SYGNUS CREDIT INVESTMENTS

QUARTERLY REPORT

TRANSFORMING PRIVATE CREDIT ACROSS THE CARIBBEAN

AS AT **DECEMBER 31, 2023**

SYGNUS

CREDIT INVESTMENTS

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Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2023

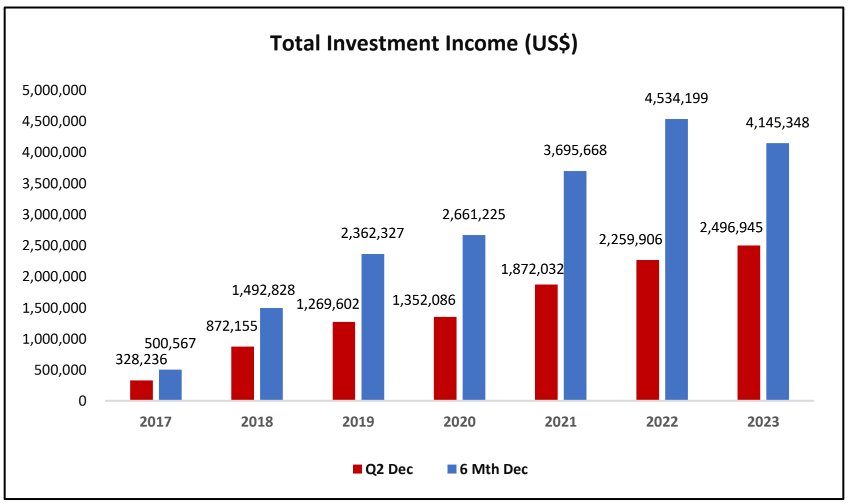
Castries, St Lucia | Monday, February 14, 2024

Sygnus Credit Investments Limited ("SCI" or "the Group") is pleased to report on the unaudited financial results for the six months ended December 31, 2023 ("6 Months 2023") and the three months ended December 31, 2023 ("Q2 Dec 2023" or "Q2"). 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

SCI reported a second quarter record for net profits, total investment income and net investment income for Q2 Dec 2023, but registered lower net profits and lower total investment income for 6 Months 2023. The quarterly results reflected record net interest income and record fee income, while the half year results, despite record net interest income and record fee income, were affected by adverse market multiples on the investment in SCI Puerto Rico (via Acrecent Financial Corporation or "AFC" or "Acrecent") during the first quarter, as previously reported for the three months ended September 2023 ("Q1 Sep 2023"). Acrecent, which completed its full integration into SCI effective at the financial year end in June 2023 ("FYE Jun 2023"), established a new capital deployment record and a new net profit record for the half year period. Meanwhile, the Group increased its majority stake in Acrecent to 95.6% during Q2 Dec 2023 and paid a record interim dividend of US$1.60 million to shareholders on October 13, 2023.



	Q2 Dec 2023	Q2 Dec 2022	6 Mth Dec 2023	6 Mth Dec 2022	FYE Jun 2023
Summary Results of Operations	US$	US$	US$	US$	US$
Interest Income	4,271,049	3,210,048	8,272,532	5,990,545	14,085,331
Interest Expense	(2,087,029)	(1,410,086)	(3,962,679)	(2,628,999)	(5,949,995)
Net Interest Income	2,184,020	1,799,962	4,309,853	3,361,546	8,135,336
Participation and Commitment Fees	210,606	14,596	272,829	33,602	379,203
Puerto Rico Credit Fund Investment Income	102,319	445,348	(437,334)	1,139,051	372,351
Total Investment Income	**2,496,945**	**2,259,906**	**4,145,348**	**4,534,199**	**8,886,890**
Total Operating Expenses	982,323	981,481	2,088,004	1,880,954	3,803,689
Net Investment Income	**1,514,622**	**1,278,425**	**2,057,344**	**2,653,245**	**5,083,201**
Fair Value Gain (Loss)	304,302	55,271	555,428	347,623	886,491
Net Foreign Exchange Gain (Loss)	(118,260)	(61,783)	(75,912)	(6,764)	146,069
Impairment Allowance on Financial Assets	(128,016)	14,018	(132,373)	(20,595)	(844,920)
Profit before Taxation	**1,572,648**	**1,285,931**	**2,404,488**	**2,973,509**	**5,270,841**
Taxation Charge	(41,841)	(57,329)	(128,847)	(117,963)	(136,203)
Profit Attributable to Shareholders	**1,530,807**	**1,228,602**	**2,275,641**	**2,855,546**	**5,134,638**
Earnings Per Share	**0.26¢**	**0.21¢**	**0.39¢**	**0.48¢**	**0.87¢**
Diluted Earnings Per Share	**0.22¢**	**0.20¢**	**0.33¢**	**0.47¢**	**0.82¢**
Net Investment Income Per Share	**0.26¢**	**0.22¢**	**0.35¢**	**0.45¢**	**0.86¢**

The Group launched a public offering of preference shares on November 20, 2023 to raise US$20.00 million and J$800.0 million, respectively. The offer, which was oversubscribed by 101.6%, was upsized to US$40.00 million and J$1.60 billion, respectively. The combined capital raise was equivalent to US$50.37 million, the largest in the Group's relatively short six-and-a-half-year history, and the largest transaction on the Jamaica Stock Exchange during 2023. SCI continues its due diligence discussions with international financing partners to fund its multiple expansion plans. A Board of Directors meeting will be held on February 16, 2024 to consider an interim dividend payment.

Core revenues, or total investment income, grew by 10.5% or US$237.0 thousand to a record US$2.50 million for Q2 Dec 2023, versus US$2.26 million for the three months ended December 2022 ("Q2 Dec 2022"). For 6 Months 2023, total investment income was lower by 8.6% or US$388.9 thousand to US$4.15 million, compared with US$4.53 million for the six months ended December 2023 ("6 Months 2023"). The results for the quarter were driven by record net interest income of US$2.18 million, up 21.3% versus last year, and record commitment and participation fees of US$210.6 thousand versus

US$14.6 thousand last year. The second quarter's net investment income reflected a record private credit portfolio complemented by a favorable investment environment, while the growth in fees reflected SCI's strategic push to complement net interest income with fee earning activities, as the business expands the scale of its operations.

For 6 Months 2023, record net interest income of US$4.31 million, up 28.2% or US$948.3 thousand and record commitment and participation fees of US$272.8 thousand vs US$33.6 thousand last year, were insufficient to offset the impact from adverse market conditions on the valuation of SCI's investment in AFC, referred to as Puerto Rico Credit Fund ("PRCF") investment income, most of which occurred during Q1 Sep 2023. During Q1 Sep 2023, SCI's PRCF investment income reported an unrealized loss of US$539.7 thousand, as higher US interest rates drove down the market multiple used to value the investment. This unrealized loss was reduced to US$437.3 thousand for 6 Months 2023, after registering a gain of US$102.3 thousand in Q2 Dec 2023, which only partially offset the first quarter unrealized loss. AFC posted record net profits for Q2 and 6 Month Dec 2023, and had a new half year record of capital deployment, after the business was reorganized and fully integrated into SCI at FYE Jun 2023. SCI increased its stake in AFC to 95.6% during the second quarter, by investing an additional US$3.0 million, in keeping with its strategy to scale the growth of the Puerto Rican private credit business.

Note that net interest income included interest expense related to the financing of the Acrecent acquisition, but there was no corresponding interest income revenue item from Acrecent, since AFC does not meet the accounting requirements for consolidation. Thus, there is always an apparent "gapping" of net interest income, reflecting lower than would be expected interest income relative to interest expense. The PRCF investment income effectively compensates for this apparent "gapping" in net interest income due to AFC and represents the value flowing through to SCI from the financials of the Puerto Rico business. This value was marked-to-market and carried as part of the total fair value represented in the interim financial statements.

Core earnings, or net investment income, grew by 18.5% or US$236.2 thousand to a record US$1.51 million for Q2 Dec 2023, versus US$1.28 for Q2 Dec 2022. For 6 Month 2023, net investment income was lower by 22.5% or US$595.9 thousand to US$2.06 million for versus US$2.65 million last year. The results for the second quarter were driven by the record performance in total investment income and fees, as operating expenses was mainly flat, up a marginal 0.1% versus last year. The 6 Months 2023 results were primarily driven by the adverse impact on the PRCF investment income during the first quarter of the financial year.

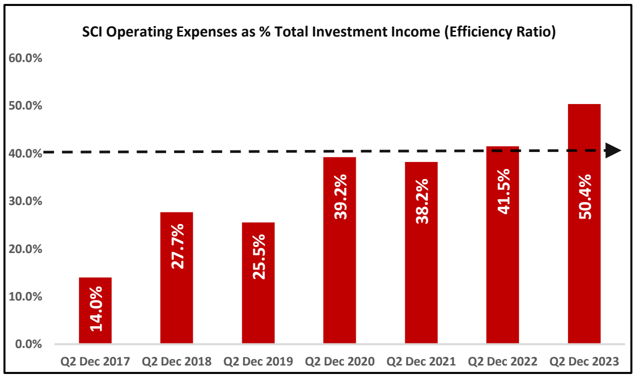
Net profit attributable to shareholders grew by 24.6% or US$302.2 thousand to a record US$1.53 million for Q2 Dec 2023 versus US$1.23 million last year. For 6 Months 2023, net profit was lower by 20.3% or US$579.9 thousand to US$2.28 million versus US$2.86 million last year. The quarterly performance was primarily driven by record total investment income while the 6 Months 2023 results were primarily driven by the adverse impact of PRCF investment income on total investment income from the first quarter, which more than offset record net investment income and fee income for the half year.

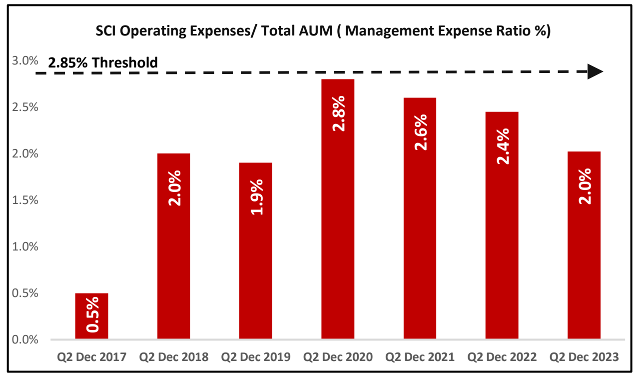
Earnings per share (EPS) was 0.26 US cents for Q2 Dec 2023 versus 0.21 US cents for Q2 Dec 2022, and 0.39 US cents for 6 Months 2023 vs 0.48 US cents for 6 Months 2022. Similarly, diluted earnings per share was 0.22 US cents for Q2 Dec 2023 versus 0.20 US cents last year and 0.33 US cents for 6 Months 2023 versus 0.47 US cents last year. Net investment income per share (NIIPS) was 0.26 US cents for Q2 Dec 2023, versus 0.22 US cents last year, and 0.35 US cents for 6 Months 2023 versus 0.45 US cents for 6 Months 2022.

Total Operating Expenses

Total operating expenses increased marginally by 0.1% or US$842 to US$982.3 thousand for Q2 Dec 2023 versus US$981.5 thousand last year. For 6 Months 2023, operating expenses increased by 11.0% or US$207.1 thousand to US$2.09 million versus US$1.88 million last year. The quarterly results reflected higher one-off professional fees last year which were absent this year, while the 6 Months 2023 result primarily reflected higher management fees and higher corporate services fees related to increased assets under management, as well as performance fees related to uncorrected amounts of US$76.7 thousand carried over from the FYE 2023 audited financial statements during Q1 Sep 2023. There were no such amounts charged for performance fees in 6 Months 2022.

Management fees and corporate services fees were a combined 80.8% of operating expenses while increasing by 16.1% to US$793.5 thousand for Q2 Dec 2023, versus 69.6% of operating expenses in Q2 Dec 2023 at US$683.5 thousand. Similarly, these fees were a combined 76.4% of operating expenses while increasing by 19.8% to US$1.59 million for 6 Months 2023 relative to 70.7% of operating expenses at US$1.33 million for 6 Months 2022. Excluding management fees and corporate services fees, operating expenses declined by 36.6% or US$109.2 thousand to US$188.8 thousand for Q2 Dec 2023 versus US$298.0 thousand last year. Similarly, excluding the aforementioned fees, operating expenses declined by 10.3% or US$56.6 thousand to US$493.7 thousand for 6 Months 2023, when compared to US$550.2 thousand for 6 Months 2022. The result for both periods was driven by substantially lower professional fees and lower withholding tax on interest due to lower short-term investment balances.





<u>Efficiency and Management Expense Ratios</u>

SCI's core activities generated an efficiency ratio of 50.4% for 6 Month 2023 which was outside the threshold level of 40.0%. The result was completely driven by the previously reported Q1 Sep 2023 performance of total investment income (adversely impacted by PRCF investment income) and operating expenses (adversely impacted by uncorrected performance fees from FYE Jun 2023), given the quarterly run rate for Q2 Dec 2023 was within the 40.0% threshold at 39.3%. At 6 Month Dec 2022, the efficiency ratio was 41.5%. The efficiency ratio was measured by total operating expenses to total investment income.

The Group's management expense ratio (MER) was 2.0%, well within the target threshold level of 2.85%, versus 2.4% for the corresponding period last year. The MER was defined as total operating expenses as a percentage of total assets under management.

<u>Fair Value Gains or Losses</u>

Fair value gains on profit sharing private credit investments was US$304.2 thousand for Q2 Dec 2023, versus US$55.3 thousand reported last year, and US$555.4 thousand for 6 Months 2023 versus US$347.6 thousand for 6 Months 2022. The increases in fair value gains for the quarter and half year were primarily driven by positive movements in interest rates at the end of Q2 Dec 2023 relative to the respective comparative periods. Interest rate movements may cause material fluctuations in fair value gains or fair value losses from period to period. SCI had US$23.18 million in fair valued private credit investments versus US$23.19 million in the prior year. In addition, SCI had US$27.45 million in the PRCF, reflecting its increased stake of 95.6% in the business, versus US$25.35 million in Q2 Dec 2022. The value at the end of Q2 Dec 2023 relative to Q2 Dec 2022 was also reflective of the adverse movements in market multiples on the valuation of PRCF during Q1 Sep 2023.

<u>Net Foreign Exchange Gains or Losses</u>

Net foreign exchange losses of US$118.3 thousand for Q2 Dec 2023 was higher than the losses of US$61.8 thousand reported for Q2 Dec 2022. Similarly, 6 Months 2023 reported net foreign exchange losses of US$75.9 thousand relative to losses of US$6.8 thousand last year. 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 fluctuates based on movements in the JMD/USD exchange rate. SCI's JMD liabilities exceeded its JMD assets by 6.0% at the end of Q2 Dec 2023. SCI does not have a foreign currency trading business.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2023

Change in Impairment Allowance on Financial Assets (IAFA)

The change in impairment allowance on financial assets for Q2 2023 was an increase of US$128.0 thousand versus a decline of US$14.0 thousand for Q2 Dec 2022 and an increase of US$132.4 thousand for 6 Months 2023 versus an increase of US$20.6 thousand for 6 Months Q2 2022. The change in impairment allowance is a non-cash unrealized charge and can crystalize into a realized loss, or reverses if an investment is exited without any realized credit losses or charge-offs. The quarterly and half year results reflected the unwinding of COVID-19 conditions during Q2 Dec 2022, relative to this year's normalization of market conditions and assessment of assets on the balance sheet.

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$2.80 million for Q2 Dec 2023 versus US$2.32 million for Q2 Dec 2022 and US$4.70 million for 6 Months 2023 and versus US$4.88 million for 6 Months 2022.

Similarly, SCI's total expenses were comprised of core operating expenses, plus the non-core items of net foreign exchange loss, fair value loss and change in impairment allowance on financial assets. Total expenses were US$1.23 million for Q2 Dec 2023 versus US$1.03 million last year and US$2.30 million for 6 Months 2023 and versus US$1.91 million for 6 Months 2022. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

Dividends

An interim dividend amounting to a record US$1.60 million or US$0.00272 per share was paid on October 13, 2023, versus US$1.55 million or US$0.00262 per share for the similar period last year. The Board of Directors will consider the payment of an interim dividend at a meeting to be held on February 16, 2023.

Share Buy-back Program

The Group did not execute any purchases under its buy-back program during Q2 Dec 2023 or 6 Months 2023. The group has a 3 year share buy-back program initiated from June 2023, for an amount equivalent to up to US$9.00 million dollars.

	Q2 Dec 2023	Q2 Dec 2022	FYE Jun 2023
Summary of Investment Activity	**US$**	**US$**	**US$**
Fair Value of Investment in Portfolio Companies	156,293,936	136,072,294	151,476,730
Excluding PRCF	128,846,995	110,724,969	126,592,453
New Investment Commitments During Period	4,439,194	7,432,140	31,172,693
Dry Powder to be Deployed*	43,450,350	10,811,314	4,464,694
Number of Portfolio Company Investments (#)	35	34	39
Average Investment per Portfolio Company	3,681,343	3,256,617	3,245,960
Weighted Average Term of Portfolio Company Investments (Years)	1.7	1.6	1.4
Weighted Average Fair Value Yield on Portfolio Companies	14.6%	14.1%	14.8%
Non-Performing Portfolio Company Investments	2	2	2
Non-performing Investments Ratio (NPI)	1.1%	1.5%	1.4%

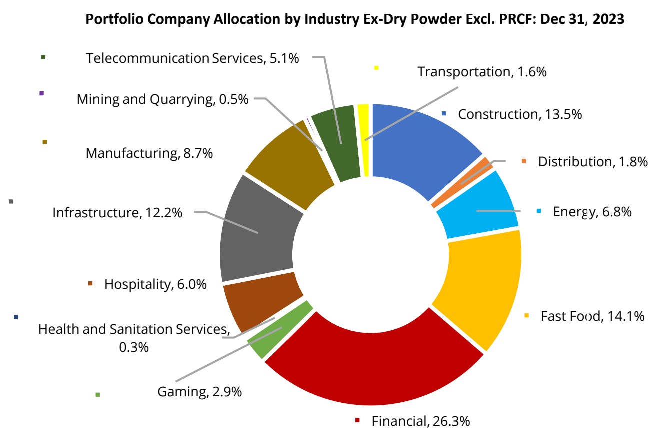
All the calculated metrics exclude investment in Puerto Rico Fund (PRCF) of US$27.4M on the balance sheet
PRCF represents SCI's 95.6% ownership in the Puerto Rico Credit Fund
*Does not include undrawn Credit Lines of US$5.4M

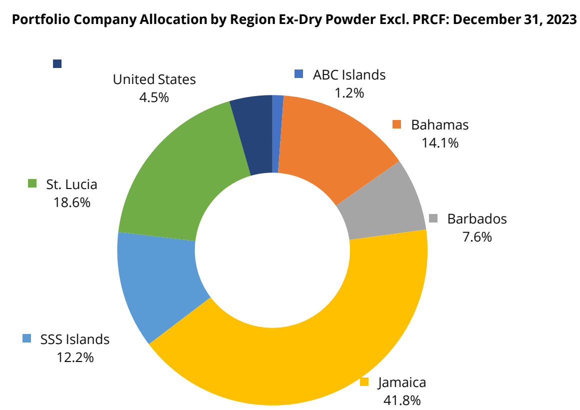
Private Credit Investment (PCI) Activity

At the end of Q2 Dec 2023, SCI's investment in Portfolio Companies grew by 14.9% to a record US$156.30 million versus US$136.07 million last year. Included in this figure is the fair value investment of US$27.45 million in the Puerto Rico Credit Fund or PRCF. The PRCF is not consolidated all the way up to SCI based on the assessment of control. The Group's investment in Portfolio Companies, excluding the PRCF, grew by 16.4% to a record US$128.85 million versus US$110.72 million last year. The number of Portfolio Company investments excluding the PRCF increased to 35 versus 34 last year.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2023

Portfolio Company Investment Commitments and Origination
SCI financed new investment commitments valued at US$4.44 million during Q2 2023 vs US$7.43 million for Q2 2022 while successfully exiting US$4.64 million. In Puerto Rico, AFC deployed a record US$37.96 million during 6 Months 2023. Acrecent celebrated its 20th anniversary during the Q2 Dec 2023 by deploying close to US$150.00 million in private credit investments since partnering with SCI in February 2022. This amount exceeds SCI's deployment over the same time period, which is driven by the substantially larger economic base of Puerto Rico as US territory within the Caribbean, relative to the combined economic base of all the Caribbean territories that SCI is currently invested in.





Weighted Average Investment Tenor and Investment Yield
The weighted average tenor of Portfolio Company investments at the end of Q2 Dec 2023, increased marginally to 1.7 years versus 1.6 years last year. The weighted average fair value yield on Portfolio Companies increased to 14.6% versus 14.1% last year, which reflected a higher interest rate environment. In Puerto Rico, AFC's weighted average yield was north of 11.0% with an average tenor of 1.3 years, compared with an average yield north of 10.0% and an average tenor of under 3.0 years in the corresponding period last year.

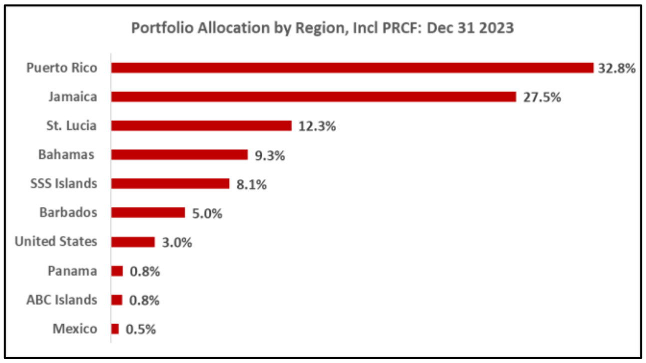
Non-performing Investments Ratio (NPI)
SCI's non-performing investment ratio at the end of Q2 Dec 2023 was 1.1% of its total private credit investment portfolio versus 1.5% at the end of Q2 Dec 2022. The NPI target threshold limit was 5.0%.

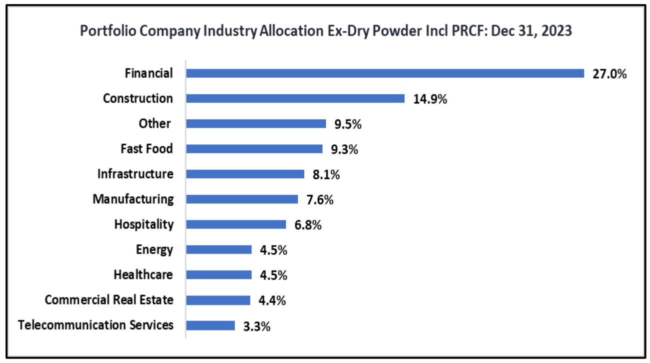
Note: SCI has US$1.00 million in exposure to a Portfolio Company that declared bankruptcy during FYE Jun 2021, which is included as part of the non-performing investments that generated the 1.1% NPI. SCI's investment, though unsecured from the standpoint of the Portfolio Company, was structured with an external guarantee supported by a charge over real estate assets. SCI continues to pursue its claim against the Portfolio Company resulting from the sale of the company.

Allocation by Industry and Region
Portfolio Companies were diversified across 13 industries and 7 territories including the United States (representing 1 holding company for a Caribbean asset) at the end of Q2 Dec 2023, the same as last year. The largest industries were Financial (26.3%), Fast Food (14.1%) and Construction (13.5%). The largest territories were Jamaica (41.8%), St Lucia (18.6%) and the Bahamas (14.1%).

When considering exposures derived through SCI's investment in the PRCF, the combined portfolio, inclusive of PRCF's underlying holdings, was diversified across 23 industries and 10 territories. Similarly, Financial (27.0%), Construction (14.9%) and Fast Food (9.3%) had the largest industry allocations, while Puerto Rico (32.8%), Jamaica (27.5%) and St.

Lucia (12.3%) accounted for the largest territory allocations. Assets from Panama and Mexico are legacy assets that were “ring-fenced” during the acquisition and are being closed out.





Liquidity and Capital Resources

Dry powder on the Group’s balance sheet was US$43.5 million, comprising of short-term instruments and cash at the end of Q2 Dec 2023, versus US$10.8 million last year. The Group also had undrawn revolving credit lines of approximately US$5.4 million. The increase in dry powder reflected the largest capital raise in SCI’s history equivalent to US$50.37 million during Q2 Dec 2023, from a dual currency multi-tranche public offering of cumulative redeemable preference shares that was opened on November 20, 2023 and closed on December 15, 2023 after being extended from the initial closing date of December 6, 2023. The offer was initially intended to raise US$20.00 million and J$800 million respectively but was extended after strong demand resulted in SCI applying to regulators to upsize the offer by 100%, to US$40.00 million and J$1.60 billion respectively. The offer was 101.6% over subscribed and the shares were subsequently listed on the main market of the Jamaica Stock Exchange in January 2024. The capital raise was the largest on the JSE for the entire 2023.

Notwithstanding the recent capital raise, SCI has advanced its discussions with international financing partners to secure credit facilities for up to US$100.00 million in aggregate, in order to execute its strategy of scaling the business and expanding its revenue streams.

Balance Sheet Summary

At the end of Q2 Dec 2023, SCI had a record US$206.63 million in total assets, an increase of US$53.03 million or 34.5% versus US$153.60 million last year. This was mainly comprised of a record US$156.29 million in total private credit investments, including US$27.45 million in the Puerto Rico Credit Fund, US$23.18 million in investments measured at fair value through profit and loss and US$105.66 million in investments measured at amortized cost.

Total Shareholders’ Equity increased by US$1.71 million or 2.5% to US$70.48 million. SCI’s adjusted debt to equity of 0.64x (adjusted for preference shares of US$53.69 million) was below management’s target threshold of 1.25x and below the limit of 2.00x, while adjusted net debt to total assets was 0.18x which was below the target threshold level of 0.50x. The balance sheet was further enhanced by an asset coverage ratio of 2.55x, which was above the minimum target threshold level of 1.50x. SCI had total liabilities of US$136.15 million, up US$51.32 million or 60.5% relative to last year. These liabilities were comprised mainly of US$76.88 million in notes payable and US$53.69 million in preference shares.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2023

	Q2 Dec 2023	Q2 Dec 2022	FYE June 2023
Summary Balance Sheet Information	**US$**	**US$**	**US$**
Cash and Cash Equivalents	1,876,474	10,811,314	2,464,694
Repurchase Agreements	41,573,876	-	2,000,000
Un-deployed Cash / Dry Powder	**43,450,350**	**10,811,314**	**4,464,694**
Investments in Private Credit Fund	27,446,941	25,347,325	24,884,276
Investments Measured at FV through P&L	23,183,836	23,191,785	22,628,408
Investments Measured at Amortised Cost	105,663,159	87,067,888	103,700,846
Finance Lease Measured at Amortised Cost	-	465,296	263,200
Investment in Portfolio Companies	**128,846,995**	**110,724,969**	**126,592,454**
Total Investments in Portfolio Companies	**156,293,936**	**136,072,294**	**151,476,730**
	199,744,286	**146,883,608**	**155,941,424**
Other Assets:			
Investment Income Receivable	4,715,735	4,684,278	5,199,704
Other Receivables	551,979	414,699	907,424
Due From Related Parties	1,612,232	1,612,232	1,812,232
Deferred Tax Asset	3,650	1,146	3,650
Total Assets	**206,627,882**	**153,595,963**	**163,864,434**
Share Capital	**60,883,532**	**60,883,532**	**60,883,532**
Treasury shares	(242,950)	-	(242,950)
Retained Earnings	**9,841,771**	**7,886,127**	**9,166,471**
Total Shareholders' Equity	**70,482,353**	**68,769,659**	**69,807,053**

SCI's Impact Investing Strategy

SCI has embarked upon a commitment to crafting an impact investing strategy that aligns with international best practices. Impact investing involves intentionally deploying capital to generate a positive and measurable social and environmental impact with a financial return. This strategy will be developed over the next several months by our Investment Manager, Sygnus Group, and will focus on some of the Caribbean region's most pressing challenges.

In this regard, Sygnus Group, the investment manager of SCI, became the first Jamaican firm to become a member of the Global Impact Investing Network (GIIN). Our Investment Manager's membership in the GIIN signifies a commitment to deepening SCI's engagement in the impact investing industry.

To be clear, SCI was already deploying capital to impact investing, directly and indirectly, particularly through the Puerto Rico business, where Acrecent has a stake in and co-invests alongside three dedicated impact funds, LIFT I, LIFT II and Acrecent Financial Partners, with total assets under management exceeding US$40.00 million. SCI is also in the process of sponsoring a new US$100.00 million impact fund in Puerto Rico associated with Acrecent. Acrecent has a long history of deploying capital to hundreds of middle-market firms in underserved sectors which are essential for the social and economic development of Puerto Rico, such as health care, affordable housing, construction, hospitality, and renewable energy, among others. With the alignment to the GIIN through its investment manager, SCI intends to formalize a clear strategy around its impact investment focus areas within the Caribbean and measuring the financial and non-financial returns that will unfold from this complementary strategy.

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Financial Position
December 31, 2023
(Expressed in United States Dollars)

	Unaudited 31-Dec-23 $	Unaudited 31-Dec-22 $	Audited 30-Jun-23 $
ASSETS			
Cash and cash equivalents	43,450,350	10,811,314	4,464,694
Interest receivable	4,715,735	4,684,278	5,199,704
Other receivables	551,979	414,699	907,424
Due from related parties	1,612,232	1,612,232	1,812,232
Lease receivables	-	465,296	263,200
Investments	156,293,936	135,606,998	151,213,530
Deferred tax assets	3,650	1,146	3,650
	206,627,882	**153,595,963**	**163,864,434**
LIABILITIES			
Accounts payable and accrued liabilities	1,229,496	2,386,103	1,969,862
Due to related parties	284,087	380,318	1,106,066
Dividends payable	410,143	438,471	484,214
Interest payable	421,719	354,945	415,741
Taxation payable	41,841	111,254	131,998
Notes payable	76,875,981	69,751,496	77,065,698
Preference shares	53,693,481	4,925,040	4,925,057
Loans and borrowings	3,188,781	6,478,677	7,958,745
	136,145,529	**84,826,304**	**94,057,381**
EQUITY			
Share capital	60,883,532	60,883,532	60,883,532
Treasury shares	(242,950)	-	(242,950)
Retained earnings	9,841,771	7,886,127	9,166,471
	70,482,353	**68,769,659**	**69,807,053**
TOTAL LIABILITIES AND EQUITY	**206,627,882**	**153,595,963**	**163,864,434**

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, 2023

(Expressed in United States Dollars)

	Unaudited Three months ended 31-Dec-23 $	Unaudited Three months ended 31-Dec-22 $	Unaudited Six months ended 31-Dec-23 $	Unaudited Six months ended 31-Dec-22 $	Audited Year Ended 30-Jun-22 $
Income					
Interest income calculated using the effective interest method	3,937,175	2,906,097	7,620,442	5,300,067	12,623,404
Other interest income	333,874	303,951	652,090	690,478	1,461,927
Interest expense	(2,087,029)	(1,410,086)	(3,962,679)	(2,628,999)	(5,949,995)
	2,184,020	1,799,962	4,309,853	3,361,546	8,135,336
Fair value gain on investments	406,621	500,619	118,094	1,486,674	1,178,284
Fair value adjustment on contingent consideration payable	-	-	-	-	80,558
Other income	210,606	14,596	272,829	33,602	379,203
	2,801,247	**2,315,177**	**4,700,776**	**4,881,822**	**9,773,381**
Expenses					
Management fees	667,896	578,089	1,341,478	1,126,845	2,358,589
Performance fees	-	-	76,723	-	119,445
Corporate service fees	125,646	105,409	252,847	203,871	433,613
Impairment allowance on financial assets	128,017	(14,018)	132,373	20,595	844,920
Net foreign exchange loss/(gain)	118,260	61,783	75,912	6,764	(146,069)
Other expenses	188,780	297,983	416,955	550,238	892,042
	1,228,599	**1,029,246**	**2,296,288**	**1,908,313**	**4,502,540**
Profit before taxation	**1,572,648**	**1,285,931**	**2,404,488**	**2,973,509**	**5,270,841**
Taxation	(41,841)	(57,329)	(128,847)	(117,963)	(136,203)
Profit for the period, being total comprehensive income	**1,530,807**	**1,228,602**	**2,275,641**	**2,855,546**	**5,134,638**
Basic earnings per stock unit (cents)	**0.26**	**0.21**	**0.39**	**0.48**	**0.87**
Diluted earnings per stock unit (cents)	**0.22**	**0.20**	**0.33**	**0.47**	**0.82**

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Changes in Equity
Six Months ended December, 2023
(Expressed in United States Dollars)

	Share capital $	Treasury Shares $	Retained earnings $	Total $
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
Balance as at 30 June 2023	60,883,532	(242,950)	9,166,471	69,807,053
Profit, being total comprehensive income for the period	-	-	2,275,641	2,275,641
Transaction with owners				
Dividends declared	-	-	(1,600,341)	(1,600,341)
Balance as at 31 December 2023	60,883,532	(242,950)	9,841,771	70,482,353

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Cash Flows
Six Months ended December 31, 2023
(Expressed in United States Dollars)

	Unaudited Six months ended 31-Dec-23 $	Unaudited Six months ended 31-Dec-22 $	Audited Year ended 30-Jun-22 $
Cash flows from operating activities			
Profit for the period	2,275,641	2,855,546	5,134,638
Adjustments for:			
Interest income	(8,272,532)	(5,990,545)	(14,085,331)
Interest expense	3,962,679	2,628,999	5,949,995
Impairment allowance on financial assets	132,373	20,595	844,920
Taxation	128,847	117,963	136,203
Fair value gains	(118,094)	(1,486,674)	(1,258,842)
	(1,891,086)	(1,854,116)	(3,278,417)
Changes in operating assets and liabilities:			
Other receivables	355,445	110,391	(382,334)
Due from related parties	200,000	-	(200,000)
Accounts payable and other accrued liabilities	(740,366)	(1,571,985)	(1,907,668)
Due to related parties	(821,979)	138,345	864,093
	(2,897,986)	(3,177,365)	(4,904,326)
Taxation paid	(219,004)	(80,660)	(80,660)
Net cash used in operating activities	(3,116,990)	(3,258,025)	(4,984,986)
Cash flows from investing activities			
Purchase of investments	(19,509,871)	(19,554,098)	(41,955,682)
Encashment of investments	14,415,186	6,321,158	11,983,495
Lease receivables	263,200	1,135,756	1,337,852
Interest income received	8,756,501	4,981,851	12,561,211
Net cash provided by/(used in) investing activities	3,925,016	(7,115,333)	(16,073,124)
Cash flows from financing activities			
Dividends paid	(1,674,412)	(1,498,770)	(2,451,775)
Repurchase of preference shares	-	-	(242,950)
Preference shares	48,768,424	3,777,431	3,696,465
Notes payable	(189,717)	9,465,568	16,860,753
Loans and borrowings	(4,769,964)	3,475,105	4,955,173
Interest paid	(3,956,701)	(2,505,546)	(5,765,746)
Net cash provided by financing activities	38,177,630	12,713,788	17,051,920
Net decrease in cash and cash equivalents	38,985,656	2,340,430	(4,006,190)
Cash and cash equivalents at beginning of period	4,464,694	8,470,884	8,470,884
Cash and cash equivalents at end of period	**43,450,350**	**10,811,314**	**4,464,694**

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 95.58% (2022: 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, 2023 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, 2023. 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, 2023 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) Reverse repurchase agreements

Reverse repurchase 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, 2023 an overall net foreign exchange loss was incurred by the Group.

The average foreign exchange rate moved from J$153.9337 to US$1 as at the financial year ended June 30, 2023 to J$154.2681 to US$1 as at December 31, 2023.

5. Dividends

On September 15, 2023 the Board of Directors approved the payment of an interim dividend of US$0.00272 per share amounting to $1,600,241 which was paid on October 13, 2023 to shareholders on record as at October 2, 2023. For the comparative quarter ended September 30, 2022 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.

	2023	
	Basic	Diluted
Net profit attributable to stockholders of the parent ($)	2,275,641	2,275,641
Weighted average number of ordinary stock units in issue (‘000)	588,361	682,811
Earnings per stock unit (¢)	0.39	0.33

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

7. Notes payable

This balance represents secured and unsecured J$ and US$ fixed rate debt issued in tranches and bearing interest rates ranging from 5.25% to 12.00% per annum, payable on a quarterly basis. The notes currently mature between January 2024 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 $1,341,478 (2022: $1,126,845) and $76,723 (2022: $NIL) 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 $252,847 (2022: $203,871) has been expensed in respect of services that have been provided under this agreement.

10. Cumulative Redeemable Preference Share Offer

During the quarter, the Company issued an invitation for subscription in respect of three classes of Cumulative Redeemable Preference Shares denominated in Jamaica and United States Dollars. This invitation closed on December 15, 2023 and was oversubscribed, however the Company received approval to upsize the offer across all preference share classes.

The Company ended up raising US$40 Million and JMD$1.6 Billion from the total issue of 20,000,000 preference shares. Transaction costs associated with the dual currency offer were US$1.3 Million and JMD$54.8 Million.

On January 19, 2024, which was subsequent to the period end, the three classes of cumulative redeemable preference shares were officially listed on the Main Market of the Jamaica Stock Exchange.

Sygnus Credit Investments Limited
Unaudited Results for the 6 Months Ended December 31, 2023

Top Ten Shareholders			
No	**Shareholders**	**Shareholdings**	**% Holdings**
1	ATL GROUP PENSION FUND TRUSTEES NOMINEE LIMITED	27,271,991	4.6%
2	SJIML A/C 3119	25,425,700	4.3%
3	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	21,559,668	3.7%
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 ASSET MANAGEMENT LTD. - JAMAICA INVESTMENTS FUND	13,035,000	2.2%
8	SAGICOR POOLED EQUITY FUND	12,729,600	2.2%
9	HEART TRUST/ NTA PENSION SCHEME	10,801,500	1.8%
10	SAGICOR EQUITY FUND	10,729,600	1.8%
	Subtotal	**179,212,959**	**30.5%**
	Total	**588,360,664**	

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	Nil	N/A	0.00%
3	Damian Chin	Nil	N/A	0.00%
4	Peter Thompson	Nil	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	789,480	Lisa-Gaye Camille Messado	0.13%
	Subtotal	**2,083,615**	**N/A**	**0.35%**
Shareholdings of Connected Parties				
1	Sygnus Capital Group Limited	6,581,100	Dr Ike J Johnson	1.12%
	Total	**588,360,664**	**N/A**	**100.00%**