

SYGNUS | CREDIT INVESTMENTS



Q3 Earnings Call

THURSDAY

JUNE

2

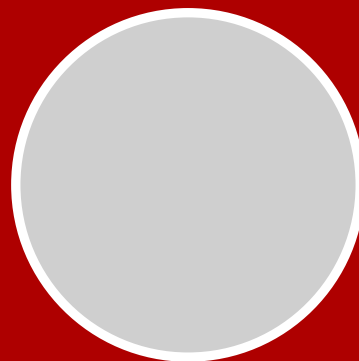
2022

@12:00PM

JOIN US VIA ZOOM

An Alternative Investment Company | English, Dutch and Spanish Speaking Caribbean





SCI FINANCIAL HIGHLIGHTS – 9 MONTHS ENDED MAR 2022

NOTE: Please see full earnings release comprising of financial statements and management discussion and analysis, published on the Jamaica Stock Exchange's website and on the Sygnus website

SUMMARY OF PUERTO RICO CREDIT FUND (PRCF) INVESTMENT

SCI Caribbean Private Credit: Mar '22

*US\$21.22M Acquisition via Subsidiary | 93.66% Stake | Feb 28, 2022

Acrecent Financial Corp | Puerto Rico | **Not consolidated all the way up to SCI

English and Dutch Speaking

US\$101.20M

30 PCIs

Total Caribbean@

US\$178.39M

166 PCIs

New: Spanish Speaking@

US\$77.19M

136 PCIs

+ **US\$74.19M**
Serviced PCI
assets off-
B/S

Access to Spanish speaking private credit market in a US\$100.7B US territory

Fundamentally stronger set of Portfolio Companies

Access to industries not available in English and Dutch Speaking C'bean

Internally managed private credit firm | Full SCI integration by July 2022

* Structured with earn-outs; **Carried on SCI's Balance Sheet as an investment; | @ Not adjusted for the 93.66% Stake

PERFORMANCE HIGHLIGHTS: 9 MONTHS MAR 2022

SCI continued to deliver strong growth in its core operations with record net profits and total investment income

Record Net Profits

U\$2.83M

Up 23.6%

US\$2.29M 9 Mth Mar 2021

Record Total Investment Income

U\$5.63M

Up 32.5%

US\$4.25M 9 Mth Mar 2021

Record Net Investment Income

U\$3.47M

Up 32.6%

US\$2.62M 9 Mth Mar 2021

Earnings per Share

US 0.48¢

US 0.56¢ 9 Mth Mar 2021



PERFORMANCE HIGHLIGHTS Q3 MAR 2022

During the Q3 period, SCI saw record Total Investment Income and Net Investment Income but a dip in Net Profits. While Investment Income was boosted by one month of investment income from PRCF investment, net profit was impacted by upfront recognition of FX losses from indexed notes on the liability side of the balance sheet and higher impairment allowance due to 1 stage 3 portfolio company.

Net Profits

US\$370.7K

Dn 64.0%

US\$1.03M Q3 Mar 2021

US\$304.2K PRCF investment income recognized for 1 month (March only) since acquisition closed Feb 28. Str9 to bottom-line.

Record Total Investment Income

US\$1.93M

Up 21.7%

US\$1.59M Q3 Mar 2021

Record Net Investment Income

US\$1.19M

Up 23.0%

US\$966.5K Q3 Mar 2021

Earnings Per Share

US 0.06¢

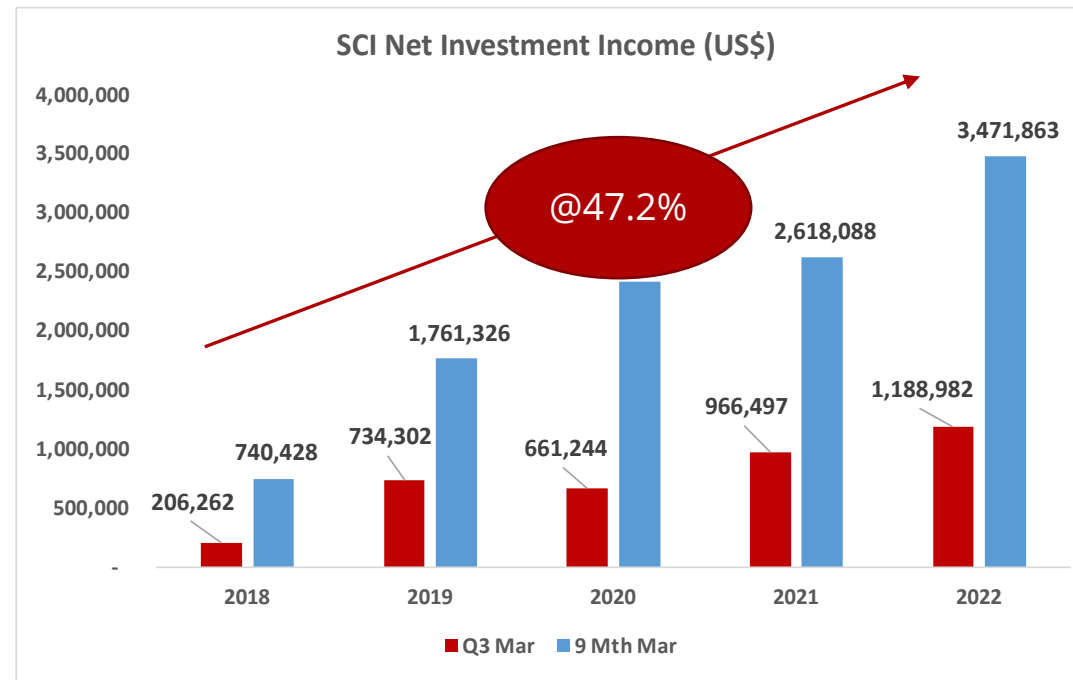
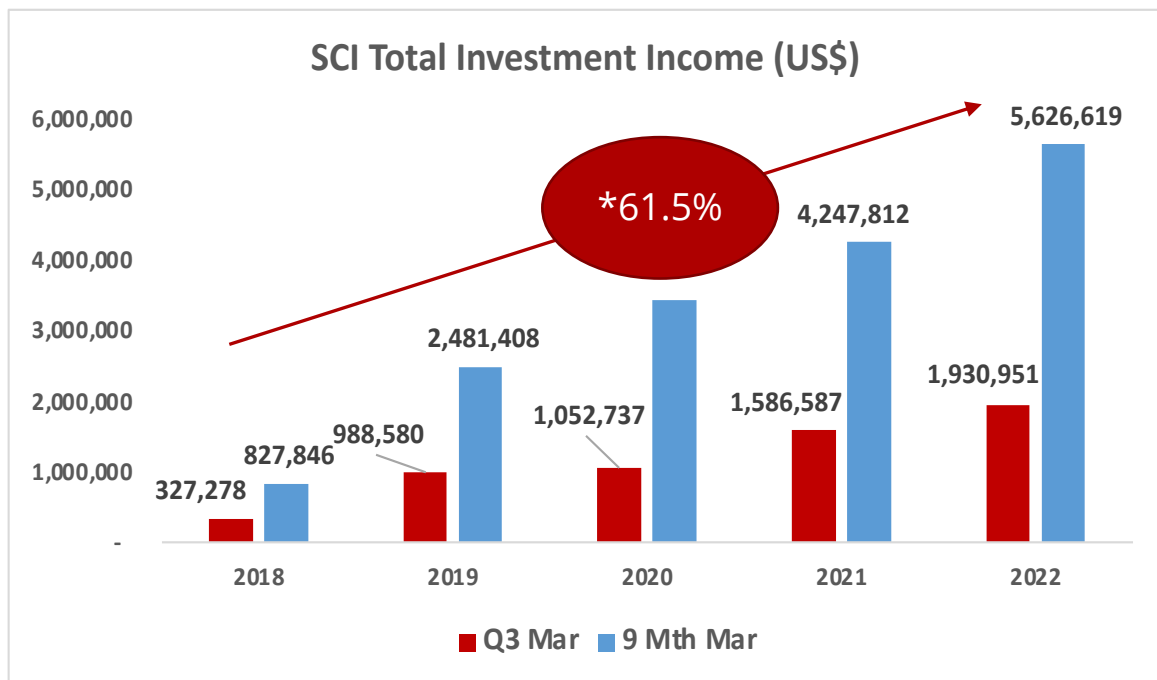
US 0.20¢ Q3 Mar 2020



Declared dividend of US\$1.5M in February 2022 which was paid in April 2022

CORE REVENUES AND CORE EARNINGS

Since Inception: Total Investment Income *CAGR of 61.5% and Net Investment Income @CAGR of 47.2%

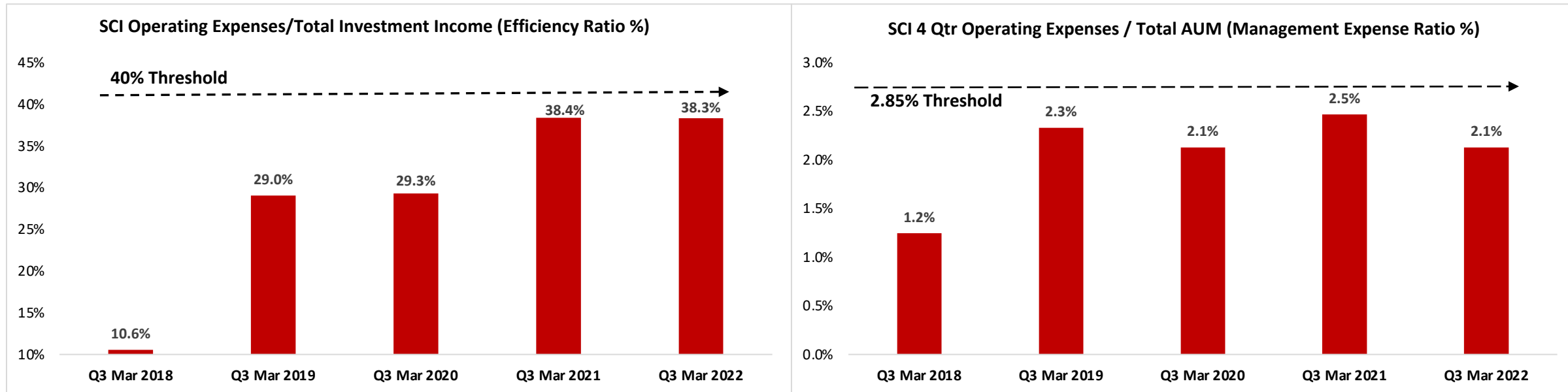


- Since inception, Total Investment Income has increased at a ***CAGR of 61.5%** to US\$5.6M. Similarly, Net Investment Income has increased at a **@CAGR of 47.2%** to US\$3.5M.
- The Puerto Rico Credit Fund investment should scale the growth of total investment income and net investment income.

SUMMARY RESULTS OF OPERATIONS

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

EFFICIENCY AND MANAGEMENT EXPENSE RATIOS



- Total Operating Expenses as a percentage of Total Investment Income (***Efficiency Ratio***) was **38.3%** for Q3 Mar '22, vs 38.4% last year, remaining within the **target threshold of 40%**.
- Total Operating Expenses as a percentage of Total Assets Under Management or ***Management Expense Ratio (MER)*** was **2.1%** vs 2.5% the prior year, within the **target threshold level of 2.85%**. Note that although PRCF is part of the AUM on SCI's balance sheet, no management fees are charged on this asset, since it would eventually represent double counting when AFC is fully integrated into SCI.

BALANCE SHEET SUMMARY: ASSETS

Shareholder's equity increased by US\$2.47M or 3.9%, driven primarily by higher retained earnings. Total Assets rose to a record US\$135.06M, up US\$49.84M or 58.3%, driven primarily by growth in total investments financed by new debt capital

Shareholders' Equity

US\$66.47M

Up 3.9%

Total Assets

US\$135.06M

Up 58.5%



- **US\$23.51M PRCF Investment** (AFC is NOT consolidated all the way up to SCI level)
- **US\$101.20M Investment in 30 Portfolio Companies**
- **Total Investments: US\$124.71M**

BALANCE SHEET KPI'S

Lowly Leveraged Balance Sheet Provides Opportunity to Optimize Shareholder Value by Increasing the Use of Debt

0.46x

0.23x

Debt/Total Assets

Limit $\leq 0.50x$

2.07x

4.43x

Asset Coverage Ratio

Target $\geq 1.50x$
Key metric when
looking at ability to
repay debt

0.93x

0.29x

Debt/Equity

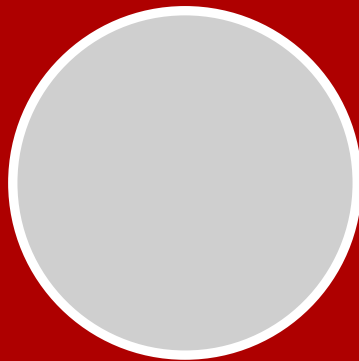
Target $\leq 1.25x$

Limit ≤ 2.00

100%

Pure Financial Assets

* Not a KPI per se, but
highlights the ability to
convert assets to cash easily if
required to do so



SCI SUMMARY OF PORTFOLIO ACTIVITY – Q3 MAR 2022

SCI INVESTMENT ACTIVITY SUMMARY Q3 MAR 2022

Record



Up 37.5%

* Excludes US\$23.51M investment in PRCF which would be up 69.5% @US\$124.71M

Q3 Record

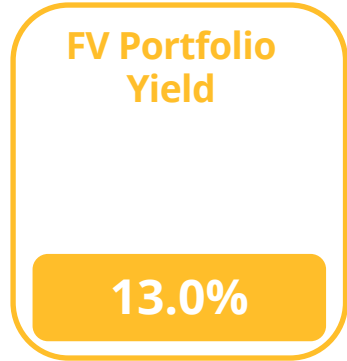


Vs 30



Vs US\$10.51M

** Excludes the US\$21.22M deployed to acquire 93.7% stake in AFC



Vs 11.8%



Vs 2.1

Temporary reduction



Vs US\$8.20M

Quick Notes

- Dry powder: additional US\$3.4M in undrawn credit lines, plus ~US\$14.7M equivalent in preference shares. SCI is currently negotiating with international financial partners for substantial revolving credit facility.
- Pipeline: >US\$20M in approved transactions awaiting documentation and drawdown.

AFC INVESTMENT ACTIVITY SUMMARY Q3 MAR 2022

Acrecent Financial Corporation is in the Top Two Largest Private Credit Investment Companies in Puerto Rico.



Private Credit Investments

Comprising of structured credit and growth credit spread across 136 investments. Excludes non-interest earning PCIs serviced off-balance sheet



New Investment Commitments

In excess of US\$20.00 million, an all-time quarterly record. Includes decent true sales volume to generate *upfront gains*, which is different from balance sheet assets that generate *net interest income*.



Yield

Portfolio yield is just north of 10%



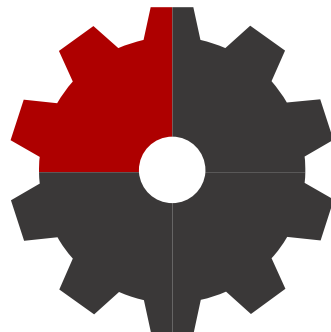
Tenor

Average tenor is under 3 years, which aligns perfectly with SCI's investment horizon

PROACTIVE RISK MANAGEMENT

Preserve shareholder capital while creating value through disciplined investment strategy. Invested mainly in “sponsored” portfolio company investments. Minimize realized credit losses. Utilize a partnership approach.

Non-performing Investment Ratio



4.9%
Vs
2.1%

Stage 3 Assets



3
Vs
2

Realized Credit Losses



Nil
Vs
Nil

Quick Notes

- Non-performing investments (NPI) ratio: 4.9% (6.1% Q2 Dec 2021), within the 5.0% threshold level.
- Stage 3 Assets: 3 Stage 3 Assets. (all other assets are Stage 1).
 - Worsening credit outlook on a junior position for 1 Stage 3 asset, resulted in ECL charge of US\$576.1K on the balance sheet for 1 asset. In total, the net ECL change through income statement resulted in US\$647.4K for 9 Months and US\$521.4K for Q3 Mar 2022, driven by this 1 asset.

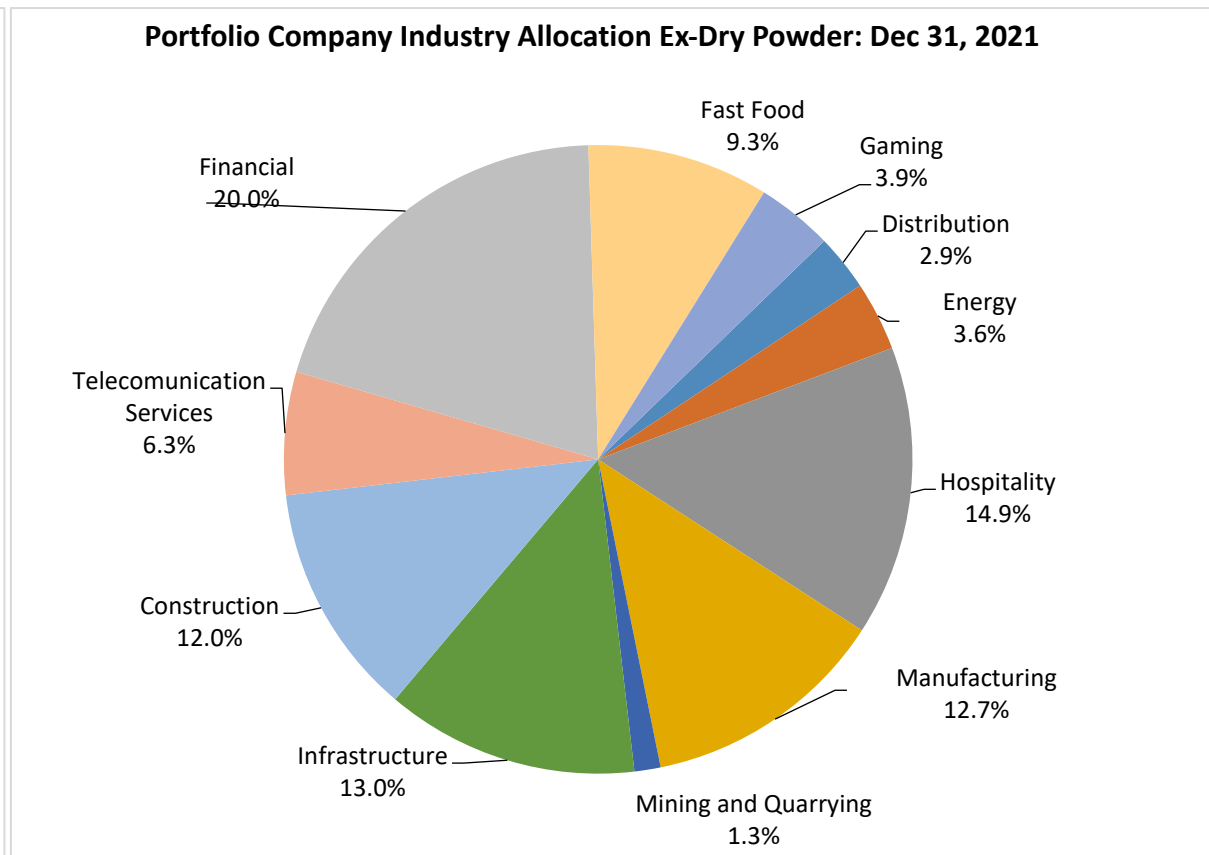
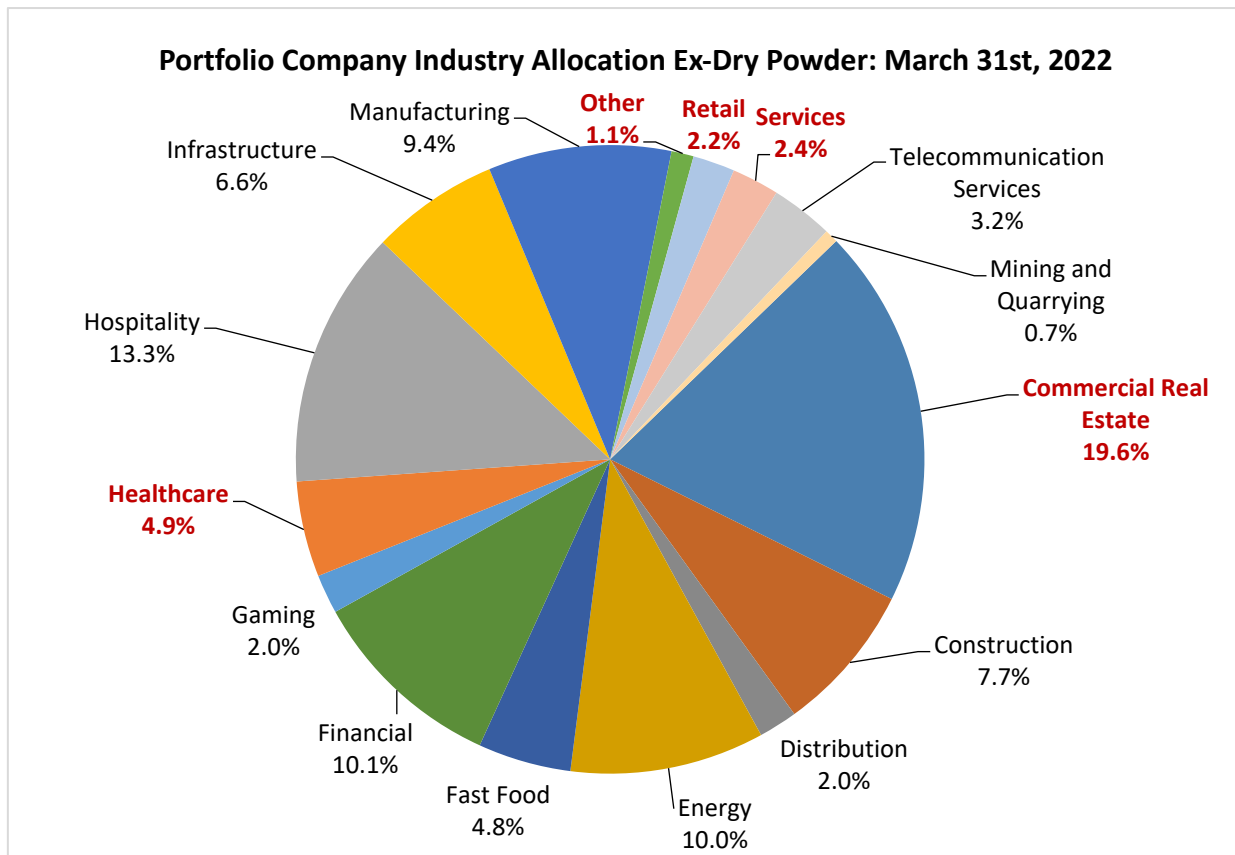
PROACTIVE RISK MANAGEMENT...

Worsening Credit Outlook for 1 Stage 3 Asset

Industry	Hospitality
Facility Description	Customized Medium-Term Note
Recent Developments	<p>Sponsored Portfolio Company; Issued with demand letters by its senior and junior creditors and placed in receivership after a creditor filed a petition to wind up the company for non-payment of monies owed. The portfolio company has been given a 3-month window to secure external financing to refinance its debts and stop the wind-up petition from going ahead. The collateral coverage for SCI's junior position was adjusted downwards, resulting in a US\$576.1 thousand impairment charge on the balance sheet for the Portfolio Company up to May 31, 2022. The total change in balance sheet ECL goes through the income statement, thus resulting in the reported impairment allowance for 9 Month 2022 and Q3 2022. Excluding this Stage 3 asset, the increase in impairment allowance was lower for the 9 Month and negative for the 3 Month periods respectively.</p>
Impairment Charge on Junior Position	Took US\$576.1K ECL charge against the position for March Quarter based on estimated collateral cover and the reduced coverage given most recent developments.

PORTFOLIO ALLOCATION EXPOSURE BY INDUSTRY

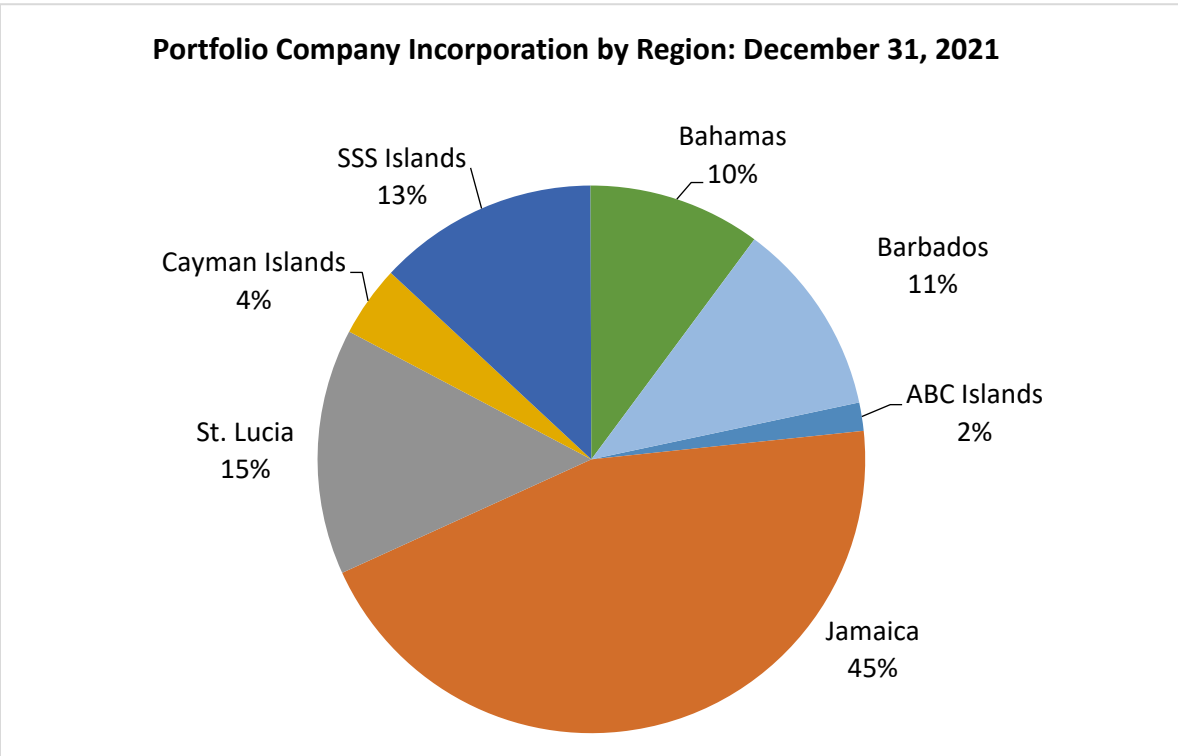
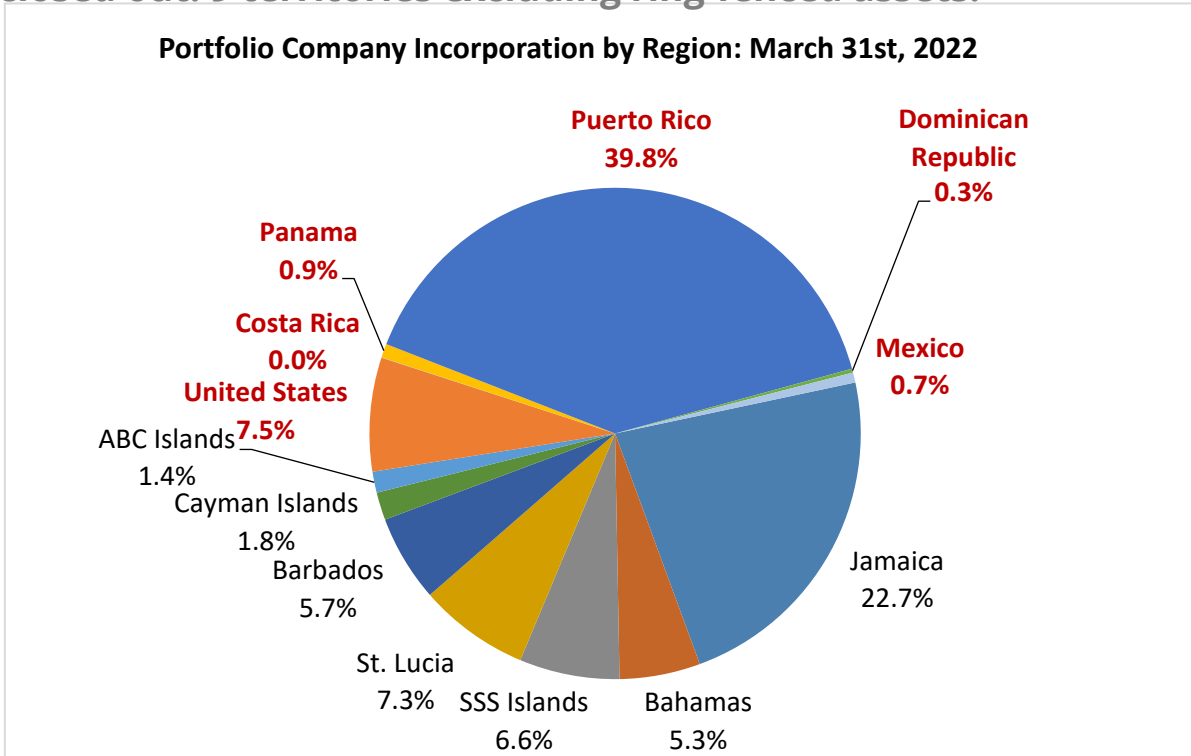
SCI increased its diversification to a record 16 industries, up from 11 during the prior quarter, following its investment in PRCF



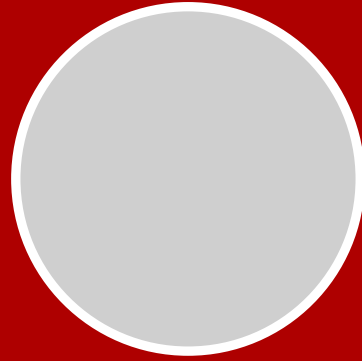
- SCI has increased its exposure from the 11 industries in Q2 Dec 2021 to 16 industries in Q3 March 2022, driven by AFC.
- The new industry exposures were Commercial Real Estate, Healthcare, Retail, Services and Other (*mainly comprising of Logistics services*). Largest industry exposures: Commercial Real Estate (19.6%), Hospitality (13.3%), Financial (10.1%) and Energy (10.0%).

PORTFOLIO ALLOCATION **EXPOSURE BY REGION**

SCI's portfolio investments were diversified across 13 territories, up from 7 during the previous quarter. Assets located in Dominican Republic, Mexico, Panama and Costa Rica are assets that were "ring-fenced" during acquisition and are being closed out. 9 territories excluding ring-fenced assets.



- SCI has increased its exposure from the 7 regions in December 2021 to 13 regions as at March 2022. The new exposures were the USA, Dominican Republic, Puerto Rico, Panama, Costa Rica and Mexico. Except for the USA, all new exposures were due to AFC
- Puerto Rico (39.8%) is now the largest exposure, followed by Jamaica (22.7%), and USA (7.5%). The USA exposure represented SCI financing the acquisition of a Caribbean asset for a US holding company.



OUTLOOK AND STRATEGIC FOCUS

STRATEGY: WORK IN PROGRESS

Leveraging its nearly 5 Year Track Record to Break Through New Barriers to Enhance Shareholder Value



Strategic Reset

- 1 AFC Acquisition in Puerto Rico**

 - Close Transaction | **Completed February 28, 2022**
 - Integrate into SCI | **Target July 2022**
 - Scale the business | **Ongoing**
- Rescale and Reimagine SCI's Growth Path**

 - Reset core revenue target (was US\$8M by Dec 2023) | **In Progress**
 - Set minimum annual double-digit ROE target and enhanced EPS | **In Progress**
 - Increase annual dividends to shareholders | **Ongoing**
 - Increase Credit Line Facility/Capacity | **Negotiating term sheet for large facility**
 - Launch new financing solutions for the English/Dutch market | **In Progress**
- 3 Strategic Partnerships**

 - Build relationships with international financial partners | **New Relationships built. Ongoing**
 - Partnerships with global institutional investors | **New Partnerships built. Ongoing**
- 4 Share Buyback**

 - Implement share buyback or equivalent program | **By September 2022 announcement**