SYGNUS

CREDIT INVESTMENTS

QUARTERLY REPORT

Pioneering Private Credit in the Caribbean

AS AT **DECEMBER 2022**

SYGNUS
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Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2022

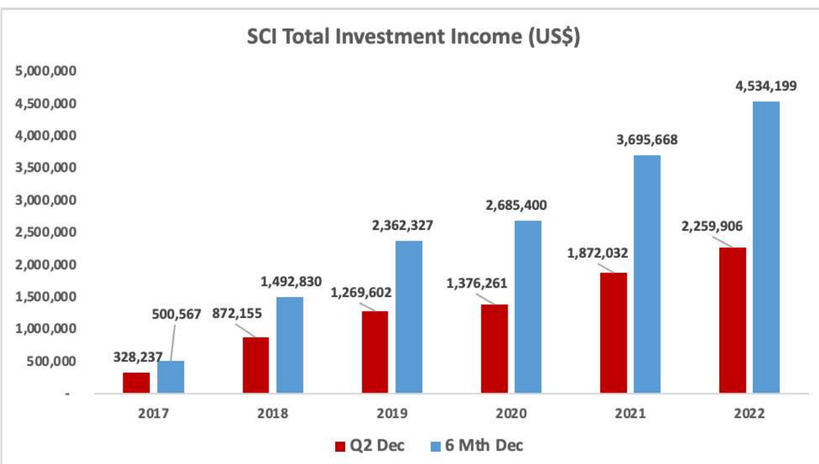
Castries, St Lucia | Tuesday, February 14, 2023

Sygnus Credit Investments Limited ("SCI" or 'the Group") is pleased to report on the unaudited financial results for the six months ended December 31, 2022("6 Month 2022"). The unaudited results are accompanied by a summary management discussion and analysis ("MD&A"), which is to be read in conjunction with the unaudited financial statements. The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Sygnus Credit Investments Limited reported a record for core revenues, core earnings and net profits for the 6 months ended December 31, 2022 ("6 Month 2022"). During the quarter, the Group further expanded its inventory and receivables financing program to the English and Dutch-speaking Caribbean. Phase II of the integration of Acrecent Financial Corporation ("Acrecent" or "AFC") into SCI remained on-track, with majority of targets being accomplished, with the remainder expected to be completed by the end of the financial year. Discussions with international financing partners continue to progress positively during the quarter with regards to securing large credit facilities. SCI's Board of Directors will meet to consider an interim dividend payment on February 21, 2023. At the recently concluded Annual General Meeting ("AGM") on January 18, 2023, SCI provided additional details on the impending share buyback program. The buyback program is expected to last for a period of three years with an expected amount of US$1.00 million to US$3.00 million per annum. The buyback program will be considered by the Board of Directors for approval and execution before the end of the financial year.



The results for the 6-month period were driven by record portfolio investments in private credit, "Investment Income" from the underlying value of the investment in Acrecent Financial Corporation in Puerto Rico, continued disciplined investment origination and the structuring of investments with adequate downside protection to manage risk exposures. SCI's private credit portfolio remains resilient and well positioned to navigate the ongoing volatility of a high inflation, high interest rate environment, with a robust, lowly leveraged balance sheet and robust pipeline of investment opportunities.

	Q2 Dec 2022	Q2 Dec 2021	6 Mth Dec 2022	6 Mth Dec 2021	FYE Jun 2021
Summary Results of Operations	**US$**	**US$**	**US$**	**US$**	**US$**
Interest Income	3,210,048	2,462,210	5,990,545	4,701,857	10,217,443
Interest Expense	(1,410,086)	(603,233)	(2,628,999)	(1,019,244)	(3,112,690)
Net Interest Income	1,799,962	1,858,977	3,361,546	3,682,613	7,104,753
Participation and Commitment Fees	14,596	13,055	33,602	13,055	42,697
Puerto Rico Credit Investment Income	445,348	-	1,139,051	-	1,098,772
Total Investment Income	**2,259,906**	**1,872,032**	**4,534,199**	**3,695,668**	**8,246,222**
Total Operating Expenses	981,481	716,999	1,880,954	1,412,787	2,979,980
Net Investment Income	**1,278,425**	**1,155,033**	**2,653,245**	**2,282,881**	**5,266,242**
Fair Value Gain (Loss)	55,271	(75,617)	347,623	373,148	2,878,590
Net Foreign Exchange Gain (Loss)	(61,783)	(26,699)	(20,595)	(126,032)	(405,221)
Impairment Allowance on Financial Assets	14,018	(96,884)	(6,764)	(37,024)	(3,820,134)
Profit before Taxation	**1,285,931**	**955,833**	**2,973,509**	**2,492,973**	**3,919,477**
Taxation Charge	(57,329)	(1,899)	(117,963)	(32,122)	(96,373)
Profit Attributable to Shareholders	**1,228,602**	**953,934**	**2,855,546**	**2,460,851**	**3,823,104**
Earnings Per Share	**0.21¢**	**0.16¢**	**0.48¢**	**0.42¢**	**0.65¢**
Diluted Earnings Per Share	**0.20¢**	**0.16¢**	**0.47¢**	**0.42¢**	**0.65¢**
Net Investment Income Per Share	**0.22¢**	**0.20¢**	**0.45¢**	**0.39¢**	**1.38¢**

SCI's core revenues, or total investment income, grew by 22.7% or US$838.5 thousand to a record US$4.53 million for 6 Month 2022. This compares with US$3.70 million for the six months ended December 31, 2021 ("6 Month 2021"). For the second quarter ended December 31, 2022 ("Q2 Dec 2022" or "Q2 2022"), total investment income grew by 20.7% or US$387.9 thousand to a record US$2.26 million. This compares with US$1.87 million reported for the second quarter ended December 31, 2021 ("3 Month 2021" or "Q2 2021"). This performance was driven primarily by a record private credit portfolio with higher yielding assets generating higher interest income and US$1.14 million (US$445.3 thousand Q2 2022) from the investment in AFC, referred to as Puerto Rico Credit Fund ("PRCF") investment income. This amount is formally carried on the income statement as part of fair value gains since the financials of AFC does not meet the accounting standards to be consolidated all the way up to SCI. SCI's higher interest income was offset by higher interest expense, resulting in lower net interest income relative to the previous year. This outcome reflected two things: firstly, a much higher use of debt relative to last year albeit at a cheaper cost (interest rates on current debt lower than last year and are "locked-in") to fund the acquisition of AFC; and second, since AFC was not consolidated, there is no corresponding interest income offsetting the interest expense associated with the AFC asset. Thus, the PRCF investment income compensates for this apparent "gapping" in net interest income.

Core earnings, or net investment income, grew by 16.2% or US$370.4 thousand to a record US$2.65 million for 6 Month 2022, vs US$2.28 million for 6 Month 2021. For Q2 2022, net investment income grew by 10.7% or US$123.4 thousand to US$1.28 million, vs US$1.16 million for Q2 2021.

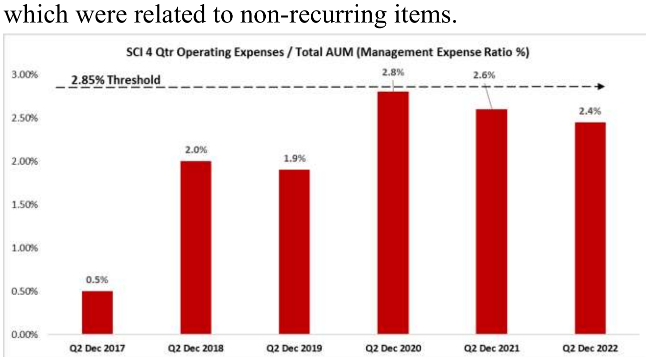
Net profit attributable to shareholders grew by 16.0% or US$394.7 thousand to a record US$2.86 million for 6 Month 2022, vs US$2.46 million for 6 Month 2021. For Q2 2022, net profit grew by 28.8% or US$274.7 thousand to US$1.23 million vs US$953.9 thousand in Q2 Dec 2021.

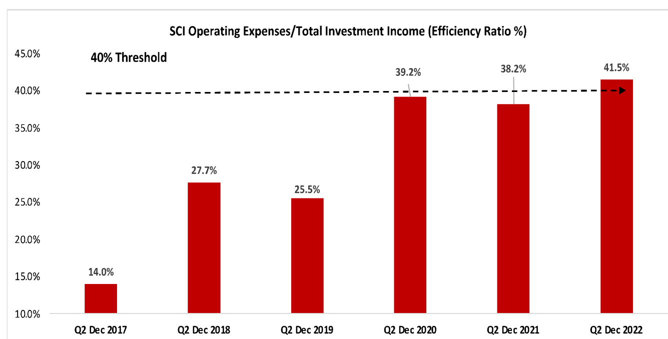
Earnings per share (EPS) was 0.48 US cents for 6 Month 2022 vs 0.42 US cents for 6 Month 2021, and 0.21 US cents for Q2 2022 vs 0.16 US cents for Q2 2021. Diluted earnings per share was 0.47 US cents for 6 months 2022 vs 0.42 US cents for 6 Month 2021. Net investment income per share (NIIPS) was 0.45 US cents for 6 Month 2022 vs 0.39 US cents for 6 Month 2021, and 0.22 US cents for Q2 2022 vs 0.20 US cents for Q2 2021.

Total Operating Expenses

Total operating expenses increased to US$1.88 million for 6 Month 2022 vs US$1.41 million for 6 Month 2021, and US$981.5 thousand for Q2 2022 vs US$717.0 thousand for Q2 2021. The 6 Month 2022 and Q2 2022 reported numbers were 33.1%% and 36.9% higher than 6 Month 2021 and Q2 2021 respectively, driven primarily by higher management fees and higher corporate services fees related to larger assets under management. Management fees and corporate services fees were a combined 70.7% (73.8% 6 Month 2021) and 69.6% (72.8% Q2 2021) of operating expenses for 6 Month 2022 and Q2 2022 respectively. The performance fees were US$50.9 thousand or 3.6% of operating expenses for the 6 Month 2021.

Excluding management fees, corporate services fees and performance fees, operating expenses were US$550.2 thousand for 6 Month 2022, up US$230.5 thousand or 72.1% and US$298.0 thousand for Q2 2022, up US$103.0 thousand or 52.8%. These increases were primarily driven by higher professional fees which increased by US$174.4 thousand or 327.6%, majority of which were related to non-recurring items.





Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 41.5% for the end of Q2 2022 and exceeded the threshold level of 40.0%. This result was driven by primarily professional costs of US$227.6 thousand which were related to non-recurring events. The efficiency ratio is measured by total operating expenses to total investment income. SCI's management expense ratio (MER) was 2.4% at the end of Q2 2022, well within the threshold level of 2.85%. The MER is defined as total operating expenses as a percentage of total assets under management.

Fair Value Gains or Losses

Fair value gains on profit sharing private credit investments were US$347.6 thousand for 6 Month 2022 (gain of US$55.3 thousand for Q2 2022) vs gain of US$373.1 thousand for 6 Month 2021 (losses of US$75.6 thousand for Q2 2021). Interest rate movements may cause material fluctuations in fair value losses or gains from period to period. SCI had US$23.19 million in fair value private credit investments as at Q2 2022 vs US$23.3 million in the prior year and US$25.9 million at the end of the 2022 financial year ("FYE Jun 2022"). In addition, SCI has US$25.35 million in in the PRCF vs nil last year and US$24.16 million at FYE Jun 2022

Net Foreign Exchange Gains or Losses

Net foreign exchange losses of US$20.6 thousand for 6 Month 2022 was lower than the loss of US$126.0 thousand reported for 6 Month 2021. For Q2 2022, SCI reported a loss of US$61.8 thousand vs a loss of US$26.7 thousand for Q2 2021. The movement in foreign exchange gains and losses is a general reflection of realized gains or losses on FX transactions (buying or selling) and unrealized gains or losses from the Group's net exposure to Jamaican dollar assets, which fluctuate based on movements in the JMD/USD exchange rate. SCI's JMD liabilities exceeded its JMD assets by 4.6% for Q2 2022. SCI does not have a foreign currency trading business.

Change in Impairment Allowance on Financial Assets (IAFA)

The change in impairment allowance on financial assets for 6 Month 2022 was an increase of US$6.8 thousand vs an increase of US$37.0 thousand for 6 Month 2021, and a decrease of US$14.0 thousand for Q2 2022 vs an increase of US$96.9 thousand for Q2 2021. SCI's impairment allowance is a non-cash unrealized charge, and reverses if an investment is exited without any realized credit losses or charge-offs. The decrease in impairment allowance for Q2 2022 was driven by a combination of some recovery in the underlying global COVID-19 pandemic conditions relative to last year, and an increase in investments which are adequately collateralized with tangible assets.

Total Revenues and Total Expenses

Total revenues were comprised of core revenues, or total investment income (interest income plus participation and commitment fees), plus the non-core revenue items of fair value gains, net foreign exchange gains and gain on sale of investments. Total revenues were US$4.88 million and US$2.32 million for 6 Month 2022 and Q2 2022 respectively, vs US$4.07 million and US$1.80 million for 6 Month 2021 and Q2 2021 respectively.

Similarly, SCI's total expenses were comprised of core operating expenses, plus the non-core items of net foreign exchange loss, fair value loss, change in impairment allowance on financial assets and loss on sale of investments. Total expenses were US$1.91 million and US$1.03 million for 6 Month 2022 and Q2 2022 respectively, vs US$1.58 million and US$840.6 thousand for 6 Month 2021 and Q2 2021 respectively. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

Dividends

The Board of Directors will consider the payment of an interim dividend at a meeting to be held on February 21, 2023. An interim dividend of US$0.00262 per share was paid on October 14, 2022. The dividend amounted US$1.55 million, the same as last year.

Sharebuy-Back Program

At the AGM held on January 18, 2023, additional details were presented on SCI's prospective share buyback program. The program is expected to last for a period of 3 years, with an amount of US$1.00 million to US$3.00 million per annum. This program is expected to be approved and launched by the end of the financial will be facilitated through open market purchases with quarterly buyback target amounts with the entirety of the program expected to last for a period of 3 years from launch.

Private Credit Investment (PCI) Activity

At the end of Q2 2022, SCI's investment in Portfolio Companies grew by 54.6% or US$48.06 million to US$136.07 million vs US$88.01 million in Q2 2021. Included in this figure is the fair value investment of US$25.35 million in the Puerto Rico Credit Fund or PRCF, which is not consolidated all the way up to SCI based on the assessment of control. Portfolio Company investments included finance lease receivables carried on the balance sheet. The Group's investment in Portfolio Companies, excluding the PRCF, grew by 25.8% or US$22.72 million to a record US$110.72 million vs US$88.01 million last year. The number of Portfolio Company investments excluding the PRCF, increased by 5 PCIs to 34 versus 29 last year.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2022

	Q2 Dec 2022	Q2 Dec 2021	FYE Jun 2022
Summary of Investment Activity	US$	US$	US$
Fair Value of Investment in Portfolio Companies	136,072,294	88,007,733	122,509,031
Excluding PRCF	110,724,969	88,007,733	98,349,856
New Investments Commitments During Period	7,432,140	4,968,000	49,221,591
Dry Powder to be Deployed*	10,811,314	17,977,782	8,470,884
Number of Portfolio Company Investments(#)	34	29	30
Average Investment per Portfolio Company	3,256,617	3,034,749	3,278,329
Weighted Average Term of Portfolio Company Investments(Years)	1.6	1.8	1.8
Weighted Average Fair Value Yield on Portfolio Companies	14.1%	12.9%	13.3%
Non-Performing Portfolio Company Investments(NPI)	2	3	2
Non-performing Investments Ratio	1.5%	6.2%	2.3%

All the calculated metrics exclude invesment in Puerto Rico Fund(PRCF) of US$25.34M on the balance sheet
PRCF represents SCI's 93.7% ownership in the Puerto Rico Credit Fund
*Does not include Notes raised

Portfolio Company Investment Commitments and Origination

SCI financed new investment commitments valued at US$7.43 million during Q2 2022 vs US$4.97 million during Q2 2021. This was primarily driven by deployment under the expanded regional inventory and receivables financing program, which had drawdowns of US$3.50 million during the quarter and an additional US$2.00 million after the quarter ended. In Puerto Rico, AFC deployed US$23.80 million across 28 transactions during the quarter. Overall, the private credit business continues to see robust and increasing demand for flexible debt capital as interest rates continue to rise, amid a full return to pre-COVID-19 economic activity across multiple Caribbean Territories.

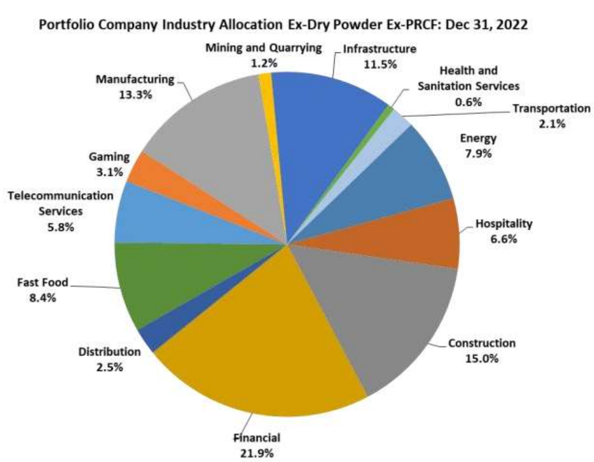
Weighted Average Investment Tenor and Investment Yield

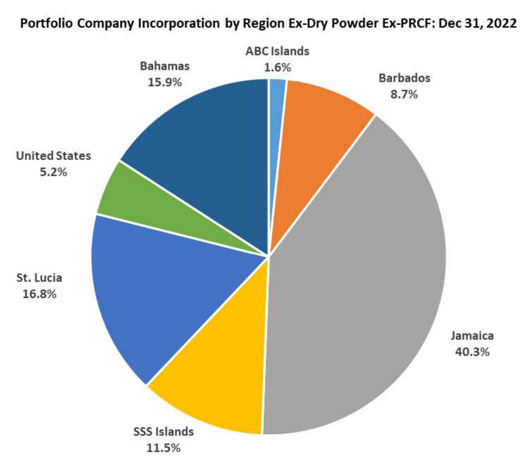
At the end of Q2 2022, the weighted average tenor of Portfolio Company investments declined to 1.6 years relative to 1.8 years last year. This reduction was attributable mainly to the new investments made during the period, which have shorter maturities given their nature. The weighted average fair value yield on Portfolio Companies increased to 14.1% vs 12.9% last year. SCI's investment yield is expected to continue benefitting from the current rising interest rate environment, especially given the short tenor of its investment portfolio, with 48.7% maturing in one year.

Non-performing Investments (NPI) Ratio

SCI's non-performing investment ratio for Q2 2022 was 1.5% of its total private credit investment portfolio vs 6.2% for Q2 2021. Last year's NPI included the Portfolio Company in the Cayman Islands which was subsequently charged-off at the FYE Jun 2022. The NPI target threshold limit was 5.0%.

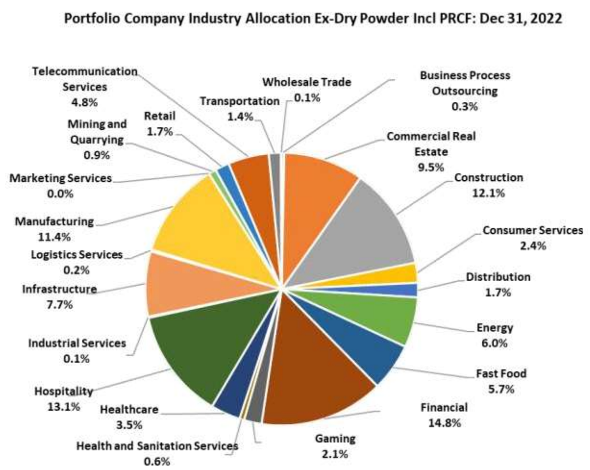
Note: SCI has US$1.00 million in exposure to a Portfolio Company that declared bankruptcy during the FYE Jun 2021, which is included as part of the US$2.30 million in non-performing investments that generated the 1.5% NPI. However, SCI's investments, though unsecured from the standpoint of the Portfolio Company, were structured with an external guarantee supported by a charge over real estate assets. Notwithstanding its external collateral, SCI continues to pursue its claim against the Portfolio Company resulting from the sale of its underlying assets.

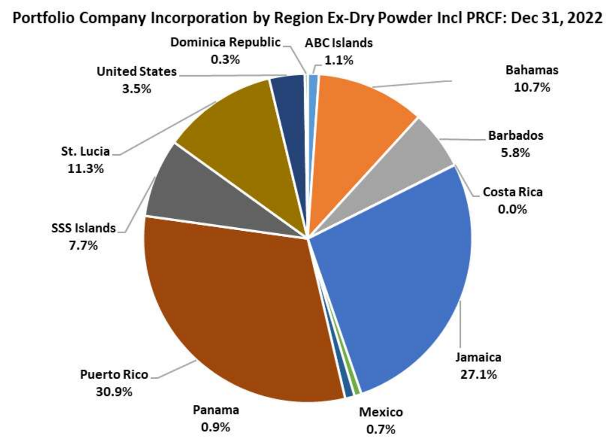




<u>Allocation by Industry and Region</u>
Portfolio Companies were diversified across a record 13 industries and 7 territories including the United States, which represents a holding company for a Caribbean asset. The largest industries were Financial (21.9%), Construction (15.0%) and Manufacturing (13.3%). The largest regions were represented by Jamaica (40.3%), St. Lucia (16.8%) and the Bahamas (15.9%). Since inception, SCI has deployed more than US$226.00 million across the Caribbean region.

When considering exposures derived through SCI's investment in the PRCF, Portfolio Companies were diversified across 22 industries, and 12 territories. With the expanded build out of the "Services" classification to be aligned with international best practices, there was material growth in SCI's overall exposure. Financial (14.8%), Hospitality (13.1%) and Construction (12.1%) have the largest industry allocations, while Puerto Rico (30.9%), Jamaica (27.1%) and St. Lucia (11.3%) accounted for the largest territory allocations. Note that investments from Costa Rica, Panama, The Dominican Republic and Mexico represent legacy assets that were "ring-fenced" during the AFC acquisition and are in the process of being closed out.





Liquidity and Capital Resources

Dry powder on the Company's balance sheet was US$10.81 million, comprising short term instruments and cash. The dry powder reflects monies raised during the quarter from an ongoing issuance of a US$15.00 million short-term note, for which US$5.80 million was closed. Additionally, after the completion of our annual reviews for our existing credit facilities, SCI received approval for an increase, supported by the improved credit rating by CariCris, and access to this upsize component is expected during the upcoming quarter. SCI has advanced the discussions with its international financing partners to gain access to substantial credit facilities. These financing partners are continuing their due diligence process and working through various potential financing structures. SCI would have successfully refinanced maturing debt during the quarter which resulted in an improvement the overall debt profile of the Group.

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

Balance Sheet Summary

At the end of Q2 2022, SCI had a record US$153.60 million in total assets, an increase of US$43.26 million or 39.2% over the similar period last year. This was mainly comprised of US$136.07 million in private credit investments including US$25.35 million in the Puerto Rico Credit Fund, US$23.19 million in investments measured at fair value through profit and loss, US$87.07 million in investment measured at amortised cost and US$465.3 thousand in finance lease measured at amortised cost. Total shareholders' equity increased by US$1.12 million or 1.7% to a US$68.77 million. SCI's debt to equity was 1.11x, below management's target threshold of 1.25x and below a limit of 2.0x, while debt to total assets was 0.50x which is in line with its threshold level of 0.50x. Both these ratios were reflective of a lowly leveraged balance sheet in keeping with global best practices for private credit companies. The balance sheet was further enhanced by an asset coverage ratio of 1.97x, which was above the minimum target threshold level of 1.50x, again in keeping with global standards.

	Q2 Dec 2022	Q2 Dec 2021	FYE June 2022
Summary Balance Sheet Information	**US$**	**US$**	**US$**
Cash and Cash Equivalents	10,811,314	17,177,783	8,470,884
Repurchase Agreements	-	799,998	-
Un-deployed Cash / Dry Powder	**10,811,314**	**17,977,781**	**8,470,884**
Investments in Private Credit Fund	25,347,325	-	24,159,175
Investments Measured at FV through P&L	23,191,785	23,277,161	25,856,260
Investments Measured at Amortised Cost	87,067,888	62,782,869	70,892,544
Finance Lease Measured at Amortised Cos	465,296	1,947,703	1,601,052
Investment in Portfolio Companies	**110,724,969**	**88,007,733**	**98,349,856**
Total Investmnts in Portfolio Companies	**136,072,294**	**88,007,733**	**122,509,031**
	146,883,608	**105,985,514**	**130,979,915**
Other Assets:			
Investment Income Receivable	4,684,278	3,879,062	3,675,584
Other Receivables	414,699	471,381	525,090
Due From Related Parties	1,612,232	2,036	1,612,232
Deferred Tax Asset	1,146	-	1,146
Total Assets	**153,595,963**	**110,337,993**	**136,793,967**
Share Capital	**60,883,532**	**60,883,532**	**60,883,532**
Retained Earnings	**7,886,127**	**6,765,039**	**6,578,937**
Total Shareholders' Equity	**68,769,659**	**67,648,571**	**67,462,469**

Covid-19 Impact, Risk Management

The Caribbean region continues to feel the aftereffects of the global COVID-19 pandemic, with varying degrees of impact on the economies in which SCI's Portfolio Companies operate. However, most Caribbean territories in which SCI is invested have shown significant economic recovery from the unprecedented depths of the pandemic induced lockdowns with increasing airlift, cruise ships calling on regional ports, and complete removal of emergency restrictions on movement. The risks of the COVID-19 pandemic have now been replaced with the uncertainty of higher inflation and risks to economic growth of rising interest rates, as central banks across the world and indeed the Caribbean region, race to prevent the second-round effects of inflation. As observed throughout the past two decades, and multiple financial crises, the private credit asset class, with its low leverage relative to other traditional financing firms, has thrived most during uncertain economic environments, as the demand for flexible capital by middle-market companies increases substantially during these periods. While the assessment of the overall impact of COVID-19 and the emerging threat of higher inflation and higher interest rates is ongoing, SCI continues to rely on the deep knowledge, experienced team and proven investment philosophy that has been developed by its 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, minimizing "realized" credit losses and charge-offs, versus "expected credit losses", as the latter will fluctuate based on market conditions, but the former is permanent loss of shareholder value.
- maintaining a strong balance sheet with a high asset coverage ratio and moderate leverage.
- 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.

SYGNUS CREDIT INVESTMENTS LIMITED

Consolidated Statement of Financial Position

December 31, 2022

(Expressed in United States Dollars)

	Unaudited 31-Dec-22 $	Unaudited 31-Dec-21 $	Audited 30-Jun-22 $
ASSETS			
Cash and cash equivalents	10,811,314	16,658,032	8,470,884
Certificates of deposit	-	519,751	-
Securities purchased under resale agreements	-	799,998	-
Interest receivable	4,684,278	3,879,062	3,675,584
Other receivables	414,699	471,381	525,090
Due from related parties	1,612,232	2,036	1,612,232
Lease receivables	465,296	1,947,703	1,601,052
Investments	135,606,998	86,060,030	120,907,979
Deferred tax assets	1,146	-	1,146
	153,595,963	**110,337,993**	**136,793,967**
LIABILITIES			
Accounts payable and accrued liabilities	2,386,103	258,269	3,958,088
Due to related parties	380,318	547,846	241,973
Dividends payable	438,471	320,409	388,885
Interest payable	354,945	64,792	231,492
Taxation payable	111,254	22,816	73,951
Deferred tax liability	-	9,755	-
Notes payable	69,751,496	41,465,535	60,285,928
Preference shares	4,925,040	-	1,147,609
Loans and borrowings	6,478,677	-	3,003,572
	84,826,304	**42,689,422**	**69,331,498**
EQUITY			
Share capital	60,883,532	60,883,532	60,883,532
Retained earnings	7,886,127	6,765,039	6,578,937
	68,769,659	**67,648,571**	**67,462,469**
TOTAL LIABILITIES AND EQUITY	**153,595,963**	**110,337,993**	**136,793,967**

Director

Dr. Ike Johnson

Director

Horace Messado

SYGNUS CREDIT INVESTMENTS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six Months ended December 31, 2022

(Expressed in United States Dollars)

	Unaudited Three months ended 31-Dec-22 $	Unaudited Three months ended 31-Dec-21 $	Unaudited Six months ended 31-Dec-22 $	Unaudited Six months ended 31-Dec-21 $	Audited Year Ended 30-Jun-22 $
Income					
Interest income calculated using the effective interest method	3,210,048	2,462,210	5,990,545	4,701,857	10,217,443
Interest expense	(1,410,086)	(603,233)	(2,628,999)	(1,019,244)	(3,112,690)
	1,799,962	1,858,977	3,361,546	3,682,613	7,104,753
Fair value gain/(loss) on investments	500,619	(75,617)	1,486,674	373,148	4,069,942
Fair value adjustment on contingent consideration payable	-	-	-	-	(92,580)
Other income	14,596	13,055	33,602	13,055	42,697
	2,315,177	**1,796,415**	**4,881,822**	**4,068,816**	**11,124,812**
Expenses					
Management fees	578,089	444,612	1,126,845	887,487	1,933,561
Performance fees	-	-	-	50,939	50,939
Corporate service fees	105,409	77,406	203,871	154,583	336,363
Net foreign exchange loss	61,783	26,699	6,764	37,024	405,221
Impairment allowance on financial assets	(14,018)	96,884	20,595	126,032	3,820,134
Other expenses	297,983	194,981	550,238	319,778	659,117
	1,029,246	**840,582**	**1,908,313**	**1,575,843**	**7,205,335**
Profit before taxation	**1,285,931**	**955,833**	**2,973,509**	**2,492,973**	**3,919,477**
Taxation	(57,329)	(1,899)	(117,963)	(32,122)	(96,373)
Profit for the period, being total comprehensive income	**1,228,602**	**953,934**	**2,855,546**	**2,460,851**	**3,823,104**
Basic earnings per stock unit (cents)	**0.21**	**0.16**	**0.48**	**0.42**	**0.65**
Diluted earnings per stock unit (cents)	**0.20**	**-**	**0.47**	**-**	**0.65**

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

	Share capital $	Retained earnings $	Total $
Balance as at 30 June 2021	60,883,532	5,852,544	66,736,076
Profit, being total comprehensive income for the period	-	2,460,851	2,460,851
Transaction with owners			
Dividends declared	-	(1,548,356)	(1,548,356)
Balance as at 31 December 2021	60,883,532	6,765,039	67,648,571
Balance as at 30 June 2022	60,883,532	6,578,937	67,462,469
Profit, being total comprehensive income for the period	-	2,855,546	2,855,546
Transaction with owners			
Dividends declared	-	(1,548,356)	(1,548,356)
Balance as at 31 December 2022	60,883,532	7,886,127	68,769,659

SYGNUS CREDIT INVESTMENTS LIMITED

Consolidated Statement of Cash Flows

Six Months ended December 31, 2022

(Expressed in United States Dollars)

	Unaudited Six months ended 31-Dec-22 $	Unaudited Six months ended 31-Dec-21 $	Audited Year ended 30-Jun-22 $
Cash flows from operating activities			
Profit for the period	2,855,546	2,460,851	3,823,104
Adjustments for:			
Interest income	(5,990,545)	(4,701,857)	(10,217,443)
Interest expense	2,628,999	1,019,244	3,112,690
Impairment allowance on financial assets	20,595	126,032	3,820,134
Taxation	117,963	32,122	96,373
Amortisation of transaction costs on issued notes	352,547	158,615	546,006
Fair value gains	(1,486,674)	(373,148)	(3,977,362)
	(1,501,569)	(1,278,141)	(2,796,498)
Changes in operating assets and liabilities:			
Other receivables	110,391	(274,152)	(327,861)
Due from related parties	-	611,359	(998,837)
Accounts payable and other accrued liabilities	(1,571,985)	(1,238,848)	2,690,638
Due to related parties	138,345	(16,451)	(268,674)
	(2,824,818)	(2,196,233)	(1,701,232)
Taxation paid	(80,660)	(1,899)	(25,916)
Net cash used in operating activities	(2,905,478)	(2,198,132)	(1,727,148)
Cash flows from investing activities			
Purchase of investments	(19,554,098)	(16,786,508)	(63,089,089)
Encashment of investments	6,321,158	10,964,240	23,437,610
Lease receivables	1,135,756	339,380	686,031
Purchase of securities purchased under resale agreements	-	(800,000)	(800,000)
Encashment of securities purchased under resale agreements	-	-	800,000
Interest income received	4,981,851	4,055,749	9,278,516
Net cash used in investing activities	(7,115,333)	(2,227,139)	(29,686,932)
Cash flows from financing activities			
Dividends paid	(1,498,770)	(1,475,529)	(2,955,408)
Preference shares	3,777,431	-	1,147,609
Notes payable	9,113,021	26,959,142	45,069,897
Loans and borrowings	3,475,105	(4,424,387)	(1,474,465)
Interest paid	(2,505,546)	(1,005,314)	(2,932,060)
Net cash provided by financing activities	12,361,241	20,053,912	38,855,573
Net increase in cash and cash equivalents	2,340,430	15,628,641	7,441,493
Cash and cash equivalents at beginning of period	8,470,884	1,029,391	1,029,391
Cash and cash equivalents at end of period	**10,811,314**	**16,658,032**	**8,470,884**

1. Identification

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

The Company is the largest publicly listed specialty private credit investment company in the Caribbean, dedicated to providing alternative financing to middle-market businesses ("Portfolio Companies") across the Caribbean region. Non-traditional forms of credit are more customized 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 the Company 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 investment assets of the Company are managed by its Investment Manager, Sygnus Capital Limited ("SCL"), a related company incorporated in Jamaica. SCL is a licensed securities dealer, regulated by the Financial Services Commission in Jamaica.

The Company has the following subsidiaries, which together with the Company are collectively referred to as "the Group" in these condensed financial statements:

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

SCI PR Inc holds a 93.66% membership interest in Sygnus Credit Investments Puerto Rico Fund LLC (SCIPRF or Fund), who is the ultimate parent of Acrecent Financial Corporation (AFC). The membership interest held in SCIPRF is not consolidated and is reflected as an equity investment in the Group's financial statements, as it was determined under *IFRS 10, Consolidated Financial Statements* that SCI PR Inc does not have power over the relevant activities of this Fund.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended December 31, 2022 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's annual consolidated financial statements for the period ended June 30, 2022. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since its last audited financial statements. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended June 30, 2022 which were prepared in accordance with International Financial Reporting Standards (IFRS).

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

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

(b) Basis of preparation

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

3. Significant accounting policies

(a) Basis of consolidation

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

(b) Securities purchased under resale agreements

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

3. Significant accounting policies (continued)

(c) Financial instruments

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

(i) Classification and measurement

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

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

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

(ii) Impairment

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

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

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

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

4. Net foreign exchange gains and losses

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the United States dollar. The currency giving rise to this risk is the Jamaica dollar and for the six months ended December 31, 2022 an overall net foreign exchange loss was incurred by the Group.

The average foreign exchange rate moved from J$150.5441 to US$1 as at the financial year ended June 30, 2022 to J$151.0082 to US$1 as at December 31, 2022.

5. Dividends

On September 2, 2022 the Board of Directors approved the payment of an interim dividend of US$0.00262 per share amounting to $1,548,356 which was paid on October 14, 2022 to shareholders on record as at September 30, 2022. For the comparative quarter ended September 30, 2021 the dividend per share recorded was $1,548,356 (US$0.00262 per share).

6. Earnings per share

Earnings per stock unit is calculated by dividing the profit attributable to stockholders, by the weighted average number of ordinary stock units in issue. Diluted earnings per stock unit reflects the impact of convertible preference shares. The Group did not have any instrument that had a dilutive effect on its basic earnings per share in the prior year.

	2022		2021
	Basic	Diluted	Basic
Net profit attributable to stockholders of the parent ($)	2,855,546	2,855,546	2,460,851
Weighted average number of ordinary stock units in issue ('000)	590,975	613,251	590,975
Earnings per stock unit (¢)	0.48	0.47	0.42

7. Notes payable

This balance represents secured and unsecured J$ and US$ fixed rate debt issued in tranches and bearing interest rates ranging from 5.00% to 8.00% per annum, payable on a quarterly basis or at maturity. The notes currently mature between May 2023 and October 2026.

8. Loans and borrowings

This represents net borrowings which include bank credit lines.

9. Related party transactions

Investment management services are provided to the Group under a separate Investment Management Agreement, for which management and performance fees of $1,126,845 (2021: $887,487) and $NIL (2021: $50,939) respectively, were expensed over the period.

Corporate and accounting services are also provided to the Group under a governing Corporate Services Agreement. An amount totaling $203,871 (2021: $154,583) has been expensed in respect of services that have been provided under this agreement.

10. Impact assessment of Coronavirus (COVID-19)

Management continues to evaluate the impact of COVID-19 on financial performance, primarily in the assessment of security values and the probability of default in performing expected credit loss calculations. Most Caribbean territories in which the Group has investments has shown significant economic recovery with increasing airlift, cruise ships calling on regional ports and complete easing of restrictions on movement. The Group continues to maintain a well-diversified portfolio of investments that is expected to cushion any lingering impact of the crisis. Management continues to monitor the turn of events closely, and remains committed to implementing the necessary strategic actions to mitigate any effect on business activities.

Top Ten Shareholders			
No	**Shareholders**	**Shareholdings**	**% Holdings**
1	ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	27,271,991	4.6%
2	SJIML A/C 3119	25,425,700	4.3%
3	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	24,268,691	4.1%
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	13,035,000	2.2%
8	Heart Trust/NTA Pension Scheme	10,801,500	1.8%
9	Sagicor Equity Fund	10,735,900	1.8%
10	Sagicor JPS Employees Pension Plan	8,918,700	1.5%
	Subtotal	**178,117,382**	**30.1%**
	Total	**590,975,463**	**100.0%**

Shareholdings of Directors, Senior Managers & Connected Parties				
No	**Director**	**Shareholdings**	**Connected Parties**	**% Holdings**
1	Ian Williams	998,835	Ladesa Williams Zane Williams	0.17%
2	Hope Fisher	0	N/A	0.00%
3	Damian Chin	0	N/A	0.00%
4	Peter Thompson	0	N/A	0.00%
5	Dr Ike J. Johnson	95,300	N/A	0.02%
6	Linval Freeman	200,000	Donna Freeman Kristifer Freeman Kimberly Freeman	0.03%
7	Horace Messado	633,884	Lisa-Gaye Camille Messado	0.11%
	Subtotal	**1,928,019**	**N/A**	**0.33%**
Shareholdings of Connected Parties				
1	Sygnus Capital Group Limited	6,581,100	Dr Ike J Johnson	1.11%
	Total	**590,975,463**	**N/A**	**100.00%**