

August 8, 2024



MOUNT LOGAN
CAPITAL

Mount Logan Capital Inc. Announces Second Quarter 2024 Financial Results

Increased Ability's total assets managed by Mount Logan to \$636 million and reinsured an additional \$28 million Multi-Year Guaranteed Annuities ("MYGA") during the quarter

Generated \$11.6 million of insurance segment Spread Related Earnings ("SRE") for the trailing twelve months ended June 30, 2024, an increase of 314% over the prior year period, demonstrating the earnings power of the insurance segment

Record quarter for the asset management segment, earning \$3.8 million in management and incentive fees, an increase of 79% over the prior year period. Achieved Fee Related Earnings ("FRE") of \$1.6 million, up 6% as compared to second quarter 2023

During the quarter, Mount Logan and BC Partners announced the Opportunistic Credit Interval Fund ("SOFIX") passed \$100 million AUM. Fund raising accelerated following the milestone achievement and finished the quarter at approximately \$135 million total net assets

Declared quarterly distribution of C\$0.02 per common share in the third quarter of 2024, the twentieth consecutive quarter of a shareholder distribution

TORONTO, Aug. 08, 2024 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (Cboe Canada: MLC) ("Mount Logan" or the "Company") announced today its financial results for the quarter ended June 30, 2024. All amounts are stated in United States dollars, unless otherwise indicated.

Second Quarter 2024 Highlights

- **Total revenue for the asset management segment of the Company** of \$3.4 million, an increase of \$0.4 million, or 13%, as compared to the second quarter of 2023. The increase is primarily due to growth in fees attributable to the increase in SOFIX, CLO and sub-advisory fees, as well as the increase in Ovation management and incentive fees. Second quarter asset management revenues exclude \$1.5 million of management fees associated with Mount Logan's management of the assets of Ability Insurance Company ("Ability"), a wholly-owned subsidiary of the Company, during the second quarter of 2024, which increased by \$0.6 million, or 58% as compared to second quarter 2023 of \$1.0 million.

- **Total net investment income for the insurance segment** was \$23.5 million for the three months ended June 30, 2024, an increase of \$2.1million, or 10%, as compared to the second quarter of 2023, driven by an increase in total insurance investment assets and improvements in yield across the investment portfolio attributable to deployment of capital in a higher rate environment. Excluding the funds withheld under reinsurance contracts and Modco, Ability's net investment income was \$14.9 million, an increase of \$2.2 million, or 17%, as compared to the second quarter of 2023.
- **8.2%¹ yield on the insurance investment portfolio** as of June 30, 2024, due to ongoing portfolio and capital optimization across the insurance solutions portfolio alongside the benefit of higher base rates. Excluding the funds withheld under reinsurance contracts and Modco, the yield was 8.5%.
- **Ability's total assets managed by Mount Logan** increased to \$636.2 million as of June 30, 2024, up \$198.9 million from second quarter 2023 of \$437.3 million. As of June 30, 2024, the insurance segment included \$1.1 billion in total investment assets, up \$142.0 million or 15% from second quarter 2023 investment assets of \$1.0 billion.
- **Book value of the insurance segment** as of June 30, 2024 was \$88.8 million, an increase of \$48.6 million as compared to \$40.2 million for second quarter 2023, driven by higher insurance net income.
- **SRE for the insurance segment** increased to \$11.6 million for the trailing twelve months ended June 30, 2024, up \$17.0 million from trailing twelve months ended June 30, 2023 of (\$5.4) million primarily driven by an increase in net investment income and lower operating expenses, which was partially offset by increased cost of funds. SRE is a non-IFRS financial measure used to assess the insurance segment's generation of profits excluding the impact of certain market volatility and other one-time, non-core components of insurance segment income (loss). The Company believes this measure is useful to securityholders as it provides additional insight into the underlying economics of the insurance segment.
- **FRE for the asset management segment** was \$1.6 million for the three months ended June 30, 2024, an increase of 6.1% compared to second quarter 2023. FRE was \$6.6 million for the trailing twelve months ended June 30, 2024, an increase of \$0.7 million, or 12.2%, compared to the trailing twelve months ended June 30, 2023 of \$5.9 million primarily driven by the previously mentioned revenue improvements, as well as roll-off of one-time expenses.

Subsequent Events

- **Declared a shareholder distribution in the amount of C\$0.02 per common share** for the quarter ended June 30, 2024, payable on August 30, 2024 to shareholders of record at the close of business on August 22, 2024. This cash dividend marks the twentieth consecutive quarter of the Company issuing a C\$0.02 distribution to its shareholders. This dividend is designated by the Company as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

Management Commentary

- **Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan** stated, "We are excited to announce our second quarter 2024 results, which demonstrate the earnings power of both our asset management and insurance segments. Fee Related Earnings, or FRE, of the asset management segment was up significantly year-over-year and highlights the growing profitability of our asset management business.

Additionally, our Spread Related Earnings, or SRE, highlights the continued profitability of our insurance segment. The integration of our businesses and focus on profitability are driving better operating performance.”

¹The yield is calculated based on the net investment income excluding reinsured portfolio income less management fees paid to Mount Logan divided by the average of investments in financial assets for the current and prior period, and then is annualized.

Selected Financial Highlights

- **Total Capital of the Company** was \$149.7 million as at June 30, 2024, an increase of \$20.2 million as compared to December 31, 2023. Total capital consists of debt obligations and total shareholders' equity.
- **Consolidated net income (loss) before taxes** was \$3.9 million for the three months ended June 30, 2024, an increase of \$4.8 million from \$(0.9) million for second quarter 2023. The increase was primarily attributable to revenue growth in both the segments, asset management and insurance segment. Asset management revenue increased due to increase in management fees, and improvement in insurance segment revenue resulted from better insurance service results and higher investment income. These improvements were partially offset by an increase in costs related to MYGA liabilities due to interest accretion on new MYGA business assumed which was further offset by reduced administrative expenses.
- **Basic Earnings per share (“EPS”)** was \$0.14 for the three months ended June 30, 2024, an increase of \$0.17 from \$(0.03) for the second quarter 2023.
- **Adjusted basic EPS** was \$0.15 for the second quarter 2024, an increase of \$0.10 from \$0.05 for the second quarter 2023.

Results of Operations by Segment

(\$ in Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Reported Results ⁽¹⁾					
Asset management					
Revenue	\$ 3,394	\$ 4,030	\$ 2,996	\$ 7,424	\$ 4,922
Expenses	6,651	7,615	6,133	14,266	11,973
Net income (loss) – asset management	(3,257)	(3,585)	(3,137)	(6,842)	(7,051)
Insurance					
Revenue ⁽²⁾	15,746	17,555	9,667	33,301	19,853
Expenses	8,642	822	7,433	9,464	42,892
Net income (loss) – insurance	7,104	16,733	2,234	23,837	(23,039)
Income before income taxes	3,847	13,148	(903)	16,995	(30,090)

Provision for income taxes	(265)	(56)	248	(321)	(17)
Net income (loss)	\$ 3,582	\$ 13,092	\$ (655)	\$ 16,674	\$ (30,107)
Basic EPS	\$ 0.14	\$ 0.51	\$ (0.03)	\$ 0.65	\$ (1.36)
Diluted EPS	\$ 0.14	\$ 0.50	\$ (0.03)	\$ 0.64	\$ (1.36)

Adjusting Items

Asset management

Transaction costs ⁽³⁾	—	(251)	(1,278)	(251)	(1,436)
Acquisition integration costs ⁽⁴⁾	—	(250)	(375)	(250)	(750)
Non-cash items ⁽⁵⁾	(346)	(346)	(140)	(692)	(280)
Impact of adjusting items on expenses	(346)	(847)	(1,793)	(1,193)	(2,466)

Adjusted Results

Asset management

Revenue	\$ 3,394	\$ 4,030	\$ 2,996	\$ 7,424	\$ 4,922
Expenses	6,305	6,768	4,340	13,073	9,507
Net income (loss) – asset management	(2,911)	(2,738)	(1,344)	(5,649)	(4,585)
Income before income taxes	4,193	13,995	890	18,188	(27,624)
Provision for income taxes	(265)	(56)	248	(321)	(17)
Net income (loss)	\$ 3,928	\$ 13,939	\$ 1,138	\$ 17,867	\$ (27,641)
Basic EPS	\$ 0.15	\$ 0.54	\$ 0.05	\$ 0.69	\$ (1.25)
Diluted EPS	\$ 0.15	\$ 0.54	\$ 0.05	\$ 0.69	\$ (1.25)

Weighted-average number of common shares outstanding	25,797,739	25,745,692	22,190,195	25,771,715	22,192,168
Weighted-average number of diluted common shares outstanding	25,999,552	25,949,237	22,190,195	25,973,528	22,192,168

(1) Certain comparative figures have been reclassified to conform with the current year's presentation, including the reclassification of "Net realized and unrealized gain (loss)" to "Revenue"

(2) Insurance Revenue line item is presented net of insurance service expenses and net expenses from reinsurance contracts held.

(3) Transaction costs are related to business acquisitions and strategic initiatives transacted by the Company.

(4) Acquisition integration costs are consulting and administration services fees related to integrating a business into the Company. Acquisition integration costs are recorded in general, administrative and other expenses.

(5) Non-cash items include amortization of acquisition-related intangible assets and

impairment of goodwill, if any.

Asset Management

Total Revenue – Asset Management

(\$ in Thousands)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Management and incentive fee	\$ 3,832	\$ 2,146	\$ 7,326	\$ 3,383
Equity investment earning	(57)	452	167	920
Interest income	272	271	543	539
Dividend income	113	109	225	165
Net gains (losses) from investment activities	(766)	18	(837)	(85)
Total revenue — asset management	\$ 3,394	\$ 2,996	\$ 7,424	\$ 4,922

Quarter Ended Fee Related Earnings (“FRE”)

FRE is a non-IFRS financial measure used to assess the asset management segment’s generation of profits from revenues that are measured and received on a recurring basis and are not dependent on future realization events. The Company calculates FRE, and reconciles FRE to net income from its asset management activities, as follows:

(\$ in Thousands)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net income (loss) and comprehensive income (loss)	3,582	(655)	\$ 16,674	\$ (30,107)
Adjustment to net income (loss) and comprehensive income (loss):				
Total revenue – insurance ⁽¹⁾	(15,746)	(9,667)	(33,301)	(19,853)
Total expenses – insurance	8,642	7,433	9,464	42,892
Net income – asset management ⁽²⁾	(3,522)	(2,889)	\$ (7,163)	\$ (7,068)
<i>Adjustments to non-fee generating asset management business and other recurring revenue stream:</i>				
Management fee from Ability	1,529	969	2,958	1,792
Interest income	(1)	—	(1)	—
Dividend income	(113)	(109)	(225)	(165)
Net gains (losses) from investment activities	766	(18)	837	85
Administration and servicing fees	429	313	795	487
Transaction costs	—	1,278	251	1,436

Amortization of intangible assets	346	140	692	280
Interest and other credit facility expenses	1,661	1,403	3,363	2,657
General, administrative and other	505	422	1,738	3,378
Fee Related Earnings	\$ 1,600	\$ 1,509	\$ 3,245	\$ 2,882

(1) Includes add-back of management fees paid to ML Management (as defined below).

(2) Represents net income for asset management, as presented in the Interim Consolidated Statement of Comprehensive Income (Loss).

The following table presents FRE, the performance measure of our asset management segment for the trailing twelve month period ended June 30, 2024 and June 30, 2023 respectively:

Trailing Twelve Month FRE

(\$ in Thousands)	Trailing Twelve Months Ended	
	June 30, 2024	June 30, 2023
Net income (loss) and comprehensive income (loss)	30,325	(10,801)
Adjustment to net income (loss) and comprehensive income (loss):		
Total revenue – insurance ⁽¹⁾	(82,591)	(27,791)
Total expenses – insurance	36,659	28,696
Net income – asset management ⁽²⁾	(15,607)	(9,896)
<i>Adjustments to non-fee generating asset management business and other recurring revenue stream:</i>		
Management fee from Ability	5,413	3,139
Interest income	(1)	(37)
Dividend income	(644)	(165)
Net gains (losses) from investment activities	941	(438)
Administration and servicing fees	1,344	828
Transaction costs	2,536	1,621
Amortization of intangible assets	1,384	441
Interest and other credit facility expenses	6,683	4,694
General, administrative and other	4,565	5,708
Fee Related Earnings	\$ 6,614	\$ 5,895

(1) Includes add-back of management fees paid to ML Management.

(2) Represents net income for asset management, as presented in the Interim Consolidated Statement of Comprehensive Income (Loss).

Insurance

IFRS 17 Insurance Contracts (“IFRS 17”) is effective for years beginning as of January 1, 2023, and has been applied retrospectively with a transition date of January 1, 2022. IFRS 17 does not impact the underlying economics of the business, nor does it impact the Company’s business strategies.

Total Revenue – Insurance

(\$ in Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Insurance service result	\$ (2,430)	\$ (8,728)	\$ (5,522)	\$ (13,689)
Net investment income	23,488	21,349	45,292	41,571
Net gains (losses) from investment activities	(1,535)	1,568	1,131	4,177
Realized and unrealized gains (losses) on embedded derivative — funds withheld	(3,777)	(4,679)	(7,606)	(12,363)
Other income	—	157	6	157
Total revenue — net of insurance services expenses and net expenses from reinsurance	\$ 15,746	\$ 9,667	\$ 33,301	\$ 19,853

Spread Related

Earnings (“SRE”)

Effective March 31, 2024, the Company has introduced a new non-IFRS measure, SRE. The Company uses SRE to assess the performance of the insurance segment, excluding the impact of certain market volatility and other one-time, non-core components of insurance segment income (loss). Excluded items under SRE are investment gains (losses), effects of discount rates and other financial variables on the value of insurance obligations (which is a component of “net insurance finance income/(expense)”), other income and certain general, administrative & other expenses. The Company believes this measure is useful to securityholders as it provides additional insight into the underlying economics of the insurance segment, as further discussed below.

For the insurance segment, SRE equals the sum of (i) the net investment income on the insurance segment’s net invested assets (excluding investment income earned on funds held under reinsurance contracts) less (ii) cost of funds (as described below) and (iii) certain operating expenses.

Cost of funds includes the impact of interest accretion on insurance and investment contract liabilities and amortization of losses recognized for new insurance contracts that are deemed onerous at initial recognition. It also includes experience adjustments which represents the difference between actual and expected cashflows and includes the impact of certain changes to non-financial assumptions.

The Company reconciles SRE to net income (loss) before tax from its insurance segment activities, as follows:

	Three Months Ended							
	Q2- 2024	Q1- 2024	Q4- 2023	Q3-2023	Q2- 2023	Q1-2023	Q4- 2022	Q3-2022
Net income (loss) and comprehensive income (loss) before tax	\$ 3,847	\$ 13,148	\$ (1,946)	\$ 16,243	\$ (903)	\$(29,187)	\$ 4,901	\$ 14,490
Adjustment to net income (loss) and comprehensive income (loss):								
Total revenue - asset management (1)	(3,394)	(4,030)	(3,723)	(3,186)	(2,996)	(1,926)	(2,651)	(2,139)
Total expenses - asset management	6,651	7,615	7,839	6,868	6,133	5,840	4,132	3,401
Net income - insurance (2)	7,104	16,733	2,170	19,925	2,234	(25,273)	6,382	15,752
<i>Adjustments to Insurance segment business:</i>								
Management fees to ML Management	(1,529)	(1,429)	(1,345)	(1,110)	(969)	(823)	(740)	(607)
Net (gains) losses from investment activities (3)	887	(2,995)	(10,116)	(2,113)	(1,454)	1,493	(3,418)	12,439
Other Income (4)	—	—	(7,353)	—	—	—	—	—
Net insurance finance (income)/expense (5)	(5,442)	(11,769)	14,399	(17,684)	(5,275)	20,650	(924)	(31,286)
Loss on onerous contracts (6)	945	6,884	286	2,451	4,214	490	—	—
General, administrative and other (7)	464	447	502	1,289	1,546	144	—	—
Spread Related Earnings	\$ 2,429	\$ 7,871	\$ (1,457)	\$ 2,758	\$ 296	\$ (3,319)	\$ 1,300	\$ (3,702)

(1) Includes add-back of management fees paid by Ability to ML Management.

(2) Represents net income for insurance segment, as presented in the Interim Consolidated Statement of Comprehensive Income (Loss).

(3) Excludes net (gains) losses from investment activities on assets retained by the Company under funds withheld arrangement with Front Street Re and Vista.

(4) Represents non-operating income.

(5) Includes the impact of changes in interest rates and other financials assumptions and excludes interest accretion on insurance contract liabilities and reinsurance contract assets.

(6) Represents the unamortized portion of future interest accretion and ceded commissions paid at the time of issue of new MYGA insurance contracts. Future interest accretion and ceded commissions are amortized over the average duration of MYGA contracts reinsured which aligns with the recognition of insurance service revenue. Loss on onerous contracts are part of Insurance service expense.

(7) Represents certain costs incurred by the insurance segment for purposes of IFRS reporting but not the day to day operations of the insurance company.

The following table presents SRE, the performance measure of the insurance segment:

(\$ in Thousands)

	Trailing Twelve Months Ended	
	June 30, 2024	June 30, 2023
Fixed Income and other investment income, net ⁽¹⁾	\$ 52,118	\$ 36,780
Cost of funds	(31,272)	(29,765)
Net Investment spread	20,846	7,015
Other operating expenses	(9,245)	(12,441)
Spread Related Earnings	11,601	(5,426)
SRE % of Average Net Investments	1.9%	-1.2%

(1) Excludes net investment income from investment activities on assets retained by the Company under funds withheld arrangement with Front Street Re and Vista Life and Casualty Reinsurance Company ("Vista").

SRE was \$11.6 million for the trailing twelve months ended June 30, 2024 compared with (\$5.4) million for the trailing twelve months ended June 30, 2023, an increase of \$17.0 million. SRE increased year over year due to increased investment income, and lower other operating expenses, which was partially offset by increased cost of funds. Investment income increased primarily due to an increase in total insurance investment assets as a result of new MYGA business and improvements in yield across the investment portfolio attributable to deployment of capital in a higher rate environment. Cost of funds increased primarily because of increase in interest accretion on MYGA contract liabilities due to addition of new MYGA business, partially offset by the one-time benefit of \$4.8 million in the first quarter of 2024 as a result of an in-force update to Long Term Care business. Other operating expenses decreased as a result of efforts to reduce overall operating cost.

SRE as a percentage of average net invested assets was 1.9% for the trailing twelve months ended June 30, 2024 compared with (1.2)% for the trailing twelve months ended June 30, 2023.

Liquidity and Capital Resources

As of June 30, 2024, the asset management segment had \$71.8 million (par value) of borrowings outstanding, of which \$33.8 million had a fixed rate and \$38 million had a floating rate. As of June 30, 2024, the insurance segment had \$14.3 million (par value) of borrowings outstanding. Liquid assets, including high-quality assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets liquidity and funding requirements. As of June 30, 2024 and December 31, 2023, the total liquid assets of the Company were as follows:

(\$ in Thousands)

As at	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 87,701	\$ 90,220
Restricted cash posted as collateral	13,324	—
Investments	644,503	643,578
Management fee receivable	2,945	2,599
Receivable for investments sold	352	6,511
Accrued interest and dividend receivable	20,291	19,340
Total liquid assets	\$ 769,116	\$ 762,248

The Company defines working capital as the sum of cash, restricted cash, investments that mature within one year of the reporting date, management fees receivable, receivables for investments sold, accrued interest and dividend receivables, and premium receivables, less the sum of debt obligations, payables for investments purchased, amounts due to affiliates, reinsurance liabilities, and other liabilities that are payable within one year of the reporting date.

As at June 30, 2024, the Company had working capital of \$211.1 million, reflecting current assets of \$227.3 million, offset by current liabilities of \$16.1 million, as compared with working capital of \$183.4 million as at December 31, 2023, reflecting current assets of \$230.8 million, offset by current liabilities of \$47.4 million. The increase in working capital was driven by settlement of payables related to MYGA against the new MYGA policies assumed. It is further due to increased cash in the asset management segment from increased management and incentive fee receipts and net proceeds from the issuance of debenture units, as well as a decrease in due to affiliates in the asset management segment driven by timing of repayment of operating expenses paid by BC Partners on behalf of the Company to third-party providers of goods or services and administrative fees.

Interest Rate Risk

The Company has obligations to policyholders and other debt obligations that expose it to interest rate risk. The Company also owns debt assets and interest rate swaps that are exposed to interest rate risk. The fair value of these obligations and assets may change if base rate changes in interest rates occur.

The following table summarizes the potential impact on net assets of hypothetical base rate changes in interest rates assuming a parallel shift in the yield curve, with all other variables remaining constant.

As at	June 30, 2024	December 31, 2023
50 basis point increase ⁽¹⁾	\$ 11,269	\$ 20,186
50 basis point decrease ⁽¹⁾	(18,265)	(21,860)

(1) Losses are presented in brackets and gains are presented as positive numbers.

Actual results may differ significantly from this sensitivity analysis. As such, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above.

Conference Call

The Company will hold a conference call on Friday, August 9, 2024 at 12:00 p.m. Eastern Time to discuss the second quarter 2024 financial results. Shareholders, prospective shareholders, and analysts are welcome to listen to the call. To join the call, please use the dial-in information below. A recording of the conference call will be available on our Company's website www.mountlogancapital.ca in the 'Investor Relations' section under "Events".

Canada Dial-in Toll Free: 1-226-828-7575

US Dial-in Toll Free: 1-833-470-1428

International Dial-in: 1-929-526-1599

Access Code: 563266

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is an alternative asset management and insurance solutions company that is focused on public and private debt securities in the North American market and the reinsurance of annuity products, primarily through its wholly-owned subsidiaries Mount Logan Management LLC ("ML Management") and Ability Insurance Company ("Ability"), respectively. The Company also actively sources, evaluates, underwrites, manages, monitors and primarily invests in loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies acquired by Mount Logan in the fourth quarter of fiscal year 2021. Ability is unique in the insurance industry in that its long-term care portfolio's morbidity risk has been largely re-insured to third parties, and Ability is no longer insuring or re-insuring new long-term care risk.

Non-IFRS Financial Measures

This press release makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other

companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this press release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

Opportunistic Credit Interval Fund Important Disclosures

An investor should consider the investment objectives, risks, charges, and expenses of SOFIX carefully before investing. To obtain a copy of the prospectus containing this and other information, please call (833) 404-4103 or download the file from www.opportunisticcreditintervalfund.com. Read the prospectus carefully before you invest.

Investing involves risk. Investment return and the principal value of an investment will fluctuate, and an Investor's shares, when redeemed, may be worth more or less than their original cost. SOFIX is subject to the general risks associated with investing in debt and loan instruments, including market, credit, liquidity, and interest rate risk. The Fund is subject to management and other expenses, which will be paid by SOFIX. Because of the risks associated with SOFIX's ability to use leverage, an investment in SOFIX should be considered speculative and involving a high degree of risk, including the risk of a substantial loss of investment.

There currently is no secondary market for SOFIX 's shares and SOFIX expects that no secondary market will develop. Shares of SOFIX will not be listed on any securities exchange, which makes them inherently illiquid. An investment in SOFIX 's shares is not suitable for investors who cannot tolerate risk of loss or who require liquidity, other than the liquidity provided through the SOFIX 's repurchase policy. Limited liquidity is provided to shareholders only through SOFIX's quarterly repurchase offers, regardless of how SOFIX performs. SOFIX 's distributions policy may, under certain circumstances, have certain adverse consequences to SOFIX and its shareholders because it may result in a return of capital, resulting in less of a shareholder's assets being invested in SOFIX, and, over time, increase SOFIX 's expense ratio. Any invested capital that is returned to the shareholder will be reduced by the SOFIX's fees and expenses, as well as the applicable sales load. Investments in lesser-known, small and medium capitalization companies may be more vulnerable than larger, more established organizations. The sales of securities to fund repurchases could reduce the market price of those securities, which in turn would reduce the SOFIX's NAV.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to it. Certain material factors and assumptions were applied in

providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the Company's continued transition to an asset management and insurance platform business and the entering into of further strategic transactions to diversify the Company's business and further grow recurring management fee and other income and increasing Ability's assets; the Company's plans to focus Ability's business on the reinsurance of annuity products; the potential benefits of combining Mount Logan's and Ovation's platform including an increase in fee-related earnings as a result of the acquisition; the decrease in expenses in the asset management segment; the historical growth in the asset management segment and insurance segment being an indicator for future growth; the growth and scalability of the Company's business the Company's business strategy, model, approach and future activities; portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, the protection of stakeholder value; the expansion of the Company's loan portfolio; the ongoing impact of the implementation of new accounting standards, including IFRS 17; and the expansion of Mount Logan's capabilities. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including that the Company has a limited operating history with respect to an asset management oriented business model; Ability may not generate recurring asset management fees, increase its assets or strategically benefit the Company as expected; the expected synergies by combining the business of Mount Logan with the business of Ability may not be realized as expected; the risk that Ability may require a significant investment of capital and other resources in order to expand and grow the business; the Company does not have a record of operating an insurance solutions business and is subject to all the risks and uncertainties associated with a broadening of the Company's business; the risk that the expected synergies of the acquisition of Ovation may not be realized as expected and the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

This press release is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the communication of this release is not, and under no circumstances is it to be construed as, an offer to sell or an offer to purchase any securities in the Company or in any fund or other investment vehicle. This press release is not intended for U.S. persons. The Company's shares are not and will not be registered under the U.S. Securities Act of 1933, as amended, and the Company is not and will not be registered under the U.S. Investment Company Act of 1940 (the "1940 Act"). U.S. persons are not permitted to purchase the Company's shares absent an applicable exemption from registration under each of these Acts. In addition, the number of investors in the United States, or which are U.S. persons or purchasing for the account or benefit of U.S. persons, will be limited to such number as is required to comply with an available exemption from the registration requirements of the 1940 Act.

Contacts:**Mount Logan Capital Inc.**

365 Bay Street, Suite 800

Toronto, ON M5H 2V1

info@mountlogancapital.ca

Nikita Klassen

Chief Financial Officer

Niktia.Klassen@mountlogancapital.ca

MOUNT LOGAN CAPITAL INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of United States dollars, except share and per share amounts)

As at	Notes	June 30, 2024	December 31, 2023
ASSETS			
Asset Management:			
Cash		\$ 2,868	\$ 990
Investments	6	23,923	26,709
Intangible assets	9	28,087	28,779
Other assets		7,361	6,593
Total assets — asset management		62,239	63,071
Insurance:			
Cash and cash equivalents		84,833	89,230
Restricted cash posted as collateral	18	13,324	-
Investments	6	1,061,649	1,008,637
Reinsurance contract assets	13	412,496	442,673
Intangible assets	9	2,444	2,444
Goodwill	9	55,015	55,015
Other assets		22,416	27,508
Total assets — insurance		1,652,177	1,625,507
Total assets		\$ 1,714,416	\$ 1,688,578
LIABILITIES			
Asset Management			
Due to affiliates	10	\$ 12,822	\$ 12,113
Debt obligations	12	66,220	62,030
Derivatives - debt warrants	12	279	—
Accrued expenses and other liabilities		3,533	3,494
Total liabilities — asset management		82,854	77,637
Insurance			
Debt obligations	12	14,250	14,250
Insurance contract liabilities	13	1,072,017	1,107,056
Investment contract liabilities	14	223,674	169,314
Derivatives	18	2,459	-
Funds held under reinsurance contracts		240,121	238,253

Accrued expenses and other liabilities		10,883	30,116
Total liabilities — insurance		1,563,404	1,558,989
Total liabilities		1,646,258	1,636,626
EQUITY			
Common shares	11	115,897	115,607
Warrants	11	1,129	1,129
Contributed surplus		7,240	7,240
Surplus (Deficit)		(34,250)	(50,166)
Cumulative translation adjustment		(21,858)	(21,858)
Total equity		68,158	51,952
Total liabilities and equity		\$ 1,714,416	\$ 1,688,578

MOUNT LOGAN CAPITAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands of United States dollars, except share and per share amounts)

		<u>Three months ended</u>		<u>Six months ended</u>	
		<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
REVENUE					
<i>Asset management</i>					
Management and incentive fee	7	\$ 3,832	\$ 2,146	\$ 7,326	\$ 3,383
Equity investment earning		(57)	452	167	920
Interest income		272	271	543	539
Dividend income		113	109	225	165
Net gains (losses) from investment activities	4	(766)	18	(837)	(85)
Total revenue — asset management		3,394	2,996	7,424	4,922
<i>Insurance</i>					
Insurance revenue	8	22,887	22,015	45,628	43,820
Insurance service expenses	8	(22,007)	(22,702)	(47,191)	(44,388)
Net expenses from reinsurance contracts held	8	(3,310)	(8,041)	(3,959)	(13,121)
Insurance service result		(2,430)	(8,728)	(5,522)	(13,689)
Net investment income	5	23,488	21,349	45,292	41,571
Net gains (losses) from investment activities	4	(1,535)	1,568	1,131	4,177
Realized and unrealized gains (losses) on embedded derivative — funds withheld		(3,778)	(4,679)	(7,607)	(12,363)
Other income		—	157	6	157

Total revenue, net of insurance service expenses and net expenses from reinsurance contracts held — insurance		15,746	9,667	33,301	19,853
Total revenue		19,140	12,663	40,725	24,775
EXPENSES					
Asset management					
Administration and servicing fees	10	1,953	897	3,376	1,388
Transaction costs		—	1,278	251	1,436
Amortization of intangible assets	9	346	140	692	280
Interest and other credit facility expenses	12	1,661	1,403	3,363	2,657
General, administrative and other		2,691	2,415	6,584	6,212
Total expenses — asset management		6,651	6,133	14,266	11,973
Insurance					
Net insurance finance (income) expenses	5	(964)	(1,294)	(8,216)	23,190
Increase (decrease) in investment contract liabilities	14	2,487	1,002	4,766	2,414
(Increase) decrease in reinsurance contract assets		4,149	4,046	7,705	9,571
General, administrative and other		2,970	3,679	5,209	7,717
Total expenses — insurance		8,642	7,433	9,464	42,892
Total expenses		15,293	13,566	23,730	54,865
Income (loss) before taxes		3,847	(903)	16,995	(30,090)
Income tax (expense) benefit — asset management	15	(265)	248	(321)	(17)
Net income (loss) and comprehensive income (loss)		\$ 3,582	\$ (655)	\$ 16,674	\$ (30,107)
Earnings per share					
Basic		\$ 0.14	\$ (0.03)	\$ 0.65	\$ (1.36)
Diluted		\$ 0.14	\$ (0.03)	\$ 0.64	\$ (1.36)
Dividends per common share — USD					
		\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.02
Dividends per common share — CAD					
		\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.02



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Source: Mount Logan Capital Inc.