

May 11, 2022



MOUNT LOGAN
C A P I T A L

Mount Logan Capital Inc. Reports March 2022 Interim Results; Declares Shareholder Distribution

TORONTO, May 11, 2022 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (NEO: MLC) ("Mount Logan," "our," "we," or the "Company") announces its financial results for the quarter ended March 31, 2022. All amounts are stated in United States dollars, unless otherwise indicated.

First quarter highlights:

- Total revenue for the three months ended March 31, 2022 was \$2.6 million in the asset management segment, an increase from \$1.7 million or 57% for the three months ended March 31, 2021.
- Total revenue for the three months ended March 31, 2022 was \$(12.0) million in the insurance segment, primarily driven by mark-to-market movement as a result of increases in market interest rates offset by the projected timing of reinvestment of cash flows.
- Shareholders' equity as at March 31, 2022 of \$68.6 million.
- Basic earnings per share for the three months ended March 31, 2022 was \$(0.72)⁽¹⁾, a decrease from \$0.02 for the three months ended March 31, 2021.
- Dividend of CAD\$0.02 per common share declared to be paid on April 8, 2022 to shareholders of record on March 31, 2022.

⁽¹⁾ Reflects the non-cash change in insurance contract liabilities and reinsurance assets.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "We continue to build on our operating momentum and delivered another quarter of strong earnings in the asset management segment, driven by growth in our attributable assets under management. The insurance segment experienced a negative quarter primarily due to the impact of rising market interest rates and its implied impact on the valuation of the investment portfolio. We remain focused on the growth of our asset management and insurance segments and the ramping of the reinsurance of fixed annuities that was initiated after quarter end. We look forward to making continued progress in 2022 as we continue to assess strategic transactions that will grow our asset management and insurance business."

Result of Operations by Segment

The Company considers its business within two operating segments: asset management and insurance.

	Q1 2022	Q4 2021	Change (%)	YTD 2022	YTD 2021	Change (%)
Total revenue						
Asset management	\$ 2,618	\$ 2,480	6 %	\$ 2,618	\$ 1,665	57 %
Insurance	(12,026)	2,807	NM	(12,026)	—	NM
Total expenses						
Asset management	2,819	5,258	-46 %	2,819	1,328	112 %
Insurance	4,066	(30,810)	NM	4,066	—	NM
Net income (loss) before income taxes						
Asset management	(201)	(2,778)	-93 %	(201)	337	-160 %
Insurance	(16,092)	33,617	NM	(16,092)	—	NM

Asset management

Total revenue of \$2.6 million in the first quarter of fiscal 2022 represents an increase of \$0.1 million quarter-over-quarter. Year-to-date total revenue of \$2.6 million represents an increase of \$1.0 million year-over-year primarily related to the increase in management and servicing fees. Total expenses of \$2.8 million in the first quarter of fiscal 2022 represents a decrease of \$2.4 million quarter-over-quarter primarily related to decrease in professional fees incurred during the fourth quarter of fiscal 2021 in connection with the expansion of the Company's business into an asset management and insurance platform. Year-to-date total expenses of \$2.8 million represents an increase of \$1.5 million year-over-year primarily related to increases in professional fees, interest and credit facility expenses, amortization of intangible assets and administration fees. Net loss of \$0.2 million in the first quarter of fiscal 2022 was primarily driven by amortization of acquisition-related intangible assets. Adjusted net (loss) income would have been \$nil, or breakeven, in the first quarter of fiscal 2022, excluding amortization of acquisition-related intangible assets.

Insurance

Analysis of the insurance segment to the same period in the prior year is not relevant given the acquisition of Ability closed in the fourth quarter of fiscal 2021.

Total revenue of \$(12.0) million for the three months ended March 31, 2022 was primarily due to realized and unrealized investment losses during the period driven by increasing market interest rates, partially offset by investment income generated on assets supporting insurance contract liabilities, net of investment activity attributable to collateral under funds withheld reinsurance. Total expenses of \$4.1 million for the three months ended March 31, 2022 was primarily driven by administration fees and insurance expenses.

Our interim consolidated financial statements for the three months ended March 31, 2022 and related management's discussion and analysis will be available on the Company's website at www.mountlogancapital.ca and on SEDAR (www.sedar.com).

Dividend Declaration

The Board of Directors of the Company (the "Board") declared a cash dividend in the amount of CAD\$0.02 per common share to be paid on June 24, 2022 to shareholders of record on May 27, 2022. This is the fourteenth consecutive dividend Mount Logan has paid to its shareholders since closing its plan of arrangement in the fourth quarter of fiscal 2018. 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.

The declaration and payment by the Company of any future cash dividends, including the amount thereof, will be at the discretion of the Board and will depend on, among other things, the financial condition, capital requirements and earnings of the Company.

Officer Appointment

On May 10, 2022, the Board appointed David Held as the Company's Chief Compliance Officer.

Outlook for 2022

The Company's financial results in the second-half of 2022 are expected to benefit from the addition of new investment advisory agreements, which increase our assets under management, and the launch of reinsurance of multi-year guaranteed annuity policies in the insurance segment. We continue to assess strategic transactions that will grow our asset management and insurance business.

Conference Call

We will hold a conference call on Tuesday, May 17, 2022 at 10:00 a.m. Eastern Time to discuss our first quarter 2022 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.

Dial-in Toll Free:	1-833-950-0062
International Dial-in Toll Free:	1-929-526-1599
Access Code:	535492

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 and Ability Insurance Company. 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 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 news 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 news 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.

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; the Company's plans to decrease Ability's long-term care exposure and replace and grow assets by focusing the business on the reinsurance of annuity products; 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 and the expansion of the Company's loan portfolio. 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 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 the Company may not be successful in integrating the business of Ability without significant use of the Company's resources and management's attention; 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 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 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.*

For additional information, please contact:

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Consolidated Statement of Financial Position

(in thousands of United States dollars)

As at	March 31, 2022	December 31, 2021
ASSETS		
Asset Management:		
Cash	\$ 10,690	\$ 14,433
Restricted cash	1,025	135
Investments	34,416	35,209
Intangible assets	21,861	22,060
Other assets	3,747	4,180
Total assets — asset management	71,739	76,017
Insurance:		
Cash and cash equivalents	11,364	29,733
Investments	847,608	881,170
Reinsurance assets	325,496	329,902
Intangible assets	2,576	2,504
Goodwill	55,015	55,015
Other assets	18,878	18,970
Total assets — insurance	1,260,937	1,317,294
Total assets	\$ 1,332,676	\$ 1,393,311
LIABILITIES		
Asset Management		
Due to affiliates	\$ 928	\$ 3,852

Debt obligations	42,140	42,708
Contingent value rights	4,217	4,169
Accrued expenses and other liabilities	3,357	3,916
Total liabilities — asset management	50,642	54,645
Insurance		
Debt obligations	2,250	2,250
Insurance contract liabilities	932,628	942,865
Funds held under reinsurance contracts	264,639	291,296
Reinsurance liabilities	10,545	10,528
Accrued expenses and other liabilities	3,395	6,421
Total liabilities — insurance	1,213,457	1,253,360
Total liabilities	1,264,099	1,308,005
EQUITY		
Common shares	108,055	108,055
Warrants	1,129	1,129
Contributed surplus	7,240	7,240
Deficit	(25,989)	(9,260)
Cumulative translation adjustment	(21,858)	(21,858)
Total equity	68,577	85,306
Total liabilities and equity	\$ 1,332,676	\$ 1,393,311

Consolidated Statements of Comprehensive Income (loss)

(in thousands of United States dollars, except per share amounts)

For the three months ended March 31	2022	2021
REVENUE		
Asset management		
Management and servicing fees	\$ 1,978	\$ 566
Interest income	310	652
Dividend income	121	112
Net gains (losses) from investment activities	209	335
Total revenue — asset management	2,618	1,665
Insurance		
Premium income		
Gross premiums	13,295	—
Premiums ceded to reinsurers	(16,637)	—
Net premiums	(3,342)	—
Net investment income	10,852	—
Net gains (losses) from investment activities	(37,101)	—
Realized and unrealized gains (losses) on embedded derivative — funds withheld	16,732	—
Other income	833	—
Total revenue — insurance	(12,026)	—
Total revenue	(9,408)	1,665
EXPENSES		

Asset management

Administration fees	284	242
Transaction costs	—	116
Amortization of intangible assets	199	190
Interest and other credit facility expenses	761	315
General, administrative and other	1,575	465
Total expenses — asset management	2,819	1,328

Insurance

Policy benefits and claims:

Gross claims and benefits	26,625	—
Increase (decrease) in insurance contract liabilities	(10,237)	—
Benefits and expenses ceded to reinsurers	(24,315)	—
(Increase) decrease in reinsurance assets	8,500	—
Net policy benefits and claims	573	—
Administration fees	1,911	—
Interest expense	—	—
Insurance expenses	1,056	—
Other expenses	526	—
Total expenses — insurance	4,066	—
Total expenses	6,885	1,328

Income (loss) before taxes	(16,293)	337
Income tax (expense) benefit — asset management	(84)	(68)
Income tax (expense) benefit — insurance	—	—
Net income (loss) and comprehensive income (loss)	\$ (16,377)	\$ 269

Earnings per share

Basic	\$ (0.74)	\$ 0.02
Diluted	\$ (0.74)	\$ 0.02
Dividends per common share — USD	\$ 0.02	\$ 0.01
Dividends per common share — CAD	\$ 0.02	\$ 0.02



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Source: Mount Logan Capital Inc.