

Sygnus Credit Investments Limited

**PLEASE SEE IMPORTANT DISCLOSURES & COPYRIGHT
INFRINGEMENT IN THE APPENDIX**

Executive Summary

JMMB Group Research recommends that investors **ACCEPT** the Sygnus Credit Investments Limited (“SCI”) preference share extension to December 2028. The decision centres on whether investors should accept reduced yields of 9.85% JMD (from 10.50%) and 7.50% USD (from 8.00%) in exchange for three additional years of fixed returns in a declining interest rate environment.

With the Federal Reserve (Fed) expected to cut rates to approximately 3.0% by 2028 and the Bank of Jamaica (“BOJ”) likely to follow, locking in yields of 9.85% JMD and 7.50% USD through 2028 represents exceptional value. These rates will trade at premiums of up to approximately 540 bps (“BOJ”) and 450 bps (“Fed”) over expected policy rates, providing superior risk-adjusted returns.

Financial Highlights (9M FY2025):

- Record net profit of approximately US\$7.0 million, surpassing FY2024 results by 60%
- Puerto Rico subsidiary Acrecent Financial LLC (“AFL”) generated US\$4.50 million in profits (63% increase), with cumulative earnings since July 2023 restructuring exceeding its entire 20-year history
- Total investment income reached a record US\$13.22 million (76% growth)
- Efficiency ratio improved to 28.6% for the 9 months year to date, well within the 40% target
- NPL ratio at 0.6% versus 5% threshold
- Total assets grew 15% to US\$228.4 million

Strategic Catalysts:

- AFL dividends expected to commence in 2025, providing possible anywhere between US\$3-5M annually to offset net income margin compression due to structural “gapping”
- Management is attempting to shift from inefficient upfront capital raises to revolving credit facilities
- Investment-grade ratings (jmBBB+/Stable) support eventual institutional credit access

Key Risks: Three challenges persist: the *structural “gapping” issue from AFL consolidation, concentration risk from exposure to Puerto Rico, and limited institutional credit access. Puerto Rico Credit Fund (PRCF) investment income remains volatile despite strong underlying performance. Operational excellence and imminent AFL dividend flows offer partial risk mitigation.*

Ultimately, the 65 bps (JMD) and 50 bps (USD) rate concessions are modest compared to expected policy rate declines. Investors should consent to the extension to secure attractive fixed

Sygnus Credit Investments Limited

yields through the entire rate-cutting cycle, avoiding potentially lower yield on reinvested funds while benefiting from SCI's transformational growth trajectory.

Financial Performance¹

9-Months Year-to-Date Performance

Sygnus Credit Investments Limited Profit & Loss (US\$ '000)		9M Historical		9M	Trailing	TTM
	FY24	Mar-24	Mar-25	% Chg	12-Month	% Chg
Interest Income	18,762.3	13,597.5	16,621.4	22%	21,786.2	16%
Interest Expense	(10,286.9)	(6,936.1)	(9,902.9)	43%	(13,253.7)	29%
Net Interest Income	8,475.4	6,661.5	6,718.6	1%	8,532.5	1%
Participation and Commitment Fees	319.4	282.6	200.4	-29%	237.2	-26%
Puerto Rico Credit Fund Investment Income	1,304.6	549.6	6,234.3	1034%	6,989.3	436%
PR Business Impact Fund Investment Income	0.0	0.0	69.9	N/A	69.9	N/A
Total Investment Income	10,099.4	7,493.6	13,223.2	76%	15,828.9	57%
Total Operating Expenses	(4,815.5)	(3,317.5)	(3,783.8)	14%	(5,281.9)	10%
Net Investment Income	5,283.8	4,176.1	9,439.4	126%	10,547.1	100%
Fair Value Gain/(Loss)	448.1	830.0	(1,121.8)	-235%	(1,503.7)	-436%
Net Foreign Exchange Gain/(Loss)	30.3	(197.4)	254.6	-229%	482.3	1492%
Impairment Allowance on Financial Assets	(369.7)	(298.3)	(1,265.6)	324%	(1,337.1)	262%
Profit before Taxation	5,392.5	4,510.5	7,306.6	62%	8,188.6	52%
Taxation (Charge)/Credit	632.6	(162.7)	(338.2)	108%	457.1	-28%
Profit Attributable to Shareholders	6,025.1	4,347.8	6,968.4	60%	8,645.6	43%
Investment in Portfolio Companies	157,759.6	152,327.3	178,244.1	17%		
Investment in Puerto Rico Credit Fund	30,291.1	28,478.8	36,389.3	28%		
Total Investment in Portfolio Companies	188,050.8	180,806.1	214,633.4	19%		
Total Assets	198,537.3	198,607.0	228,411.2	15%		
Total Liabilities	126,439.7	127,788.0	152,549.9	19%		
Total Equity	72,097.6	70,819.0	75,861.3	7%		
Total Debt	118,012.7	122,259.6	145,807.6	19%		

SCI has delivered exceptional financial results for the nine months ended March 31, 2025, bolstered by the outstanding year-to-date performance of its Puerto Rican subsidiary, Acrecent Financial LLC. Key achievements for the 9 months of FY2025 reflect the continued success of strategic initiatives, including the transformed Puerto Rico operations, record-breaking profitability that surpassed full-year results, and sustained operational efficiency.

¹ Please read 5-year financial review completed in November 2024 for the perpetual preference share raise. The appendix in this document has the 5-year financial statements and ratio tables.

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

Highlights of these accomplishments are outlined below:

- **Puerto Rico Operations Transformation:** The reorganisation of the Puerto Rico business in July 2023 continues to drive exceptional profitability. Puerto Rico's operations generated US\$4.50 million in net profit for the 9 months of FY2025, a 63% increase compared to the same period in FY2024. Since completing its reorganisation, Acrecent's cumulative earnings of US\$8.7 million have exceeded its total earnings since inception in 2003. Puerto Rico deployed US\$40.48 million in new investments during the 9 months, demonstrating strong market demand.
- **Record Net Profit:** SCI recorded a net profit of US\$6.97 million for the 9 months of FY2025, representing a 60% increase over the prior year period and surpassing the full financial year 2024 results of US\$6.0 million. This exceptional performance was driven by the Puerto Rico Credit Fund's contribution of US\$6.2 million and record total investment income of US\$13.2 million.
- **Increased Deployment:** SCI achieved total deployment of US\$78.5 million for the 9 months of FY2025 (including US\$37.5 million from SCI and US\$40.5 million from AFL), reflecting robust demand across the English-speaking Caribbean and Puerto Rico markets. The combined platform successfully originated new investments while maintaining disciplined credit standards.
- **Improved Cost Efficiency:** The efficiency ratio improved significantly to 28.6% for the nine months of FY2025 and 39.2% for the trailing twelve-month period, well within the 40% threshold. The improvement was driven by record investment income growth that far outpaced operating expense increases.

Balance Sheet Strength and Growth

- **Investment in Portfolio Companies:** SCI achieved record investment levels with total Portfolio Company Investments growing 19% to US\$214.6 million at Q3 Mar 2025, up from US\$180.8 million in the prior year. This includes US\$34.9 million in the Puerto Rico Credit Fund and US\$1.5 million in the Puerto Rico Business Impact Fund. Excluding these equity investments, the core portfolio grew 17.0% to US\$178.2 million, with the number of portfolio companies increasing to 38 from 35. AFL's portfolio reached US\$88.4 million invested across 112 companies, demonstrating the combined platform's expanded reach and diversification.
- **Total Assets:** The balance sheet reached a new milestone with total assets of US\$228.4 million, representing robust growth of US\$29.8 million or 15.0% versus US\$198.6 million at

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

Q3 Mar 2024. This growth was primarily driven by the expansion in private credit investments, reflecting successful capital deployment and strong demand for flexible credit solutions across the Caribbean region.

- **Total Liabilities Growth:** Total liabilities increased by US\$24.8 million or 19% to US\$152.6 million, up from US\$127.8 million in the prior year. This measured growth comprised US\$84.1 million in preference shares (including the recently issued perpetual preference shares) and US\$49.5 million in notes payable.
- **Shareholders' Equity:** Total equity strengthened by US\$5.0 million or 7% to US\$75.9 million, up from US\$70.8 million at Q3 Mar 2024. This growth was driven by retained earnings, which increased from US\$10.4 million to US\$15.8 million, reflecting the company's strong profitability and balanced approach to dividend distributions. The equity base provides a solid foundation for continued growth while maintaining financial flexibility and supporting the 11.8% return on average equity over the trailing twelve-month period ending Q3 March 2025.

Interest Rate Outlook & Financial Testing

Interest rates have peaked and will decline through 2028

The Federal Reserve's dot plot shows a clear downward trajectory²³, with the fed funds rate expected to fall from today's 4.25-4.50% to approximately 3.0% by 2028⁴⁵. Major banks broadly agree, though timing varies—at the start of 2025, Bank of America saw no cuts while Citigroup expected five⁶. The consensus points to gradual easing in US policy rates as inflation moderates and economic growth slows.

² <https://fred.stlouisfed.org/series/FEDTARMD>

³ <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20250618.pdf>

⁴ <https://www.usbank.com/investing/financial-perspectives/market-news/federal-reserve-tapering-asset-purchases.html>

⁵ <https://www.morganstanley.com/insights/podcasts/thoughts-on-the-market/fed-interest-rate-cut-predictions-matt-hornbach-michael-gapen>

⁶ <https://www.bloomberg.com/news/articles/2025-01-10/bank-of-america-says-fed-is-done-cutting-rates-sees-hike-risk>

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited



The Bank of Jamaica historically follows Fed policy with a 1–3-month lag while maintaining a positive interest rate differential to support the Jamaican dollar. With BOJ's current rate at 5.75% (down from 7.0% in 2024) and inflation within the 4-6% target range, further rate cuts appear likely. The BOJ-Fed differential of approximately 125-150 basis points provides room for additional easing as the Fed cuts rates.

Date	Rate Projections				
	Fed Rate (%)	BOJ Rate (%)	BOJ-Fed Rate Differential (bps)	Fed Rate Range (%)	BOJ Rate Range (%)
Jul-25	4.375	5.75	137.5	4.25-4.50	5.75
Dec-25	3.875	5.375	150	3.875	5.25-5.50
Dec-26	3.125	4.625	150	3.125	4.50-4.75
Dec-27	3.125	4.375	125	3.125	4.25-4.50
Dec-28	3.05	4.375	132.5	3.0-3.1	4.25-4.50

Financial Stress Testing⁷

⁷ Section is an update based on November 2024 write up on perpetual preference shares issuance.

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

Understanding SCI's Unique Financing Structure

Unlike banks that use customer deposits, SCI must constantly seek external financing to grow its loan portfolio. This creates a unique structural challenge stemming from its 2022 acquisition of AFL (95.58% ownership).

The "Gapping Issue"

SCI carries AFL's acquisition debt expense on its income statement, but accounting rules prevent the consolidation of AFL's interest income line-by-line. This permanently compresses SCI's reported net interest margin. Management, therefore, emphasises Net Investment Income (including PRCF income) as the true earnings measure.

Credit Facility Imbalance

Despite having a smaller asset base, AFL enjoys a US\$100 million credit line - over 10x larger than SCI's US\$8 million facility. Paradoxically, when AFL uses its leverage to grow, SCI shows no additional interest income while still carrying the acquisition debt expense.

Path to Resolution

Three key developments will improve SCI's position:

1. **AFL Dividends:** Expected to commence in 2025, providing US\$3-5M annually in cash flow to offset acquisition debt costs.
2. **Strategic Funding Shift:** Management is moving away from inefficient upfront capital raises toward revolving credit facilities that eliminate negative carry. Target: US\$50M+ in facilities.
3. **Capital Base Strengthening:** The perpetual preference shares enhance balance sheet credibility for accessing institutional credit, and a US\$10M approved facility remains frozen.

Credit Outlook

Despite these challenges, SCI maintains investment-grade ratings (jmBBB+/CariBBB-) and demonstrated debt service capability. The enhanced capital buffer positions the company for eventual institutional credit access, though timing remains uncertain.

Sygnus Credit Investments Limited

To assess the viability of a stressed scenario for the company to continue being able to make payments, the assumptions are as follows:

1. Interest income will grow by 13%. This is below the trailing twelve-month, YoY, and CAGR growth rates.
2. Interest expense will increase by 34%, resulting in a net interest income margin of 28%. Note that this already factors the structural gap from AFL.
3. Income from the Puerto Rico credit fund will amount to 10% of the trailing twelve-month figure.
4. There is no income from the Impact fund, nor do participation and commitment fees exist.
5. Total operating expenses increased by 40%.

This scenario reflects the following:

1. Limited investments result in an unchanged investment profile among investments and the same low growth in interest income.
2. A higher interest burden from debt obligations and a rollover of prior commitments.
3. Underperformance of its subsidiary and other funds.
4. Significant operating cost escalation that is not attributable to management or corporate fees.

Sygnus Credit Investments Limited Profit & Loss (US\$ '000)	Stressed Results	Pct. Change
Interest Income	24,509.5	13%
Interest Expense	(17,714.5)	34%
Net Interest Income	6,795.0	-20%
Puerto Rico Credit Fund Investment Income	698.9	-90%
Total Investment Income	7,494.0	-53%
Total Operating Expenses	(7,394.6)	40%
Net Investment Income	99.4	-99%

Under these conditions, SCI will have a net investment income of US\$99.4 thousand. We believe that this outcome is unlikely to materialise in light of the strong performance demonstrated year-to-date 2024/2025 and the new trajectory given the optimisation of the subsidiary's funds. Furthermore, AFL's transformation since July 2023—generating

more profits in under two years than in its previous 20-year history—suggests the PRCF income stream will remain robust even in stressed scenarios.

Investment Positives and Negatives

Positives

1. **Transformational Puerto Rico Performance:** Since AFL's reorganisation in July 2023, it has generated \$8.68M in cumulative profits - exceeding ALL profits from its inception in 2003

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

to 2023. This dramatic transformation validates SCI's acquisition strategy and promises sustained strong performance.

2. **Imminent AFL Dividend Flows:** Management confirmed AFL dividends should commence "sometime in 2025," providing SCI with actual cash flow (estimated \$3-5M annually) to offset the acquisition debt burden. This represents a critical inflexion point for cash generation.
3. **Strategic Funding Asymmetry:** While AFL operates with a \$100 million credit facility, SCI's limited \$8M line creates a unique opportunity - AFL can self-fund its growth in the massive Puerto Rico market (GDP, US\$125.8 billion) without requiring capital from SCI, allowing parallel growth strategies.
4. **Proven Operational Excellence:**
 - 9M 2025: 60% profit growth, 76% revenue growth
 - Efficiency ratio at 28.6% for the 9 months of FY2025 (well within 40% target)
 - NPL ratio at 0.6% (vs 5% threshold)
 - Successfully deployed \$78.5 million in 9 months
5. **Enhanced Capital Structure:** The perpetual preference shares (no redemption pressure) combined with investment-grade ratings position SCI to eventually access larger institutional credit facilities, though timing remains uncertain.

Negatives

1. **Permanent Structural "Gapping":** SCI will always show interest expense from AFL acquisition debt without corresponding interest income visibility. While AFL dividends will provide cash to service this debt, the accounting optics remain permanently impaired.
2. **Credit Facility Access Challenges:** Despite approval for a US\$10M World Business Capital/Development Finance Corporation facility, it remains frozen. Management is pursuing facilities of "\$50M and above" but so far there are no firm commitments. Until this source of funding is secured, SCI must rely on expensive bridge financing and preference shares.
3. **AFL Dependency Risk:** With Puerto Rico contributing most of the profit growth, any disruption to AFL's performance would severely impact SCI's financial performance. The subsidiary's success has become both a source of strength and potential vulnerability for SCI.
4. **Funding Strategy in Transition:** Management acknowledges that their current model of "borrowing, raising capital and putting on the balance sheet" is inefficient due to negative

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

carry. The shift to revolving facilities is critical but incomplete, as it does not address the long-term fundings needs of the company.

5. **Market Valuation Volatility:** PRCF income (how AFL's value flows to SCI) is affected by wide swings in valuation multiples. The fair value that represents PRCF investment income that goes through SCI's income statement can vary from the true underlying performance of the core business of AFL. The profitability of the income statement of PRCF may not align with the income statement of SCI within the same period that the performance is realised.
6. **Preference Share Dilution Risk:** Continued reliance on preference shares dilutes common equity returns and increases the fixed dividend burden, especially problematic if AFL dividends are delayed.

Recommendation

JMMB Group Research recommends that investors **ACCEPT** the Sygnus preference share extension to 2028. This recommendation is based on combining multiple favourable factors that create a compelling risk-adjusted opportunity.

Rationale for Acceptance:

1. **Superior Yield Premium in Declining Rate Environment:** The proposed yields of 9.85% JMD and 7.50% USD will become increasingly attractive in an environment where policy rates are poised to decline. With Fed rates expected to reach approximately 3.0% by 2028 and BOJ likely following with cuts, these preference shares would trade at substantial premiums (As much 540 bps over BOJ and 450 bps over Fed funds), providing above-market returns in a lower rate environment.
2. **Superior Yield Relative to Comparable Instruments:** The proposed rates exceed current market alternatives. JMD comparable instruments average 9.24% after-tax yield with 2.9-year tenors, while SCI offers 9.85% for 3 years. USD's comparable average is 7.33% after-tax with 2.2-year tenors, versus SCI's 7.50% for 3 years. SCI provides superior value in both currencies through higher yields and longer tenor certainty.
3. **Transformational AFL Performance:** The Puerto Rico subsidiary generating US\$8.7M in profits since the July 2023 restructuring versus its entire 20-year history—provides strong earnings visibility. The imminent commencement of AFL dividends in 2025 could provide SCI with approximately US\$3-5M annually in cash flow, significantly improving the company's financial flexibility.
4. **Strong Credit Fundamentals:**

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

- Record net profit of US\$6.97M for 9M 2025 (60.3% growth)
- Investment-grade ratings maintained (jmBBB+/Stable)
- NPL ratio at 0.6% (well below 5% threshold)
- Efficiency ratio improved to 28.6% for the 9M YTM 2025 figure and 33.4% for the trailing twelve-month figure (within 40% target)
- Stress testing confirms debt service capability even under severe scenarios

5. **Strategic Positioning:** The extension provides certainty during a critical growth phase while SCI pursues larger institutional credit facilities. The 3-year lock-in allows investors to capture premium yields through the entire rate-cutting cycle while avoiding refinancing risk in potentially volatile 2025 markets.

Key Considerations:

- The 65 bps (JMD) and 50 bps (USD) rate reductions are modest relative to expected policy rate declines of 200-300 bps.
- The permanent structural "gapping" issue from AFL consolidation is mitigated by strong PRCF investment income.

Risk Factors:

- AFL dependency creates concentration risk.
- Limited institutional credit facility access remains unresolved.
- Market valuation volatility affects PRCF income recognition.

Preference shareholders should consent to the extension, securing 9.85% JMD and 7.50% USD yields for three additional years. We rate the opportunity as an **OUTPERFORM/OVERWEIGHT/BUY** as these rates will likely prove very attractive by 2028, when comparable investments may yield 200-300 bps less. The combination of SCI's exceptional operational performance, AFL's transformation, and favourable rate dynamics creates an opportunity that outweighs the modest rate concessions.

Source: <http://www.Jamstockex.com>, JMMB Investment & Research, Bloomberg, Company Financials, Offering Term Sheet, Statistical Institute of Jamaica, Bank of Jamaica

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

APPENDIX

A1. Financial Statements

A1.1 Profit & Loss Statement

Sygnus Credit Investments Limited Profit & Loss (US\$ '000)	FY20	FY21	Historical FY22	FY23	FY24	YoY%	5 Year CAGR
Interest Income	5,382.8	8,221.7	10,217.4	14,085.3	18,762.3	33%	37%
Interest Expense	(890.8)	(1,797.5)	(3,112.7)	(5,950.0)	(10,286.9)	73%	84%
Net Interest Income	4,492.0	6,424.2	7,104.8	8,135.3	8,475.4	4%	17%
Participation and Commitment Fees	7.0	62.8	42.7	379.2	319.4	-16%	160%
Puerto Rico Credit Fund Investment Income	0.0	0.0	1,098.8	372.4	1,304.6	250%	N/A
PR Business Impact Fund Investment Income	0.0	0.0	0.0	0.0	0.0		
Total Investment Income	4,499.0	6,487.0	8,246.2	8,886.9	10,099.4	14%	22%
Management fees	(1,006.0)	(1,456.9)	(1,933.6)	(2,358.6)	(2,880.3)	22%	30%
Performance fees	0.0	(349.5)	(50.9)	(119.4)	(207.7)	74%	N/A
Corporate service fees	(75.9)	(265.7)	(336.4)	(433.6)	(557.1)	28%	65%
Other expenses	(388.0)	(654.8)	(659.1)	(892.0)	(1,170.4)	31%	32%
Total Operating Expenses	(1,469.9)	(2,726.9)	(2,980.0)	(3,803.7)	(4,815.5)	27%	35%
Net Investment Income	3,029.1	3,760.1	5,266.2	5,083.2	5,283.8	4%	15%
Gain/(Loss) on Sale of Investments	(8.4)	24.2	0.0	0.0	0.0	N/A	-100%
Fair Value Gain/(Loss)	74.6	1,416.8	2,878.6	886.5	448.1	-49%	57%
Net Foreign Exchange Gain/(Loss)	(1,039.4)	(73.0)	(405.2)	146.1	30.3	-79%	N/A
Impairment Allowance on Financial Assets	(101.6)	(69.7)	(3,820.1)	(844.9)	(369.7)	-56%	38%
Profit before Taxation	1,954.4	5,058.3	3,919.5	5,270.8	5,392.5	2%	29%
Taxation Charge/(Credit)	18.4	(30.0)	(96.4)	(136.2)	632.6	-564%	142%
Profit Attributable to Shareholders	1,972.8	5,028.3	3,823.1	5,134.6	6,025.1	17%	32%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

A1.2 Balance Sheet

Sygnus Credit Investments Limited			Historical				
Balance Sheet (US\$ '000)	FY20	FY21	FY22	FY23	FY24	YoY%	5 Year CAGR
Assets							
Cash and cash equivalents	3,006.0	1,029.4	8,470.9	4,464.7	2,735.1	-39%	-2%
Certificat of Deposit	2,500.0	0.0	0.0	0.0	15.2	N/A	-72%
Interest receivable	1,886.2	3,233.0	3,675.6	5,199.7	4,746.1	-9%	26%
Other receivables	33.3	197.2	525.1	907.4	152.1	-83%	46%
Due from related parties	0.0	613.4	1,612.2	1,812.2	1,643.1	-9%	N/A
Lease receivables	2,049.7	2,287.1	1,601.1	263.2	0.0	-100%	-100%
Investments	51,546.0	80,510.4	120,908.0	151,213.5	188,050.8	24%	38%
Deferred tax asset	18.4	0.0	1.1	3.7	1,195.0	32641%	184%
Total Assets	61,039.6	87,870.4	136,794.0	163,864.4	198,537.3	21%	34%
Liabilities							
Accounts payable & liabilities	1,378.6	1,174.9	3,958.1	1,969.9	6,369.4	223%	47%
Due to related parties	211.1	510.6	242.0	1,106.1	743.2	-33%	37%
Dividends payable	218.8	247.6	388.9	484.2	236.4	-51%	2%
Interest payable	175.7	50.9	231.5	415.7	973.2	134%	53%
Taxation payable	0.0	2.3	74.0	132.0	104.9	-21%	N/A
Notes payable	14,869.5	14,670.0	60,285.9	77,065.7	60,955.6	-21%	42%
Preference shares	0.0	0.0	1,147.6	4,925.1	48,994.5	895%	N/A
Loans and borrowings	6,513.6	4,478.0	3,003.6	7,958.7	8,062.6	1%	5%
Total Liabilities	23,367.3	21,134.4	69,331.5	94,057.4	126,439.7	34%	53%
Capital Structure							
Equity							
Share capital	35,107.7	60,883.5	60,883.5	60,883.5	60,883.5	0%	15%
Treasury shares	0.0	0.0	0.0	(243.0)	(829.7)	242%	N/A
Fair value reserve	0.0	0.0	0.0	0.0	0.0	N/A	N/A
Retained earnings	2,564.7	5,852.5	6,578.9	9,166.5	12,043.8	31%	47%
Total Equity	37,672.4	66,736.1	67,462.5	69,807.1	72,097.6	3%	18%
Total Debt	21,383.0	19,148.1	64,437.1	89,949.5	118,012.7	31%	53%
Total Capital	59,055.4	85,884.1	131,899.6	159,756.6	190,110.3	19%	34%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

Sygnus Credit Investments Limited Historical		Historical YTD		YoY%
Balance Sheet (US\$ '000)		9M FY24	9M FY25	
Assets				
Cash and cash equivalents	2,735.1	11,310.2	4,983.5	-56%
Certificat of Deposit	15.2	0.0	397.9	N/A
Interest receivable	4,746.1	4,441.0	5,951.8	34%
Other receivables	152.1	433.8	131.2	-70%
Due from related parties	1,643.1	1,612.2	1,118.3	-31%
Lease receivables	0.0	0.0	0.0	N/A
Investments	188,050.8	180,806.1	214,633.4	19%
Deferred tax asset	1,195.0	3.7	1,195.0	32641%
Total Assets	198,537.3	198,607.0	228,411.2	15%
Liabilities				
Accounts payable & liabilities	6,369.4	2,393.3	2,313.4	-3%
Due to related parties	743.2	468.4	952.4	103%
Dividends payable	236.4	2,232.8	2,729.5	22%
Interest payable	973.2	358.2	354.8	-1%
Taxation payable	104.9	75.7	325.2	330%
Notes payable	60,955.6	64,049.8	49,505.2	-23%
Preference shares	48,994.5	53,915.6	84,133.6	56%
Loans and borrowings	8,062.6	4,294.3	12,168.8	183%
Total Liabilities	126,439.7	127,788.0	152,549.9	19%
Capital Structure				
Equity				
Share capital	60,883.5	60,883.5	60,883.5	0%
Treasury shares	(829.7)	(431.1)	(829.7)	92%
Fair value reserve	0.0	0.0	0.0	N/A
Retained earnings	12,043.8	10,366.6	15,807.5	52%
Total Equity	72,097.6	70,819.0	75,861.3	7%
Total Debt	118,012.7	122,259.6	145,807.6	19%
Total Capital	190,110.3	193,078.6	221,668.9	15%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

A1.3 Cash Flow Statement

Sygnus Credit Investments Limited Statement of Cashflows (US\$ '000)	Historical		Historical YTD		Trailing	YoY%	TTM
	FY23	FY24	9M FY24	9M FY25	12-Month		% Chg
Cash flows from operating activities							
Interest received	11,099.3	17,790.8	12,782.0	13,841.4	18,850.3	8%	6%
Interest paid	(4,770.6)	(8,256.0)	(6,993.6)	(9,255.6)	(10,518.0)	32%	27%
Net interest received	6,328.7	9,534.8	5,788.4	4,585.9	8,332.3	-21%	-13%
Other income received	1,461.9	1,425.1	1,574.2	1,574.2	1,425.1	0%	0%
Purchase of investments	(41,955.7)	(86,408.3)	(61,874.3)	(44,947.9)	(69,481.9)	-27%	-20%
Encashments of investments	11,983.5	50,954.0	33,363.1	22,282.0	39,873.0	-33%	-22%
Proceeds from lease receivables	1,337.9	263.2	263.2	0.0	0.0	-100%	-100%
Purchase of certificate of deposit	0.0	(15.2)	0.0	(382.7)	(397.9)	N/A	2523%
Other operating costs paid	(5,236.2)	(4,749.7)	(2,749.2)	(6,893.6)	(8,894.1)	151%	87%
Income tax paid	(80.7)	(585.9)	(219.0)	(117.9)	(484.8)	-46%	-17%
Net cash used in operating activities	(26,160.6)	(29,581.8)	(23,853.7)	(23,900.0)	(29,628.1)	0%	0%
Cash flows from financing activities							
Dividends paid	(2,451.8)	(3,395.6)	(1,399.1)	(711.5)	(2,708.0)	-49%	-20%
Repurchase of treasury shares	(243.0)	(586.8)	(188.1)	0.0	(398.7)	-100%	-32%
Proceeds from preference shares	3,840.8	50,312.0	50,545.8	40,126.4	39,892.7	-21%	-21%
Repayment of preference shares	0.0	0.0	0.0	(3,921.6)	(3,921.6)	N/A	N/A
Transaction costs due to pref shares	(112.4)	(1,636.4)	(1,636.4)	(1,463.6)	(1,463.6)	-11%	-11%
Proceeds from notes payable	49,816.4	11,318.7	960.5	0.0	10,358.2	-100%	-8%
Repayment of notes payable	(32,839.1)	(27,285.9)	(13,050.0)	(11,584.8)	(25,820.7)	-11%	-5%
Transaction costs related to notes payable	(839.7)	(990.6)	(880.4)	(257.2)	(367.3)	-71%	-63%
Proceeds from loans and borrowings	15,847.7	8,674.0	4,866.8	30,236.5	34,043.7	521%	292%
Repayment of loans/borrowings	(10,801.6)	(8,524.2)	(8,524.2)	(26,129.0)	(26,129.0)	207%	207%
Transaction costs due to loans/borrowings	(67.2)	(55.6)	0.0	(147.3)	(202.9)	N/A	265%
Net cash provided by financing activities	22,150.3	27,829.7	30,694.9	26,147.9	23,282.7	-15%	-16%
Net change in cash and cash equivalents	(4,010.3)	(1,752.2)	6,841.2	2,247.9	(6,345.5)	-67%	262%
Cash & Equivalents at beginning of period	8,470.9	4,464.7	4,464.7	2,735.1	11,310.2	-39%	153%
FX changes on Cash & Equivalents	4.1	22.6	4.3	1.0	19.3	-76%	-14%
Cash and cash equivalents at end of period	4,464.7	2,735.1	11,310.2	4,984.0	4,984.0	-56%	82%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

A2. Ratio Analysis

A2.1 Operational Efficiency

Operational Efficiency	FY20	FY21	FY22	FY23	FY24	TTM
Efficiency Ratio	32.7%	42.0%	36.1%	42.8%	47.7%	33.4%
Management Expense Ratio	2.4%	3.1%	2.2%	2.3%	2.4%	1.4%
Net Interest Margin	83.5%	78.1%	69.5%	57.8%	45.2%	39.2%
Income Yield on Portfolio Companies	10.3%	9.5%	8.0%	6.5%	5.9%	8.0%
Weighted Average Term (Years)	2.1	2.1	1.8	1.3	1.5	1.4
Weighted Average Fair Value Yield	12.3%	12.7%	13.3%	14.8%	15.1%	15.3%
Non-Performing Loans Ratio	2.7%	2.8%	2.3%	1.4%	0.8%	0.6%
Asset Turnover	9.1%	8.7%	7.3%	5.9%	5.6%	7.4%

A2.2 Leverage & Coverage

Leverage & Coverage	FY20	FY21	FY22	FY23	FY24	TTM
Leverage						
Debt to Assets	35.0%	21.8%	47.1%	54.9%	59.4%	63.8%
Debt to Capital	36.2%	22.3%	48.9%	56.3%	62.1%	65.8%
Debt to Equity	56.8%	28.7%	95.5%	128.9%	163.7%	192.2%
Equity Multiplier	1.3x	1.4x	1.7x	2.2x	2.6x	2.9x
Coverage						
Total Investment Income before Interest Exp. to Interest Exp.	6.1x	4.6x	3.6x	2.5x	2.0x	2.2x
Profit before tax and Interest Exp. to Interest Exp.	3.2x	3.8x	2.3x	1.9x	1.5x	1.6x
Total Debt to Total Investment Income	4.8x	3.0x	7.8x	10.1x	11.7x	9.2x
Debt Service Coverage Ratio			0.6x	0.3x	0.4x	0.3x

A2.3 Cash Efficiency

Cash Efficiency	FY20	FY21	FY22	FY23	FY24	TTM
CFO to Total Investment Income				-2.9x	-2.9x	-1.9x
CFO to Net Investment Income				-5.1x	-5.6x	-2.8x
Cash Return on Assets				-17.4%	-16.3%	-13.9%
Cash Return on Equity				-38.1%	-41.7%	-40.4%
Dividends Paid to CFO				-9.4%	-11.5%	-9.1%
Dividend Payout Ratio	95.7%	48.1%	81.0%	49.6%	52.2%	37.1%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Sygnus Credit Investments Limited

A2.4 Profitability

Profitability	FY20	FY21	FY22	FY23	FY24	TTM
Return on revenues						
Net Investment Income Margin	67.3%	58.0%	63.9%	57.2%	52.3%	66.6%
Net Profit Margin	43.8%	77.5%	46.4%	57.8%	59.7%	54.6%
Return on investments						
Operating Return on Average Assets	6.1%	5.1%	4.7%	3.4%	2.9%	4.9%
Return on Average Assets	4.0%	6.8%	3.4%	3.4%	3.3%	4.0%
Return on Total Capital	4.1%	6.9%	3.5%	3.5%	3.4%	4.2%
Return on Average Equity	5.2%	9.6%	5.7%	7.5%	8.5%	11.8%

ROAE DuPont Analysis	FY20	FY21	FY22	FY23	FY24	TTM
Net Profit Margin	43.8%	77.5%	46.4%	57.8%	59.7%	54.6%
Asset Turnover	9.1%	8.7%	7.3%	5.9%	5.6%	7.4%
Return on Average Assets	4.0%	6.8%	3.4%	3.4%	3.3%	4.0%
Equity Multiplier	1.3x	1.4x	1.7x	2.2x	2.6x	2.9x
Return on Average Equity	5.2%	9.6%	5.7%	7.5%	8.5%	11.8%

Sygnus Credit Investments Limited

IMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation **DEFINITIONS/RECOMMENDATIONS**.

PLEASE NOTE THAT NO INDIVIDUAL ASSET IN YOUR PORTFOLIO SHOULD HAVE A WEIGHTING GREATER THAN 5% UNLESS OTHERWISE RECOMMENDED BY YOUR PORTFOLIO MANAGER OR A SPECIFIC JMMB RESEARCH REPORT. CONSEQUENTLY, THE FOLLOWING **DEFINITIONS** ARE PROVIDED FOR CLARITY.

OUTPERFORM/OVERWEIGHT/BUY—EXPOSURE TO THIS ASSET SHOULD BE UP TO 10% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

MARKETPERFORM/HOLD/MARKETWEIGHT—EXPOSURE TO THE ASSET SHOULD BE EQUAL TO 5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB.

UNDERPERFORM/UNDERWEIGHT— ADJUST EXPOSURE IN YOUR PORTFOLIO HELD AT JMMB TO BETWEEN 2.5% AND 4.9% FOR THIS PARTICULAR ASSET

STRONGLY UNDERPERFORM/UNDERWEIGHT—REDUCE EXPOSURE TO THIS ASSET TO BELOW 2.5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

SELL—REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO (0%).

Sygnus Credit Investments Limited

COPYRIGHT INFRINGEMENT

“Unless otherwise expressly stated, copyright or similar rights in all material in this research report (including graphical images) is owned, controlled or licensed by Jamaica Money Market Brokers Limited or its affiliates (JMMB) and is protected or covered by copyright, trade mark, intellectual property law and other proprietary rights. No part of this research report or the report in its entirety may be published, used, reproduced, distributed, displayed or copied for public or private use in any form including by any mechanical, photographic or electronic process (electronically, digitally on the Internet or World Wide Web, or over any network, or local area network or otherwise) without written permission from JMMB.

No part of this research report may be modified or changed or exploited or used in any way for derivative works, or offered for sale, or used to construct any kind of database or mirrored at any other location without the express written permission of JMMB.

Thank you for respecting our intellectual property rights.”

The investments referred to in this report may not be suitable for you should consult your licensed investment advisor. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable to your individual circumstances or otherwise constitutes a personal recommendation to you.

Sygnus Credit Investments Limited

Disclosure Under the Securities Act

This disclosure is being provided pursuant to section 39 of the Securities Act. This research report is prepared by Jamaica Money Market Brokers Limited (JMMB) and the information and views expressed are those of JMMB. JMMB is a subsidiary of the JMMB Group Limited (JMMBGL). Associated persons of JMMB include JMMBGL and its subsidiaries and affiliated companies, including JMMB Fund Managers Limited, a licensed securities dealer and manager of collective investment schemes.

As at the date of this report, JMMB and its affiliates, directors, officers, employees and other associated persons may from time to time buy or sell, or act as principal or agent in, the securities mentioned in this research report. JMMB or its affiliates, directors, officers and employees have no interest in or interest in the acquisition or disposal of the securities other than expressed above. No part of their compensation is or will be related to the recommendations or opinions in this report.