIO COMPANIES
26

FIRST TRANSACTION
JUL/AUG 2017

2

PUERTO RICO*

US$21.2M

INDUSTRIES
1

PORTFOLIO COMPANIES
1

FIRST TRANSACTION
FEB 2022

**includes only initial cash payment*

3

ST LUCIA

US$20.1M

INDUSTRIES
6

PORTFOLIO COMPANIES
8

FIRST TRANSACTION
SEP 2018

4

BARBADOS

US$17.5M

INDUSTRIES
2

PORTFOLIO COMPANIES
2

FIRST TRANSACTION
DEC 2018

5

CAYMAN ISLANDS

US$15.5M

INDUSTRIES
1

PORTFOLIO COMPANIES
2

FIRST TRANSACTION
JUN 2019

Directors' Report

The directors of Sygnus Credit Investment Limited ("SCI" or the "Company") are pleased to present their Annual Report with the audited financial statements for the year ended June 30, 2022.

Financial Highlights	FY June 2022 US$	FY June 2021 US$	% Change
Total Investment Income	8,246,222	6,486,988	27%
Net Investment Income	5,266,242	3,760,057	40%
Net Profit Attributable to Shareholders	3,823,104	5,028,317	-24%
Total Shareholders' Equity	67,462,469	66,736,076	1%

Details of these results are set out in the Management Discussion and Analysis, and the Financial Statements sections of the report.

Dividends

Post the end of the financial year, the Company declared an interim dividend of US$0.00262 per share to all shareholders on record as of September 30, 2022, and payable on October 14, 2022, subject to compliance with applicable laws. The ex-dividend date was September 29, 2022.

Meetings

There were nine (9) Board meetings held during the year. The Audit and Governance Committee and the Enterprise Risk Committee each held four (4) meetings during the year.

Risk Management

The Board of Directors of the Company is ultimately responsible for the risk management policies of SCI and has delegated the management of credit risk to the Investment and Risk Management Committee (IRMC). The IRMC, which is independently chaired, is a Board sub-committee of the Investment Manager, Sygnus Capital Limited (SCL), and is responsible for making all investment decisions. We provide additional details on our risk management policies on page 29 of the report titled Risk Management Report.

Auditors

Our auditors, KMPG, who were appointed during the financial year, expressed a willingness to continue for the next financial year.

Acknowledgement

The directors would like to express their sincere appreciation to the shareholders and business partners of the Company for their continued support and partnership.

Linval Freeman, FCA, FCCA
Chairman of the Board

On behalf of the Board of Directors

Company Profile

US$137 million
TOTAL ASSETS

US$61 million
EQUITY CAPITAL RAISED

US$220 million
GROSS INVESTMENT DEPLOYED

Private Credit Pioneers

Sygnus Credit Investments Ltd.. (the "Company or "SCI") is the largest publicly listed specialty private credit investment ("PCI") company in the Caribbean, with total assets of US$137 million. On February 28, 2022, SCI acquired 93.7% of Acrecent Financial Corporation (AFC), a private credit firm in the US territory of Puerto Rico, with assets under administration of US$151 million, of which total assets were US$81 million. AFC is not consolidated into SCI.

The Company has successfully raised US$61 million in equity capital during its first 5 years in operation. This was achieved through a private sale of shares to institutional and high net worth investors in 2017, an initial public offering ("IPO") in 2018, and an additional public offering ("APO") in 2020. The Company's ordinary shares are listed on the main US dollar market and main JA dollar market of the Jamaica Stock Exchange.

SCI is dedicated to providing alternative financing to middle-market businesses ("Portfolio Companies") across the Caribbean region. These Portfolio Companies typically have revenues of between US$5 million and US$25 million. Over the past 5 years, SCI has deployed approximately US$220 million in gross investment commitments across the Caribbean.

Customised Financing for Middle-Market Businesses

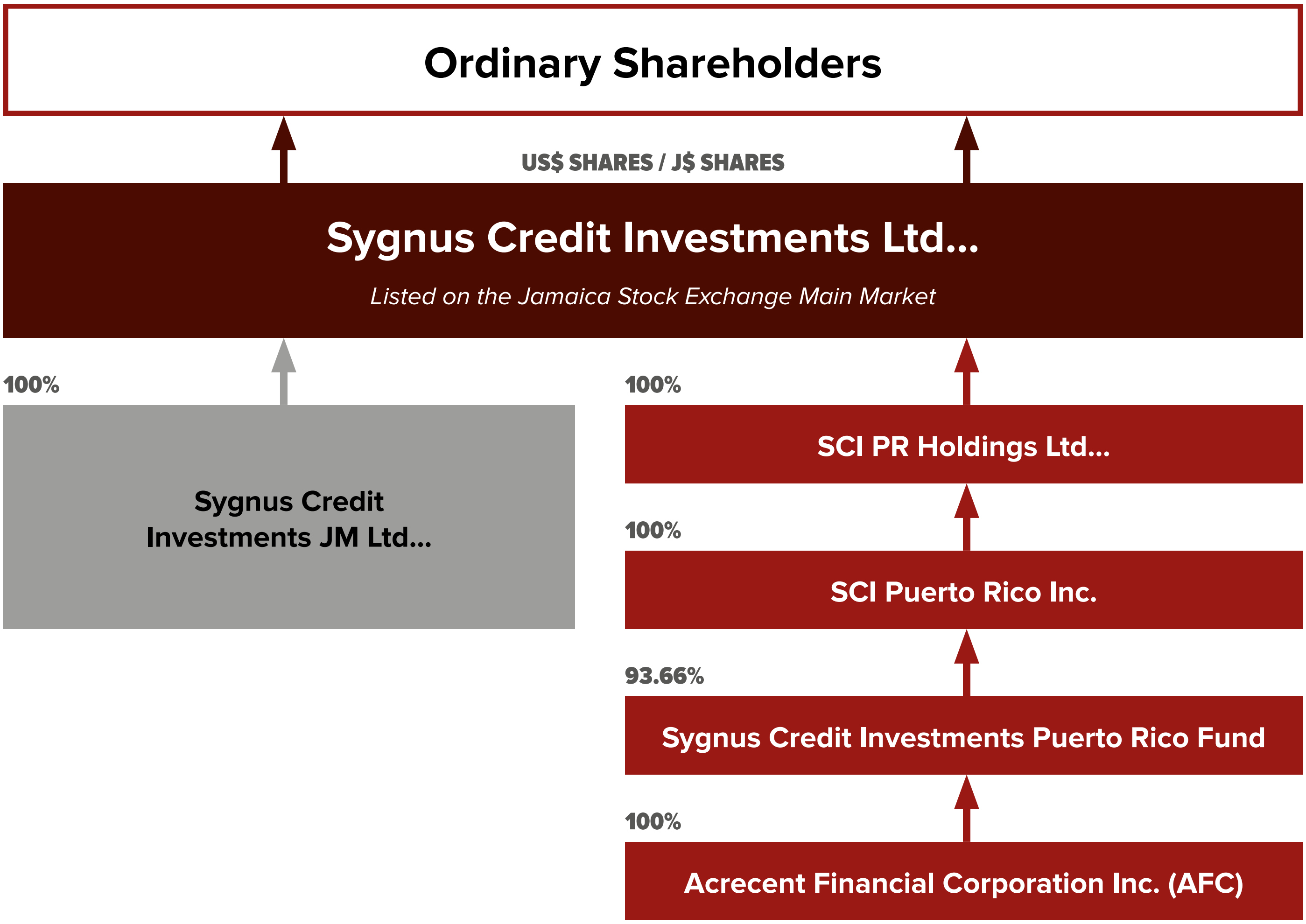
Non-traditional forms of credit are more customised and flexible than traditional financing. Consequently, the Company offers an alternative channel through which middle-market firms can access capital to drive their expansion.

The investment objective of SCI is to generate attractive risk-adjusted returns with an emphasis on principal protection, by generating current income, and to a lesser extent capital appreciation, through investments primarily in Portfolio Companies using private credit instruments.

The Company invests primarily in private credit instruments including bilateral notes and bonds, preference shares, asset-backed debt, mezzanine debt, convertible debt and other forms of structured private credit instruments. These forms of financing are typically more aligned with the growth and expansion plans of Portfolio Companies.

The Company received its second corporate credit rating from Caribbean rating agency CariCRIS, which was upgraded one notch to an investment grade rating of jmBBB+ with a stable outlook on the Jamaican national scale and cariBBB- with a stable outlook on the regional rating scale.

Corporate Structure



The investment assets of the Company are managed by its Investment Manager, Sygnus Capital Limited (SCL), a subsidiary of Sygnus Capital Group Limited (SCG). SCL is a licensed securities dealer, regulated by the Financial Services Commission Jamaica. On February 28, 2022, SCI, through a wholly owned subsidiary, acquired 93.66% of Acrecent Financial Corporation, a private credit investment company in the US territory of Puerto Rico. AFC is not consolidated all the way up to SCI.

The Company has issued one Special Share to SCG. The Special Share has one vote on a show of hands, and on a poll, it shall have such number of votes as is equivalent to 101% of the aggregate votes vested in all Ordinary Shares issued by the Company. The Special Share has no right to receive any distribution of assets on a winding up except the US$1.00, which was subscribed for the Special Share. A dividend may be paid to the holder of the Special Share in lieu of, or in addition to, the management fee payable to the Investment Manager.

Investment Management Decisions

The Investment Manager has delegated investment decisions to a sub-committee of experts, known as the Investment and Risk Management Committee (IRMC). The IRMC has extensive regional and international experience and expertise spanning credit risk, corporate and investment banking, investment management and financial markets.

The IRMC comprises:

Chairman: Milton Brady

Milton is Chairman of the Board, Sygnus Capital Limited and and currently works as a Senior Advisor with Pan American Finance, where he uses his experience to provide advice and counsel to businesses and governments in the Caribbean region. Previous roles held by Milton include: Director and Global Head of Credit at SEB Merchant Banking (Sweden); President of SEB, New York (USA); Managing Director, Corporate and Investment Banking at CIBC FirstCaribbean (Barbados); Managing Director, CIBC FirstCaribbean (Jamaica); Chief Commercial Officer, LIME (formerly Cable & Wireless Caribbean); and Chief Risk Officer, NCB Group (Jamaica).

Simon Cawdery, CFA

Simon is Director, Sygnus Capital Limited and Non-Executive Director, HLX Management/IPAF Group, Cayman. He is also the Founder/ Director, Helix Group, Cayman; former Head of Investment Strategy/Senior Portfolio Manager at EFG Bank, Cayman; former Head of Discretionary Investments/Senior Portfolio Manager at Butterfield Bank (Cayman); and also former Credit Analyst at Barclays (UK).

Jason Morris, CFA

Jason is Executive Vice President and Chief Investment Officer at Sygnus Group. He is an immediate past Director of the Caribbean Alternative Investment Association (CARAIA).

Prior to this role, Jason worked at Scotia Investments Jamaica Limited (SIJL), where he served as Vice President of Business Analytics, Portfolio Advisory, and Product Development and Assistant Vice President of Product Development.

In the early part of his career, Jason worked with the JMMB Group Limited. There he served as their Investment Research and Sovereign Risk Analyst and then Senior Investment Strategist and Portfolio Manager.

Investment Recommendations

The Investment Manager, through a committee of specialists from its Investment Advisory Committee (IAC), provides recommendations to the IRMC for decision making. The IAC has extensive expertise in the Caribbean region with structuring and arranging corporate credit transactions across a wide range of asset classes, including structured finance, securitisation, mezzanine finance, project finance and corporate and investment banking.

The IAC comprises:

Chairman: Berisford Grey

Beris is President and Chief Executive Officer, Sygnus Group and President of the Caribbean Alternative Investment Association (CARAIA). He was the former Managing Director of Corporate & Investment Banking at CIBC First Caribbean, formerly the largest regional bank in the Caribbean.

Prior to joining CIBC FirstCaribbean, Beris served as Senior Vice President of Origination & Capital Markets at Scotia Investments Jamaica Limited between 2010 and 2013. During this time, he executed some of the most innovative transactions in the local market including synthetic REIT financing structures and other first-of-its-kind project financing ideas.

Gregory Samuels, CFA

Gregory is Senior Vice President and Head of Investment Banking at Sygnus Group. He was the former Assistant Vice President of Treasury and Trading at Scotia Investments Jamaica, and the former Associate Director, Client Solutions Group at CIBC FCIB, where he provided structured products and derivative hedging solutions to clients. Gregory was also a former Engineer with Royal Dutch Shell PLC.

Ike Johnson, PhD, CFA

See SCI Board of Directors.

Board of Directors

SYGNUS
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Linval Freeman
Independent Chairman
Sygnus Credit Investments

Ian Williams
Independent Non-Executive Director
Sygnus Credit Investments

Damian Chin
Independent Non-Executive Director
Sygnus Credit Investments

Horace Messado
Independent Non-Executive Director
Sygnus Credit Investments

Hope Fisher
Independent Non-Executive Director
Sygnus Credit Investments

Peter Thompson
Independent Non-Executive Director
Sygnus Credit Investments

Ike Johnson
Non-Executive Director
Sygnus Credit Investments

Board of Directors

SYGNUS
CREDIT INVESTMENTS

Chairman

Linval Freeman, FCA, FCCA
Independent Chairman
Linval is a Fellow of the Institute of Chartered Accountants of Jamaica (FCA) and Fellow of the Association of Chartered Certified Accountants (FCCA) and a Justice of the Peace for Kingston and St. Andrew.

Linval served as Director and Assurance Partner at Ernst & Young Caribbean (EY), Jamaica Office, between 2003 and 2018. During his tenure, Linval was instrumental in the establishment of the Advisory Service Line and the growth and development of the Assurance Service Line. He retired from the partnership on 31 July 2018. Prior to joining EY, he was a Director of PwC.

Linval was appointed to the Board on December 19, 2019, and is also a member of the Board's Audit and Governance Committee.

Linval is also the current Director and Chairman of the Audit and Governance Committee for Sygnus Real Estate Finance Limited. He is also a Director at Canopy Insurance Limited and a member of Council and Chairman of the Audit Committee of the University of Technology.

Directors

Ian Williams, MBA, BSc
Independent Non-Executive Director
Ian Williams is currently the President and CEO of ZNW Management and Consultancy Limited. Ian works with companies that do not have a presence across the Caribbean market to help establish new relationships and sales in the region. Previously, Ian worked with CIBC FirstCaribbean International Bank (FCIB) for 15 years, primarily within Treasury. Prior to leaving the FCIB, Ian was the Director and Head of Foreign Exchange Sales.

Ian was appointed to the Board on July 1, 2017, and is also a member of the Board's Audit and Governance Committee.

Damian Chin, MSc, BA, BSc
Independent Non-Executive Director
Damian is Director of Treasury/Finance at Sandals Resorts International Limited. He is also a Director of the ATL Group Pension Fund Trustees Nominee Limited.

Damian was appointed to the Board on November 9, 2017, and is the Chairman of the Board's Enterprise Risk Committee.

Horace Messado, FCA, MBA
Independent Non-Executive Director
Horace is Chairman of Sygnus Real Estate Finance Limited and is a financial and regulatory consultant practising in the Jamaican and US markets. Some previous roles that Horace held include, former Director of Corporate Finance and former Financial Controller at the Jamaica Public Service Company Limited; former Group Controller at MaruEnergy Caribbean Limited; former Audit Senior at Ernst & Young and former Senior Accountant at KPMG. He also acted in the roles of Trustee and Chairman of the Investment Committee of one of the largest pension funds in Jamaica.

Horace was appointed to the Board on March 25, 2022. He is also the Chairman of the Audit and Governance Committee.

Board of Directors

SYGNUS
CREDIT INVESTMENTS

Directors Continued

Hope Fisher, BSc
Independent Non-Executive Director

Hope Fisher is a Civil Servant with the Ministry of Labour & Social Security where she is currently the Director of the Bond Portfolio at the National Insurance Fund ("NIF"). She has responsibility for monitoring of the fixed income portfolio and developing the strategy to capitalise on investment opportunities.

Hope was appointed to the Board on February 16, 2018, and is a member of the Board's Enterprise Risk Committee.

Peter Thompson, CFA, MSc
Independent Non-Executive Director
Peter is Group Client Investment Manager at JMMB Group Ltd. where he is responsible for the build-out of the process and structures for the management and service delivery for client portfolios across the JMMB Group. Previously he was Senior Investment Manager for Client Portfolios, Manager for Group Product Portfolio and Business Development Manager at JMMB Ltd.

Peter was appointed to the Board on November 9, 2017, and is a member of the Board's Enterprise Risk Committee.

Dr. Ike Johnson, PhD, CFA
Non-Executive Director
Ike is Executive Vice President and Chief Operating Officer, Sygnus Group and Managing Director, Sygnus Puerto Rico Group.

Ike's career started at Jamaica Money Market Brokers (JMMB), where he served as Market Risk Analyst, providing key quantitative analytical tools and introducing important risk monitoring and reporting mechanisms. He left JMMB for three years to pursue his doctoral studies in the UK, and then re-joined the company as their Senior Strategy Management Officer. Ike also served as Assistant Vice President of Business Analytics and Product Development for Scotia Investments Jamaica, a subsidiary of the Scotiabank Group.

Ike was appointed to the Board on January 13, 2017.

Board of Directors

Chairman

Milton Brady, BBA, MBA
Independent Chairman
(See Corporate Structure: The IRMC)

Directors

Dr. David McBean, PhD, BSc
Independent Non-Executive Director
Dr. David McBean was appointed Executive Director of the Mona School of Business and Management (MSBM) on March 1, 2018.

Prior to joining the staff of the UWI, Mona, David served in several senior executive roles in varied industries including the airline industry, telecommunications (Commercial and Regulatory), and IT and media industries in the Caribbean. Past senior appointments include, Managing Director for the Spectrum Management Authority of Jamaica, Managing Director of Products & Services for LIME Caribbean, CEO of the CVM Media Group in Jamaica, as well as Vice President of IT for the former Air Jamaica.

David has served on several boards. Former board appointments include, Director of the Jamaica Tourist Board, e-Learning Jamaica, Nutrition Products Limited, University Hospital of the West Indies, AJAS, Lascelles de Mercado Limited, Supreme Ventures Limited and Mayberry Investments Limited. David is a Jamaica Rhodes Scholar.

Directors continued

Gassan Azan Jr.
Non-Executive Director
Gassan is Founder, Chairman and Chief Executive Officer of Bashco Trading Company Limited, and MegaMart Wholesale Club. Under his leadership, Bashco, which he launched in 1990, has grown to twelve (12) stores in nine (9) parishes.

In December 1999, he started MegaMart (Jamaica), the Caribbean's first wholesale membership club offering exciting one-stop shopping. Today, there are four (4) MegaMart superstores in Jamaica, located in Portmore, Kingston, Montego Bay and Mandeville.

Gassan is also Chief Executive Officer of Sizzling Slots and SMWS Games Limited. He is a Justice of the Peace and has been awarded the Prime Minister's Medal of Appreciation.

Berisford Grey
Executive Director/ President and Chief Executive Officer
(See Corporate Structure: The IAC)

Jason Morris, CFA
Executive Director/ Executive Vice President and Chief Investment Officer
(See Corporate Structure: The IRMC)

Dr. Ike Johnson, PhD, CFA
Executive Director/ Executive Vice President and Chief Operating Officer
(See Board of Directors: SCI)

Simon Cawdery, CFA
Independent Non-Executive Director
(See Corporate Structure: The IRMC)

Chairman's Report

The 5 Year Journey

We are pleased to submit the Annual Report for Sygnus Credit Investments Limited (SCI) for the year ended June 30, 2022 ("FYE Jun 2022"). The Company highlighted the completion of its 5th year in operation with two seminal achievements:

1. **93.7% acquisition of private credit investment company Acrecent Financial Corporation in the US territory of Puerto Rico.**
2. **US$11.1 million in total revenues surpassing the US$10.0 million threshold for the first time for the 2022 financial year.**

These two achievements are a clear illustration that SCI, as the Caribbean leader in private credit, has begun scaling the business for significant growth over the medium term.

Core revenues, or total investment income, grew 40.1% to a record US$8.3 million, achieved a year ahead of schedule, while net profits declined by 24.0% to US$3.8 million, with earnings per share of 0.65 US cents. Dividends paid to shareholders during the year amounted to a record US$3.1 million, up 77.9% over the prior year.

We would like to spend a few moments to properly reflect on the five-year journey of SCI, as it should never be taken for granted that SCI survived, if not thrived, during the worst global pandemic in the past century while it was only three years in operation. SCI started investing by deploying US$7.1M into three Jamaican middle-market companies in August 2017. Five years later, the firm has deployed over US$220.0 million, cumulatively, across four dozen Portfolio Companies including one acquisition, spanning 10 Caribbean territories and 13 industries.

During this five-year period, SCI generated a cumulative US$23.6 million in total investment income while declaring and returning US$9.4 million or 15.4% of share capital in dividends to shareholders, even during the depths of the COVID-19 pandemic in 2020 and 2021. Speaking of COVID-19, SCI raised a record US$27.1 million of equity capital from an additional public offering that was launched during the busiest period of the year, the Christmas season, in December 2020, during the heights of the COVID-19 pandemic. In fact, SCI was one of only two companies to raise equity via a public raise in 2020 after the pandemic officially started in March of that year. That was a seminal moment for what was then a three-year old company, and it would be remiss of me not to once again express appreciation and gratitude to all shareholders who participated in that offer.

Over the five-year period of investing, SCI has remained vigilant and proactive about minimizing permanent or realized credit losses, which have a long-lasting impact on shareholder value.

Following the first four years of nil charge-offs, SCI registered its first charge-off during the 2022 financial year, amounting to an annualized loss rate of less than 0.4% on over US$220.0 million of capital deployed, which is quite low by international standards. This first charge-off was the primary factor for the lower reported net profits of US$3.8 million in the 2022 financial year. SCI remains vigilant in the pursuit of minimizing future charge-offs in its investment portfolio.

In September 2022, CariCRIS upgraded SCI's credit ratings one notch to jmBBB+ on the Jamaican national scale and CariBBB- on the regional scale, both with stable outlooks. SCI intends to remain among the ranks of publicly listed private credit investment companies globally with a credit rating, in keeping with international best practices.

Looking Forward: The Next Five Years

SCI's successes over the past five years have created a launching pad to grow and expand the business substantially over the next five years, thus enhancing returns for shareholders via capital appreciation and consistent income. The acquisition in Puerto Rico has given SCI a private credit platform spanning the English, Dutch and Spanish-speaking Caribbean region with a combined asset base of over US$200 million that can attract international partners for co-investing and syndication of large deals to finance the growth of Caribbean businesses.

With the scale of its private credit platform, SCI is targeting a minimum of US$300.0 million in new originations within three to four years, and the creation of new revenue streams to enhance net interest revenue from investments held on the balance sheet. Given its corporate credit rating, the Company intends to leverage its relatively lowly leveraged balance sheet to utilise multiple large credit facilities to finance its substantive investment pipeline, expand in the Puerto Rican market, and drive interest income and non-interest revenues, while protecting and enhancing shareholder value.

We wish to thank all the directors of the Company, the Investment Manager, and its team for their hard work and leadership in pursuing SCI's strategic objectives. We welcome the management team of Acrecent Financial Corporation and their collective expertise, operating for over nineteen years as a private credit firm in Puerto Rico. We would like to welcome Mr Horace Messado, the newest Director on the Board, who joined us in March 2022. Most importantly, thank you to our shareholders and our various Portfolio Companies and partners as we look towards an even more successful next five years.

Linval Freeman, FCA, FCCA
Chairman, Sygnus Credit Investments Limited

Management Discussion and Analysis

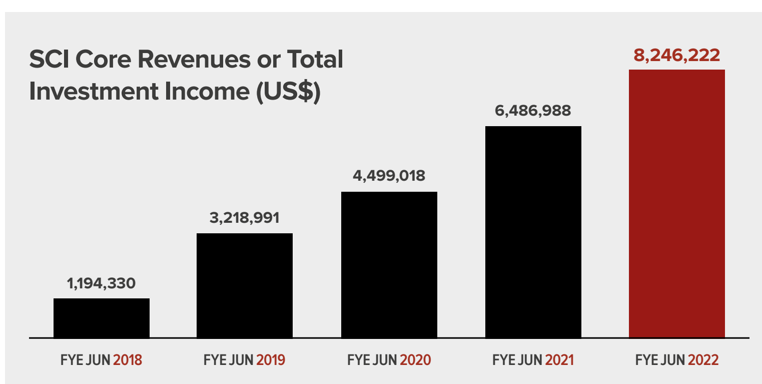
The Management Discussion and Analysis (MD&A) should be read in conjunction with SCI's audited financial statements. The MD&A was prepared by management to provide shareholders with additional insights into the operations and financial performance of the Company. It may contain forward-looking statements based on assumptions and predictions of the future which may be materially different from those projected.

Results of Operations

Sygnus Credit Investments Limited ("SCI" or "the Group") marked its five-year anniversary by breaking boundaries during the financial year ended June 30, 2022 ("FYE Jun 2022"), underscored by a record total investment income of US$8.25 million, record net investment income of US$5.27 million, expanding its footprint to Spanish-speaking Caribbean territories with the 93.7% acquisition of Acrecent Financial Corporation (AFC) in Puerto Rico, distributing a record US$3.10 million in dividends to shareholders, and growing its private credit portfolio past the critical threshold of US$100.00 million a year earlier than promised. Subsequent to the release of the audited financial statements, SCI's credit rating was upgraded one notch to jmBBB+ with a stable outlook on the Jamaican national scale and CariBBB- with a stable outlook on the regional scale by Caribbean rating agency CariCRIS.

SCI was successful in tapping the capital markets, raising more than US$50.00 million to finance the growth of the business, primarily from the private placement of debt. The Group completed phase I of the integration of AFC into SCI, with the transfer of fixed assets and the workforce from AFC to the investment manager on July 31st, 2022. SCI is in advanced discussions with international financing partners, as it seeks to secure large credit lines that will enable the substantial scaling of segments of the business currently under expansion. This will allow for the creation of new revenue streams, while it embarks on unlocking the true potential of the private credit channel across the English, Dutch and Spanish-speaking Caribbean.

Summary Results of Operations	FYE Jun 2022 US$	FYE Jun 2021 US$
Interest Income	10,217,443	8,221,661
Interest Expense	(3,112,690)	(1,797,459)
Net Interest Income	7,104,753	6,424,202
Puerto Rico Credit Fund Investment Income	1,098,772	-
Participation and Commitment Fees	42,697	62,786
Total Investment Income	**8,246,222**	**6,486,988**
Total Operating Expenses	2,979,980	2,726,931
Net Investment Income	**5,266,242**	**3,760,057**
Gain on Sale of Investments	-	24,175
Fair Value Gain	2,878,590	1,416,793
Net Foreign Exchange Loss	(405,221)	(72,988)
Impairment Allowance on Financial Assets	(3,820,134)	(69,710)
Profit before Taxation	**3,919,477**	**5,058,327**
Taxation Charge	(96,373)	(30,010)
Profit Attributable to Shareholders	**3,823,104**	**5,028,317**
Earnings Per Share	**0.65¢**	**1.11¢**
Diluted Earnings per Share	**0.65¢**	**1.11¢**
Net Investment Income Per Share	**0.89¢**	**0.83¢**



The results for FYE Jun 2022 were underpinned by a larger portfolio of private credit investments relative to last year, 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 subsided significantly at the end of June 2022, as many borders were fully reopened, while restrictions were lifted. However, the region faced new challenges driven by geopolitical and inflationary pressures that could threaten the nascent economic recovery from COVID-19. SCI's private credit portfolio remains resilient and well positioned to navigate the ongoing volatility given its robust balance sheet, which is enhanced by a robust pipeline of investments under segments of the business that are being scaled to new growth levels.

SCI's core revenues, or total investment income, grew by 27.1% or US$1.76 million to a record US$8.25 million for FYE Jun 2022. This compares with US$6.49 million for the financial year ended June 30, 2021 ("FYE Jun 2021"). This performance was driven primarily by growth in net interest income, along with the recognition of US$1.10 million from the investment in AFC, referred to as the Puerto Rico Credit Fund ("PRCF") investment income on a go-forward basis. This amount was formally carried on the audited income statement as two items: first, as US$1.19 million being part of overall fair value gains of US$4.07 million, and second, as a US$92.6 thousand fair value adjustment on contingent consideration payable. This contingent consideration was in relation to an earnout payment relating to the acquisition. When the two amounts are netted against each other, this amounts to US$1.10 million, and represents the flow through of the value SCI earned from this investment from the acquisition date on February 28, 2022, to FYE Jun 2022, since the financials were not and will not be consolidated into SCI. On a go forward basis, this line item will effectively represent the value flowing through to SCI from the financials of the Puerto Rico business, which will be marked-to-market. The business in Puerto Rico will generate two main sources of income when fully integrated: (i) net interest income from the assets on the balance sheet and (ii) upfront gains on true sale assets, which are administered off-balance sheet.

SCI utilised debt capital to fund the PRCF investment, thus increasing its interest expense without any offsetting interest income from the deployment of this capital, since there is no consolidation at the SCI level. Thus, there is an apparent "shrinking" of SCI's net interest spread relative to prior financial years. The PRCF investment income substitutes for this absence of interest income from the capital deployed into PRCF by enhancing total investment income.

net investment income, grew by 40.1% or US$1.51 million to a record

US$5.27 million

On July 31, 2022, the fixed assets and staff of AFC were transferred to its investment manager, thus realigning its cost structure with SCI's externally managed framework and setting the basis for optimising its performance. This represents completion of phase I of the post-acquisition integration of AFC into SCI. Phases II and III of the integration process will primarily revolve around integration of the investment manager to deliver optimal efficiency for the operations of AFC and the winding down of non-functional AFC subsidiaries. This process is expected to be completed during the FYE Jun 2023.

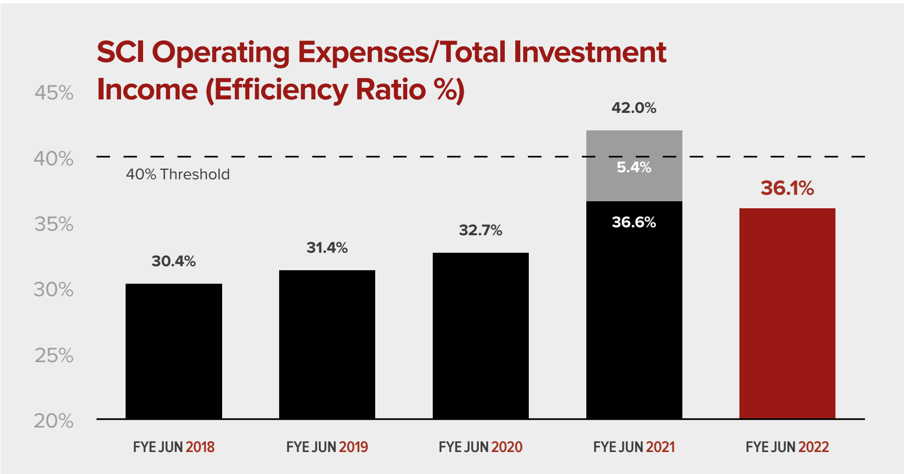
Core earnings, or net investment income, grew by 40.1% or US$1.51 million to a record US$5.27 million for FYE Jun 2022, versus US$3.76 million for FYE Jun 2021, as total investment income grew substantially faster than operating expenses.

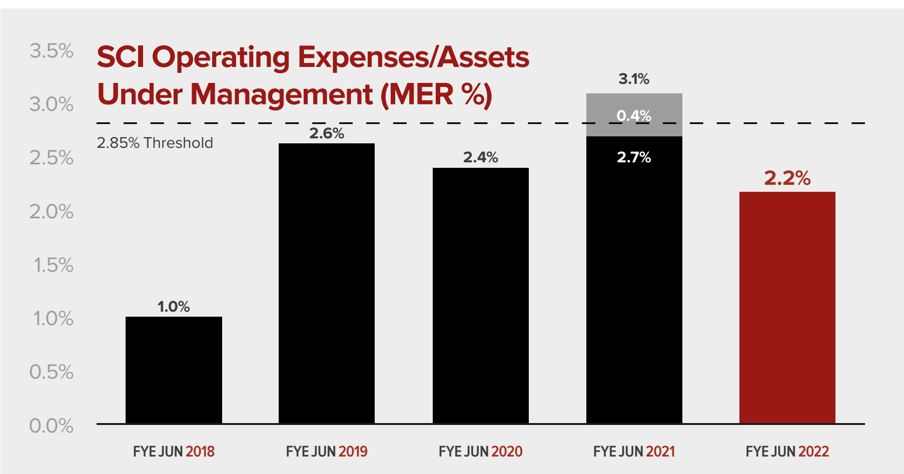
Net profit attributable to shareholders declined by 24.0% or US$1.21 million to, US$3.82 million for FYE Jun 2022 versus US$5.03 million for FYE Jun 2021, driven primarily by the charge-off on one portfolio investment in the Cayman Islands of US$3.85 million, which more than offset fair value gains of US$2.88 million. The effective charge-off on this one portfolio investment represents SCI's first charge-off since inception and amounts to an annualized loss rate of less than 0.4% on more than US$220.00 million of investment capital deployed over the last five years. In other words, despite the current charge-off, the Group's annualized loss rate was extremely low by global standards. SCI's annualized return on average equity for FYE Jun 2022 was 5.7%.

Earnings per share (EPS) was 0.65 US cents for FYE Jun 2022 versus 1.11 US cents last year, while diluted EPS was 0.65 US cents versus 1.11 US cents last year. Net investment income per share (NIIPS) was a record 0.89 US cents for FYE Jun 2022 versus 0.83 US cents last year.

Total Operating Expenses

Total operating expenses increased by 9.3% or US$253.0 thousand to, US$2.98 million for FYE Jun 2022 versus US$2.73 million for Jun 2021. This result 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 76.2% of operating expenses for FYE Jun 2022 relative to 63.2% for FYE Jun 2021. Performance fees were US$50.9 thousand or 1.7% of operating expenses relative to US$349.5 thousand or 12.8% for FYE Jun 2021.





Excluding management fees, corporate services fees and performance fees, operating expenses were US$659.1 thousand for FYE Jun 2022, up US$4.3 thousand or 0.7% when compared to US$654.8 thousand in FYE Jun 2021.

Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 36.1% for FYE Jun 2022, which was within the target threshold level of 40.0% and compared favorably with 42.0% for FYE Jun 2021. Last year's result was impacted by the first ever payment of performance fees due to record net profits. The efficiency ratio is measured by total operating expenses to total investment income. The Group's management expense ratio (MER) was 2.2%, which was well within the target threshold level of 2.85% and compared favorably with 3.1% last year.

Fair Value Gains or Losses

Fair value gains on profit sharing private credit investments for FYE Jun 2022 were US$2.88 million, up 103.2% or US$1.46 million versus US$1.42 million in FYE Jun 2021. This was primarily attributable to gains on one Portfolio Company investment along with the addition of one new instrument during the first quarter, which more than offset fair value losses on other fair valued instruments due to adverse movements in interest rates. Interest rate movements may cause material fluctuations in fair value gains or losses from period to period. SCI had US$25.86 million in fair valued private credit investments versus US$20.57 million in the prior year. The reported total fair value of US$4.07 million in the audited financial statements reflected the US$2.88 million on private credit instruments, and the US$1.19 million attributable to Puerto Rico credit fund investment income discussed earlier.

Net Foreign Exchange Gains or Losses

Net foreign exchange losses of US$405.2 thousand for FYE Jun 2022 was higher than the loss of US$73.0 thousand reported for FYE Jun 2021. The movement in foreign exchange gains and losses is a general reflection of realised gains or losses on FX transactions (buying or selling) and unrealised gains or losses from the Group's net exposure to Jamaican dollar assets, which fluctuate based on movements in the JMD/USD exchange rate. During the year, the Group recognised upfront "accounting losses" of US$307.8 thousand related to the use of indexed notes (indexed from JMD to USD), which were used to finance its balance sheet. These initial recognised "accounting losses" do not represent actual losses made on these transactions and were the primary driver of the reported net FX losses. SCI's JMD liabilities exceeded its JMD assets by 3.4%, which means its balance sheet is net short JMD as at the end of FYE Jun 2022, that is, it has a net negative exposure to JMD, similar to its negative net exposure at the end of FYE Jun 2021. SCI does not have a foreign currency trading business.

11.12

US$ million

TOTAL REVENUES

Change in Impairment Allowance on Financial Assets

The change in impairment allowance on financial assets for FYE Jun 2022 was an increase of US$3.82 million vs an increase of US$69.7 thousand for FYE Jun 2021, which almost exclusively reflected a charge-off of US$3.85 million for 1 portfolio company from the Cayman Islands. The portfolio company was assessed as a Stage 3 asset in the Q1 September 2021 financials, and in Q3 March 2022, an increased impairment provision was made for the Portfolio Company as the deemed value of the collateral deteriorated substantially relative to the outstanding debt of the senior and other junior creditors alongside SCI. The charge-off was driven by a further deterioration of the credit outlook for the Portfolio Company that had been earlier issued with demand letters by its senior and junior creditors and placed in receivership. The sponsors of the portfolio company were given a 3-month window to raise capital to refinance their debts and stop a wind-up petition from going ahead in court in August 2022. Prior to that timeline expiring, in August the sponsors reached an agreement with the petitioner to extend the timeline to mid-September 2022, which partially triggered the full charge-off. Subsequent to the release of the audited financial results, the court granted a further extension to mid-October 2022. Despite the charge-off, SCI awaits the outcome of upcoming events in October 2022 and will continue to pursue all available avenues to recover its investment or parts thereof. During its five years of operations, this was SCI's first charge-off, which amounts to an annualized loss rate of less than 0.4% on an estimated US$220.00 million of capital deployed across the Caribbean region. This rate is low by international standards.

Total Revenues and Total Expenses

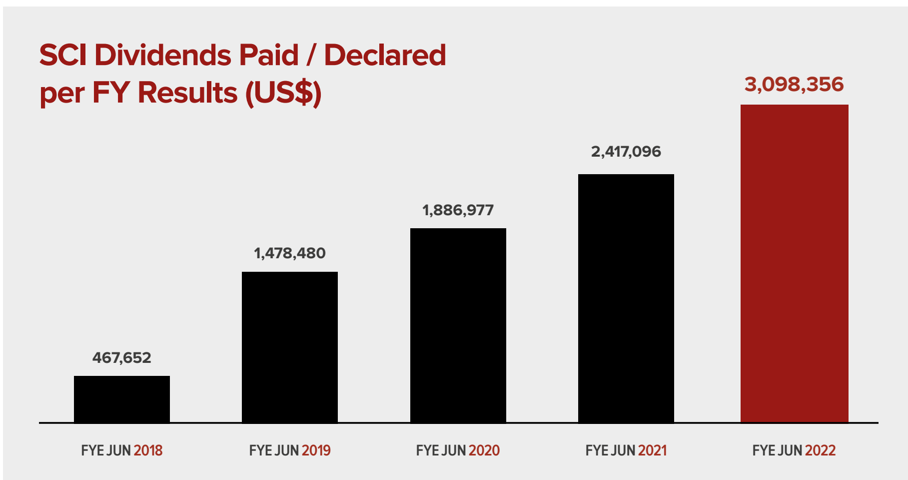
Total revenues were comprised of core revenues, or total investment income (interest income, Puerto Rico credit fund investment income plus participation and commitment fees), plus the non-core revenue items of fair value gains on private credit investments, net foreign exchange gains and gain on sale of investments. Total revenues were US$11.12 million for FYE Jun 2022 versus US$7.93 million for FYE Jun 2021.

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$7.21 million for FYE Jun 2022 versus US$2.87 million for FYE Jun 2021. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

Dividends

The Group paid a record US$3,096,711 (US$0.00524 per share) in dividends during FYE Jun 2022 versus US$1,740,459 during the prior financial year, representing an increase of US$1.36 million or 77.9%.

Subsequent to the audited financial results at a meeting of the Board of Directors on September 2, 2022, an interim dividend of US$0.00262 per share, or US$1.55 million, was declared to be paid on October 14, 2022. In total, US$3,098,356 million or US$0.0052 per share, was declared or paid on the results for the financial year ended June 30, 2022. In the four years since its initial public offering in May 2018, SCI has delivered on its promise to shareholders, having declared or paid a total of US$9.35 million in dividends, equivalent to returning 15.4% of share capital to shareholders.



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 based on the assessment of control. 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$24.16 million at the end of FYE Jun 2022. Including PRCF, total investment in Portfolio Companies grew 48.0% to US$122.51 million versus US$82.80 million last year. Portfolio Company investments included finance lease receivables on the balance sheet. SCI's investment in Portfolio Companies, excluding PRCF, grew by 18.8% to US$98.35 million versus US$82.80 million last year. The number of Portfolio Company investments declined by 1 to 30 when compared with 31 in the previous year, driven by 3 investment exits during the year. AFC had US$74.33 million invested in 134 Portfolio Company investments at the end of FYE Jun 2022, with US$77.30 million in administered assets off the balance sheet.

Summary of Investment Activity	FYE Jun 2022 US$	FYE Jun 2021 US$
Fair Value of Investment in Portfolio Companies	122,509,031	82,797,478
Excluding Puerto Rico Credit Fund (PRCF)	98,349,856	82,797,478
New Investment Commitments During Period	49,221,591	41,095,316
Excluding Puerto Rico Credit Fund (PRCF)	27,998,000	41,095,316
Dry Powder to be Deployed*	8,470,884	1,029,391
Number of Portfolio Company Investments (#)	30	31
Average Investment per Portfolio Company	3,278,329	2,670,886
Weighted Average Term of Investments (Years)	1.8	2.1
Weighted Average FV Yield on Portfolio Companies	13.3%	12.7%
Non-Performing Portfolio Company Investments (NPI)	2	2
Non-performing Investments Ratio**	2.3%	2.8%

All the calculated metrics exclude investment in PRCF

* Does not include undrawn credit lines of US$3.4M and remaining capital raise from private placement of preference shares

** Excludes charge-off (nil balance) for one portfolio investment in the Cayman Islands for US$3.4M invested plus accrued interest, which represents an annualized loss rate of <0.4% on >~US$220.0M total SCI investments deployed over the five years since inception (<1.6% cumulative)

Portfolio Company Investment Commitments

SCI financed new investment commitments valued at US$49.22 million for FYE Jun 2022 versus US$41.10 million for FYE Jun 2021. Excluding PRCF, new investments amounted to US$28.00 million. In Puerto Rico, AFC generated an all-time high semi-annual volume of credit deployment, exceeding US$30.00 million in investment commitments for the first six months to June 2022, a portion of which represented "true sales" that generated upfront gains. Overall, the Group 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 fully open borders across the English, Dutch and Spanish-speaking Caribbean.

During the year, SCI successfully exited three Portfolio Company investments valued at US$11.65 million as the portfolio continued its second round of "portfolio seasoning", given its average life of around two years.

Weighted Average Investment Tenor and Investment Yield

At the end of FYE Jun 2022, the weighted average tenor of Portfolio Company investments declined marginally to 1.8 years relative to 2.1 years last year. This reduction was mainly attributable to large new investments made during the period which had short maturities. The weighted average fair value yield on Portfolio Companies increased to 13.3% versus 12.7% last year. SCI's investment yield is expected to continue benefiting from the current rising interest rate environment. In Puerto Rico, AFC's weighted average yield was just north of 10.0% with an average tenor of less than three years.

Non-performing Investments (NPI) Ratio

SCI's non-performing investment for FYE Jun 2022 was 2.3% of its total private credit investment portfolio versus 2.8% for FYE Jun 2021. The ratio excludes US$3.85 million in charge-offs for one Portfolio Company in the Cayman Islands. This represented SCI's first charge-off in its five-year investment history. The annualized charge-off rate was less than 0.4% on over US$220.00 million deployed across the Caribbean region over the past five years. SCI continues to explore all avenues to recoup its investment in full or in part, despite the charge-off. The NPI target threshold limit is 5.0%. In Puerto Rico, AFC's NPI was estimated at less than 0.5%.

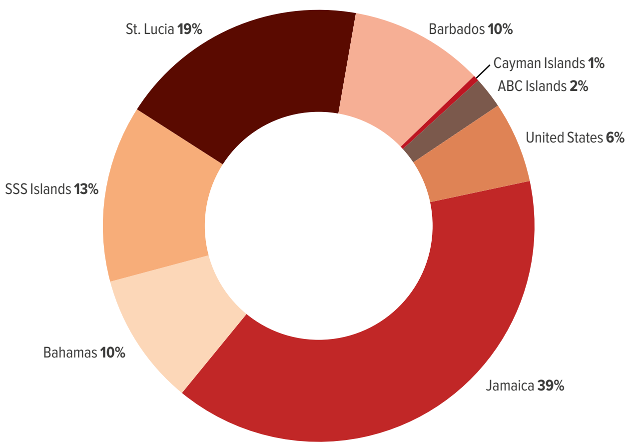
Note: SCI has US$1.0 million in exposure to a bankrupt Portfolio Company that was put up for sale and is included as part of the US$2.33 million in non-performing investments. However, SCI's investment, though unsecured from the standpoint of the Portfolio Company, was structured with an external guarantee supported by a charge over real estate asset. Notwithstanding the additional collateral, at a creditors meeting in August 2022, the receiver advised the creditors that the sale price received from bids was sufficient to repay all creditors.

48%

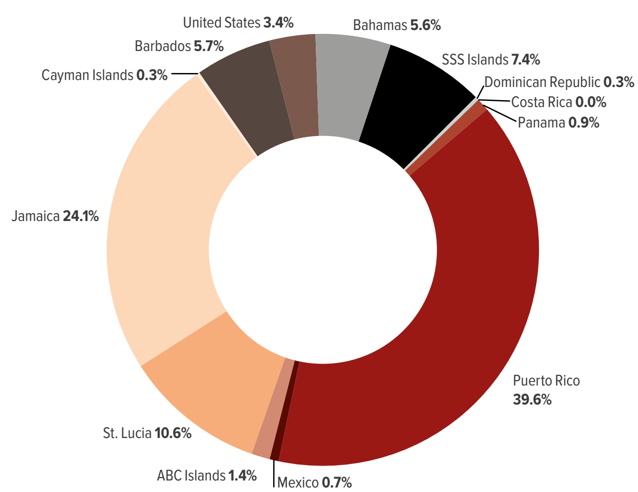
growth

INVESTMENT IN PORTFOLIO COMPANIES GREW TO **US$122.51 MILLION**

SCI Portfolio Company Incorporation by Region Ex PRCF: June 30, 2022



Portfolio Company Incorporation by Region Incl PRCF: June 30, 2022



Allocation by Industry and Country of Incorporation

Excluding PRCF, SCI was diversified across 8 territories and 11 industries. Jamaica represented the largest territory allocation at 39.3%, while financial services represented the largest industry allocation with 23.4%. The allocation to the United States was added during Q3 2022 and represented acquisition financing for a Caribbean asset by a US holding company.

Following the PRCF investment, Portfolio Companies were diversified across 13 regions and 16 major industries. Portfolio Companies from Puerto Rico accounted for the highest allocation of SCI's portfolio with 39.6%, followed by Jamaica with 24.1% and St. Lucia at 10.6%. 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. Excluding dry powder, the top industry allocations were Financial: 13.7%, Hospitality: 13.0%, and Commercial Real Estate: 12.5%.

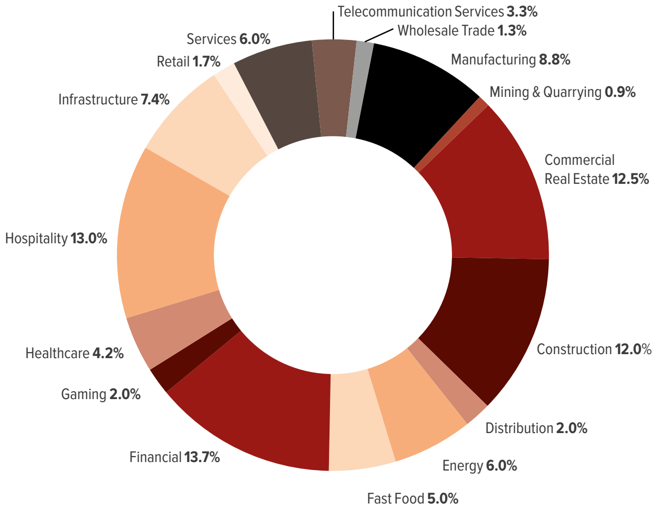
A RECORD

136.79

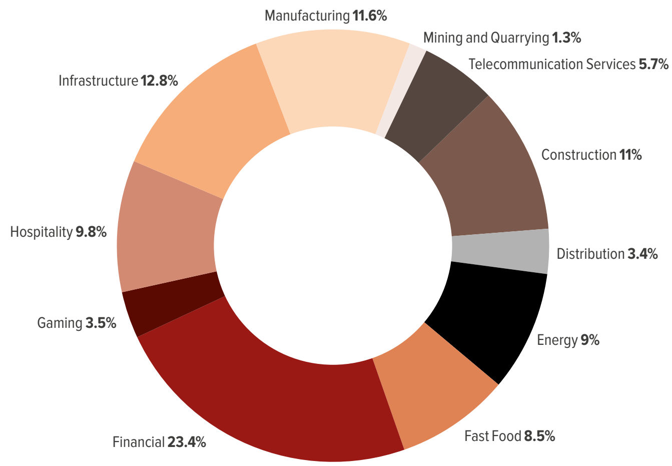
US$ million

IN TOTAL ASSETS

Portfolio Company Industry Allocation Ex-Dry Powder Incl PRCF: June 30, 2022



Portfolio Company Industry Allocation Ex-Dry Powder Ex PRCF: June 30, 2022



Liquidity and Capital Resources

Dry powder on the Group's balance sheet was US$8.47 million, comprising of short-term instruments and cash. The dry powder primarily reflected net proceeds from an US$8.00 million investment exit six days prior to the financial year end. The Group also had undrawn revolving credit lines of approximately US$3.44 million in addition to capital being raised from its US$14.7 million preference share offer. SCI is in advanced discussions with its international financing partners to access large credit facilities to facilitate the scaling of business segments that are being expanded and the creation of new revenue streams. The Group expects to conclude these discussions early during the new financial year.

Balance Sheet Summary

At the end of FYE Jun 2022, SCI had a record US$136.79 million in total assets, an increase of US$48.92 million or 55.7% over last year. This was mainly comprised of US$122.51 million in total private credit investments including US$24.16 million invested in the Puerto Rico Credit Fund, US$25.86 million of investments measured at fair value through profit and loss, US$70.89 million in investments measured at amortised cost and US$1.60 million in finance lease measured at amortised cost. The growth in SCI's total assets was financed by capital raised primarily through multi-series debt instruments amounting to more than US$50.00 million inclusive of maturing debt that was rolled.

SCI had total liabilities of US$69.33 million at FYE Jun 2022, up from US$21.13 million at FYE Jun 2021. The major components of liabilities were US$63.29 million in debt comprising US$60.29 million in notes payable, US$3.00 million in loans and borrowings, and US$3.96 million in accounts payable and accrued liabilities. Notes payables increased by US$45.62 million versus last year, due to the issuance of new debt to fund investment activities across the region, including the acquisition of AFC in Puerto Rico. Accounts payable and accrued liabilities primarily reflected US$2.00 million in earnouts relating to the acquisition of AFC.

Total shareholders' equity increased by US$726.4 thousand or 1.1% to US$67.46 million. SCI's debt to equity was 0.96x, below management's target threshold of 1.25x and below the limit of 2.0x, while debt to total assets was 0.47x, which was below the target threshold level of 0.50x. These ratios were reflective of a lowly leveraged balance sheet in keeping with global best practices for private credit companies, albeit these ratios are set to increase. The balance sheet was further enhanced by an asset coverage ratio of 2.00x, which was above the minimum target threshold level of 1.50x, again in keeping with global standards.

Summary Balance Sheet Information	FYE Jun 2022 US$	FYE Jun 2021 US$
Cash and Cash Equivalents	8,470,884	1,029,391
Repurchase Agreements	-	-
Dry Powder	**8,470,884**	**1,029,391**
Investments Measured at FV through P&L	25,856,260	20,572,410
Investments Measured at Amortised Cost	70,892,544	59,937,985
Finance Lease Measured at Amortised Cost	1,601,052	2,287,083
Investment in Portfolio Companies	**98,349,856**	**82,797,478**
Investment in Puerto Rico Credit Fund	24,159,175	
Total Investment in Portfolio Companies	**122,509,031**	**82,797,478**
	130,979,915	**83,826,869**
Other Assets:		
Investment Income Receivable	3,675,584	3,232,954
Other Receivables	525,090	197,229
Due From Related Parties	1,612,232	613,395
Deferred Tax Asset	1,146	-
Total Assets	**136,793,967**	**87,870,447**
Liabilities:		
Notes Payable	60,285,928	14,670,025
Loans and Borrowings	3,003,572	4,478,037
Preference Shares	1,147,609	
Accounts Payable and Accrued Liabilities	3,958,088	1,174,870
Other Liabilities	936,301	811,439
Total Liabilities	**69,331,498**	**21,134,371**
Share Capital	60,883,532	60,883,532
Retained Earnings	6,578,937	5,852,544
Total Shareholders' Equity	**67,462,469**	**66,736,076**
Total Liabilities and Equity	**136,793,967**	**87,870,447**

Covid-19 Impact, Proactive Risk Management and Investment Opportunities

The Caribbean region continued 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. However, significant progress has been made in vaccinations with more persons across the region becoming more open to vaccines, and vaccines becoming more accessible to governments and the private sector. Less severe mutated forms of the virus may have played 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 FYE Jun 2022, from the depths of the unprecedented economic route that occurred since 2020 when the virus surfaced.

On the heels of the COVID-19 pandemic, the world economy is now faced with another challenge: the threat of high inflation, driven by the lingering effects of the global pandemic, and food shortages due to the war between Russia and the Ukraine. The direct result of higher inflation is higher interest rates, and central banks across the world have begun to increase interest rates rapidly to tame high inflation. These actions will likely lead to a slowdown in global economic growth and in some instances, a recession. As history has repeatedly shown, during periods of economic uncertainty, the demand for flexible capital typically increases, sometimes substantially.

While the assessment of the overall impact of COVID-19 and the emerging threat of inflation and higher interest rates are 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 remains unwavering in its commitment to achieve three key priorities, namely:

- ***proactively managing the risk of its private credit portfolio, that is, minimising "realized" credit losses and charge-offs, versus "expected credit losses". The latter will fluctuate based on market conditions, but the former represents permanent loss of shareholder value.*** As outlined during the last Annual General Meeting, SCI's private credit portfolio is primarily invested in sponsored middle-market companies that are more likely to successfully navigate an extended recessionary environment. Deploying capital into the right types of businesses is a key part of

SCI's proactive risk management. This trend of investing in sponsored Portfolio Companies continues to accelerate and has created some exciting opportunities for SCI, while providing significant downside protection. SCI, as the leader in the Caribbean's private credit market, is particularly well-positioned for this due to the scale of its private credit platform of more than US$200 million combined, its full suite of private credit financing solutions, its deeply experienced private credit team and strong relationships with financial sponsors. SCI's annualized loss rate was less than 0.4% since it began operations in 2017, while AFC's annualized loss rate was less than 0.1% in 19 years of operation.

- ***maintaining a strong balance sheet with a high asset coverage ratio and moderate leverage.*** The asset coverage ratio is a financial metric that measures how well a company, particularly firms in the private credit industry, can repay its debt by selling or liquidating its financial assets. The higher the asset coverage ratio, the more times a company can cover its debt. Therefore, a company with a high asset coverage ratio, all other things being constant, has substantially more flexibility and is considered less risky, since in a severely stressed market it can significantly discount its financial assets and sell them to raise cash and pay off debts. SCI's target asset coverage threshold ratio is 1.5x and was 2.00x at FYE Jun 2022 versus 3.72x at FYE Jun 2021. The threshold of 1.5x is in keeping with global standards.

Summary Ratios	FYE Jun 2022 US$	FYE Jun 2021 US$
Sub-Total Debt (Notes, Loans and Borrowings)	**63,289,500**	**19,148,062**
Total Debt/Total Assets (<0.5x)	0.47	0.22
Asset Coverage Ratio (>1.5x)	2.00	3.72
Total Debt/Equity (<1.25x)	0.96	0.29

Similarly, for leverage, measured by debt/equity, a lower leverage ratio, all other things being constant, provides substantially more flexibility and is considered less risky than higher leveraged financial firms. SCI has a target leverage internal threshold ratio of 1.25x with a limit of 2.0x and was <0.96x at FYE Jun 2022 versus <0.29x FYE Jun 2021. The cap of 2.0x is in keeping with global standards and is substantially lower than traditional financial firms with leverage ranging between 4x to 10x globally. Given that SCI is primarily funded with permanent capital, the combination of a high asset coverage with moderate to low leverage provides the Company with substantial flexibility to navigate an extended recessionary environment, and all other things being equal, presents relatively less risk for its creditors and shareholders.

- ***deepening current partnerships and building new relationships across the Caribbean and with international financing partners, to scale the growth and expansion of its Caribbean private credit platform.*** SCI continues to see an unprecedented opportunity to deepen existing relationships and forge new partnerships with industry-leading companies by being a differentiated solutions provider. This includes collaborating with a wide cross section of traditional financial firms, governments, quasi-government agencies, leading entrepreneurs and business leaders, to support Caribbean middle-market companies and business ventures.

SCI sees an accelerated growth path within the next 3 years of at least US$300 million.

Strategic Direction and Outlook

With the acquisition of AFC, SCI's private credit platform now spans the English, Dutch and Spanish-speaking Caribbean, and continues to see significant demand for flexible debt capital from well -managed middle-market businesses, especially as the impact of COVID-19 recedes in the distance. The private credit platform continues to maintain a robust investment pipeline which is at various stages of execution. Importantly, SCI now sees an accelerated growth path of at least US$300 million in investment originations within the next three years, financed by a combination of international and regional credit facilities and co-investing partners. A key thrust of the private credit platform will be to substantially enhance the growth of the non-interest revenue income stream to complement robust net interest income from its balance sheet assets, thus enhancing return on equity and earnings per share. To achieve this, SCI is expected to optimise its use of debt capital as the primary, albeit not the only means, to finance this accelerated growth, given its relatively robust balance sheet and investment grade credit ratings of jmBBB+ and CariBBB-, both with stable outlooks from rating agency CariCRIS. This accelerated growth path and increased scale is expected to enhance shareholder value and returns over the medium term. The Company is also expected to buy back up to 15% of its ordinary shares during the 2022/23 financial year, in keeping with its promise made to shareholders during its private placement and initial public offering.

Corporate Data

Board of Directors

Linval Freeman, FCA, FCCA	Independent Chairman
Ian Williams, MBA, BSc	Independent Non-Executive Director
Peter Thompson, CFA, MSc	Independent Non-Executive Director
Damian Chin, MSc, BA, BSc	Independent Non-Executive Director
Hope Fisher, BSc	Independent Non-Executive Director
Ike Johnson, PhD, CFA	Non-Executive Director
Horace Messado, FCA, MBA	Independent Non-Executive Director

SECRETARY
MCSI Inc.
Bella Rosa Road
Gros Islet
St. Lucia

REGISTERED OFFICE
20 Micoud Street
Castries
St. Lucia

ATTORNEYS-AT-LAW
Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6
Jamaica

EXTERNAL AUDITORS
KPMG
204 Johnstone Centre
No 2 Bella Rosa Road
P.O. Box GI 2171
Gros Islet LC01 101
St. Lucia

REGISTRAR
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston
Jamaica

BANKERS
CIBC FirstCaribbean International Bank Limited
23-27 Knutsford Blvd.
Kingston 5
Jamaica

CIBC FirstCaribbean International Bank Limited
Bridge Street Branch
P.O Box 335, 336, 350
Bridge Street
Castries
St. Lucia

National Commercial Bank
Corporate Banking Division
32 Trafalgar Road
Kingston 10
Jamaica

Sagicor Bank Jamaica Limited
Corporate Banking Division
17 Dominica Drive
Kingston 5
Jamaica

JMMB Bank
6-8 Grenada Crescent
Kingston 5
Jamaica

JN Bank Limited
Main Office
2-4 Constant Spring Road
Kingston 10
Jamaica

CONTACT US
Website

Email
sci@sygnusgroup.com

Telephone
876-634-5000

Risk Management

Risk Management Policy

The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures that are established to address these potential risks.

The Company has developed and implemented a risk management policy that identifies major risks which may threaten the existence of the Company. Risk mitigation processes and measures are also formulated and clearly outlined in the policies and procedures. The risk management policy of the Company also adopts best practice measures to address any perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors of the Company is ultimately responsible for the risk management policies of SCI.

Investment and Risk Management Committee

The Company has delegated the management of credit risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager. The IRMC is responsible for the overall risk management of the Company and is responsible for all credit and investment decisions relating to the Company's investment portfolio.

This Committee consists of three members, two of whom are independent of the Company, including the chairman who was appointed by the Investment Manager's Board of Directors. The Committee reviews and approves all investment recommendations and determines the level of conditions that will be attached to each investment.

Investment Advisory Committee

The Company's Investment Manager, through an Investment Advisory Committee ("IAC") is responsible for analysing and recommending all investment and credit proposals to the IRMC, and monitoring the performance of the Company's investment portfolio.

This Committee consists of three members who were appointed by the Investment Manager's Board of Directors. The CEO of the Investment Manager was appointed as the chairman of the IAC.

As a private credit investment company, SCI faces a number of different risks associated with its investments, including credit risk, market risk and liquidity risk.

1. **Credit Risk:**

   Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Company's credit risk is concentrated primarily in private credit investments, cash at bank balances, securities purchased under resale agreements and other receivables.

   To mitigate Credit Risk, the Company has several lines of defense:

   (a) **Independent Decision Making Process:** The first line of defense is the separation of investment decisions from deal origination. Investment decisions can only be made by the IRMC, which reviews each private credit transaction on its own merit. The IAC, which recommends investments, has no decision-making authority.

   (b) **Screening, Approval and Documentation:** SCI only invests in Portfolio Companies which the IRMC believes to be financially sound investments. Each investment goes through a screening, approval and documentation process to determine if it meets SCI's investment criteria.

   (c) **Post-Investment Monitoring:** after each investment is made, they are monitored to determine if there are any changes in the financial performance or credit profile of each Portfolio Company. Part of this monitoring process may include board observation rights or board seats for certain types of investments.

   (d) **Concentration Limits:** SCI limits its investment exposure per sector/industry and per individual Portfolio Company or group of Portfolio Companies to mitigate credit risk. The Company also limits the size of each individual transaction to reduce concentration risks.

   (e) **Delinquency and Recoveries Management:** Through its investment manager, SCI has policies and procedures on delinquency and recoveries management, some of which will be outsourced to third parties on a case-by-case basis.

2. **Market Risk:**

   Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the IAC and the IRMC.

The elements of market risk that affect the Company are as follows:

a. **Foreign Currency Risk:** Foreign currency risk is the risk that the fair value of, or future cash flows from financial instruments will vary because of exchange rate fluctuations. The Company incurs foreign currency risk on transactions that are denominated in currency other than the United States dollar. The main currency giving rise to this risk is the Jamaican dollar.

   To mitigate foreign currency risk, the Company:

   i. utilizes a value-at-risk tool to monitor the impact of FX on its portfolio on an ongoing basis;

   ii. builds in a depreciation buffer into its non-USD investments with an annual return target threshold. This buffer may take the form of higher interest income or additional upside that is realized on successfully exiting an investment; and

   iii. limits the amount of non-USD investment in Portfolio Companies.

b. **Interest Rate Risk:** Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

   To mitigate interest rate risk, the Company:

   i. monitors interest rates daily. Even though there is no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary;

   ii. invests primarily in instruments whose value is carried at amortized cost, thus minimizing the impact of any movement in market interest rates on its portfolio; and

   iii. maintains an appropriate mix of variable and fixed rate instruments, as determined by market conditions.

3. 3. Operational Risk:

Operational risk is the risk arising from the execution of SCI's business functions, particularly the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as:

a. **Internal Fraud** - misappropriation of assets, tax evasion, intentional mismarking of positions, and bribery;

b. **External Fraud** - theft of information, hacking damage, third-party theft and forgery;

c. **Business Practice** - market manipulation, antitrust, fiduciary breaches, account churning;

d. **Business Disruption & Systems Failures** - utility disruptions, software failures, hardware failures; and

e. **Execution, Delivery, & Process Management** - data entry errors, accounting errors, failed mandatory reporting, and negligent loss of client assets.

Operational Risk is mitigated by delegation of authority and operational procedures at different levels via the investment manager, and advisors or consultants as necessary.

4. Liquidity Risk:

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Company generally makes investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Company to sell or dispose of such investments in a timely manner at, or close to, fair value, if the need arises.

In addition, the Company faces liquidity risk in the form of funding risk. This is the risk that the Company may encounter difficulty in raising funds to meet commitments associated with its investments. Maturities of assets and liabilities, and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

The Company mitigates liquidity risk primarily by:

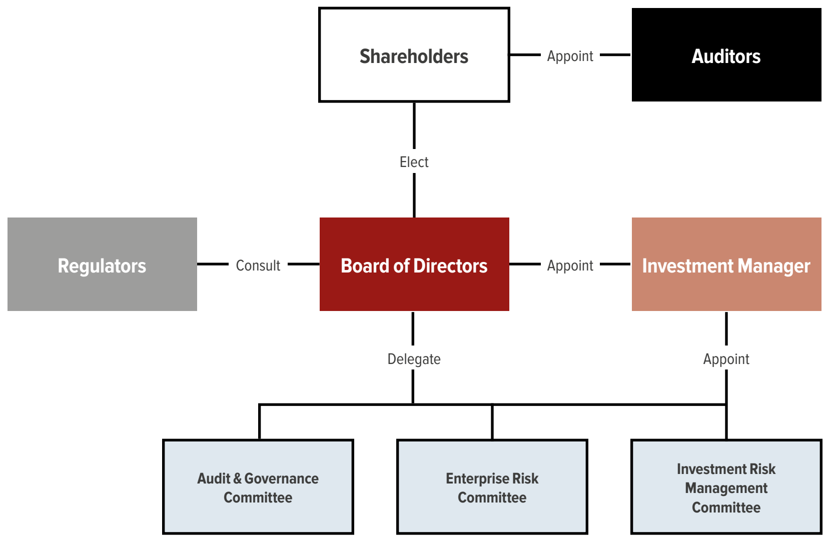
a. not being subject to any externally imposed liquidity requirements; and

b. maintaining an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Corporate Governance

OVERVIEW

The members of the Board of Directors ("the Board") of Sygnus Credit Investments Limited ("SCI") understands that sound corporate governance is an important pillar in ensuring the long-term sustainability of the Company. The Board understand that good corporate governance leads to ethical business practices and remains committed to maintaining the highest standard of corporate governance in order to ensure alignment between the Company and the interests of its stakeholders. The corporate governance structure includes international best practices and guidelines provided by regulators and other oversight bodies as well as policies and terms of reference adopted by the Board.



ROLES AND RESPONSIBILITIES OF THE BOARD

The principal role of the Board of Directors is to oversee the performance of the Company's management, protect the interests of shareholders and ensure compliance with applicable legal and regulatory requirements as well as industry best practices. The Board also provides guidance to management in the establishment of the strategic objectives of the business and the assessment of its performance.

In the performance of their duties, the directors of the Company are expected to exercise sound and independent judgment and may rely on the expertise of the Company's management, external professional advisors and the Company's auditors.

Whilst the Company's Investment Manager has responsibility for the routine investment operations of the Company, the Board of Directors retains ultimate responsibility for the Company's performance and observance of high standards of corporate governance.

GOVERNANCE STRUCTURE

The Company's Board of Directors is elected by the Company's shareholders. However, the Board may appoint a Director of the Company to either fill a casual vacancy or as an addition to the Board during any financial year. The shareholders of the Company are also responsible for the appointment of the Company's auditors. The Board of Directors is responsible for the appointment of the Investment Manager and may also establish committees of the Board to have responsibility for specific areas. The standing committees of the Board are the Audit and Governance Committee and the Enterprise Risk Committee. In performing its functions, the Board of Directors may consult with regulatory and oversight agencies including the Financial Services Commission and the Jamaica Stock Exchange in the performance of its duties.

The duties of the Board of Directors include:

- Overseeing the financial and strategic planning process;
- Evaluating the Company's financial performance and approving the Company's Financial Statements;
- Ensuring the timely disclosure of all material information concerning the Company to shareholders and regulatory agencies;
- Ensuring that principal risks of the Company are identified and that Management implements appropriate systems, policies and processes to manage the risks identified;

- Ensuring that the Company complies with applicable laws including those relating to the issuance of securities and the prevention and detection of money laundering, terrorist and proliferation financing;
- Ensuring a proper system of succession planning and management performance and evaluation is implemented;
- Ensuring proper standards of corporate governance are observed by the Company; and
- Determining the terms of reference for the Board committees and overseeing their activities.

The Board is guided by a Corporate Governance Framework which is subject to ongoing review and assessment to ensure that its provisions remain relevant, consistent with industry best practice and legal and regulatory requirements. The Corporate Governance Framework is designed to ensure the independence of the Board and its ability to effectively supervise the Company's management team. A copy of our Corporate Governance Policy is available for review on our website at www.sygnusgroup.com.

The Board has in place very formal and rigorous processes that independently verify and safeguard the integrity of the Company's reporting processes. The Board ensures timely disclosure of all matters concerning the Company that would be expected to have a material effect on the Company and the value of the securities issued by it.

COMPOSITION OF THE BOARD

The Articles of Association of the Company provides for a Board of Directors of not more than nine (9) persons. At the date of this report, the Board is comprised of the following seven (7) Directors:

Director	Executive/Non-Executive	Independence
Mr. Linval Freeman, FCA, FCCA	Non-Executive/Chairman	Independent
Mr. Ian Williams, MBA, BSc	Non-Executive	Independent
Mr. Damian Chin, MSc, BA, BSc	Non-Executive	Independent
Mr. Peter Thompson, CFA, MSc	Non-Executive	Independent
Ms. Hope Fisher, BSc	Non-Executive	Independent
Mr. Horace Messado, FCA, MBA	Non-Executive	Independent
Mr. Ike Johnson, PhD, CFA	Non-Executive	Not Independent

Mr. Clement Iton demitted office as Chairman and a member of the Board of Directors effective October 31, 2021, and Mr. Linval Freeman was duly appointed Chairman with effect from that date. In accordance with the Articles of Incorporation of the Company, Mr. Horace Messado was duly appointed by the Board on March 25, 2022, to fill the vacancy created by Mr. Iton's resignation.

Six (6) of the seven (7) directors are independent of the Company and of these independent directors, three (3) represent anchor Shareholders. A Director representing an anchor shareholder is nominated by the anchor shareholder and elected by the members of the Company. Mr. Ike Johnson, the Chief Operating Officer of Sygnus Capital Limited (an affiliate company) is the sole non-independent director.

BOARD EXPERTISE

In keeping with the Company's Corporate Governance Framework, members of the Board are selected from candidates who possess appropriate expertise and skills which support the work of the Board and the strategic objectives of the Company. The members of the Board are recognised leaders in their respective fields, which include banking and finance, strategic management, accounting, risk management, investment banking, capital markets and legal and regulatory compliance.

Skillset	Linval Freeman	Ian Williams	Damian Chin	Peter Thompson	Hope Fisher	Ike Johnson	Horace Messado
Finance/Accounting	✖	✖	✖	✖	✖	✖	✖
Industry Knowledge		✖		✖	✖	✖	✖
Risk Management	✖		✖	✖	✖	✖	
Board/Governance Experience	✖					✖	✖
Legal/Regulatory/Compliance/Government	✖		✖				
Compensation/HR						✖	
M&A/Corporate Finance/Investment Banking/Capital Markets		✖		✖	✖	✖	✖
Strategic Planning							✖

Members of the Investment Manager's management team are invited to attend Board and committee meetings and may participate through the presentation of discussion documents, make submissions for consideration, and respond to questions and comments by the Directors.

COMMITTEES OF THE BOARD

The Audit & Governance Committee and the Enterprise Risk Committee each has its own Terms of Reference which sets out the Committee's purpose, membership, quorum and other matters concerning the conduct of its meetings.

Each of the committees of the Board meet periodically, typically quarterly or more frequently if required, to examine issues that fall within its respective mandate and reports on its activities to the Board. The Audit & Governance Committee and the Enterprise Risk Committee are each comprised of at least three (3) members of the Board and a majority of the Committee are required to be independent Directors. The Chairman of each committee is also appointed by the Board and appointments to the committees are for a term of three (3) years. Appointments to each committee may be extended for an additional three-year period, provided the Director remains independent.

Audit & Governance Committee

The primary purpose of the Audit and Governance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, internal controls, the audit process and legal and regulatory requirements.

The members of the Committee are:

- Mr. Horace Messado, Chairman*
- Mr. Linval Freeman
- Mr. Ian Williams

*Mr. Horace Messado was appointed Chairman of the Audit and Governance Committee on May 30, 2022, taking over the reins from Linval Freeman who was previously appointed Chairman of the Board on October 31, 2021.

Enterprise Risk Committee

The primary purpose of the Enterprise Risk Committee is to have oversight of the Company's risk governance and framework including the identification of key business risks and the implementation of mitigating measures by the Company's management to manage these risks.

The members of the Enterprise Risk Committee are:

- Mr. Damian Chin, Chairman
- Ms. Hope Fisher
- Mr. Peter Thompson

Investment and Risk Management Committee

While the Board of Directors is ultimately responsible for the risk management policies of the Company, it has delegated the management of credit risk to the Investment and Risk Management Committee of the Board of Directors of Sygnus Capital Limited ("SCL"), the Company's Investment Manager. The Investment and Risk Management Committee is a Board sub-committee of the Investment Manager, SCL, and is responsible for making all investment decisions.

Sygnus Capital Limited is a licensed Securities Dealer in Jamaica and is also a wholly owned subsidiary of Sygnus Capital Group. Sygnus Capital Limited is regulated by the Financial Services Commission.

The purpose of the Investment and Risk Management Committee is to have oversight responsibility for all credit and investment decisions relating to the Company's investment portfolio. The Investment and Risk Management Committee is guided by a Credit Risk Policy which sets out principles and policies for credit risk management.

The Investment and Risk Management Committee consists of three (3) members, two (2) of whom are independent including the Chairman who is appointed by the Board of Directors of the Investment Manager. The members of the Investment and Risk Management Committee are:

- Mr. Milton Brady, Chairman
- Mr. Simon Cawdery
- Mr. Jason Morris, Chief Investment Officer of Sygnus Capital Limited

APPOINTMENT, RE-ELECTION AND TERM OF BOARD MEMBERS

Pursuant to the Articles of Incorporation of the Company, at least one-third of the directors are required to retire each year at the Company's Annual General Meeting but shall be eligible for re-election by the Company's shareholders. A director who is employed to the Company shall cease to be a Director upon termination of employment with the Company.

The directors to retire in each year shall be those longest tenured since their election, but as between persons who became Director on the same day, the Directors to retire shall (unless agreed between them) be determined by lot.

The Board may appoint a Director of the Company to either fill a casual vacancy or as an addition to the Board, provided the total number of Directors does not at any time exceed the maximum number permitted by the Company's Articles of Incorporation. Any Director so appointed shall hold office only until the following Annual General Meeting, when they shall retire. A retiring Director shall be eligible for re-election.

To support the Company's commitment to strong corporate governance by fostering new leadership and reducing the entrenchment of directors, directors are subject to a term limit which seeks to achieve ongoing renewal of the Board. All non-executive Directors will be appointed for an initial term of up to three (3) years, subject to annual re-election by the Company's shareholders. After the initial three-year (3) term, a director's term may be renewed for a further three-year (3) term. The Company's shareholders may, however, choose to re-elect an independent Director who has already served for six (6) years. The Board may remove a Director by a resolution of the Board.

DIRECTOR COMPENSATION

The Company's philosophy is that the level of compensation paid to Board Members should be sufficient to attract and retain high-quality directors to support the work of the Board and the strategic objectives of the Company. Director's compensation, is therefore based, on market rates and the level of responsibility and time commitment required of each Board member.

Non-executive Directors are paid an annual retainer and fees for attendance at Board and Committee meetings throughout each year.

DIRECTORS ATTENDANCE AT MEETINGS

There were nine (9) Board meetings held during the year. The Audit and Governance Committee held six (6) meetings and the Enterprise Risk Committee held four (4) meetings during the year. The attendance record of each of the Directors for the Board meetings and the Board Committee meetings is listed as follows:

Attendance Record for Directors	Board of Directors	Audit & Governance	Enterprise Risk
Number of Meetings Held	**9**	**6**	**4**
Mr. Linval Freeman	9	6	N/A
Mr. Ian Williams	9	6	N/A
Mr. Damian Chin	9	N/A	4
Mr. Peter Thompson	9	N/A	4
Ms. Hope Fisher	7	N/A	4
Mr. Horace Messado**	1	2	N/A
Mr. Ike Johnson	9	N/A	N/A

** Mr. Horace Messado was appointed to the Board of Directors on March 25, 2022.

CODE OF CONDUCT

The Board of Directors has adopted a Code of Conduct affirming their commitment to the high standard of professionalism expected of Directors in the execution of their duties. All Directors are provided with the Code of Conduct on election to the Board and are required to acknowledge that they have received and read the Code of Conduct annually thereafter. The Code of Conduct describes the standards of conduct expected of each Director including:

- Duty of loyalty to the Company
- Duty of care
- Duty of confidentiality
- Duty to disclose
- Compliance with laws and regulations
- Conflicts of Interest
- Acting on material non-public information
- Use of Company assets
- Political activity
- Competing and fair dealing with the Company and others

- Bribery and corruption
- Appointments to other Boards
- Reporting of improper or unethical behaviour

CONFLICT OF INTEREST

Where the personal or business relationships or interests of any Director conflict with those of the Company, the Director is required to make a written disclosure or request that the disclosure be entered in the minutes of a meeting of the Board. Directors who are conflicted should also recuse themselves from the meeting when the subject giving rise to the conflict of interest is being discussed. Directors are also required to disclose the nature or extent of their interest in contracts with the Company including relationships with any person, company or body that is a party to a contract or proposed contract with the Company.

INSIDER TRADING

The Company has adopted an Insider Trading Policy which sets out the standards and rules (including those based on law) and best practice, with respect to transactions in the securities issued by the Company and its affiliates. The Insider Trading Policy also addresses the handling of material non-public information about the Company and its affiliates.

Directors of the Company, the management team and the Directors of the Investment Manager are also subject to the Insider Trading Policy with respect to trading in the securities issued by the Company.

BOARD EVALUATION

Periodic evaluation of the Board of Directors is an important part of good corporate governance, accordingly, the Board of Directors of the Company is committed to periodic evaluations of its composition, structure and performance, and to identifying areas for improvement where deficiencies or any incompatibility with best practice and the principles of good corporate governance are identified. The evaluation exercise took the form of a survey to be completed by each member of the Board. The survey evaluated the following areas:

- Board Structure and Culture;
- Board Analysis;
- Monitoring of Risks and Trends;
- Board Conduct; and
- Director Qualification

The evaluation exercise also includes Directors' assessments of their peers on the Board and the evaluation of the effectiveness of Board Committees.

SHAREHOLDER ENGAGEMENT

The Board of Directors and management of the Company understand that shareholder engagement is critical to keeping shareholders informed about developments within the Company's business and the strategic direction of the Company. While the Company's Annual General Meeting provides an excellent opportunity for shareholder's to get to know and to personally engage with the Directors and management, the Board encourages shareholders and other stakeholders to provide other feedback by utilising varied channels of communication. Feedback can be provided by emailing the Board members or the Investment Manager at sci@sygnusgroup.com or info@sygnusgroup.com.

The Company also makes extensive use of conventional and social media channels to keep shareholders and stakeholders informed about developments concerning SCI and its business. To ensure that shareholders are kept informed on the performance of the Company, SCI launched its live earnings call opened to the general public in February 2022, the first such event by a listed company on the JSE.

For these quarterly events, the general public is notified of the date and time with the release of the quarterly financial results to the JSE. Questions are fielded in real time, in keeping with global best practices. For those who missed the live events, the presentation used during the events and the recording of the live sessions, inclusive of the questions and answers, are made available on the investor relations section of Sygnus' website at **https://sygnusgroup.com/investor-relations/investor-relations-sci/**

Shareholders' Information

Shareholders	Shareholding	Approx. % Issued Capital
Sygnus Capital Group Limited	1 Special Share	0.00%
Sygnus Capital Group Limited	6,481,100 Ordinary Shares	1.10%
Investment Manager (SCL)	Nil	0.00%
Existing Shareholders	584,494,363 Ordinary Shares	98.9%
Total Issued Shares	**590,975,463 Ordinary Shares**	**100%**

Shareholdings of Directors, Senior Managers & Connected Parties

No	Director	Shareholdings	Connected Parties	% Holdings
1	Horace Messado	585,300	Lisa-Gaye Camille Messado	0.10%
2	Ian Williams	998,835	Ladesa Williams, Zane Williams	0.17%
3	Hope Fisher	0	N/A	0.00%
4	Damian Chin	0	N/A	0.00%
5	Peter Thompson	0	N/A	0.00%
6	Ike J. Johnson	95,300	N/A	0.02%
7	Linval Freeman	200,000	Donna Freeman, Kristifer Freeman, Kimberly Freeman	0.03%
	Subtotal	1,879,435	N/A	0.32%
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%**

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...	17,715,318	3.0%
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		**187,841,400**	**31.8%**
Total		**590,975,463**	**100.0%**

Financials

204 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box GI 2171
Gros- Islet LC01 101
Saint Lucia

Telephone: 758-453-5764
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITOR'S REPORT

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Sygnus Credit Investments Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (collectively, "the Group"), set out on pages 47 to 100, which comprise the Group's and Company's statements of financial position as at June 30, 2022, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and Company as at June 30, 2022 and the Group's and Company's financial performance and the Group's and Company's cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investments

The key audit matter	How the matter was addressed in our audit
The valuation of the Group's investments amounting to US$50,015,435 (2021:US$20,572,410) includes significant assumptions and judgments about the performance of the counterparties over the tenure of the investments. Furthermore, the valuation methodology relies on unobservable inputs, which have a significant impact on the resulting values of the investments. These judgements and assumptions could result in estimated fair values that are materially different from actual transaction values. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *[see notes 4(e), 9 and 24 of the financial statements]*	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of prices/fair values used by the Group by comparing those prices to independent third party information, including assessing the impact of COVID-19 on the variables used in the fair value calculation. • Involving our own valuation specialists to assess the reasonableness of the valuation methodologies employed and the fair value conclusions. We considered the provisions of IFRS 13 *Fair Value Measurement* and reviewed the sources of data and underlying assumptions utilised to value the investments.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

1. Valuation of investments (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values. • Evaluating the appropriateness of classification of investment components in accordance with IFRS.

2. Measurement of expected credit losses on financial assets

The key audit matter	How the matter was addressed in our audit
IFRS 9 requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgements and assumptions.	Our procedures in this area included the following: • Obtaining an understanding of the model used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. The identification of a significant increase in credit risk is a key area of judgement, as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. The incorporation of forward-looking information, reflects a range of possible future economic conditions. Significant management judgement is used in determining the economic scenarios. These estimates involve increased judgement as a result of the economic impact of Covid-19 on the Group's financial assets. Management considered the following: • Qualitative factors that create COVID-19 related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area included the following (continued): • Testing the design and operating effectiveness of the key control over the computation of the expected credit losses. • Testing the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and independently assessing the assumptions for probabilities of default, losses given default, exposures at default and the incorporation of forward-looking information.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus. *[see notes 4(d) and 25(b) to the financial statements]*	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures of the key assumptions and judgements.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at pages 45-46, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Baldwin Alcindor.

KPMG

Chartered Accountants
Saint Lucia
August 29, 2022.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Appendix to the Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Appendix to the Independent Auditor's Report (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement of Financial Position

As at June 30, 2022 (Expressed in United States dollars)

	Notes	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
ASSETS					
Cash and cash equivalents	5	8,470,884	1,029,391	8,164,108	1,028,938
Interest receivable		3,675,584	3,232,954	3,675,584	3,232,954
Other receivables	6	525,090	197,229	522,970	196,503
Due from related parties	7(a)	1,612,232	613,395	22,920,226	767,870
Lease receivables	8	1,601,052	2,287,083	1,601,052	2,287,083
Investments	9	120,907,979	80,510,395	96,748,804	80,510,395
Deferred tax asset	10	1,146	-	1,146	-
Investments in subsidiaries	11	-	-	22,785,901	76
Total Assets		136,793,967	87,870,447	156,419,791	88,023,819
LIABILITIES					
Accounts payable and accrued liabilities	12	3,958,088	1,174,870	2,147,047	1,172,569
Due to related parties	7(a)	241,973	510,647	23,024,247	510,647
Dividends payable	13	388,885	247,582	388,885	247,582
Interest payable	14	231,492	50,862	231,492	50,907
Taxation payable		73,951	2,348	73,951	2,348
Notes payable	15	60,285,928	14,670,025	42,454,748	6,744,133
Preference shares	16	1,147,609	-	1,147,609	-
Loans and borrowings	17	3,003,572	4,478,037	20,189,193	12,360,478
Total Liabilities		69,331,498	21,134,371	89,657,172	21,088,664
EQUITY					
Share capital	18	60,883,532	60,883,532	60,883,532	60,883,532
Retained earnings		6,578,937	5,852,544	5,879,087	6,051,623
Total Equity		67,462,469	66,736,076	66,762,619	66,935,155
Total Liabilities and Equity		136,793,967	87,870,447	156,419,791	88,023,819

The financial statements on pages 47 to 100 were approved by the Board of Directors on August 29, 2022.

_________________________ Director
Dr. Ike Johnson

_________________________ Director
Linval Freeman

Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2022 (Expressed in United States dollars)

	Notes	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Income					
Interest income calculated using the effective interest method	19	10,217,443	8,221,661	10,217,443	8,221,661
Interest expense	19	(3,112,690)	(1,797,459)	(2,930,341)	(1,704,899)
		7,104,753	6,424,202	7,287,102	6,516,762
Fair value gains from financial instruments at FVTPL	24(b)	4,069,942	1,416,793	2,878,590	1,416,793
Fair value adjustment on contingent consideration payable	12(i)	(92,580)	-	-	-
Gain on sale of investments		-	24,175	-	24,175
Fee income	20	42,697	62,786	27,714	62,786
		11,124,812	7,927,956	10,193,406	8,020,516
Expenses					
Management fees	7(b)	1,933,561	1,456,937	1,933,561	1,456,937
Performance fees	7(b)	50,939	349,514	50,939	349,514
Corporate service fees	7(b)	336,363	265,663	336,363	265,663
Net foreign exchange loss		405,221	72,988	408,654	73,964
Impairment allowance on financial assets	25(b)(vi)	3,820,134	69,710	3,820,134	69,710
Other expenses	21	659,117	654,817	623,207	620,984
		7,205,335	2,869,629	7,172,858	2,836,772
Profit before taxation		3,919,477	5,058,327	3,020,548	5,183,744
Taxation	22(a)	(96,373)	(30,010)	(96,373)	(11,594)
Profit for the year, being total comprehensive income		3,823,104	5,028,317	2,924,175	5,172,150
Earnings per stock unit	23	0.65¢	1.11¢		
Diluted earnings per stock unit	23	0.65¢	1.11¢		

The accompanying notes form an integral part of the consolidated and seperate financial statements.

Group Statement of Changes in Equity

Year ended June 30, 2022 (Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2020	35,107,673	2,564,686	37,672,359
Profit for the year, being total comprehensive income for the year	-	5,028,317	5,028,317
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 13)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	5,852,544	66,736,076
Profit for the year, being total comprehensive income for the year	-	3,823,104	3,823,104
Transaction with owners			
Dividends declared (note 13)	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	6,578,937	67,462,469

Company Statement of Changes in Equity

Year ended June 30, 2022 (Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2020	35,107,673	2,619,932	37,727,605
Profit for the year, being total comprehensive income for the year	-	5,172,150	5,172,150
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 13)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	6,051,623	66,935,155
Profit for the year, being total comprehensive income for the year	-	2,924,175	2,924,175
Transaction with owners			
Dividends declared (note 13)	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	5,879,087	66,762,619

The accompanying notes form an integral part of the consolidated and seperate financial statements.

Statement of Cash Flows

Year ended June 30, 2022 (Expressed in United States dollars)

	Notes	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Cash flows from operating activities					
Profit for the year		3,823,104	5,028,317	2,924,175	5,172,150
Adjustments for:					
Interest income	19	(10,217,443)	(8,221,661)	(10,217,443)	(8,221,661)
Interest expense	19	3,112,690	1,797,459	2,930,341	1,704,899
Impairment allowance on financial assets	25(b)(vi)	3,820,134	69,710	3,820,134	69,710
Taxation	22(a)	96,373	30,010	96,373	11,594
Amortisation of transaction costs on issued notes		546,006	167,791	390,822	73,472
Fair value loss on contingent consideration		92,580	-	-	-
Fair value gains on investments	24(b)	(4,069,942)	(1,416,793)	(2,878,590)	(1,416,793)
		(2,796,498)	(2,545,167)	(2,934,188)	(2,606,629)
Changes in operating assets and liabilities:					
Other receivables		(327,861)	(163,923)	(326,467)	(165,297)
Due from related parties		(998,837)	(613,395)	(22,152,356)	(649,170)
Accounts payable and accrued liabilities		2,690,638	(571,012)	974,478	(565,348)
Due to related parties		(268,674)	299,587	22,513,600	300,179
		(1,701,232)	(3,593,910)	(1,924,933)	(3,686,265)
Taxation paid		(25,916)	(9,246)	(25,916)	(9,246)
Net cash used in operating activities		(1,727,148)	(3,603,156)	(1,950,849)	(3,695,511)
Cash flows from investing activities					
Purchase of investments		(63,089,089)	(56,602,971)	(40,121,266)	(56,602,971)
Encashment of investments		23,437,610	28,985,821	23,437,610	28,985,821
Investments in subsidiaries		-		(22,785,825)	-
Lease receivables		686,031	(237,519)	686,031	(237,519)
Purchase of securities under resale agreements		(800,000)	(7,084,980)	(800,000)	(7,084,980)
Encashment of securities purchased under resale agreements		800,000	9,584,980	800,000	9,584,980
Interest income received		9,278,516	6,874,875	9,278,516	6,874,875
Net cash used in investing activities		(29,686,932)	(18,479,794)	(29,504,934)	(18,479,794)
Cash flows from financing activities					
Dividends paid		(2,955,408)	(1,711,682)	(2,955,408)	(1,711,682)
Proceeds from issue of shares		-	27,102,262	-	27,102,262
Transaction costs associated with shares issued		-	(1,326,403)	-	(1,326,403)
Preference shares		1,147,609	-	1,147,609	-
Notes payable		45,069,897	-	35,319,793	-
Loans and borrowings, net		(1,474,465)	(2,035,525)	7,828,715	(2,035,525)
Interest paid		(2,932,060)	(1,922,308)	(2,749,756)	(1,829,749)
Net cash from financing activities		38,855,573	20,106,344	38,590,953	20,198,903
Net increase/(decrease) in cash and cash equivalents		7,441,493	(1,976,606)	7,135,170	(1,976,402)
Cash and cash equivalents at beginning of year		1,029,391	3,005,997	1,028,938	3,005,340
Cash and cash equivalents at end of year		8,470,884	1,029,391	8,164,108	1,028,938

The accompanying notes form an integral part of the consolidated and seperate financial statements.

Notes to the Financial Statements

Year ended June 30, 2022 (Expressed in United States dollars)

1. The Company

Sygnus Credit Investments Limited ("the Company") was incorporated in Saint Lucia on January 13, 2017 as an International Business Company. The Company's registered office is located 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.

The Company has no employees and the investment portfolio of the Company is managed and administered by Sygnus Capital Limited, a related company incorporated in Jamaica that is licensed and regulated by the Financial Services Commission.

The Company has interest in several subsidiaries, which are listed below. The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries	Country of Incorporation	Principal Activities	Percentage Ownership
Sygnus Credit Investments Jamaica Limited (SCIJL)	Jamaica	Finance raising	100%
SCI PR Holdings Limited (SCIPR)	Saint Lucia	Holding company	100%
SCI Puerto Rico Inc. (SCIPRI)	Puerto Rico	Holding company	100%

SCIJL was incorporated on May 7, 2019 and the business operations commenced in October 2019.

SCI PR Holdings Limited was incorporated on July 1, 2021 under the International Business Companies Act. Business operations commenced on February 28, 2022.

SCI Puerto Rico Inc("SCIPRI") was incorporated on September 24, 2021 as a Domestic Corporation, is a wholly owned subsidiary of SCIPR and holds a 93.66% membership interest in Sygnus Credit Investments Puerto Rico Fund LLC ("SCIPRF or Fund"). Business operations commenced on February 28, 2022. The membership interest held in SCIPRF is reflected as an equity investment at the end of the reporting period, as it was determined under IFRS 10 *Consolidated Financial Statements* that SCIPRI does not have power over the relevant activities of this Fund.

Sygnus Credit Investments Puerto Rico Fund LLC is a Fund which was incorporated under the laws of Puerto Rico on January 10, 2022. It acquired 100% of Acrecent Financial Corporation ("AFC") on February 28, 2022.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis.

  A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The amendments did not have a significant impact on the financial statements.

New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the Group has not yet adopted. The Group has assessed the relevance of all such standards, amendments and interpretations and has determined the following are likely to be relevant to its operations:

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS *9 Financial Instruments* and IFRS 16 *Leases* and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities -in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

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

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS *9 Financial Instruments* and IFRS 16 *Leases* (continued)

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the ‘incremental cost’ approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Group does not expect the amendment to have a significant impact on its 2023 financial statements.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

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

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, the Group classifies a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, a right to defer settlement must have substance and exist at the reporting date. It has now been clarified that a right to defer exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how the Group classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the Group's own equity instruments, these would affect its classification as current or non-current.

  It has now been clarified that the reporting entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendment to have a significant impact on its 2024 financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

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

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

  The Group does not expect the amendments to have a significant impact on its 2024 financial statements.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The Group does not expect the amendments to have a significant impact on its 2024 financial statements.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

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

(c) Functional and presentation currency

The financial statements are presented in United States dollars, which is the functional currency of the Company.

(d) Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the reported amounts of income, expenses, gains and losses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing companies of similar financial assets for the purposes of measuring ECL.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements include the following:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

4. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations:

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Contingent consideration that is classified as a liability is remeasured to fair value at each reporting date, with changes included in the income statement in the post-combination period. Contingent consideration that is classified as equity is not remeasured in the post-combination period.

(ii) Subsidiaries:

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control:

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Transactions eliminated on consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

(b) Cash and cash equivalents

Cash comprises cash at banks and cash equivalents which are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at amortised cost.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(c) Securities purchased under resale agreements

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

The difference between the purchase cost and resale consideration is recognised on the accrual basis over the period of the agreement, using the effective interest method, and is included in interest income.

(d) 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. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, other receivables, due from related parties and lease receivables. Financial liabilities include accounts payable and accrued liabilities, notes payable, dividends payable, loans and borrowings, preference shares and due to related parties.

Financial assets

(i) Classification and subsequent measurement

In applying IFRS 9, the Group classified its financial assets in the following measurement categories:

(a) Fair value through profit or loss (FVTPL); or

(b) Amortised cost.

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

- 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).

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Business model assessment (continued):

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Financial assets are classified as FVTPL when they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group does not have any instruments classified as fair value through other comprehensive income. The instruments held are not marketable and or does not meet the classification requirements under IFRS 9.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iii) Measurement of gains and losses on financial assets

Gains and losses on financial assets at amortised cost and FVTPL are included in the statement of profit or loss.

(iv) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The ECL is determined by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These three components are multiplied together and adjusted for forward looking information and discount rates.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future
- cash flows; and
- Other and lease receivables are measured at an amount equal to lifetime ECL.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets (continued)

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, or that proceeds from collateral will not be sufficient to pay back the entire exposure. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

(v) Financial liabilities

The Group classifies its non-derivative financial liabilities as measured at amortised cost.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(e) Fair value measurement (continued)

If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

(f) Investment in subsidiary

Investment in subsidiary is measured in the financial statements at cost, less any impairment loss.

(g) Revenue recognition

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not POCI but have subsequently become credit-impaired (or ‘stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(g) Revenue recognition (continued)

(ii) Fee income

Fee income is recognised on the accrual basis when the related services are performed.

(h) Foreign currency transactions and balances

Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(i) Other receivables and due from related parties

Other receivables and amounts due from related parties are measured at amortised cost, less any impairment loss.

(j) Leases

Finance lease:

Lessor

At the inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a financial lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not; then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Upon lease commencement, the Group recognises assets under a finance lease as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(j) Leases (continued)

Finance lease (continued):

Lessor (continued)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

(k) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

When an embedded derivative cannot be separated from the host contract, such as, the cash flows are not solely payments of principal and interest, the entire contract is designated as fair value through profit or loss.

(l) Taxation

Taxation on the profit or loss for the period comprises current and deferred taxes. Current and deferred taxes are recognised as tax expense or benefit in profit or loss.

(i) Current taxation

Current tax charges are based on the taxable profit for the period, which differs from the profit before tax reported because they exclude items that are taxable or deductible in other periods, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(l) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently.

(n) Accounts payable, accrued liabilities and due to related parties

Accounts payable, accrued liabilities and due to related parties are measured at amortised cost.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(p) Dividends

Dividends to shareholders are recorded in the financial statements in the period in which they are declared.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(r) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures,* as the "reporting entity", that is, the Group).

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(r) Related parties (continued)

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group of companies (which means that each parent, subsidiary and fellow subsidiary is related to the other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of companies of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

5. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash and bank balances	3,005,518	576,862	2,698,742	576,409
Short term deposit	213,395	-	213,395	-
Securities purchased under resale agreements [see (i)]	5,251,971	452,529	5,251,971	452,529
	8,470,884	1,029,391	8,164,108	1,028,938

(i) At the reporting date, the fair value of the securities held as collateral for resale agreements was $5,986,458 (2021: $630,000).

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

6. Other receivables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Prepaid expenses	47,974	35,889	45,854	35,163
Client receivables [see (i)]	477,116	161,340	477,116	161,340
	525,090	197,229	522,970	196,503

The aging of client receivables is as follows:

	Group and Company	
	2022	2021
	$	$
1-30 days	452,116	141,267
91-180 days	5,000	73
181-360 days	-	20,000
Over 360 days	20,000	-
	477,116	161,340

(i) Client receivables include undrawn fees, commitment fees and profit share payments due under existing client contract arrangements.

(ii) The expected credit losses on client receivables are immaterial.

7. Related party balances and transactions

The Group has related party relationships with its directors, shareholders and related entities.

(a) The statement of financial position includes balances with related parties, arising in the normal course of business as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Due from related parties:				
Subsidiaries [see (i)]:				
SCI Puerto Rico Inc	-	-	22,785,825	-
Sygnus Credit Investments Jamaica Limited	-	-	-	154,475
Other related parties [see (ii)]:				
SCI Puerto Rico Fund	1,612,232	-	50,000	-
Sygnus Real Estate Finance Limited	-	613,395	-	613,395
	1,612,232	613,395	22,920,226	767,870

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

7. Related party balances and transactions (continued)

(a) The statement of financial position includes balances with related parties, arising in the normal course of business as follows (continued):

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Due to related parties:				
Subsidiary [see (i)]:				
SCI PR Holdings Limited	-	-	22,785,825	-
Other related parties [see (i)]:				
Sygnus Capital Limited	238,422	510,647	238,422	510,647
Sygnus Tax Advisory Limited	3,551	-	-	-
	241,973	510,647	23,024,247	510,647

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Interest receivable from related parties:				
Sygnus Real Estate Finance Limited	41,637	7,514	41,637	7,514
Interest payable to related parties (note 14):				
Sygnus Credit Investments Jamaica Limited	-	-	-	14,837
Investments [note 9(iii)]:				
Sygnus Real Estate Finance Limited	2,233,875	-	2,233,875	-
Loans and borrowings (note 17):				
Sygnus Credit Investments Jamaica Limited	-	-	17,185,621	7,882,441

(i) These balances due to and from related parties are unsecured, interest free and repayable on demand. Amounts due from the related parties are considered low credit risk. No allowance for impairment was recognised.

(ii) The balance in the current period represents amount reimbursable for general and acquisition-related expenses. The balance in the prior period represented an unsecured 90-day loan amounting to J$90 million, which was repaid during the year.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

7. Related party balances and transactions (continued)

(b) The statement of profit or loss and other comprehensive income includes income earned and expenses incurred with related parties, arising in the normal course of business as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Income:				
Interest income	84,513	79,140	84,513	79,140
Operating expenses:				
Management fees	1,933,561	1,456,937	1,933,561	1,456,937
Performance fees [see (i)]	50,939	349,514	50,939	349,514
Corporate service fees	336,363	265,663	336,363	265,663
Directors' fees and related expenses	79,211	79,015	79,211	79,015
Professional fees	17,892	156,904	9,668	149,542
Interest expense	5,333	22,373	679,138	511,632
	2,423,299	2,330,406	3,088,880	2,812,303

(i) Performance fees are computed at 15% of the return on average equity above a hurdle rate of 6%, based on the average return on equity of the current and prior two years.

8. Lease receivables

	Group and Company	
	2022	2021
	$	$
Net investment in the lease	1,686,994	2,519,107
Less: unearned finance income	(83,513)	(226,836)
Less: impairment allowance [see note 25(b)(v)]	(2,429)	(5,188)
	1,601,052	2,287,083
The lease payments are receivable as follows:		
Within one year	1,438,187	1,772,687
Within one - two year	248,807	497,613
Within two - three years	-	248,807
	1,686,994	2,519,107

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

9. Investments

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Fair value through profit or loss				
Preference shares - profit participation and conversion options (i) [note 24(b)]	25,856,260	20,572,410	25,856,260	20,572,410
Investment in private credit fund (ii) [note 24(b)]	24,159,175	-	-	-
	50,015,435	20,572,410	25,856,260	20,572,410
Amortised cost				
Short-term notes (iii)	35,081,622	24,520,219	35,081,622	24,520,219
Medium term notes (iv)	39,386,109	35,666,357	39,386,109	35,666,357
	74,467,731	60,186,576	74,467,731	60,186,576
Sub-total	124,483,166	80,758,986	100,323,991	80,758,986
Less: impairment allowance [see note 25(b)(v)]	(3,575,187)	(248,591)	(3,575,187)	(248,591)
	120,907,979	80,510,395	96,748,804	80,510,395

The maturity profile of investments as at the reporting date is as follows:

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Fair value through profit or loss:				
Within 3 months	6,525,217	-	6,525,217	-
From 1 year to 5 years	19,331,043	20,572,410	19,331,043	20,572,410
	25,856,260	20,572,410	25,856,260	20,572,410
Equity investments - no fixed maturity	24,159,175	-	-	-
Amortized cost:				
Within 3 months	8,323,958	7,205,125	8,323,958	7,205,125
From 3 months to 1 year	26,757,664	17,315,094	26,757,664	17,315,094
From 1 year to 5 years	39,386,109	35,666,357	39,386,109	35,666,357
	74,467,731	60,186,576	74,467,731	60,186,576
	124,483,166	80,758,986	100,323,991	80,758,986

(i) This represents six (6) convertible preference shares maturing within one to five years. These investments were carried out with companies in the betting and gaming, financial, manufacturing and energy industries. The terms and conditions of each preference share are as follows:

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

9. Investments (continued)

(i) (Continued)

(a) The Group has an equity conversion option to convert all or part of the shares into common equity in the event of an Initial Public Offering or sale by the Issuer.

(b) The Group is entitled to receive a percentage of reported net/gross profits of the Issuers.

(c) The Issuers have a redemption option whereby the preference shares can be redeemed prior to the maturity date by paying a premium to the Group.

(ii) On February 28, 2022, the Group acquired a 93.66% membership interest in a private credit fund through its subsidiary SCI Puerto Rico Inc. It was further determined that the Group did not control the activities of this private credit fund. The Group has accounted for this equity investment applying a market valuation approach, detailed under Note 24(a).

(iii) This represents short-term notes maturing within one year from the reporting date. Included in this balance is a short-term note with a related party for $2,233,875 (2021: $Nil).

(iv) This represents medium-term notes maturing within two to five years. These notes can be repaid on or after the contracted periods.

10. Deferred tax assets

The amounts comprising the deferred income tax account and the movements therein are as follows:

	Company and Group		
	2022		
	Balance at July 1, 2021	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2022
	$	$	$
Expected credit losses	-	1,146	1,146
Deferred income tax asset	-	1,146	1,146

	Group		
	2021		
	Balance at July 1, 2020	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2021
	$	$	$
Tax losses carried forward	18,516	(18,516)	-
Interest payable	3,698	(3,698)	-
Unrealised foreign exchange gains	(89)	89	-
Interest receivable	(3,709)	3,709	-
Net deferred income tax assets	18,416	(18,416)	-

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

11. Investments in subsidiaries

Investment in subsidiary represents shares at cost (see note 1).

	Company	
	2022	2021
	$	$
Shares at cost:		
SCI PR Holdings Limited	22,785,825	-
Sygnus Credit Investments Jamaica Limited	76	76
	22,785,901	76

12. Accounts payable and accrued liabilities

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Accounts payable	246,359	39,936	246,359	39,936
Audit fees	95,700	72,000	95,700	72,000
Post-acquisition costs [see (i)]	1,809,028	-	-	-
Directors' fees and related expenses	36,724	24,375	36,724	24,375
Professional fees	194,018	-	194,018	-
Security deposits [see (ii)]	1,543,752	1,012,971	1,543,752	1,012,971
Other payables and accrued expenses	32,507	25,588	30,494	23,287
	3,958,088	1,174,870	2,147,047	1,172,569

(i) The Group holds a 93.66% membership interest in a private credit fund, Sygnus Credit Investments Puerto Rico Fund LLC ("SCIPRF"). SCIPRF completed the acquisition of outstanding shares in Acrecent Financial Corporation ("AFC") on February 28, 2022. In the event that certain pre-determined financial targets are achieved by AFC for the years ended 30 June 2022 and 30 June 2023, additional consideration ranging between $2 Million - $7 Million may become due and payable by the Group.

As at the acquisition date, the amount recognised for the fair value of the contingent consideration was $1,987,978. This was estimated by calculating the present value of the future expected cashflows. The estimates were based on a discount rate of 11.60% and assumed a probability-weighted approach to the pre-tax income of AFC.

At the end of the reporting period, the fair value of the contingent consideration was re-measured to $2,080,558 with the change of $92,580 in fair value reflected through the income statement. The contingent consideration was offset by a post-closing adjustment of $271,530 which was refundable by the sellers.

(ii) These balances were withheld by the Company as part of investment transactions in the event of a default in payments.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

13. Dividends

	Group and Company	
	2022	2021
	$	$
Final dividend in respect of 2021 @ 0.0026 $ per share	1,548,355	-
Interim dividend in respect of 2022 @ 0.0026 $ per share	1,548,356	-
Final dividend in respect of 2020 @ 0.0025 $ per share	-	871,718
Interim dividend in respect of 2021 @ 0.0015 $ per share	-	868,741
	3,096,711	1,740,459

As at the reporting date, $388,885 (2021: $247,582) was unpaid.

14. Interest payable

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Revolving line of credit	18,968	36,070	18,968	36,070
Loans from related parties [see note 7(a)]	-	-	-	14,837
Notes payable	211,771	14,792	211,771	-
Preference shares	753	-	753	-
	231,492	50,862	231,492	50,907

15. Notes payable

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Senior unsecured J$ notes [see (i)]	9,881,125	6,744,133	9,881,125	6,744,133
Senior unsecured US$ notes [see (ii)]	32,686,440	7,925,892	14,855,260	-
US$ indexed notes [see (iii)]	17,718,363	-	17,718,363	-
	60,285,928	14,670,025	42,454,748	6,744,133

(i) This represents fixed rate unsecured notes with interest rates of 6.50% per annum, payable on a quarterly basis. These notes mature between December 31, 2022 and October 29, 2023. The current portion of these notes amounted to $7,919,058 (2021: $3,385,602).

(ii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 6.25% per annum, payable on a quarterly basis. The notes mature between December 31, 2022 and October 28, 2026. The current portion of these notes amounted to $17,381,180 (2021: $4,496,315).

(iii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 6.00% per annum, payable on a quarterly basis. The notes mature between December 31, 2022 and October 28, 2026. The current portion of these notes amounted to $6,985,500 (2021: $Nil).

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

16. Preference shares

		Group and Company	
		2022	2021
		$	$
8.5% Cumulative convertible preference shares (JMD)		1,044,881	-
6.0% Cumulative convertible preference shares (USD)		102,728	-
	(See note 18)	1,147,609	-

During the year, the Company issued by private placement, fixed rate JMD and USD indexed cumulative redeemable preference shares at a price of J$100 and US$10 respectively. The above issued shares is net of transaction costs. The subscription period for the take up of these preference shares was still open as at the reporting date.

The significant terms and conditions of the preference shares are as follows:

(i) The right to a cumulative dividend payable quarterly at the rate agreed for each class;

(ii) The right, on winding up, to receive all dividends and repayment of capital in priority to the ordinary shareholders;

(iii) The option to convert the preference shares and any accumulated dividend into common ordinary shares in the event of a public offering; and

(iv) The right to a bonus dividend payment at redemption at the rate agreed for each class.

17. Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Revolving lines of credit [see (i)]	3,003,572	4,478,037	3,003,572	4,478,037
Loans from related parties [see (ii), note 7(a)]	-	-	17,185,621	7,882,441
	3,003,572	4,478,037	20,189,193	12,360,478
Less: transaction costs				
Incurred during the year	(26,659)	(151,509)	(26,659)	(151,509)
Amortised for the year	26,659	151,509	26,659	151,509
	3,003,572	4,478,037	20,189,193	12,360,478

(i) This represents an unsecured 1-year dual-currency facility of up to J$575,000,000 or US$ equivalent. Interest is payable quarterly at 7.50% (USD rate of 6.00%). The JMD rate was increased from 6.50% to 7.50% on June 27, 2022. The facility matures on February 25, 2023.

(ii) This represents unsecured loans in the Company from its subsidiary at interest rates ranging between 5.90% and 6.45% respectively. The loans mature on December 31, 2022.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

18. Share capital

Authorised capital:

(i) Unlimited ordinary shares
(ii) 23,000,000 Fixed rate cumulative convertible preference shares
(ii) One (1) special rights redeemable share of US$1

	2022 $	2021 $
Issued and fully paid:		
590,975,463 (2021: 590,975,463) ordinary stock units and one (1) special rights redeemable share	60,883,532	60,883,532
1,630,000 8.5% cumulative convertible preference shares	1,044,881	-
10,483 6.0% cumulative convertible preference shares	102,728	-
	62,031,141	60,883,532
Less: preference shares classified as liability (note 16)	(1,147,609)	-
	60,883,532	60,883,532

At the reporting date, one (1) special rights redeemable share and 6,581,100 ordinary stock units were held by Sygnus Capital Group Limited, a related entity. The special share can be issued only to a member of the Sygnus Group. At the annual general meeting, and meetings of the holders of any class of shareholders of the Company, the holder of the special share carries 101% of the aggregate votes, vested in all ordinary shares issued by the Company. Dividend may be paid on the special share, as agreed between the Company and the holder of the special share in the Investment Management Agreement.

The remaining ordinary stock units are held by public and private investors.

The holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock at general meetings of the Company.

The rights and entitlements of the holders of the preference shares are detailed at note 16.

19. Net interest income

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Interest income, calculated using the effective interest method				
Cash and cash equivalents	2,161	2,300	2,161	2,300
Resale agreements	135,209	114,397	135,209	114,397
Lease receivables	210,768	224,744	210,768	224,744
Intercompany loan	84,513	79,140	84,513	79,140
Investments	9,784,792	7,801,080	9,784,792	7,801,080
Interest income carried forward	10,217,443	8,221,661	10,217,443	8,221,661

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

19. Net interest income (continued)

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Interest income brought forward	10,217,443	8,221,661	10,217,443	8,221,661
Interest expense, calculated using the effective interest method				
Notes payable	2,858,748	1,079,825	2,002,594	498,006
Loans and borrowings	253,942	717,634	927,747	1,206,893
	3,112,690	1,797,459	2,930,341	1,704,899
Net interest income	7,104,753	6,424,202	7,287,102	6,516,762

20. Fee income

Fee income includes participation fees, commitment fees and undrawn fees on notes issued to clients.

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Participation fees	27,714	30,000	27,714	30,000
Commitment and undrawn fees	-	32,786	-	32,786
Other	14,983	-	-	-
	42,697	62,786	27,714	62,786

21. Other expenses

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Advertising	18,428	48,429	18,428	48,429
Audit fees and expenses	97,860	73,740	97,860	73,740
Bank charges	12,387	8,210	10,166	6,247
Broker and commitment fees	25,626	11,541	25,626	11,541
Directors' fees and related expenses	79,211	79,015	79,211	79,015
Insurance	29,404	24,950	29,404	24,950
Irrecoverable tax	115,554	36,866	111,767	33,280
Listing fees	42,419	42,737	42,419	42,737
Professional fees	91,692	207,498	80,836	198,847
Registration fees	102,112	86,016	83,066	66,415
Software subscription	34,938	33,827	34,938	33,827
Other	9,486	1,988	9,486	1,956
	659,117	654,817	623,207	620,984

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

22. Taxation

(a) The government of St Lucia has issued economic substance guidelines which take effect on July 1, 2022 for International Business Companies (IBCs), which are incorporated in St Lucia. Depending on the jurisdiction and nature of business, income tax is computed between 1% to 37.5% of profit for the year. The provision for income tax on the results for the year, adjusted for tax purposes, is $96,373 (2021: $30,010) at the end of the reporting period.

	Group 2022 $	Group 2021 $
Current year tax	76,227	6,046
Prior year under provision	21,292	5,548
Deferred tax arising from temporary differences (note 10)	(1,146)	18,416
	96,373	30,010

	Company 2022 $	Company 2021 $
Current year tax	76,227	6,046
Prior year under provision	21,292	5,548
Deferred tax arising from temporary differences (note 10)	(1,146)	-
	96,373	11,594

(b) The effective tax rate for the Group was 2.46% (2021: 0.59%) and 3.19% (2021: 0.22%) for the Company. The actual taxation charge differs from the "expected" tax charge/(credit) for the year as follows:

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Profit before taxation	3,919,477	5,058,327	3,020,548	5,183,744
Computed "expected" tax charge of 1%/30%	905,099	51,837	906,164	51,837
Computed "expected" tax charge of 37.50%	411,950	-	-	-
Computed "expected" tax credit of 25%	(49,013)	(31,354)	-	-
	1,268,036	20,483	906,164	51,837
Tax effect of treating items differently for financial statements and tax reporting purposes:				
Net foreign exchange	119,481	(285)	119,481	(41)
Interest income from CARICOM member states	(3,052,337)	(172,591)	(2,906,127)	(50,276)
Fair value gains from investments in CARICOM member states	(863,577)	(14,168)	(863,577)	(14,168)
Prior year under provision	21,292	5,548	21,292	5,548
Disallowed income and expenses and other items	2,603,478	191,023	2,819,140	18,694
Actual tax charge recognised	96,373	30,010	96,373	11,594

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

23. Earnings per stock unit

Basic earnings per stock unit is computed by dividing the profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2022	2021
Net profit attributable to stockholders of the parent ($)	3,823,104	5,028,317
Weighted average number of ordinary stock units in issue (#)	590,975,463	453,042,391
Basic earnings per stock unit ($)	0.65¢	1.11¢

Diluted earnings per stock unit reflects the impact of convertible preference shares. The Group did not have any instruments that had a dilutive effect on its basic earnings per share for the previous year.

	2022	2021
Net profit attributable to stockholders of the parent ($)	3,823,104	5,028,317
Weighted average number of ordinary stock units in issue (#)	590,975,463	453,042,391
Convertible preference shares (#)	76,557	-
	591,052,020	453,042,391
Diluted earnings per stock unit ($)	0.65¢	1.11¢

24. Fair value of financial instruments

The amounts included in the financial statements for cash and cash equivalents, securities purchased under resale agreements, lease receivables, investments at amortised cost, due from related parties, other receivables, accounts payable and accrued liabilities and due to related parties reflect the approximate fair values because of the short-term maturity of these instruments.

The definition of fair value is described in note 4(e).

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

24. Fair value of financial instruments (continued)

Accounting classification and fair values:

The Group's investments measured at fair value are classified at Level 2 and Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

(a) The following table show the valuation techniques used in measuring the fair value, as well as the significant observable and unobservable inputs used.

Instrument	**Valuation techniques**	**Significant observable and unobservable inputs**	**Range of estimates for observable and unobservable inputs**	**Sensitivity between key observable and unobservable inputs and fair value measurement**
Preference shares	Discounted cash flow method	• Adjusted profit of the issuer(s) based on probability of achievement • Risk-adjusted discount rates	• Probability of achievement of 45% • Fixed income discount rate of 7.47% to 10.56% and equity discount rate of 17.18% to 32.87%	The estimated fair value would increase/(decrease) if: • Adjusted profit was higher/(lower) • The cost of debt was (higher)/lower • Interest rates changed
Investment in private credit fund	Market approach, specifically the guideline public company method, using an average of market price/ book value multiples	• Market comparable price/book value multiples • Adjustments to the average market multiple for: (i) control premium and (ii) discount for lack of marketability and size	• Control premium of 9.5% • Discount for lack of marketability and size of 13%	The estimated fair value would increase/(decrease) if: • The book value of the investment in private credit fund was higher/(lower) • Comparable market price/book value multiple was higher/(lower) • Control premium was higher/(lower) • Discount for lack of marketability and size was lower/(higher)

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

24. Fair value of financial instruments (continued)

(a) (Continued)

For the medium-term notes, the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of the notes within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for expected credit losses.

(b) The following shows a reconciliation of the fair value measurements:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Opening balance	20,572,410	10,636,030	20,572,410	10,636,030
Purchases	25,467,823	8,700,000	2,500,000	8,700,000
Gains/(losses)				
Fair value gains in profit or loss	4,069,942	1,416,793	2,878,590	1,416,793
Foreign exchange adjustments	(94,740)	(180,413)	(94,740)	(180,413)
	50,015,435	20,572,410	25,856,260	20,572,410

(c) Accounting classification and fair values:

	Group 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	-	25,856,260	25,856,260
Investment in private credit fund	24,159,175	-	24,159,175	-	24,159,175
	50,015,435	-	24,159,175	25,856,260	50,015,435
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,470,884	-	8,470,774	-	8,470,884
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	525,090	-	525,090	-	525,090
Due from related parties	1,612,232	-	1,612,232	-	1,612,232
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	90,851,299	-	90,851,299	-	90,851,299

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

24. Fair value of financial instruments (continued)

(c) Accounting classification and fair values (continued):

	Company 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	25,856,260	-	25,856,260
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,164,108	-	8,164,108	-	8,164,108
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	522,970	-	522,970	-	522,970
Due from related parties	22,920,226	-	22,920,226	-	22,920,226
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	111,850,397	-	111,850,397	-	111,850,397

	Group 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	20,572,410	-	-	20,572,410	20,572,410
Financial assets measured at amortised cost:					
Cash and cash equivalents	1,029,391	-	1,029,391	-	1,029,391
Interest receivable	3,232,954	-	3,232,954	-	3,232,954
Other receivables	197,229	-	197,229	-	197,229
Due from related parties	613,395	-	613,395	-	613,395
Lease receivables	2,292,271	-	2,292,271	-	2,292,271
Short and medium term notes	60,186,576	-	60,186,576	-	60,186,576
	67,551,816	-	67,551,816	-	67,551,816

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

24. Fair value of financial instruments (continued)

(c) Accounting classification and fair values (continued):

	Company 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	20,572,410	-	-	20,572,410	20,572,410
Financial assets measured at amortised cost:					
Cash and cash equivalents	1,028,938	-	1,028,938	-	1,028,938
Interest receivable	3,232,954	-	3,232,954	-	3,232,954
Other receivables	196,503	-	196,503	-	196,503
Due from related parties	767,870	-	767,870	-	767,870
Lease receivables	2,292,271	-	2,292,271	-	2,292,271
Short and medium term notes	60,186,576	-	60,186,576	-	60,186,576
	67,705,112	-	67,705,112	-	67,705,112

25. Financial risk management

The Group has exposure to the following financial risks from its operations and the use of financial instruments:

(a) Overview

The Group has developed and implemented a risk management policy that involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The risk management policy of the Group also adopts best practice measures to address perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors is ultimately responsible for the risk management policies of the Group. The Board's risk management mandate is carried out through the following committees:

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) Overview (continued)

(i) Audit and Governance Committee

The primary purpose of this Committee is to assist the Board in fulfilling its oversight responsibilities. In performing its duties, the Committee maintains effective working relationships with the Board, the Enterprise Risk Committee and the Group's external auditors.

The Committee plays a key role in corporate governance and internal controls. The Committee is also responsible for assisting the Board of Directors in its compliance with regulatory requirements.

(ii) Investment and Risk Management Committee

The Group has delegated the management of credit risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager, Sygnus Capital Limited. The committee is responsible for the overall risk management function of the Group and is responsible for all credit and investment decisions relating to the Group's investment portfolio.

This committee consists of three members, two of whom are independent of the Company, including the Chairman, appointed by the Investment Manager's Board of Directors.

The Committee reviews and approves all investment recommendations and also determines the level conditions that will be attached to each investment.

(iii) Enterprise Risk Committee

In addition to the IRMC, the Group has also established an Enterprise Risk Committee, a sub-committee of the Board.

This Committee assists the Board in providing leadership, direction, and oversight pertaining to the Company's risk governance and framework, including the Company's risk appetite statement and risk limits and tolerances ("Risk Appetite Statement"). The Committee also assists the Board to foster a culture within the Company that demonstrates the benefits of a risk-based approach to risk management and internal controls. The Committee works closely with the Audit and Governance Committee.

(iv) Investment Advisory Committee

The Investment Manager, through an Investment Advisory Committee (the "IAC"), is responsible for analysing and recommending all investment and credit proposals to the Investment and Risk Management Committee.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) Overview (continued)

(iv) Investment Advisory Committee (continued)

The Group's risk management policies are established to identify and analyze the risks faced by the Group's in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(v) Impact of COVID-19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the Caribbean region, where the Group has portfolio company investments, across a wide cross section of industries. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

- Proactive risk management process to monitor and manage Covid-19 risks using a four-phase process as follows:

    1. Phase I covered continuous data and information gathering to assess risks faced by the Group and its investment in portfolio companies across the Caribbean region;

    2. Phase II covered the development of short-term action plans to mitigate the risks identified in Phase I, in collaboration with partners and portfolio companies;

    3. Phase III dealt with developing and executing longer term plans using a collaborative approach with the Group's partners and portfolio companies, while monitoring and assessing the financial environment; and

    4. Phase IV involved monitoring the impact of the pandemic on existing clients. The Group offered forbearance plans to clients who met certain requirements.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) Overview (continued)

(v) Impact of COVID-19 (continued)

- Effective management of liquidity given disruption in financial markets, to ensure ample liquidity is available to fund operating expenses whilst providing support to existing portfolio companies impacted by COVID-19 and make selective new investments across the Caribbean region.

  Management continues to expect that there will be opportunities across the Caribbean where companies will require flexible capital to grow their businesses given the restrictive financial environment created by COVID-19. Management continues to accept new opportunities across the Caribbean with strong downside protection.

(b) Credit risk

Credit risk is the risk of a financial loss arising from a counterparty to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in securities purchased under resale agreements, lease receivables and investments.

Exposure to credit risk:

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong. The strength of these financial institutions is continually reviewed by the IRMC and the Enterprise Risk Committee.

The Group manages credit risk related to other receivables by limiting exposure to specific counterparties and by monitoring settlements.

Securities purchased under resale agreements, lease receivables and investments expose the Company to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Company manages this risk by contracting only with counterparties that management considers to be financially sound.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

The estimation of expected credit losses for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The following table summarises credit risk exposure for investments, lease receivable and resale agreements at their carrying amounts as categorised by industry sectors. No resale agreements were held at the reporting date. These facilities are well diversified across industry sectors, and are extended to customers within Jamaica, other Caribbean territories, United States of America and Central America:

	Group			
	Investments	Lease receivables	Total 2022	Total 2021
	$	$	$	$
Betting and gaming	3,442,473	-	3,442,473	3,568,926
Construction	13,057,246	-	13,057,246	5,693,184
Distribution	2,546,210	754,502	3,300,712	2,893,252
Energy	8,865,126	-	8,865,126	3,185,417
Fast food	8,446,257	-	8,446,257	8,116,687
Financial	44,943,611	-	44,943,611	17,332,527
Hospitality	12,203,722	848,979	13,052,701	13,876,253
Infrastructure	12,667,477	-	12,667,477	11,549,825
Manufacturing	11,406,989	-	11,406,989	11,457,877
Mining and quarrying	1,304,055	-	1,304,055	2,277,309
Telecommunications	5,600,000	-	5,600,000	3,100,000
	124,483,166	1,603,481	126,086,647	83,051,257
Less: Impairment allowance [see note 25(b)(vi)]	(3,575,187)	(2,429)	(3,577,616)	(253,779)
	120,907,979	1,601,052	122,509,031	82,797,478

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

	Company			
	Investments	Lease receivables	Total 2022	Total 2021
	$	$	$	$
Betting and gaming	3,442,473	-	3,442,473	3,568,926
Construction	13,057,246	-	13,057,247	5,693,184
Distribution	2,546,210	754,502	3,300,712	2,893,252
Energy	8,865,126	-	8,865,126	3,185,417
Fast food	8,446,257	-	8,446,257	8,116,687
Financial	20,784,436	-	20,784,437	17,332,527
Hospitality	12,203,722	848,979	13,052,701	13,876,253
Infrastructure	12,667,477	-	12,667,477	11,549,825
Manufacturing	11,406,989	-	11,406,989	11,457,877
Mining and quarrying	1,304,055	-	1,304,055	2,277,309
Telecommunications	5,600,000	-	5,600,000	3,100,000
	100,323,991	1,603,481	101,927,472	83,051,257
Less: Impairment allowance [see note 25(b)(vi)]	(3,575,187)	(2,429)	(3,577,616)	(253,779)
	96,748,804	1,601,052	98,349,856	82,797,478

Expected credit loss measurement:

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

(i) *Significant increase in credit risk (SICR)*

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	**Significant increase in credit risk since initial recognition**	**Credit-impaired assets**
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and third-party policies including forward-looking information.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(i) *Significant increase in credit risk (SICR) (continued)*

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a movement of two notches from the credit risk rating at origination.

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

(ii) *Definition of default*

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. the counterparty is more than 90 days past due on its contractual payments; and
- quantitative: e.g. the counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(iii) *Incorporation of forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The Group uses a forward-looking score card model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities across Caribbean territories, supranational organisations and selected private-sector forecasters.

(iv) *Credit risk grading*

The Group assesses the probability of default using internal ratings. These are segmented into rating classes. The Group's rating scale is shown below.

Rating	Description	Definition	Category
1	Exceptional	Portfolio company is performing exceptional	Standard Monitoring
2	Very Good	Portfolio company is performing very good	
3	Good	Portfolio company is performing good	
4	Average	Portfolio company is performing average	
5	Below average	Portfolio company is performing below average	Early Warning
6	Underperforming	Portfolio company is underperforming	Enhanced Monitoring
7	Non-performing	Portfolio company is non-performing	Restructured/ Default

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis*

The following table contains information about the credit quality of financial assets measured at amortised cost and represents their carrying amounts at the reporting date.

Investments and resale agreements at amortised cost

	Group and Company 2022			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	68,807,176	-	-	68,807,176
Restructured/default	-	-	5,660,555	5,660,555
	68,807,176	-	5,660,555	74,467,731
Impairment allowance - investments (note 9)	(218,687)	-	(3,356,500)	(3,575,187)
	68,588,489	-	2,304,055	70,892,544

	Group and Company 2021			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	50,798,894	-	-	50,798,894
Early warning	3,200,000	-	-	3,200,000
Enhanced monitoring	-	3,849,684	-	3,849,684
Restructured/default	-	-	2,337,998	2,337,998
	53,998,894	3,849,684	2,337,998	60,186,576
Impairment allowance - investments (note 9)	(211,620)	(2,202)	(34,769)	(248,591)
	53,787,274	3,847,482	2,303,229	59,937,985

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

Lease receivables at amortised cost

	Group and Company	
	2022	2021
	Stage 1	Stage 1
	$	$
Credit grade:		
Standard monitoring	1,603,481	2,292,271
Impairment allowance (see note 8)	(2,429)	(5,188)
	1,601,052	2,287,083

Interest receivable

	Group and Company		
	2022		
	Stage 1	**Stage 3**	**Total**
	$	$	$
Credit grade:			
Standard monitoring	3,229,330	-	3,229,330
Restructured/default	-	942,551	942,551
	3,229,330	942,551	4,171,881
Impairment allowance	-	(496,297)	(496,297)
	3,229,330	446,254	3,675,584

	Group and Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade:				
Standard monitoring	2,700,202	-	-	2,700,202
Enhanced monitoring	-	236,616	-	236,616
Restructured/default	-	-	296,136	296,136
	2,700,202	236,616	296,136	3,232,954
Impairment allowance	-	-	-	-
	2,700,202	236,616	296,136	3,232,954

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance*

The following tables show a reconciliation of the opening to the closing loss allowance.

Investments and resale agreements at amortised cost

	Group and Company 2022			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2021	211,620	2,202	34,769	248,591
Amounts derecognised during the year	-	(2,202)	-	(2,202)
New amounts recognised during the year	2,060	-	3,356,500	3,358,560
Net remeasurement of impairment allowance	5,007	-	(34,769)	(29,762)
Impairment allowance at June 30, 2022	218,687	-	3,356,500	3,575,187

(i) The stage 3 ECL is related solely to a facility granted to the owner of a hotel in the Cayman Islands. The resort closed in March 2020 at the beginning of the Covid Pandemic and after a brief re-opening, ceased most of its trading operations in October 2021. The investment value of $3,356,500 was moved from Stage 2 to Stage 3 in November 2021. The property was put into receivership in March 2022.

	Group and Company 2021			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2020	165,289	18,646	-	183,935
Transfer from stage 1 to stage 2	(72,327)	72,327	-	-
Amounts derecognised during the year	(14,940)	-	-	(14,940)
New amounts recognised during the year	93,108	-	-	93,108
Net remeasurement of impairment allowance	40,490	(88,771)	34,769	(13,512)
Impairment allowance at June 30, 2021	211,620	2,202	34,769	248,591

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance (continued)*

Lease receivables at amortised cost

	Group and Company	
	2022	2021
	Stage 1 12 month ECL $	**Stage 1** 12 month ECL $
Balance at July 1	5,188	134
Net remeasurement of impairment allowance	(2,759)	5,054
Balance at June 30	2,429	5,188

Interest receivable

	Group and Company 2022 **Stage 3** Lifetime ECL $
Balance at July 1, 2021	-
New amounts recognised during the year	496,297
Balance as at June 30, 2022	496,297

	Group and Company	
	2022	2021
Total impairment allowance as at June 30	4,073,913	253,779

Total impairment loss recognised during the current year amounted to $3,820,134 (2021: $69,710).

(c) Liquidity risk

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group generally makes investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Group to sell or dispose of such investments in a timely manner at or close to fair value, if the need arises.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(c) Liquidity risk (continued)

In addition, the Group faces liquidity risk in the form of funding risk. This is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with its investments and obligations as they fall due.

Maturities of assets and liabilities, and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The Group is not subject to any externally imposed liquidity requirements.

The Group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

(d) Market risk

Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the Investment Advisory Committee and the Investment and Risk Management Committee of the Investment Manager. Investment transactions are monitored by the Investment Manager.

The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, financial instruments will vary because of exchange rate fluctuations. 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.

The exposure to foreign currency risk at the reporting date was as follows:

	Group			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	65,384,383	434,320	44,075,011	300,393
Interest receivable	89,944,980	597,466	114,135,077	777,888
Other receivables	46,796,361	310,848	10,640	73
Due from related parties	-	-	90,000,000	613,395
Investments	1,086,480,105	7,217,022	1,248,349,339	8,508,125
	1,288,605,829	8,559,656	1,496,570,067	10,199,874

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

	Group			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency liabilities:				
Accounts payable and accrued liabilities	5,940,810	39,462	10,850,766	73,953
Due to related parties	4,068,128	27,023	-	-
Dividends payable	12,205,081	81,073	8,275,388	56,401
Interest payable	21,306,812	141,532	5,025,539	34,252
Notes payable	1,487,545,060	9,881,125	989,528,652	6,744,133
Loans and borrowings	452,170,030	3,003,572	541,125,000	3,688,037
	1,983,235,921	13,173,787	1,554,805,345	10,596,776
Net exposure	(694,630,092)	(4,614,131)	(58,235,278)	(396,902)

	Company			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	65,374,898	434,257	44,075,011	300,393
Interest receivable	89,944,980	597,466	114,135,077	777,888
Other receivables	46,796,361	310,848	10,640	73
Due from related parties	-	-	98,028,320	668,112
Investments	1,086,480,106	7,217,022	1,248,349,339	8,508,125
	1,288,596,345	8,559,593	1,504,598,387	10,254,591
Foreign currency liabilities:				
Accounts payable and accrued liabilities	5,940,810	39,462	10,850,766	73,953
Due to related parties	4,068,128	27,023	-	-
Dividends payable	12,205,081	81,073	8,275,388	56,401
Interest payable	21,306,812	141,532	5,025,539	34,252
Notes payable	1,487,545,060	9,881,125	989,528,652	6,744,133
Loans and borrowings	452,170,030	3,003,572	541,125,000	3,688,037
	1,983,235,921	13,173,787	1,554,805,345	10,596,776
Net exposure	(694,639,576)	(4,614,194)	(50,206,958)	(342,185)

Exchange rate for the US dollar to the Jamaica dollar was US$1 to J$150.54 (2021: J$146.72)

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity to foreign exchange movements

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis represents outstanding Jamaica dollar denominated assets and liabilities as at the year-end, and the analysis is done on the same basis as 2021.

	Group			
	2022		2021	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	177,467	- 6%	22,466
JMD	+1%	(46,607)	+ 2%	(8,100)

	Company			
	2022		2021	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	177,469	- 6%	19,369
JMD	+1%	(46,608)	+ 2%	(6,983)

(ii) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary.

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis. Interest rate risk is managed by maintaining an appropriate mix of variable and fixed rate instruments.

Notes to the Financial Statements (continued)

Year ended June 30, 2022 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Group and Company	
	2022	2021
	$	$
Variable rate instruments	2,019,140	462,147
Fixed rate instruments	98,349,856	82,797,478

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates. These are substantially the interest sensitive instruments impacting the Group's financial results. For floating rate assets, the analysis assumes the amount of the asset outstanding at the reporting date was outstanding for the whole period.

A 200 (2021: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If market interest rates had been 50 (2021: 100) basis points higher or lower and all other variables were held constant, the effect on the Group's profit would have been as follows:

	Group and Company	
	2022	2021
	$	$
Effect on profit		
Increase 200 (2021: 100) basis points	40,383	4,621
Effect on profit		
Decrease 50 (2021: 100) basis points	(10,096)	(4,621)

The analysis is done on the same basis as 2021 and assumes that all other variables remain constant.

26. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to enable investments with additional companies. The Company may utilise leverage and may borrow up to 50% of its total assets to fund investments in additional portfolio companies. There are no externally imposed capital requirements.

The Company's approach to capital management is monitored by the Enterprise Risk Committee and Board of Directors.

Notes

Notes

Form of Proxy

SYGNUS
CREDIT INVESTMENTS

Affix J$100 stamp here

I/We...
of .... being a member(s) of the above company, HEREBY APPOINT the Chairperson of the Meeting or failing him ....of ....
.... as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the **Jamaica Pegasus Hotel, The Talk of the Town Suite, 81 Knutsford Boulevard, Kingston 5, on Wednesday, January 18th 2023 at 11:00 a.m.** (10:00 a.m. Jamaica time) or at any adjournment thereof.

Please indicate with a X in the appropriate box below how you wish to cast your vote. If you do not insert the X in any of the boxes below, your proxy shall be entitled to vote as they deem fit in respect of the resolution corresponding with such box.

No.	Resolutions	For	Against
No. 1	**Audited Accounts** To receive the Reports of the Directors and Auditors and the Audited Accounts for the year ended June 30, 2022 circulated with the Notice convening the meeting.		
No. 2	**Ratification of Dividends** To ratify interim dividend and declare them final		
No. 3	**Election of Directors**		
	a) "That Mr. Damian Keith Chin, who retires by rotation in accordance with Articles 149 and 150 of the Company's Amended and Restated Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company".		
	b) "THAT Mr. Peter St. George Thompson, who retires by rotation in accordance with Articles 149 and 150 of the Company's Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company."		
	c) "THAT Mr. Horace Messado, retiring pursuant to Article 155 of the Company's Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company."		
No. 4	**Director's Renumeration** "THAT the amount shown in the Audited Accounts of the Company for the financial year ended June 30, 2022, as remuneration to the Directors for their services be and is hereby approved."		
No. 5	**Appointment of Auditors** "THAT KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be agreed by the Directors of the Company"		

Signed this ________________day of___________________________ 20_____.

Print Name:____ Signature: ____________________________

Notes for completion of the Form of Proxy

1. A member may appoint a proxy to vote on his behalf. A proxy need not be a member of the Company but must attend the Meeting in person to represent you.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. If you wish to appoint a proxy other than the Chairperson of the Meeting, please insert the person's name and address and delete "the Chairperson of the Meeting"
4. To be valid, the completed proxy form must be delivered to the Company at Bella Rosa Road, Gros Islet, Saint Lucia or, in the case of members resident in Jamaica, at Unit 28, 80 Lady Musgrave Road, Kingston 10, Saint Andrew, Jamaica not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. Proxy forms may also be delivered by e-mail in pdf format to: sci@sygnusgroup.com .
5. Any alterations made in this Form of Proxy should be initialled by the person who signs the proxy form.
6. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names appear in the Register of Members.
7. For members in Jamaica the Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy form. The Company reserves the right to stamp un-stamped or insufficiently stamped proxy forms.