

May 12, 2021



MOUNT LOGAN
C A P I T A L

Mount Logan Capital Inc. Announces March 2021 Interim Results; Declares Shareholder Distribution

TORONTO, May 12, 2021 (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, 2021. All amounts are stated in United States dollars, unless otherwise indicated.

First Quarter Highlights:

- In the first quarter, our previously announced transactions generated the following:
 - CLO transaction – \$0.5 million in management fees
 - Sierra Crest/CIF transaction – \$0.3 million in interest income and servicing fees
- Total investment income increased 41% from \$0.9 million for the three months ended December 31, 2020 to \$1.3 million for the three months ended March 31, 2021.
- As of March 31, 2021, the carrying value of the Company's portfolio was \$39.7 million¹.
- Total shareholders' equity as of March 31, 2021 was \$43.2 million.
- 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 25, 2021 to shareholders of record on May 27, 2021.
- On February 4, 2021, Mount Logan repaid the outstanding balance of \$34.4 million under its revolving senior loan facility in full and terminated the facility.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "With a ramp in revenue attributable to management fees, our first quarter exemplifies Mount Logan's ongoing transition into asset management as our acquisition activity from the fourth quarter has begun to flow through our financial results. We expect this momentum to continue, most notably from the transaction we announced last month where we will become the investment advisor of Capitala, a U.S. middle market business development company. This is a major transaction that will result in recurring management fees following its expected close in summer 2021. We look forward to making continued progress on our transition into an asset management oriented business model."

¹ Excludes the Company's legacy investment in Cline Mining Corporation of \$3.6 million, which is subject to the contingent value rights ("CVRs") issued by the Company to the holders of the common shares of the Company prior to its plan of arrangement completed in October 2018.

Update on Operations

BDC Transaction

On April 20, 2021, the Company, through its wholly-owned subsidiary, Mount Logan Management LLC ("ML Management"), entered into a definitive agreement for the acquisition of certain assets from Capitala Investment Advisors, LLC, whereby ML Management will become the investment advisor of Capitala Finance Corp. ("Capitala"). Capitala is a U.S. publicly traded business development company traded under NASDAQ:CPTA with \$320 million of total assets as of March 31, 2021. The transaction is expected to close in the summer of 2021 and is subject to approval by the stockholders of Capitala and other customary closing conditions.

CLO Leverage Facility

On May 7, 2021, the Company, through its wholly-owned subsidiary, Great Lakes Senior MLC I LLC ("MLC I"), entered into a revolving credit and security agreement (the "Facility Agreement") with a large US-domiciled financial institution, as administrative agent (the "Agent"). Pursuant to the Facility Agreement, the Agent shall arrange for lenders to advance to MLC I on a revolving basis up to \$60.0 million (the "Facility"). The Facility matures on February 7, 2022, subject to earlier repayment at the option of MLC I. The Facility is intended to be temporary in nature and MLC I expects to terminate the Facility in the summer of 2021 in connection with a transaction to refinance one of the CLOs managed by ML Management.

Results of Operations

Total investment income for the three months ended March 31, 2021 was \$1.3 million as compared to \$1.1 million for the three months ended March 31, 2020. In connection with asset management transactions completed in the fourth quarter of 2020, the Company generated \$0.6 million in management fee income for the three months ended March 31, 2021.

Total expenses for the three months ended March 31, 2021 were \$1.3 million, of which \$0.2 million was a non-cash amortization expense, as compared to total expenses of \$1.2 million for the three months ended March 31, 2020. The Company incurred \$0.1 million in costs related to strategic transactions currently in progress.

Portfolio and Investment Activity

The carrying value of our portfolio was \$39.7 million as of March 31, 2021 (excluding Cline). The composition of our investment portfolio at March 31, 2021 and December 31, 2020 at carrying value (in each case, excluding Cline) was as follows:

	March 31, 2021		December 31, 2020	
	Carrying value	% of total	Carrying value	% of total
Senior Secured Loan	\$ 20,282	51.1 %	\$ 21,761	52.7 %

Promissory Notes and Unsecured Debt	12,504	31.5 %	12,504	30.3 %
Equity	6,935	17.4 %	7,000	17.0 %
	\$ 39,721	100.0 %	\$ 41,265	100.0 %

For the three months ended March 31, 2021, the Company recorded \$0.2 million in net realized gains on portfolio dispositions and \$0.2 million in unrealized appreciation on its investment portfolio.

Liquidity and Capital Resources

At March 31, 2021, we had cash and restricted cash of \$6.8 million, total assets of \$56.1 million and shareholders' equity of \$43.2 million. Our net asset value per common share was \$2.55. As of March 31, 2021, we had \$5.3 million of debt outstanding. On May 7, 2021, the Company, through MLC I, entered into the Facility Agreement with a large US-domiciled financial institution, as administrative agent, to arrange for lenders to advance to MLC I on a revolving basis up to \$60.0 million.

Our consolidated interim financial statements for the three months ended March 31, 2021 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 has declared a cash dividend in the amount of CAD\$0.02 per common share to be paid on June 25, 2021 to shareholders of record on May 27, 2021. 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.

Conference Call

We will hold a conference call on Thursday, May 13, 2021 at 11:00 a.m. Eastern Time to discuss our first quarter 2021 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 and ask to be joined into the "Mount Logan Capital" call. 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: 1-877-
270-
2148

International Dial- 1-412-
in Toll Free: 902-
6510

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is an alternative asset management company that is focused on

investing in public and private debt securities in the North American market. The Company 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.

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 has included herein certain non-IFRS supplemental measures of key performance, including, but not limited to, net asset value ("NAV") per share. We utilize this measure in managing our business, including performance measurement. We believe that providing this performance measure on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, this measure is not recognized under IFRS. The definitions and calculations of the non-IFRS measures used in this news release are described in greater detail in the Company's management discussion and analysis for the three months ended March 31, 2021. 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", "could", "intends", "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 them. 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 oriented business model and the entering into of further strategic transactions to diversify the Company's business and further grow recurring management fee and other income, statements regarding the ability of the Company to capitalize on opportunities in the asset management industry, , statements related to the required approvals for the Capitala transaction, the satisfaction or waiver of conditions to the completion of the Capitala transaction, the closing of the Capitala transaction and the timing thereof, the recurring asset management fees to be derived from Capitala, the use by the Company of Capitala as a platform to grow its asset management business, the temporary nature of the Facility and the timing of the termination and repayment of the Facility, the expected refinancing of the CLO managed by ML Management, the distribution to the holders of CVRs of proceeds received by the Company in respect of its investment in Cline, 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, the Capitala transaction may not be completed on the terms contemplated or at all, if the Capitala transaction is completed Capitala may not generate recurring asset management fees or strategically benefit the Company as expected, the collateralized loan obligation industry may not grow and develop as expected by the Company, the Company may not be able to capitalize on any growth within the collateralized loan obligation industry, it may take longer than expected to refinance the CLO managed by ML Management which could prevent the Company from terminating and repaying the Facility prior to maturity, any transaction with the CLO may not be completed on the terms contemplated or at all, 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, contact:

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MOUNT LOGAN CAPITAL INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

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

	March 31, 2021	December 31, 2020
	(unaudited)	
ASSETS		
Investments	\$ 36,382	\$ 38,219
Investment in associates	6,935	7,000
Cash	6,364	6,658
Restricted cash	411	17,620
Receivable for investments sold	—	15,840
Other assets	936	436
Deferred tax assets	1,716	1,716
Intangible assets, net	3,306	3,496
Total assets	\$ 56,050	\$ 90,985
LIABILITIES		
Debt	\$ 5,079	\$ 39,412
Payable for investments purchased	—	988
Dividends payable to shareholders	271	—
Other liabilities	1,012	1,514
Due to affiliates	969	403
Payable for equity units purchased	1,536	1,536
Contingent value rights	4,007	3,954
Total liabilities	12,874	47,807
SHAREHOLDERS' EQUITY		
Share capital	93,480	93,480
Warrants	1,086	1,086
Contributed surplus	7,240	7,240
Deficit	(36,772)	(36,770)
Cumulative translation adjustment	(21,858)	(21,858)
Total shareholders' equity	43,176	43,178
Total liabilities and shareholders' equity	\$ 56,050	\$ 90,985
Common shares issued and outstanding	16,963,379	16,963,379
Net asset value per share	\$ 2.55	\$ 2.55

MOUNT LOGAN CAPITAL INC.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

(unaudited)

Three Months Ended March
31,

	2021	2020
REVENUE		
Interest income	\$ 652	\$ 865
Dividend income	112	215
Management fee and other income	566	—
Total revenue	1,330	1,080
EXPENSES		
Administration fees	242	148
Transaction costs	116	—
Amortization of intangible assets	190	—
Interest and other credit facility expenses	315	648
Professional fees	264	215
Compensation	61	56
Other expenses	140	114
Total expenses	1,328	1,181
Net income (loss)	2	(101)
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain on investments	158	41
Net realized gain on foreign currency	7	1
Net change in unrealized appreciation (depreciation) on investments	170	(2,266)
Net change in unrealized gain on foreign currency	—	32
Total net realized and unrealized loss	335	(2,192)
(Gain) loss and comprehensive gain (loss) before income tax	337	(2,293)
Income tax expense	(68)	—
Income (loss) and comprehensive income (loss)	\$ 269	\$ (2,293)
Weighted average shares outstanding – basic and diluted	16,963,379	10,604,998
Income (loss) per share – basic and diluted	\$ 0.02	\$ (0.22)



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Source: Mount Logan Capital Inc.